



القدس للتأمين  
JERUSALEM INSURANCE

الأحد، 24 أيار، 2026  
رقم الإشارة: م/397/2026

السادة / هيئة الأوراق المالية المحترمين،  
السادة / بورصة عمان المحترمين،

الموضوع: البيانات المالية المرحلية الموحدة للفترة المنتهية في 2026/03/31

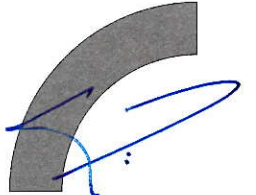
تحية طيبة وبعد،

مرفق طياً نسخة من البيانات المالية المرحلية الموحدة لشركة القدس للتأمين المساهمة المحدودة كما بتاريخ 2026/03/31 باللغة الإنجليزية، علماً أن البيانات المالية للسنة المالية المنتهية في 31 كانون الأول 2025 خاضعة لموافقة البنك المركزي الأردني.

وتفضلوا بقبول فائق الاحترام والتقدير،

الرئيس التنفيذي

عماد مرار



**Jerusalem Insurance Company**  
Public Shareholding Limited Company  
**Interim Condensed Consolidated Financial**  
**Statements and Independent Auditor's Report**  
**as at 31 March 2026**

**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**

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## Independent Auditor's Review Report

**To, The Shareholders of  
Jerusalem Insurance Company  
(Public Shareholding Limited Company)  
Amman – Jordan**

### Introduction

We have reviewed the accompanying Interim Condensed Consolidated financial statements of Jerusalem Insurance Company ("the Company") and its subsidiary (together referred to as "the Group") as at 31 March 2026, which comprise the interim condensed consolidated statement of financial position as at 31 March 2026, the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of other comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted in the Hashemite Kingdom of Jordan. Our responsibility is to express a conclusion on these consolidated interim condensed financial statements based on our review.

### Scope of Review

We conducted our review in accordance with Review Engagement Standard (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial statements consists primarily of making inquiries of persons responsible for financial and accounting matters, applying analytical procedures, and performing other review procedures. The scope of a review is substantially less than that of an audit conducted in accordance with International Standards on Auditing, and accordingly, we do not obtain assurance that we would become aware of all significant matters that might be identified in an audit. Consequently, we do not express an audit opinion on these financial statements.

### Emphasis of Matter

The Company has not obtained the approval of the Central Bank of Jordan on the financial statements for the period ended December 31, 2025, to date.

### Conclusion

Nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial statements as at 31 March 2026 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting."

The partner in charge of the audit resulting in this auditor's report was Hasan Amin Othman; license number 674.

Date: 6 May, 2026  
Amman – Jordan



**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Interim Condensed Consolidated Statement of Financial Position as of 31 March 2026 (Unaudited)**  
**(In Jordanian Dinar)**

	<b>31 March 2026</b> <b>(Unaudited)</b>	<b>31 December 2025</b> <b>(Audited)</b>
<b>Assets</b>		
Bank deposits	23,999,296	26,179,354
Financial assets at fair value through profit or loss	7,707,651	7,674,575
Financial assets at fair value through other comprehensive income	5,193,582	5,643,560
Financial assets measured at amortized cost	8,036,588	8,672,949
Investment properties	2,970,060	2,983,579
<b>Total Investments</b>	<b>47,907,177</b>	<b>51,154,017</b>
Cash on hand and at banks	2,245,946	2,291,901
Insurance contracts assets	562,055	51,386
Reinsurance contracts assets	6,938,555	7,044,627
Deferred tax assets	3,803,528	3,986,903
Property and equipment – net	9,321,577	9,344,913
Intangible assets – net	1,817,772	1,825,611
Other assets	2,576,093	2,068,504
<b>Total Assets</b>	<b>75,172,703</b>	<b>77,767,862</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Insurance contracts liabilities	46,150,530	49,119,639
Reinsurance contracts liabilities	1,221,328	1,175,523
Income tax provision	88,850	-
Deferred Tax Liabilities	898,369	975,841
Other provisions	485,393	520,957
Other Liabilities	1,674,784	1,713,234
<b>Total Liabilities</b>	<b>50,519,254</b>	<b>53,505,194</b>
<b>Equity</b>		
Authorized and paid - in Capital	16,000,000	16,000,000
Statutory reserve	2,110,985	2,110,985
Voluntary reserve	-	-
Cumulative change in Fair Value Reserve	215,894	466,516
Retained Earnings	3,588,034	2,891,918
<b>Total Equity-Shareholder's of the company</b>	<b>21,914,913</b>	<b>21,469,419</b>
<b>Non-controlling interests</b>	<b>2,738,536</b>	<b>2,793,249</b>
<b>Total Equity</b>	<b>24,653,449</b>	<b>24,262,668</b>
<b>Total Liabilities and Equity</b>	<b>75,172,703</b>	<b>77,767,862</b>

"The accompanying policies form an integral part of these financial statements and should be read with them and with the accompanying independent auditor's report."

**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Interim Condensed Consolidated Statement of Profit and Loss for the Three-Month Period ended at**  
**31 March 2026 (Unaudited)**  
**(In Jordanian Dinar)**

	<b>31 March 2026</b> <b>(Unaudited)</b>	<b>31 March 2025</b> <b>(Unaudited)</b>
<b><u>Revenues</u></b>		
Insurance contracts revenues	15,388,033	8,432,483
Insurance contracts expenses	(12,593,933)	(6,912,653)
<b>Insurance contracts service results</b>	<b>2,794,100</b>	<b>1,519,830</b>
Reinsurance contracts expenses	(3,800,090)	(1,753,938)
Reinsurance contracts revenues	1,927,196	767,084
<b>Reinsurance contracts service results</b>	<b>(1,872,894)</b>	<b>(986,854)</b>
<b>Net insurance and reinsurance service results</b>	<b>921,206</b>	<b>532,976</b>
Finance (expenses) income - insurance contracts	(447,178)	(217,311)
Finance income (expenses) - reinsurance contracts	97,723	68,949
<b>Net insurance and reinsurance contract financing results</b>	<b>(349,455)</b>	<b>(148,362)</b>
<b>Net insurance and reinsurance contracts service and financing results</b>	<b>571,751</b>	<b>384,614</b>
Interest income	461,933	340,876
Net gain from financial assets and investments	373,086	233,411
Other revenue	34,652	33,258
<b>Total Revenues</b>	<b>869,671</b>	<b>607,545</b>
Undistributed general and administrative expenses	(182,815)	(153,463)
Undistributed depreciation and amortization	(14,864)	(15,627)
Provision for expected credit losses –account receivables	(2,555)	(510)
Provision for expected credit losses –Bank Deposits	3,278	(6,166)
Provision for expected credit losses - financial assets through OCI	-	-
Provision for expected credit losses - financial assets measured at amortized cost	(331)	(50)
(Loss) on sale of property and equipment	(1,658)	-
<b>Total Expenses</b>	<b>(198,945)</b>	<b>(175,816)</b>
<b>Profit for the period from continuing operations before income tax</b>	<b>1,242,477</b>	<b>816,343</b>
Income tax expense for the Period	(377,460)	(171,390)
<b>Profit for the Period After Tax</b>	<b>865,017</b>	<b>644,953</b>
<b>Attributable to:</b>		
<b>Company's Shareholders</b>	707,220	644,953
<b>Non-controlling Interests</b>	157,797	-
<b>Total</b>	<b>865,017</b>	<b>644,953</b>
	<b>JD / Fils</b>	<b>JD / Fils</b>
<b>Basic and diluted earnings per share for the period</b>	<b>0.044</b>	<b>0.081</b>

"The accompanying policies form an integral part of these financial statements and should be read with them and with the accompanying independent auditor's report."

**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Interim Condensed Consolidated Statement of Profit and Loss-Life Insurance**  
**Three -Month Period ended at 31 March 2026 (Unaudited)**  
**(In Jordanian Dinar)**

	<b>31 March 2026</b> <b>(Unaudited)</b>	<b>31 March 2025</b> <b>(Unaudited)</b>
<b><u>Revenues</u></b>		
Insurance contracts revenues	1,547,512	1,036,245
Insurance contracts expenses	(1,452,080)	(1,382,984)
<b>Insurance contracts service results</b>	<b>95,432</b>	<b>(346,739)</b>
Reinsurance contracts expenses	(1,241,725)	(765,886)
Reinsurance contracts revenues	1,094,642	1,057,975
<b>Reinsurance contracts service results</b>	<b>(147,083)</b>	<b>292,089</b>
<b>Net insurance and reinsurance service results</b>	<b>(51,651)</b>	<b>(54,650)</b>
Finance (expenses) income - insurance contracts	(18,432)	14,590
Finance income (expenses) - reinsurance contracts	17,785	13,408
<b>Net insurance and reinsurance contract financing results</b>	<b>(647)</b>	<b>27,998</b>
<b>Net insurance and reinsurance contract operations results</b>	<b>(52,298)</b>	<b>(26,652)</b>
Interest income	35,702	12,424
Net (loss) from Financial Assets and Investments	(13,329)	-
<b>Total Revenues</b>	<b>22,373</b>	<b>12,424</b>
Undistributed general and administrative expenses	(10,485)	(8,584)
Undistributed depreciation and amortization	(888)	(490)
Provision for expected credit losses –Bank Deposits	807	988
<b>Total Expenses</b>	<b>(10,566)</b>	<b>(8,086)</b>
<b>loss for the period from continuing operations before income tax</b>	<b>(40,491)</b>	<b>(22,314)</b>
Income tax for the period	15,300	2,256
<b>Loss for the period from continuing operations after income tax</b>	<b>(25,191)</b>	<b>(20,058)</b>
Attributable to:		
Company's Shareholders	(28,069)	(20,058)
Non-controlling Interests	2,878	-
<b>Total</b>	<b>(25,191)</b>	<b>(20,058)</b>
<b>Basic and diluted earnings per share for the period</b>	<b>JD / Fils</b>	<b>JD / Fils</b>
	<b>(0.002)</b>	<b>(0.003)</b>

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**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Interim Condensed Consolidated Statement of Other Comprehensive Income for the Three-Month Period**  
**ended at 31 March 2026 (Unaudited)**  
**(In Jordanian Dinar)**

	<b>31 March 2026</b> <b>(Unaudited)</b>	<b>31 March 2025</b> <b>(Unaudited)</b>
Profit for the period	865,017	644,953
<b>Other comprehensive income items</b>		
Change in Fair Value Reserve	(333,274)	462
<b>Total comprehensive income for the period</b>	<b>531,743</b>	<b>645,415</b>
Attributable to:		
Company's Shareholders	456,598	645,415
Non-controlling Interests	75,145	-
<b>Total</b>	<b>531,743</b>	<b>645,415</b>

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**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Interim Condensed Consolidated statement of Changes in Equity for the Three-Month period ended on 31 March 2026 (Unaudited)**  
**(In Jordanian Dinar)**

	<u>Paid - In Capital</u>	<u>Reserves</u>	<u>Cumulative change in Fair Value Reserve</u>	<u>Retained Earnings*</u>				<u>Company's Shareholders</u>	<u>Non- controlling Interests</u>	<u>Total</u>
		<u>Statutory</u>	<u>Voluntary</u>		<u>Realized</u>	<u>Unrealized</u>	<u>Total</u>			
<b>Balance as at 1 January 2026 (Unaudited)</b>	16,000,000	2,110,985	-	466,516	2,536,149	355,769	2,891,918	21,469,419	2,793,249	<b>24,262,668</b>
Transactions with owners	-	-	-	-	(11,104)	-	(11,104)	(11,104)	(129,858)	<b>(140,962)</b>
Total comprehensive income for the period	-	-	-	-	927,996	(220,776)	707,220	707,220	157,797	<b>865,017</b>
Change in the fair value of financial assets at fair value through other comprehensive income	-	-	-	(250,622)	-	-	-	(250,622)	(82,652)	<b>(333,274)</b>
<b>Balance as at 31 March 2026 (Unaudited)</b>	<b><u>16,000,000</u></b>	<b><u>2,110,985</u></b>	<b><u>-</u></b>	<b><u>215,894</u></b>	<b><u>3,453,041</u></b>	<b><u>134,993</u></b>	<b><u>3,588,034</u></b>	<b><u>21,914,913</u></b>	<b><u>2,738,536</u></b>	<b><u>24,653,449</u></b>
<b>Balance as at 1 January 2025 (Audited)</b>	8,000,000	2,089,651	1,668,538	(15,435)	4,008,275	(346,842)	3,661,433	15,404,187	-	<b>15,404,187</b>
Total comprehensive income for the year	-	-	-	-	505,802	139,151	644,953	644,953	-	<b>644,953</b>
Change in the fair value of financial assets at fair value through other comprehensive income	-	-	-	462	-	-	-	462	-	<b>462</b>
<b>Balance as at 31 March 2025 (Unaudited)</b>	<b><u>8,000,000</u></b>	<b><u>2,089,651</u></b>	<b><u>1,668,538</u></b>	<b><u>(14,973)</u></b>	<b><u>4,514,077</u></b>	<b><u>(207,691)</u></b>	<b><u>4,306,386</u></b>	<b><u>16,049,602</u></b>	<b><u>-</u></b>	<b><u>16,049,602</u></b>

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**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Interim Condensed Consolidated statement of cash flows for the Three-Months ended on 31 March 2026**  
**(Unaudited)**  
**(In Jordanian Dinar)**

	<b>31 March 2026</b>	<b>31 March 2025</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash Flows (Used In)/ from Operating Activities</b>		
Profit for the period before tax	385,536	816,343
<b>Adjustments:</b>		
Depreciation and amortization	84,815	81,635
Interest Income	(302,078)	(340,876)
Dividends	(109,495)	(91,545)
Change in fair value of financial assets through profit or loss	220,776	(139,151)
Provision for expected credit losses –account receivables	9,358	510
Provision for expected credit losses - bank deposits	(3,278)	6,166
Provision for expected credit losses - financial assets measured at amortized cost	331	50
Gain on sale of property, plants and equipment	1,658	-
Provision for employees' end-of-service benefits	4,218	25,000
Provision for profit sharing – Life	-	15,886
Provision for central bank fees deposits	213,112	149,225
<b>Cash flows from operating activities before changes in working capital items</b>	<b>504,953</b>	<b>523,243</b>
Insurance contracts assets	(538,971)	(27)
Reinsurance contracts assets held	(416,010)	245,597
Other assets	(195,438)	(77,843)
Insurance contracts liabilities	961,862	(609,117)
Reinsurance contracts liabilities held	111,254	111,963
Other liabilities	48,287	(413,954)
Other provisions paid	(192,023)	(141,205)
<b>Net cash flows provided by/ (used in) operating activities before paid income tax</b>	<b>283,914</b>	<b>(361,343)</b>
Income tax paid	(66,001)	(109,428)
<b>Net cash flows provided by / (used in) operating activities</b>	<b>217,913</b>	<b>(470,771)</b>
<b>Cash flows from investing activities</b>		
Term deposits	(6,425,698)	(1,874,706)
(Purchase) of financial assets at fair value through profit or loss	(120,963)	-
(Purchase) of financial assets measured at amortized cost	636,030	(562)
(Purchase) of property, equipment and intangible assets	(69,611)	(41,439)
Proceeds from selling property and equipment	6,467	-
Received interest income	306,583	282,777
Received dividends	109,495	91,545
Net Cash Acquired from the Subsidiary Company	(2,537,348)	-
<b>Net cash flows (used in) investing activities</b>	<b>(8,095,045)</b>	<b>(1,542,385)</b>
<b>Cash Flows used in from Financing Activities</b>		
Cash Dividends	-	-
Capital increase (public offering to shareholders)	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,877,132)</b>	<b>(2,013,156)</b>
Cash and cash equivalents at the beginning of the period	21,654,864	8,492,236
<b>Cash and cash equivalents at the end of the period</b>	<b>13,777,732</b>	<b>6,479,080</b>

"The accompanying policies form an integral part of these financial statements and should be read with them and with the accompanying independent auditor's report."

**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Notes to the Interim Condensed Consolidated Financial Statements for the Three months ended on**  
**31 March 2026 (Unaudited)**

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**1. General**

**Jerusalem Insurance Company** was established during 1975 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (93) with paid up capital of JD (16,000,000) /share, and the company's place of registration is the Hashemite Kingdom of Jordan.

The Company is engaged in insurance activities including motor, fire, accidents, marine, Aviation, transport, Health insurance, life insurance, and liability insurance business.

The financial statements of Jerusalem Insurance Company and its subsidiary, "Arabia Insurance Company – Jordan," have been consolidated as of 30 September 2025.

The accompanying financial statements have been approved for issue by the Company's Board of Directors on its meeting number (4/2026) held at, 06/05/2026.

**2. Summary of Significant Accounting Policies**

**2 /1 Basis of Preparation of Financial Statements**

The interim condensed consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the standards issued by the International Accounting Standards Board, the applicable local laws, and the formats prescribed by the Central Bank of Jordan.

The financial statements have been prepared on a historical cost basis except for the financial assets through statements of profit or loss and other comprehensive income, the details of which are disclosed in its accounting policies.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The most important accounting policies followed in the preparation of the financial statements, which have been disclosed, were applied consistently in accordance with the principle of consistency for all the years presented.

The preparation of the financial statements in accordance with International Financial Reporting Standards requires the use of significant and specific accounting estimates and also requires management to use its own estimates in the process of applying the Company's accounting policies.

The interim condensed consolidated financial statements do not include all the information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). They should be read in conjunction with the annual report as of 31 December 2025. Moreover, interim results of operations do not necessarily indicate the expected annual results.

**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Notes to the Interim Condensed Consolidated Financial Statements for the Three months ended on**  
**30 March 2026 (Unaudited)**

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**2. Significant Accounting Policies (Continued)**

**2/1/1 Basis of Consolidation of the Financial Statements (Continued)**

The consolidated financial statements comprise the financial statements of the Company and its subsidiary under its control. Control exists when the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities. Intercompany transactions, balances, revenues and expenses between the Company and its subsidiary are eliminated upon consolidation.

Following the prior approval of the Central Bank, the Company acquired 73.903% of the share capital of Arabia Insurance Company – Jordan amounting to JD 8,000,000/shares through the purchase of 5,912,234 shares in several transactions during the third quarter of 2025. During the subsequent period of the year, an additional 1.182% of the share capital was acquired through the purchase of 94,580 shares, bringing the Company's ownership percentage as at 31 March 2026 to 75.085%.

Accordingly, Arab Jordan Insurance Company became a subsidiary effective from the acquisition date.

Goodwill arising from the acquisition was calculated based on the audited financial statements as at 30 September 2025 and adjusted in accordance with the best available estimates. The calculated goodwill amounted to JD 1,640,380 and is presented within intangible assets in the consolidated statement of financial position. This was based on the fair value of the acquired net assets amounting to JD 10,317,229. Adjustments were made to the carrying values as at the acquisition date as follows:

A decrease in the balance of investment properties and property and equipment amounting to JD (53,398), following their valuation at fair value as at the acquisition date. The fair value was determined in accordance with the applicable regulations.

**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Notes to the Interim Condensed Consolidated Financial Statements for the Three months ended on**  
**31 March 2026 (Unaudited)**

**2. Significant Accounting Policies (Continued)**

**2/1/1 Basis of Consolidation of the Financial Statements (Continued)**

Details of the net assets acquired are as follows:

	<b>Carrying amount as at the acquisition date, 30 September 2025</b>	<b>Adjustments</b>	<b>Fair value as at th acquisition date, 30 September 202</b>
<b>Assets</b>			
Deposits with banks	11,872,224	-	11,872,224
Financial assets at fair value through profit or loss	4,262,949	-	4,262,949
Financial assets at fair value through other comprehensive income	4,532,972	-	4,532,972
Financial assets at amortized cost	2,166,052	-	2,166,052
Investment properties	1,842,338	(26,615)	1,815,723
<b>Total Investments</b>	<b>24,676,535</b>	<b>(26,615)</b>	<b>24,649,920</b>
Cash on hand and at banks	2,049,694	-	2,049,694
Insurance contract assets – net	46,903	-	46,903
Reinsurance contract assets – net	3,029,892	-	3,029,892
Deferred tax assets	1,649,055	-	1,649,055
Property and equipment – net	1,952,152	(26,783)	1,925,369
Intangible assets – net	58,941	-	58,941
Other assets	1,219,042	-	1,219,042
<b>Total assets</b>	<b>34,682,214</b>	<b>(53,398)</b>	<b>34,628,816</b>
<b>Liabilities</b>			
Insurance contract liabilities	22,960,386	-	22,960,386
Reinsurance contract liabilities	244,902	-	244,902
Deferred tax liabilities	554,599	-	554,599
Other provisions	31,793	-	31,793
Other liabilities	519,907	-	519,907
<b>Total liabilities</b>	<b>24,311,587</b>	<b>-</b>	<b>24,311,587</b>
<b>Acquisition Details as at 30 September 2025:</b>			
Net assets acquired			10,317,229
Less: non-controlling interests (28.141%)			2,903,358
<b>Net assets acquired</b>			<b>7,413,871</b>
Less: consideration paid (investment cost)			9,054,251
<b>Goodwill</b>			<b>1,640,380</b>
<b>Cash flow analysis as at 31 March 2026:</b>			
Cash acquired during the period			7,309,607
Less: Net cash acquired at the beginning of the year			444,682
Less: Consideration paid			9,402,273
<b>Net cash acquired from the subsidiary company</b>			<b>(2,537,348)</b>

**Jerusalem Insurance Company**  
**Public Shareholding Limited Company**  
**Notes to the Interim Condensed Consolidated Financial Statements for the Three months ended on**  
**31 March 2026 (Unaudited)**

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## **2. Significant Accounting Policies (Continued)**

### **2/1/1 Basis of Consolidation of the Financial Statements (Continued)**

- The results of operations of subsidiaries are consolidated in the consolidated statement of profit or loss from the date of acquisition, being the date on which the Company effectively obtains control over the subsidiaries, and the results of operations of subsidiaries disposed of are consolidated in the consolidated statement of profit or loss up to the date of disposal, being the date on which the Company loses control over the subsidiaries.
- The financial statements of the subsidiaries are prepared for the same reporting period as the Company using the same accounting policies adopted by the Company. Where the subsidiaries follow accounting policies different from those adopted by the Company, the necessary adjustments are made to the financial statements of the subsidiaries to conform with the accounting policies adopted by the Company.
- Non-controlling interests represent the portion of equity in subsidiaries not owned by the Company. Non-controlling interests in the net assets of subsidiaries are presented separately within equity.

### **2/2 Applying the New and Amended International Financial Reporting Standards**

The International Accounting Standards Board issued the International Financial Reporting Standard No. (17) "Insurance Contracts" in 2017 as an alternative to International Financial Reporting Standard No. (4) Which carries the same name. This standard was applied retrospectively for financial periods beginning on or after 1 January 2023, with an early application permitted, provided that the facility has applied IFRS No. (9) And IFRS No. (15) Before or with IFRS No (17).

The objective of the standard is to ensure that the entity provides appropriate information about these contracts, and this information provides users of the financial statements with the necessary basis for evaluating the impact of insurance contracts on the Company's financial position and cash flows.

### **2/3 Changes in Accounting Policies**

#### **2/3/1 New Standards, Interpretations and Amendments Effective**

The accounting policies applied in the preparation of the consolidated interim condensed financial statements are consistent with those applied in the preparation of the financial statements for the year ended 31 December 2025, except for the following amendments which are applied for the first time in 2026; however, not all of them are expected to have an impact on the Company:

- **Amendments effective for periods beginning on 1 January 2025**  
Amendments to International Financial Reporting Standard No. (21) – Lack of Exchangeability.
- **Amendments effective for periods beginning on 1 January 2026**  
Amendments to International Financial Reporting Standard No. (9) "Financial Instruments" and International Financial Reporting Standard No. (7) "Disclosures".
- **Amendments effective for periods beginning on 1 January 2026**
  - International Financial Reporting Standard No. 18 – Presentation and Disclosure in Financial Statements.
  - International Financial Reporting Standard No. 19 – Subsidiaries without Public Accountability: Disclosures.

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## **2. Significant Accounting Policies (Continued)**

### **2/4 Use of Estimates and Assumptions**

The preparation of the interim condensed consolidated financial statements and the application of accounting policies require the Company's management to make estimates and judgments that affect the amounts of financial assets and financial liabilities and the disclosure of contingent liabilities. These estimates and judgments also affect revenues, expenses and provisions, as well as changes in fair values recognized in the consolidated interim condensed statement of profit or loss and within consolidated interim condensed shareholders' equity. In particular, management is required to exercise significant judgment and estimation in determining the amounts and timing of future cash flows.

Such estimates are necessarily based on assumptions and various factors that involve different degrees of estimation and uncertainty, and actual results may differ from these estimates as a result of changes arising from the circumstances and conditions underlying those estimates in the future.

Our estimates within the financial statements are reasonable and are detailed as follows:

#### **2/4/1 Expected Credit Losses**

An allowance for expected credit losses is recognized based on principles and assumptions approved by the Company's management to estimate the required allowance in accordance with the requirements of International Financial Reporting Standards, as mandated by International Financial Reporting Standard No. (9), to recognize impairment by measuring expected credit losses over the lifetime of trade receivables and contract assets based on credit risk and homogeneous aging.

Expected loss rates are based on the Company's historical credit losses experienced over the past three years up to the end of the current reporting period. These historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors that affect the Company's customers.

The Company recognizes an allowance against insurance receivables with local insurance companies and foreign reinsurance companies. The Company also recognizes an allowance for expected credit losses for the full balance of receivables from insurance companies that are (under liquidation) or whose solvency margin is less than 100%.

#### **2/4/2 Impairment of Financial Assets**

The Company reviews the carrying amounts recorded in the books for financial assets at the date of the condensed interim consolidated financial statements to determine whether there are indicators of impairment, either individually or collectively. If such indicators exist, the fair value is estimated in order to determine the impairment loss.

#### **2/4/3 Income Tax**

The financial year is charged with its share of income tax expense in accordance with applicable laws, regulations, and International Financial Reporting Standards.

The provision for income tax and national contribution has been calculated based on the Company's results of operations up to 31 March 2026 in accordance with the current Income Tax Law.

### **1. Accrued income tax**

Tax expenses are calculated based on taxable profits, which differ from reported profits in the statement of profit or loss because reported profits include non-taxable revenues or non-deductible expenses for tax purposes, either in the current financial year or subsequent years, accepted accumulated tax losses, or items that are not subject to or accepted for tax deduction purposes.

Taxes are calculated based on the tax rates prescribed by the laws, regulations, and instructions in the Hashemite Kingdom of Jordan.

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**2. Summary of Significant Accounting Policies (continued)**

**2/4 Use of Estimates and assumptions (continued)**

**2/4/3 Income Tax (continued)**

**2. Deferred taxes**

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the value of assets or liabilities in the financial statements and the value on which taxable profit is based. Taxes are calculated using the method in the financial statements, and deferred taxes are calculated according to the tax rates expected to be applied when the tax liability is settled or the deferred tax assets are realized.

The balance of deferred tax assets is reviewed at the standalone condensed interim financial statement date and is reduced if it is expected that the deferred tax assets cannot be benefited from, partially or fully, or if the tax liability is settled or no longer needed.

**2/4/4 Property, Equipment, and Intangible Assets**

Management periodically reassesses the useful lives of tangible and intangible assets for the purposes of calculating annual depreciation and amortization, based on the general condition of those assets and estimates of their expected future useful lives. Any impairment loss (if any) is recognized in the condensed interim consolidated statement of profit or loss.

**2/4/5 the present value of future cash flows**

The flows are defined as all amounts expected to be collected and expected to be paid within the limits of the insurance contract/ reinsurance contract held after adjusting them to reflect the timing and uncertainty of those amounts, based on actuarial assumptions and the Company's experience in managing a group of insurance contracts /reinsurance contracts held.

Future cash flows are recognized at present value, taking into consideration when developing assumptions related to estimating cash flows for groups of insurance contracts, as follows:

1. Inherent risks.
2. Aggregation level.
3. The possibility of natural disasters.
4. Possibility of liquidating the contract before the expiration of the insurance coverage, and other practices expected from the holder of the insurance contract.
5. Factors that will affect the estimates, and sources of information for these factors.

A combination of bottom-top and top-bottom approaches are applied in determining discount rates for different products. The bottom-top approach is used to derive the discount rate for cash flows that do not change based on the returns of the underlying items in participating contracts (except for investment contracts without a development policy loan which are not within the scope of IFRS 17). Under this approach, the discount rate is determined as the risk-free return adjusted for the differences in liquidity characteristics between the financial assets used to derive the risk-free return and the cash flows of the related liabilities (known as the illiquidity premium). The risk-free return is derived using swap rates available in the market that are denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with AAA credit ratings are used. Management uses judgment to evaluate the liquidity characteristics of the liabilities cash flows. Direct participation contracts and investment contracts with a development policy loan are less liquid financial assets used to derive the risk-free return. For these contracts, the illiquidity premium is estimated on the basis of the market observable liquidity premium of the financial asset adjusted to reflect the illiquidity characteristics of the cash flows of the liability.

Direct participation contracts and investment contracts with development policyholders are considered less liquid than financial assets used to derive the risk-free rate. For these contracts, the illiquidity premium is estimated based on the market-observed liquidity premium of financial assets, adjusted to reflect the illiquidity characteristics of the liability cash flows.



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**2. Summary of Significant Accounting Policies (continued)**

**2/4 Use of Estimates and assumptions (continued)**

**2/4/5 the present value of future cash flows (continued)**

The top-down approach is used to derive discount rates for cash flows that do not change based on the returns of the underlying items in all other contracts within the scope of IFRS 17. Under this approach, the discount rate is determined as the return implicit in the fair value of a reference portfolio, adjusted for the differences between the reference portfolio of assets and the cash flows of the related liabilities. The reference portfolio consists of a mix of sovereign and corporate bonds available in the markets. Assets are selected to match the cash flows of the liabilities. The return of the reference portfolio is adjusted to eliminate expected and unexpected credit risk. These adjustments are estimated using information from historical observed levels of credit default swaps and credit defaults related to the bonds included in the reference portfolio. For the unobservable period, the yield curve between the final rate and the last observable point is approximated using the Smith-Wilson method.

The Company will not calculate a present value of future cash flows on insurance and reinsurance premiums that have a duration of less than 12 months.

The Company calculates the present value of future cash flows on claims incurred, recoveries and liabilities from reinsurance contracts held based on the Company's assessment if payment or collection is expected after more than 12 months.

To calculate the discount rate, a top-down approach will be used as follows:

**Risk free yield curve:**

The risk-free yield curve will be derived based on the reference portfolio.

For this purpose, in the absence of any reference portfolio, the prices of highly rated bonds (above AA+) issued from the Hashemite Kingdom of Jordan will be used.

**Market risk premium for credit risk:**

The market risk premium for credit risk will be removed from yield curves to account for "non- payment", in insurance contracts.

**Discount rate = risk-free rate- market risk premium for credit risk**

**Illiquidity premium:**

The illiquidity premium is used to calculate the following: -

- Uncertainty in cash flows for subsequent periods.
- Uncertainty in the management of assets and liabilities in subsequent periods.

**2/4/6 Risk adjustments for non-financial**

An amount set aside by the company to account for the uncertainty of the amount and timing of cash flows arising from non-financial risks, based on actuarial assumptions and the company's experience in managing a portfolio of insurance/reinsurance contracts held.

Non-financial risk adjustment is the compensation required for a Company to bear uncertainty about the amount and timing of cash flows that arise from non-financial risks when fulfilling an insurance contract. It reflects the Company's degree of risk reduction.

The Company makes an adjustment estimate for non-financial risk separately from all other estimates. The risk adjustment is calculated at the issuer level and then distributed to each group of contracts according to their risk levels. The cost of capital method is used to derive the overall risk adjustment for non-financial risks. In the cost of capital method, the risk adjustment is determined by applying the cost rate to the present value of expected capital attributable to non-financial risks.

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**2. Summary of Significant Accounting Policies (continued)**

**2/4 Use of Estimates and assumptions (continued)**

**2/4/6 Risk adjustments for non-financial**

The cost rate for non-financial risk adjustments has been determined according to the following ratios:

Motor – TPL	5.6%
Motor –Pool	5.6%
Motor - Comprehensive	8.4%
Marine	8.8%
Aviation	8.8%
Fire	8.8%
Engineering	8.8%
General Accidents	8.8%
Medical	3.7%
Travel	8.8%
Life	6.7%

Capital is set at a confidence rate of 75% and is expected to be in accordance with the business. A diversification feature is included to reflect the diversification of contracts sold across geographic regions as this reflects the compensation required by the entity. The adjustments for non-financial risks shall be re-evaluated annually by the actuary.

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**2. Summary of Significant Accounting Policies (continued)**

**2/4 Use of Estimates and assumptions (continued)**

**2/4/7 Non insurance components**

Definition of the insurance contract It is a contract whereby one party (the issuer) accepts a substantial insurance risk from another party (the contract holder), by agreeing to compensate the contract holder in case of the occurrence of a specific and uncertain future event (the insured event) such that this event, if it occurs, adversely affects the contract holder.

**All contracts issued by the Company meet the definition of an insurance contract.** Below is an illustration of the insurance contracts issued by the Company that meet the definition:

Primary insurance type	Sub- insurance type	
Engineering	- Boilers Explosions - Contractors Plant and Machinery - Electronic Equipment - Machinery Breakdown	- Contractor's All Risk - Deterioration Of Stock - Erection All Risk - Loss of Profit /Machinery Breakdown
General Accident & Liability	- Cash - Theft - Workmen's Compensation - Public Liability	- Fidelity Guarantee - Personal Accident - Plate Glass - Personal Guard
Motor	- Borders - Comprehensive - TPL - Comprehensive Buses	- Orange Card - Comprehensive /Complementary - Buses Pool - New Special
Life	- Credit Life - Individual - Regular Premium101% (Individual)	- Group - Regular Premium*5 (Individual)
Fire	- Darna - Fire	- House Holder - All Risk
Marine	- Marine Open Cover - Ship hulls	- Marine Cargo Direct
Medical	- Individual	- Group
Travel	- Travel	

The definition of insurance risk is represented by the possibility of the occurrence of the insured event (risk) and the uncertainty regarding the amount of the claim related to that event, due to the nature of the insurance contract, as the risks are volatile and unpredictable. For insurance contracts related to an insurance category, where probability theory can be applied in pricing and reserving, the main risk facing the Company is that the claims incurred and payments related to them may exceed the book value of the insurance liabilities. This may occur if the likelihood and severity of the claims exceed expectations, because insurance events are not fixed and vary from period to period, and the estimates may differ from the related statistics. Studies have shown that the more similar the insurance contracts are, the closer the expectations are to the actual loss rate. The existence of diversification in the insurance risks covered leads to a decrease in the probability of total loss in insurance coverage.

## **2. Summary of Significant Accounting Policies (continued)**

### **2/4 Use of Estimates and assumptions (continued)**

#### **2/4/7 Non insurance components**

#### **Separation of non-insurance components**

##### **1- Investment component**

The Company is required to separate the investment component distinct from the primary insurance contract when the investment component is distinct and only if the following two conditions are met:

- The investment component and the insurance component are not correlated to a large extent.
- The contract is sold on equivalent terms, or may be sold, separately in the same market or in the same legal jurisdiction, either by the entities issuing the insurance contracts or by other parties.

The investment component and the insurance component are directly related and only if: -

- The entity was unable to measure one component without looking at the other. Thus, if the value of one component differs from the value of the other component, the entity shall apply IFRS 17 to calculate the investment element and co-insurance component, or.
- The policyholder cannot benefit from one of the components unless the other is also present. Thus, if the expiry or maturity of one contract component causes the expiry or maturity of the other, the entity shall apply IFRS 17 to account for the investment component and the pooled insurance component.

**The Company has products that contain an investment component (single installment \*5 and single installment 101%).**

##### **2- Goods and services components**

The Company shall separate any commitments to transfer distinct goods or services to the policyholder other than insurance contract services. And it must account for these commitments by applying International Financial Reporting Standard 15. Accordingly, it is:

- Separate the cash inflows between the insurance component and any promises to provide distinct goods or services other than insurance contract services, and
  - Separate the cash outflows between the insurance component and any promised goods or services other than insurance contract services, so that:
1. The cash outflows that relate directly to each component are attributable to that component.
  2. Any cash outflows are attributed on a systematic and logical basis, reflecting the cash outflows the entity expects to arise as if this component were a separate contract.

A good or service other than the insurance contract promised to the policyholder is not distinctive if:

- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components of the contract, and the entity provides an important service in linking the good or service with the components of the insurance.

#### **Materiality:**

The materiality in the Company is 2% of the total written premiums.

##### **2/4/8 Lawsuits against the Company**

A provision is recorded for lawsuits filed against the Company based on a legal study prepared by the Company's lawyer, according to which potential future risks are identified, and those studies are reviewed periodically.

##### **2/4/9 Fair value level**

The level of the fair value hierarchy that categorizes the fair value measures is fully disclosed, and the fair value measurements are separated according to the levels specified in the International Financial Reporting Standards. The difference between Level 2 and Level 3 of fair value measurements represents the assessment of whether the information or inputs are observable and the significance of the unobservable information, which requires

judgment and careful analysis of the inputs used to measure fair value, including taking into account all factors relating to the asset or liability.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used**

**2/5/1 Sectors Information**

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns different from those related to other sectors, which are measured according to the reports used by the CEO and the main decision-maker of the Company.

The geographical sector is related to providing products or services in a specific economic environment subject to risks and returns that differ from those related to sectors operating in other economic environments.

**2/5/2 Goodwill**

Goodwill is recorded at cost, representing the excess of the cost of acquiring or purchasing a subsidiary or jointly-owned companies over the company's share of the fair value of the assets, liabilities, and contingent liabilities of that company at the acquisition date. Goodwill arising from investments in subsidiaries is recorded separately as intangible assets.

Goodwill arising from investments in associates is included as part of the investment in the associate, and the goodwill is subsequently reduced by any impairment in the value of the investment.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

A goodwill impairment test is performed at the date of each financial statement, and the carrying amount of goodwill is reduced if there is evidence that its value has declined. This occurs if the estimated recoverable amount of the cash-generating unit(s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit(s). The impairment loss is recognized in the statement of profit or loss.

Impairment losses on goodwill are not reversed in subsequent periods. In the event of the sale of a subsidiary or a jointly-owned company, the goodwill value is taken into account when determining the amount of profit or loss from the sale.

**2/5/3 Definition of an insurance contract**

A contract which the insurance Company accepts substantial insurance risks from the insured, by agreeing to compensate the contract holder in the event of the occurrence of a specific and uncertain future event (the insured event) that adversely affects the contract holder, and at the following deadlines, whichever is earlier:

- The beginning of the coverage period for the contracts.
- From the date of maturity of the first premium for the insured in the group of insurance contracts.
- From the date of the group becoming an expected loss group, with respect to any of the groups of contracts that are expected to be lost.

As for the insurance contracts that contain the direct participation feature and that have economic characteristics similar to the insurance contract (the coverage period is long, the premiums are recurring and the amount or timing of the return is at the discretion of the issuer) and are linked to the same assets or participation in the performance of the insurance contracts, and these contracts that contain this feature at the beginning of the contract include the following:

- Policyholders' / beneficiaries' participation in a share of the insurance contracts portfolio.
- The possibility that the Company will pay policyholders / beneficiaries a significant portion of the returns from the fair value of investments linked to a group of insurance contracts.
- A high likelihood that the amounts paid to policyholders / beneficiaries will change as the fair value of the investments linked to a group of insurance contracts changes.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/3 Definition of an insurance contract (continued)**

As for contracts that are not classified as an insurance contract, they are, for example, the following: -

- Investment contracts that have a legal form of an insurance contract, but do not transfer significant insurance risks to the insurance Company and carry financial risks, for example, implicit derivatives, changes in the fair value of a financial instrument, changes in interest rates, changes in currency exchange rates, or credit rating, they are classified as investment contracts in accordance with International Financial Reporting Standard No. (9).
- Investment contracts that contain the feature of voluntary participation, which are investment contracts that have a legal form of an insurance contract, but do not transfer significant insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified in accordance with International Financial Reporting Standard No. (17).
- Self-insurance (i.e. keeping the risks that could have been covered by the insurance contract within the Company, i.e. there is no other party to the contract), for example, the Company issuing an insurance contract in the name of the Company or a subsidiary or associate Company, which is classified according to the International Financial Reporting Standard No. (15).

**2/5/4 Reinsurance contracts held**

It is an insurance contract issued by the reinsurer to compensate the insurance Company for claims arising from the insurance contracts issued by it.

Reinsurance contracts held are recognized:

- In the event that the held reinsurance contracts are proportional to the group of insurance contracts, then the held reinsurance contracts are recognized at the beginning of the coverage period for the group of these contracts or at the initial recognition of any of the base contracts, whichever is earlier.
- From the beginning of the coverage period of the group of held reinsurance contracts.

**2/5/5 Liability for remaining coverage**

The liability that the company must recognize upon initial recognition of insurance contracts, which pertains to subsequent financial periods as a result of existing insurance contracts.

**2/5/6 Liability for incurred claims**

It is the total expected costs incurred by the company due to events covered by the insurance contract that occurred before the end of the financial period. This includes reported and unreported claims, as well as related expenses.

**2/5/7 Contractual service margin**

It is the unearned profit from in-force contracts that are expected to be profitable, and it is recognized simultaneously with providing services under insurance contracts.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/8 Initial recognition of insurance contracts / General Measurement Model/ Variable cost**

At initial recognition, the Company measures the group of insurance contracts according to the following:

- ❖ Cash flows to fulfill contracts, which include:
  - Estimates of future cash flows.
  - Adjustments for the time value of money and the financial risks associated with future cash flows by not including these financial risks in the estimates of future cash flows.
  - Risk adjustments for non-financial.
- ❖ Contractual service margin

**2/5/9 Subsequent measurement of insurance contracts / General Model/ Variable cost**

The Company records the book value of any group of insurance contracts at the end of each period, which is the sum of the following:

- The liability for remaining coverage, which includes the net value of cash inflows and outflows (after applying the discount rate) in addition to risk adjustments for non-financial and the contractual service margin.
- The liability for incurred claims, which is calculated according to the best estimate of future cash flows to settle claims plus risk adjustments for non-financial, taking into account the application of the discount rate to claims expected to be settled after more than one year.

**2/5/10 Initial recognition of insurance contracts / premium allocation approach**

The group of insurance contracts is measured at initial recognition as follows:

- Insurance premiums received upon initial recognition.
- Deducting any costs paid to acquire the insurance contracts on that date.
- Added or deducted from it any amount arising from the cash flows of the costs of acquiring insurance contracts

**2/5/11 Subsequent measurement / premium allocation approach**

At the end of each subsequent period, the Company records the book amount of the obligation, taking into account the following adjustments to the balance of the obligation:

- Add insurance premiums received for the period.
  - Deduct the cash flows for the acquisition of insurance contracts.
  - Adding any amounts related to the depletion of cash flows for the acquisition of insurance contracts that are proven as an expense.
  - Adding any emergency modification to the financing component.
  - Deduct the amount recognized as insurance income for the coverage provided in that period.
  - Deduct any paid or transferred investment component of the liability relating to claims incurred.
- Liabilities for incurred claims, which are measured based on the best estimate of future cash flows required to settle the claims, plus non-financial risk adjustments, taking into consideration the application of a discount rate to the claims.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/12 Modification of insurance contracts**

The Company modify insurance contracts by addressing changes that have occurred in future cash flows due to the modification, treating them as changes in estimates of cash flows for fulfilling the contracts, unless the criteria for derecognizing insurance contracts are met.

**2/5/13 Derecognition of insurance contracts**

The Company derecognizes insurance contracts in the following cases:

- The contract terminates (the obligation specified in the insurance contract expires, is discharged, or is canceled).
- If a modification to an insurance contract does not meet the criteria for modification as per the standard's requirements, the Company derecognizes the contract and recognizes a new contract.

**2/5/14 Insurance contracts that are expected to result in a loss (onerous contracts)**

The Company recognizes insurance contracts as onerous contracts if, at the initial recognition date, the contract is expected to incur a loss. The loss component is measured if the expected cash flows to fulfill the contract's obligations or the group of contracts exceed the expected cash inflows from that contract or group of contracts.

The Company is required to disclose the loss component unless the contractual service margin is zero.

**2/5/15 Summary of measurement approaches**

1) The Company classify insurance contracts according to the following:

<b>The Portfolio (Level 1)</b>	<b>Contract Classification</b>	<b>Measurement Approach</b>
Motor - Comprehensive	Insurance contracts	Premium Allocation Approach
Motor – TPL	Insurance contracts	Premium Allocation Approach
Motor –Pool	Insurance contracts	Premium Allocation Approach
Marine	Insurance contracts	Premium Allocation Approach
Aviation	Insurance contracts	Premium Allocation Approach
Fire	Insurance contracts	Premium Allocation Approach
Engineering	Insurance contracts	Premium Allocation Approach
General Accidents	Insurance contracts	Premium Allocation Approach
Personal Accidents	Insurance contracts	Premium Allocation Approach
Liability	Insurance contracts	Premium Allocation Approach
Medical - Group	Insurance contracts	Premium Allocation Approach
Medical - Individual	Insurance contracts	Premium Allocation Approach
Travel	Insurance contracts	Premium Allocation Approach
Life - Group	Insurance contracts	Premium Allocation Approach
Life - Borrowers	Insurance contracts	Premium Allocation Approach
Life - Individual	Insurance contracts	General Measurement Model
Life - Saving	Insurance contracts	General Measurement Model



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**2. Summary of Significant Accounting Policies (continued)**  
**2 /5 The most important accounting policies used (continued)**  
**2/5/15 Summary of measurement approaches (continued)**

2) The Company classify reinsurance contracts held according to the following:

<b>Portfolio Name</b>	<b>Measurement Model</b>
Aviation -Facultative	Premium Allocation Approach
Catastrophe -Excess of Loss	Premium Allocation Approach
Comprehensive- Facultative	Premium Allocation Approach
Engineering - Facultative	Premium Allocation Approach
Engineering - Surplus and Quota Share	Premium Allocation Approach
Fire -Facultative	Premium Allocation Approach
Fire - Surplus and Quota Share	Premium Allocation Approach
Fire - Excess of Loss	Premium Allocation Approach
General Accidents - Facultative	Premium Allocation Approach
General Accidents - Surplus and Quota Share	Premium Allocation Approach
Liability - Facultative	Premium Allocation Approach
Marine - Facultative	Premium Allocation Approach
Marine - Surplus and Quota Share	Premium Allocation Approach
Marine - Excess of Loss	Premium Allocation Approach
Medical - Quota Share	Premium Allocation Approach
Motor - Excess of Loss	Premium Allocation Approach
Pool - Facultative	Premium Allocation Approach
TPL - Facultative	Premium Allocation Approach
Travel - Quota Share	Premium Allocation Approach
Credit Life - Facultative	Premium Allocation Approach
Group Life - Facultative	Premium Allocation Approach
Group Life - Surplus and Quota Share	Premium Allocation Approach
Individual Life - Quota Share	General Measurement Model
Individual Life -Surplus and Quota Share	General Measurement Model
Individual Life Saving -Surplus and Quota Share	General Measurement Model

**2/5/16 Aggregation level**

The portfolios of insurance contracts are divided into groups according to the year of underwriting and aggregate portfolios of insurance contracts with similar risks that are managed together.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/17 Profitability level**

The previously mentioned groups of contracts are classified into the following categories, based on the expected net cash flows from the contract and the accounting approach adopted in dealing with contract groups:

- Contracts that have no likelihood of becoming onerous at initial recognition.
- Contracts that are onerous.
- Other contacts (if found).

**2/5/18 Financial assets**

Financial assets are classified upon initial recognition into one of the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through statement of profit or loss
- Financial assets at fair value through statement of other comprehensive income

❖ **Financial assets at amortized cost**

The company classifies financial assets at amortized cost based on the company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, provided that both of the following conditions are met:

- The purpose of holding these assets within the context of the business model is to collect contractual cash flows.
- The cash flows under the contractual terms of these assets arise at specified dates and represent only payments of the principal amount of the assets and the interest accrued on the principal of those assets.

The financial assets measured at amortized cost are recorded at their purchase cost, including acquisition expenses. Any premium/discount (if any) is amortized using the effective interest method as an entry to interest or for its account. Any provisions resulting from impairment in the value of these investments, leading to the inability to recover part or all of the investment, are deducted. Any impairment is recorded in the profit and loss statement.

The impairment amount for financial assets at amortized cost is the difference between the carrying amount and the present value of the expected cash flows discounted at the original effective interest rate.

The standard allows, in rare cases, the measurement of these assets at fair value through the profit and loss statement if it significantly eliminates or reduces inconsistency in measurement (sometimes referred to as accounting mismatch) arising from measuring assets or liabilities or recognizing profits or losses resulting from them on different bases.

Impairment losses for financial assets measured at amortized cost are recognized, with interest revenue, foreign exchange gains and losses, and impairment being included in the profit and loss statement. Gains or losses arising from derecognition of financial assets are also presented in the profit and loss statement.

❖ **Financial assets at fair value through profit or loss**

The remaining financial assets that do not meet the criteria for financial assets at amortized cost are measured as financial assets at fair value.

- Financial assets at fair value through profit or loss represent investments in equity instruments and debt instruments held for trading purposes, with the objective of generating profits from short-term market price fluctuations or trading margins.
- Financial assets at fair value through profit or loss are recorded at fair value upon purchase (acquisition expenses are recorded in the profit and loss statement at the time of purchase) and are revalued at fair value on the financial statement date. Subsequent changes in fair value are recognized in the profit and loss statement for the period in which the change occurs, including changes in fair value resulting from foreign currency translation differences of non-cash items. Dividends or returns are recorded in the profit and loss statement when earned (approved by the general assembly of shareholders).

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**2. Summary of Significant Accounting Policies (continued)**  
**2 /5 The most important accounting policies used (continued)**  
**2/5/18 Financial assets (continued)**

**Reclassification**

Financial assets may be reclassified from amortized cost to financial assets at fair value through profit or loss and vice versa, only when the entity changes the business model under which the assets were classified, as mentioned above, taking into account the following:

- Any previously recognized profits, losses, or interest cannot be reversed.
- When financial assets are reclassified to be measured at fair value, their fair value is determined at the reclassification date, and any gains or losses resulting from differences between the previously recorded value and the fair value shall be recorded in the statement of profit or loss.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value at the date of reclassification.

**❖ Financial Assets at fair value through other comprehensive income**

- It is allowed, upon initial recognition, for investments in equity instruments that are not held for trading, to adopt an irrevocable option to present all changes in the fair value of these investments on an individual basis (each share separately) in other comprehensive income. Under no circumstances can these changes, recognized in other comprehensive income, be reclassified to profit or loss at a later date. However, dividend income from these investments is recognized in net investment income, unless such distributions clearly represent a partial recovery of the entire investment.
- In the event of the sale of these assets or part of them, the gains or losses resulting from the sale are transferred from the accumulated fair value change balance in other comprehensive income to the retained earnings, and not through the profit or loss statement.

**2/5/19 Investment property**

Investment property is measured at cost less any accumulated depreciation (except for lands), these investments are depreciated over their useful life at a rate of 2%, and any decrease in their value is recorded in statement of profit or loss. Any revenue, operational expenses or impairment related to the investment properties is recorded in the statement of profit or loss.

Real estate investments are measured in accordance with applicable regulations, and their fair value is disclosed in the notes to the real estate investments.

**2/5/20-1 Investment in Associate companies**

Allied companies are those in which the Company exercises significant influence over financial and operating policy decisions (without having control), and in which it holds between 20%–50% of the voting rights.

Investments in allied companies are presented using the equity method.

Income and expenses arising from transactions between the Company and its allied companies are eliminated based on the Company's ownership percentage in those companies.

**2/5/20-2 Investments in Subsidiary**

The investment in the subsidiary is recognized in the Company's consolidated financial statements at cost, net of any impairment losses, if any.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/21 Property and equipment**

Property and equipment are presented at net value after deducting accumulated depreciation and any accumulated impairment losses. Property and equipment (except for land) are depreciated when they are ready for use using the straight-line method over their expected useful life, with the following annual rates. Depreciation expense is recorded in the statement of profit or loss.

Buildings	2%
Furniture and equipment	10-30%
Vehicles	15%

Depreciation of property and equipment is calculated when these assets are available for use for the purposes intended for use. The depreciation expense for the period must be shown in the statement of profit or loss.

Property and equipment under construction for the Company's use are stated at cost after deducting any impairment losses.

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the statement of profit or loss.

The useful life of property and equipment is reviewed at the end of each year. If the expected useful life differs from the previously estimated life, the change in estimate is recorded for future years as a change in estimates.

Gains or losses resulting from the disposal or removal of any property and equipment, representing the difference between the proceeds from the sale and the book value of the asset, are recognized in the statement of profit or loss.

Property and equipment are derecognized when disposed of or when they no longer provide expected future economic benefits from either use or disposal.

**2/5/22 Intangible assets**

- Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.
- Other intangible assets are classified based on the estimated useful life, either for a definite or indefinite period. Intangible assets with a definite useful life are amortized over that period, and the amortization is recorded in the statement of profit or loss. As for intangible assets with an indefinite useful life, their impairment is reviewed at the date of the financial statements, and any impairment is recorded in the statement of profit or loss.
- Internally generated intangible assets are not capitalized and are recorded in the statement of profit or loss in the same current year.
- Any indicators of impairment of intangible assets are reviewed at the date of the financial statements.
- Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.
- The following are the accounting policies for each item of intangible assets held by the company.
- Intangible assets include computer systems and software, and the company's management estimates the useful life of each item, so that these assets are amortized using the straight-line method at a rate of 24%.

**2/5/23 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and at banks, deposits with maturities of less than three months, less restricted funds.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/24 Offsetting**

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

**2/5/25 Recognition date of financial assets**

The recognition of the purchase and sale of financial assets is made on the trade date (the date on which the company commits to buy or sell the financial assets).

**2/5/26 Fair value**

The closing prices (purchase of assets / sale of liabilities) on the financial statement date in active markets represent the fair value of financial instruments with market prices.

In case market prices are not available, there is no active trading for certain financial instruments, or the market is inactive, their fair value is estimated using several methods, including:

- Comparing them to the current market value of a similar financial instrument that is closely aligned.
- Analyzing future cash flows and discounting the expected cash flows using a rate employed in a similar financial instrument.
- Option pricing models.

. These valuation methods aim to determine a fair value that reflects market expectations, taking into account market factors and any anticipated risks or benefits when estimating the value of financial instruments. If it is not feasible to reliably measure their fair value, they are presented at cost, after any impairment in value has been recognized.

**2/5/27 Financial liabilities**

The company classifies financial liabilities based on the purpose for which the liability arises. The company initially recognizes bank borrowings at fair value; net transaction costs related to obtaining the facilities. These interest-bearing liabilities are subsequently measured at amortized cost using the effective interest rate method. Financing costs include initial transaction costs, premiums paid on settlement, and interest accruing over the life of the liability.

**2/5/28 Insurance contracts liabilities**

Insurance contract liabilities are recognized when the company has obligations at the date of the financial statements arising from past events related to insurance contracts, and the settlement of these obligations is probable and their value can be measured reliably. The amounts recognized as insurance contract liabilities represent the best estimate of the amounts required to settle the obligation as of the financial statement date, taking into account the risks and uncertainties associated with insurance contract liabilities. When the value of the liabilities is determined based on estimated cash flows to settle the current obligation, the carrying amount represents the present value of those cash flows. If it is expected that some or all of the economic benefits required to settle the liability will be recovered from other parties, the receivable is recognized as an asset if the receipt of compensation is virtually certain and its value can be measured reliably.

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/29 Provision for end of service indemnity**

The provision for end of service indemnity is calculated in accordance with the Company's policy, which is in line with the Jordanian labor law.

Annual compensation costs incurred for employees leaving the service are recorded as a provision for end-of-service benefits when paid, and a provision for the company's liabilities related to end-of-service benefits for employees is recognized in the statement of profit or loss

**2/5/30 Foreign currency**

- Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions.
- The balances of financial assets and financial liabilities are converted at the average foreign currency rates prevailing on the date of the statement of financial position and announced by the Central Bank of Jordan.
- Non-financial assets and non-financial liabilities denominated in foreign currencies and stated at fair value are translated at the date when their fair value was determined.
- Foreign exchange gains or losses are reflected in the statement of profit or loss.
- Translation differences for non-monetary foreign currency assets and liabilities are recorded as part of the change in fair value.
- When consolidating financial statements, the assets and liabilities of foreign branches and subsidiaries are translated from the functional currency to the reporting currency using the average exchange rates for the date of the financial statements as published by the Central Bank of Jordan. Revenue and expense items are translated at the average exchange rate for the year. Any resulting foreign exchange differences (if any) are shown in a separate item within equity. In the case of the sale of any of these subsidiaries or branches, the amount of foreign currency translation differences related to them is recognized in the income statement under income/expenses.

**2/5/31 Treasury stocks**

The treasury stocks are shown at cost, and these stocks do not have any right to the profits distributed to the shareholders, and do not have the right to participate or vote in the meetings of the Company's general assembly. The profit or loss resulting from the sale of treasury stocks is not recognized in the statement of profit or loss, but the profit is shown in equity within the item of share premium (discount), while the loss is recorded on the retained earnings after depleting balance of the treasury shares premium.

**2/5/32 Issuance or purchase insurance company shares**

Any costs arising from the issuance or purchase of the insurance company's shares are recorded in the retained earnings account (net of any tax effect). If the purchase/issuance is not completed, the related expenses are charged to the statement of profit or loss.

**2/5/33 Revenue recognition**

**Dividend and interests' revenue**

Dividend revenues are recognized when the Company has the right to receive the payment, once declared by the general assembly of shareholders.

Interest revenues are recognized on an accrual basis, based on the applicable periods, principal amount, and the interest rate earned

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**2. Summary of Significant Accounting Policies (continued)**

**2 /5 The most important accounting policies used (continued)**

**2/5/33 Revenue recognition (continued)**

**Rent revenues**

Rental revenues from investment properties under operating lease agreements are recognized using the straight-line method over the duration of those contracts and on an accrual basis.

**2/5/34 acquisition cost**

It represents the acquisition costs incurred by the company in return for selling, underwriting, or starting new insurance contracts, where the company recognizes the full acquisition costs directly upon recognition of the insurance contract in the statement of profit or loss. While the company recognizes the acquisition costs by amortizing the costs incurred over the coverage period of the insurance contract in the statement of financial position.

Acquisition costs are estimated when preparing the budget forecasts based on the company's historical data, and these costs are recognized when incurred, with these costs amortized during the coverage period of the insurance contract.

**2/5/35 Insurance contract expenses**

The company allocates direct general administrative expenses and direct employee expenses to the insurance portfolios related to insurance contracts across groups of insurance contracts and includes them in calculating contract profitability through an allocation mechanism that considers the principles of activity-based cost estimation, separating the expenses into acquisition expenses, compensation expenses, and other undistributed expenses. Meanwhile, indirect general administrative expenses and indirect employee expenses not related to insurance contracts are allocated based on the cost center.