



المجموعة العربية الأردنية للتأمين ش.م.ع.  
Arab Jordanian Insurance Group P.L.C.

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السادة / بورصة عمان المحترمين  
عمان - المملكة الأردنية الهاشمية

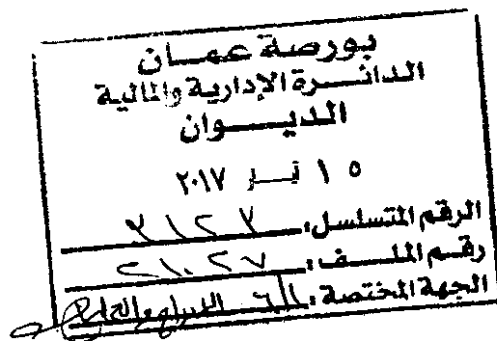
الموضوع : البيانات المالية للسنة المنتهية لعام ٢٠١٦

نرفق لكم طيه نسخة من البيانات المالية باللغة الإنجليزية كما هي في ٢٠١٦/١٢/٣١ .

مؤكدين لكم حسن تعاوننا معكم .

وتفضلوا بقبول فائق الاحترام،،،

عن/ المجموعة العربية الأردنية للتأمين



**ARAB JORDANIAN INSURANCE GROUP  
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND  
CERTIFIED PUBLIC  
ACCOUNTANT'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**ARAB JORDANIAN INSURANCE GROUP**  
**(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND CERTIFIED PUBLIC ACCOUNTANT'S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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## **CERTIFIED PUBLIC ACCOUNTANT'S REPORT**

**To the shareholders  
Arab Jordanian Insurance Group**

### **Report on the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Arab Jordanian Insurance Group (P.L.C), which comprise of the statement of financial position as of December 31, 2016, and the related statements of comprehensive income, Statement of owners' equity and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Basis for Opinion**

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Arab Jordanian Insurance Group (P.L.C) as of December 31, 2016, and its financial performance and cash flows for the year then ended are in accordance with International Financial Reporting Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

#### **Key audit matters**

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The key auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

#### **Property, plant and equipment**

In accordance with the international financial reporting stander the company has to review the useful life and depreciation method and perform and impairment test to the reported amount of property , Plant and equipment in the financial position, the company determines the impairment in property and equipment by using assumptions and evaluations (if any).

#### **Unearned and unreported claims provisions**

In accordance with International Financial Reporting Standards, and considering the nature of provision recognition the company has to make provisions that is related to the nature of insurance transaction and the technical advantages, and it is only required for insurance companies, the provision are an important element for the company to match with contingencies, but it cannot be accurately determined, so the company has to consider the studies of assumptions and estimations through technical experts reports (Actuary Report), and considering its importance it is considered one of the significant Audit Risks

## **Key Audit matters procedures**

### **Property & equipment**

The audit procedures included examining the control procedures used in the verification of existence and completeness, reviewing the purchase of assets and selling them during the year and ensuring the calculation of depreciation expense, matching the inventory in terms of presence and ensuring that the property and equipment are productive and there is no decrease in the value they appear in. Management, taking into account the available external information about the risk of impairment of property and equipment, and we have also focused on the adequacy of the Company's disclosures about property and equipment.

### **-Unearned and unreported claims provisions**

Our Audit Procedures included the process of provision recalculation in accordance with The Insurance Committee, so a sample of unearned claims has been reviewed through insurance policies from different branches and ascertaining that it is recognized on the periods on which they belong and it amounted JD 4,631,426 and the claims have been reviewed through its occurrence and comparing it to previous fiscal years, and the actuary reports have been taken into consideration so the provisions are precisely made, and it amounted JD 5,489,888 and based on that the provisions are reported.

### **Other information**

The management is responsible for other information. Which includes other information reported in the annual report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it.

Regarding our audit on financial statements we are obliged to review these other information, and while that, we consider the compatibility of these information with their financial statements or with the knowledge that we gained through audit procedure or seems to contain significant errors. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

### **Management and individuals responsible of governance about the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a Going Concern, disclosing, as applicable, matters related to Going Concern and using the Going Concern basis of accounting. Unless the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of financial statements.

## **Certified public accountant responsibility**

Our objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Financial Statements.

*As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:*

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the Going Concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.

We communicated with audit the Financial Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Legal requirements report**

The Company maintains proper books of accounts and the accompanying financial statements and the financial statements contained in the report of the board of directors in accordance with the proper books of accounts.

Ghosheh & Co.

Abdul Kareem Qunais  
License No. (496)

**Ghosheh & Co. (CPA's)**

A member of  
**Nexia**  
International

غوشه و شركاه (محاسبين قانونيين)

Amman- Jordan  
February 23, 2017

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
<b>Assets</b>			
Deposits at bank	5	6,932,481	5,585,728
Financial asstes designated at fair value through statement of comprehensive income	6	102,005	468,060
Financial asstes designated at fair value through statement of other comprehensive income	7	250,000	-
Property Investments	8	588,088	593,680
<b>Total investements</b>		<b>7,872,574</b>	<b>6,647,468</b>
Cash on hand and at Banks	9	52,493	231,997
Checks under collections	10	1,345,294	737,158
Account receivables -- net	11	2,238,163	1,790,398
Insurance & Reinsurance Companies Accounts-Debit	12	1,008,355	629,931
Deferred Tax assets	13	1,471,349	1,608,135
Fixed Assetes-Net	14	4,682,984	4,741,110
Intangible Assets-Net	15	57,591	59,191
Other Assets-Net	16	938,242	658,458
<b>Total assets</b>		<b>19,667,045</b>	<b>17,103,846</b>

The accompanying notes are an integral part of these financial statements

**ARAB JORDANIAN INSURANCE GROUP**  
**(PUBLIC SHAREHOLDING COMPANY)**

**STATEMENT OF FINANCIAL POSITION (continued)**  
**AS OF DECEMBER 31, 2016**  
**(EXPRESSED IN JORDANIAN DINAR)**

	Note	2016	2015
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Unearned Premiums Provision -Net		4,631,426	3,684,564
Outstanding Claims Provision-Net		5,489,888	5,328,687
Accumulated Mathematical Provision - Net		35,837	94,975
<b>Total Insurance Contract Liabilities</b>		<b>10,157,151</b>	<b>9,108,226</b>
Account Payable	17	664,179	460,952
Accrued Expenses		51,695	57,648
Insurance & Reinsurance Companies Account-Credit	18	1,584,412	1,232,171
Other Liabilities	19	1,223,728	890,300
<b>Total Liabilities</b>		<b>13,681,165</b>	<b>11,749,297</b>
<b>Shareholders' equity</b>			
Declared capital		11,000,000	11,000,000
Authorized and paid up capital	1	9,500,000	9,500,000
Issuance discount		(3,760,765)	(3,760,765)
Statutory reserve	21	928,715	845,001
Voluntary reserve	21	12,803	12,803
Accumulated losses	22	(694,873)	(1,242,490)
<b>Total Shareholders' Equity</b>		<b>5,985,880</b>	<b>5,354,549</b>
<b>Total Liabilities and shareholders' Equity</b>		<b>19,667,045</b>	<b>17,103,846</b>

The accompanying notes are an integral part of these financial statements

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
<b>REVENUES</b>			
Gross underwritten Premiums		14,553,853	13,372,125
Less : Reinsurance Share		2,704,203	2,335,382
<b>Net Underwritten Premiums</b>		11,849,650	11,036,743
Net Change In Unearned Premiums Provision		(946,862)	(877,175)
Net Change In Accounting Provision		59,138	50,767
<b>Net Earned Premiums</b>		10,961,926	10,210,335
Commission Revenue		274,619	241,347
Issuing Fees		423,167	405,643
Intrests Revenue	23	186,723	168,338
Gain From Financial Assets And Investment - Net	24	(324,805)	41,629
Other Revenue Frome Underwriting		386,542	421,920
Other Revenues	25	240,245	286,298
<b>Total revenues</b>		12,148,417	11,775,510
<b>Claims, losses and expenses :</b>			
Paid claims		9,931,207	9,568,034
Deduct: Recoveries		1,310,188	1,394,673
Deduct: Reinsurance Share		1,591,522	1,626,977
<b>Net Paid Claims</b>		7,029,497	6,546,384
Net Change In Claims Provision		161,201	434,208
Allocated Employee Expenditure	27	703,683	946,788
Allocated General And Administrative Expenses	28	313,575	227,234
Excess Of Loss Premium		164,311	161,963
Commission Paid		657,741	614,325
Other Expenses Allocated To Underwriting		1,450,169	1,528,277
<b>Net Claims</b>		10,480,177	10,459,179
Unallocated Employees Expenditure	27	649,365	236,697
Depreciation And Amortization		74,117	150,263
Unallocated General And Administrative Expenses	28	78,394	100,218
Bad Debts		29,224	339,795
<b>Total Expenses</b>		11,311,277	11,286,152
<b>Net Income Before Income Tax</b>		837,140	489,358
Income Tax / (Tax Surplus) For The Year	13	(136,786)	14,131
<b>Net Income</b>		700,354	503,489
<b>Earnings Per Share Jd/ Share</b>	29	0,074	0,053
<b>Outstanding Weighted Average Shares</b>		9,500,000	9,500,000

The accompanying notes are an integral part of these financial statements

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Issuance discount	Statutory reserve	Optional reserve	Accumulated losses	Total owners' equity
<b>2016</b>							
<b>January 1, 2016</b>	34	9,500,000	(3,760,765)	845,001	12,803	(1,242,490)	5,354,549
Prior years Adjustments	1	-	-	-	-	(69,023)	(69,023)
Statutory Reserve	21	-	-	83,714	-	(83,714)	-
Comprehensive income for the year		-	-	-	-	700,354	700,354
<b>December 31, 2016</b>		<b>9,500,000</b>	<b>(3,760,765)</b>	<b>928,715</b>	<b>12,803</b>	<b>(694,873)</b>	<b>5,985,880</b>
<b>2015</b>							
<b>January 1, 2015</b>		8,000,000	(2,860,765)	796,065	12,803	(1,697,043)	4,251,060
Share capital Increase	1	1,500,000	(900,000)	-	-	-	600,000
Statutory Reserve	21	-	-	48,936	-	(48,936)	-
Comprehensive income for the year		-	-	-	-	503,489	503,489
<b>December 31, 2015</b>		<b>9,500,000</b>	<b>(3,760,765)</b>	<b>845,001</b>	<b>12,803</b>	<b>(1,242,490)</b>	<b>5,354,549</b>

The accompanying notes are an integral part of these financial statements

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
<b>Cash flow from operating activities</b>		
Net income before tax	837,140	489,358
Prior years adjustments	(69,023)	-
Adjustments :		
Depreciation and amortization	74,117	150,263
Gain on sale of property and equipment	-	6,370
UNEARNED PREMIUM PROVISION-NET	946,862	877,175
accounting provision- Net	(59,138)	(50,767)
OUTSTANDING CLAIMS PROVISION - NET	161,201	434,208
Allowance for doubtful accounts	-	(69,700)
Bad debts	29,224	339,795
Change in fair value Financial asstes designated at fair value through statement of comprehensive income	366,055	13,583
<b>Net cash available from operating before changes in working capital items</b>	<b>2,286,438</b>	<b>2,190,285</b>
Financial asstes designated at fair value through statement of comprehensive income	-	(212)
Financial asstes designated at fair value through statement of other comprehensive income	(250,000)	-
Checks under collection and notes receivable	(608,136)	69,376
Accounts receivable	(476,989)	(621,342)
Accounts receivable from reinsurance	(378,424)	(219,745)
Other assets	(279,784)	(290,734)
Accounts payable	203,227	(232,687)
Accrued expense	(5,953)	(93,687)
Accounts payables from reinsurers	352,241	(6,013)
Other liabilities	333,428	74,150
<b>Net cash used in operating activities</b>	<b>(1,110,390)</b>	<b>(1,320,894)</b>

The accompanying notes are an integral part of these financial statements

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	Note	2016	2015
<b>Cash flows from investments activities</b>			
Purchase of fixed assets		(6,299)	171,244
Purchase of Intangible assets		(2,500)	(45,940)
<b>Net cash (used in) / available from investing activities</b>		<b>(8,799)</b>	<b>125,304</b>
<b>Cash flows from Financing activities</b>			
Share capital Increase		-	61,247
<b>Net cash available from Financing activities</b>		<b>-</b>	<b>61,247</b>
<b>Net changes in cash and cash equivalent</b>		<b>1,167,249</b>	<b>1,055,942</b>
Cash and cash equivalent , January 1	26	<b>5,492,725</b>	<b>4,436,783</b>
<b>Cash and cash equivalent , December 31</b>	<b>26</b>	<b>6,659,974</b>	<b>5,492,725</b>

The accompanying notes are an integral part of these financial statements

ARAB JORDANIAN INSURANCE GROUP

Written Revenues for Insurance for the years ended December 31, 2016

	Vehicles		Marine and Shipping		Fires and other property damages		Medical		Other Branches		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Written Installments</b>												
Direct insurance	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
Optional reinsurance	8,447,274	7,440,092	329,864	245,937	1,221,607	1,053,859	3,701,899	3,895,821	227,078	197,149	13,927,722	12,832,858
Gross Premiums	8,447,274	7,440,092	329,864	245,937	80,180	45,993			1,223	2,921	81,403	48,914
Less												
Local reinsurance share	52,540	49,579	268,556	1,611	61,097	23,742			4,636		386,829	74,932
foreign reinsurance share				192,141	1,023,808	935,602	917,425	847,381	95,760	79,146	2,036,983	2,054,270
Net premiums	8,394,734	7,390,513	61,308	52,185	216,882	140,508	2,784,474	3,048,440	127,915	120,924	11,585,313	10,752,570
<b>Add</b>												
<b>Beginning Balance</b>												
Unearned premium provision	3,120,839	2,549,523	59,225	69,462	393,668	379,454	852,434	507,092	69,285	71,456	4,495,451	3,576,987
Deduct : reinsurance share	29,845	27,358	45,539	54,853	347,929	333,505	348,058	313,733	39,516	40,149	810,887	769,598
deficit of premiums	0	0					0	0			0	0
Net unearned provision	3,090,994	2,522,165	13,686	14,609	45,739	45,949	504,376	193,359	29,769	31,307	3,684,564	2,807,389
<b>Deduct:</b>												
<b>Ending balance</b>												
Unearned premium provision	4,025,969	3,120,839	50,869	59,225	415,693	393,668	924,516	852,434	64,266	69,285	5,481,293	4,495,451
Deduct : reinsurance share	30,686	29,845	40,370	45,539	353,390	347,929	388,578	348,058	36,843	39,516	649,867	810,887
premiums deficit												0
Net unearned provision	3,995,283	3,090,994	10,499	13,686	62,303	45,739	535,938	504,376	27,413	29,769	4,831,426	3,684,564
Change in premiums deficit provision												0
Net earned income from underwritten premiums	7,490,445	5,821,684	64,505	53,108	200,318	140,718	2,752,912	2,737,423	130,271	122,462	10,638,451	9,875,395

**ARAB JORDANIAN INSURANCE GROUP**  
Written Revenues for Insurance for the years ended December 31, 2016

	Vehicles		Marine and Shipping		Fires and other property		Medical		Other Branches		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD	JOD
<b>Claims paid</b>												
Less												
Returns	1,309,518	1,325,408			500	64,899			170	406	1,310,188	1,394,673
Local reinsurance share												
Foreign reinsurance share												
Net paid Claims	7,148,002	6,778,604	90,231	42,380	223,926	679,916	2,057,855	1,729,645	46,600	4,903	9,566,614	9,235,448
	1,309,518	1,325,408			500	64,899			170	406	1,310,188	1,394,673
	1,284,823	1,334,452									1,284,823	1,334,452
	8,971,603	6,506,323									8,971,603	6,506,323
<b>Add</b>												
Ending balance Claims provision												
Reported claims	5,028,490	4,536,498	52,475	54,325	5,088,546	4,953,725	83,545	61,875	142,868	100,584	10,374,924	9,707,007
IBNR	1,396,301	1,600,000	1,460	10,300	5,000	33,647	97,723	145,124	15,934	8,391	1,516,418	1,737,462
Less												
Reinsurance share- reported	1,426,562	1,341,416	44,115	48,350	4,813,219	4,706,039	43,046	31,428	36,787	25,104	6,363,729	6,152,337
Reinsurance share- unreported	66,622		366	7,700		29,497	41,938	60,118	4,522	1,000	113,448	98,315
Returns												
Net claims provision - ending balance	4,932,607	4,785,082	9,454	8,576	258,327	251,836	96,284	115,453	117,493	82,871	5,414,165	5,253,817
Reported claims	3,602,928	3,195,082	8,360	5,976	253,327	247,686	40,489	30,447	106,081	75,480	4,011,195	3,554,670
IBNR	1,329,679	1,600,000	1,094	2,600	5,000	4,150	55,785	85,006	11,412	7,391	1,402,970	1,699,147
Less												
Beginning Balance Claims provision												
Reported claims provision	4,536,498	4,318,736	54,325	17,897	4,953,725	5,037,583	61,875	58,955	100,584	85,449	9,707,007	9,518,620
Unreported claims provision	1,600,000	1,250,000	10,300	10,300	33,647	33,647	145,124	88,181	8,391	8,391	1,797,462	1,390,519
Less												
Returns												
Reinsurance share- reported	1,341,416	1,132,200	48,350	13,838	4,706,039	4,785,704	31,428	28,291	25,104	29,355	6,152,337	5,989,388
Reinsurance share- unreported			7,700	7,700	29,497	29,497	60,118	27,116	1,000	1,000	98,315	65,313
Net claims provision - Beginning balance	4,795,062	4,436,536	8,575	6,659	251,836	256,029	115,453	91,729	82,871	63,485	5,253,817	4,854,438
Net Claims cost	5,976,009		210	13,144	9,722	14,906	1,081,101	1,042,496	84,909	23,414	7,131,951	6,905,702

ARAB JORDANIAN INSURANCE GROUP  
Profit (Loss) for the years ended December 31, 2016

	Vehicles		Marine and Shipping		Fires and other property damages		Medical		Other Branches		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Net Revenues from written premiums												
Less:												
Net cost of claims	7,490,445	6,821,684	64,505	53,108	200,318	140,718	2,752,912	2,737,423	130,271	122,462	10,638,451	7,307,757
Add:												
Received Commission	5,976,009	5,811,742	210	13,144	9,722	14,906	1,081,101	1,042,496	64,909	23,414	7,131,951	5,905,702
Insurance documents fees	570		96,111	74,781	166,370	153,589	175,641	175,721	10,708	11,570	274,359	239,940
Other revenues	192,680	162,536	9,637	7,034	30,090	25,441	120,021	95,829	8,994	4,552	417,042	375,284
Total revenues	266,516	325,387	690	2	2	8	1,987,473	1,966,477	85,064	115,170	4,584,440	4,006,831
Less:												
Paid commissions	443,161	394,668	20,273	13,090	96,264	90,140	22,814	22,828	21,394	19,678	603,906	540,404
Loss excess payments	139,100	134,850			25,211	27,113	231,771	342,381	22,612	17,583	164,311	161,963
Administrative expenses	542,528	677,370	52,185	21,614	101,188	71,980	1,296,094	1,377,961	1,592	2,820	950,284	1,130,928
Other expenses	132,955	127,650	2,961	8,906	12,375	6,910	1,743,170	1,743,170	45,588	40,081	1,445,977	1,524,247
Total expenses	1,257,744	1,334,538	75,419	43,610	235,038	196,143	1,550,679	1,743,170	39,486	75,089	3,164,478	3,357,542
Profit/(Loss)	716,458	163,327	94,624	78,859	152,620	108,707	416,794	223,307	75,089	0	1,419,962	649,289

**ARAB JORDANIAN INSURANCE GROUP**  
**(PUBLIC SHAREHOLDING COMPANY)**

**UNDERWRITING ACCOUNTS FOR THE LIFE INSURANCE DEPARTMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(EXPRESSED IN JORDANIAN DINAR)**

	2016	2015
<b>Underwriting Premiums</b>		
Direct Insurance	544,728	490,353
<b>Gross Premiums</b>	544,728	490,353
Deduct :Foreign Reinsurance Share	280,391	206,180
<b>Net Premiums</b>	264,337	284,173
 Beginning Balance mathematical Provision	192,544	266,557
Deduct: Beginning Foreign Reinsurance Share	97,569	120,815
<b>Net Beginning Balance mathematical Provision</b>	94,975	145,742
 Ending Balance mathematical Provision	108,921	192,544
Deduct: ending Reinsurance Share	73,084	97,569
<b>Net Ending Balance mathematical Provision</b>	35,837	94,975
<b>Net Premiums revenue Earned</b>	323,475	334,940

The accompanying notes are an integral part of these financial statements

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE DEPARTMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

	2016	2015
<b>CLAIMS PAID</b>	<b>364,593</b>	<b>332,586</b>
Deduct :		
Foreign Reinsurance share	306,699	292,525
<b>Net Paid claims</b>	<b>57,894</b>	<b>40,061</b>
<b>Add:</b>		
<b>Ending Outstanding Claims Provision</b>		
Reporting	436,427	325,067
IBNR	-	15,000
Deduct: Reinsurance Share	370,704	265,197
<b>Net Ending Balance Claims Provision</b>	<b>65,723</b>	<b>74,870</b>
<b>Deduct:</b>		
<b>Beginning Outstanding Claims Provision</b>		
Reporting	325,067	188,205
IBNR	15,000	-
Deduct: Reinsurance Share	265,197	148,164
<b>Net Beginning Balance Claims Provision</b>	<b>74,870</b>	<b>40,041</b>
<b>Net Claims Cost</b>	<b>48,747</b>	<b>74,890</b>

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**STATEMENT OF UNDERWRITING PROFIT (LOSS) FOR LIFE INSURANCE  
DEPARTMENT  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(EXPRESSED IN JORDANIAN DINAR)**

	2016	2015
<b>Net Earned Premium Income</b>	<b>323,475</b>	<b>334,940</b>
<b>Deduct :</b>		
<b>Cost Of Claims Incurred</b>	<b>48,747</b>	<b>74,890</b>
<b>Add:</b>		
Commission Received	260	1,407
Issuing Fees	6,125	30,359
Other Revenue	3	6
<b>Total Revenue</b>	<b>281,116</b>	<b>291,822</b>
<b>Deduct:</b>		
Commission Paid	53,835	73,921
Allocated administrative expenses	66,974	43,094
Other expenses	4,192	4,030
<b>TOTAL EXPENSES</b>	<b>125,001</b>	<b>121,045</b>
<b>UNDERWRITING PROFIT</b>	<b>156,115</b>	<b>170,777</b>

**ARAB JORDANIAN INSURANCE GROUP**  
**(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(EXPRESSED IN JORDANIAN DINAR)**

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**1. ORGANIZATION AND ACTIVITIES**

Arab Jordanian Insurance Group is a Jordanian public shareholding Company ("the Company"), registered on 1996 under Commercial registration number (321). The Company's Declared share capital is JD 11,000,000 and the authorized and paid up capital is JD 9,500,000 thwdivided into 9,500,000 shares, the par value is one JD per share.

As of April 25, 2013 the board of directors at extra ordinary meeting decided to

The general commettee decided in its unuseual meeting held on November 19, 2011 the following :

- Decreasing the declared capital from 12,000,000 JOD/share to 10,000,000 JOD/ share
- Decreasing the declared capital from 1,000,000 JOD/share to 8,000,000 JOD/ share to amortize 2,000,000 from the accumulated losses

- Increasing the declared capital from 8,000,000 JOD/share to 10,500,000 JOD/ share by underwriting the shareholders by 0.4 JOD/share and discount issuance by 0.60 /share, any underwriting by 1,000,000 JOD and within issuance discount by 1500000 in which the underwriting is covered by the shareholders the legal process is have been completed on june 27, 2012.

\*based on the the meeting of the general commettee held on october 13, 2012 the following has been decided

- Increasing the declared capital from 10,500,000 JOD/share to 13,000,000 JOD/ share by underwriting the shareholders by 0.405 JOD/share and discount issuance of 0.595 /share, any underwriting by 1,012,500 JOD and within issuance discount by 1487500 , only an amount of 926235 has been covered from the total amout to be written of and the legal process is have been completed on june 27, 2012.

- decreasing the declared capital by 3,787,000 JOD by amortizing the accumulated losses to become 9,000,000 divided into 9,000,000 shares for each JOD, and the legal process is have been completed on July 25, 2013.

The general commettee decided in its unuseual meeting held on April 30, 2014 the following :

- Decreasing the declared capital from 9,000,000 JOD/share to 8,000,000 JOD/ share by Amortizing an amount of 1,000,000 JOD from the the accumulated losses.

- Shareholders by 0.405 JOD/share and discount issuance of 0.595 /share, any underwriting by 1012500 JOD and within issuance discount by 1487500 , only an amount of 926235 has been covered from the total amout to be written of and the legal process is have been completed on june 27, 2012. Increasing the capital by 3,000,000 share /JOD special underwiting by the shareholders to become 11000000 share/JOD in which 1,500,000 shares to be covered during 2014 and which 1,500,000 shares to be covered during 2015 and discount issuance for the new shares by (0.6 JOD) or the price presented by security exchange commetee and the legal process is have been completed on July 8, 2014 accourding certificate (1/6/21027/726).

- The company principal activity is insurance(Vehicles,marine and shipping, fire and other property damages,medical, other branches) and life insurance.

**ARAB JORDANIAN INSURANCE GROUP**  
**(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(EXPRESSED IN JORDANIAN DINAR)**

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**2. BASIS OF PREPARATION**

These financial statements were prepared in accordance with the International Reporting Financial Standards issued by The Board of international accounting standards and in accordance with the local regulations and in accordance with the Insurance committee.

The financial statements have been prepared on historical cost basis except for the financial assets designated at fair value through comprehensive income statement and the financial assets designated at fair value through other comprehensive income that are stated at fair value as of the date of financial statements. Moreover, reserved financial assets and financial liabilities are stated at fair value.

The Financial statements have been presented by the Jordanian Dinar as it is the main currency of the company.

The followed policies for the year are the policies followed previous year, except for what has been disclosed in the change of accounting policies.

**Use of estimates**

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

We believe that the estimates within the financial statements are reasonable, and the details are as follows:

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

-The Company allocates provision for doubtful debt after studying the ability of debt collection.

-The Company allocates to each financial year its own income tax expense according to the applied laws and regulation.

-The Company allocates provision for the cases upload against it depending on the estimate of the Company's lawyer

-Provision is made allegations technical provisions is estimated based on technical studies and in accordance with the instructions of the Insurance Commission as the arithmetic provision is calculated according to actuarial studies

-The management regularly reviews financial assets stated at cost to estimate any impairment in value and are taking this decline in the income statement for the year.

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

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**3. NEW AND REVISED STANDARDS AND AMENDMENTS TO IFRSs IN ISSUE BUT NOT YET EFFECTIVE:-**

The following new standards and amendments to the standards have been issued but are not yet effective and the Company intends to adopt these standards, where applicable, when they become effective.

<u>New Standards</u>	<u>Effective Date</u>
(IFRS) No.9 – Financial Instruments	January 1, 2018
(IFRS) No.15 – Revenue from Contract with Customers	January 1, 2018
(IFRS) No.16 – Leases	January 1, 2019

Board of directors of the company is expecting that the application of these standards and interpretations will not have a substantial impact on the Company's financial statements.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The sectoral report represents**

The business sector represents a collection of assets and operation engaged together in providing product or services subjected to risks and returns that are different from those of other business sectors, which are measured according to the reports that are used by the executive director and the main decision – markers in the Company.

**Realestate Investment**

The realestate investment are stated at cost less accumulated depreciation (except for the lands), they are depreciated over their useful lives between 2% to 3% , any impairment in value is recorded as operational loss.

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Expenditures on maintenance and repairs are expensed. While expenditures for betterment are capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. The estimated rates of depreciation of the principal classes of assets are as follows:

	<u>Annual depreciation rate</u>
Buildings	2-4%
Electrical and electronic equipments	3-5%
Vehicle	7-15%

Useful lives and the depreciation method are reviewed periodically to make sure that the method and amortization period appropriate with the expected economic benefits of property and equipment. Impairment test is performed to the value of the property and equipment that appears in the interim Statement of Financial Position When any events or changes in circumstances shows that this value is non-recoverable.

In case of any indication to the low value. Impairment losses are calculated according to the policy of the low value of the assets

At the exclusion of any subsequent property and equipment. recognize the value of gains or losses resulting. Which represents the difference between the net proceeds of exclusion and the value of the property and equipment that appears in the interim Statement of Financial Position. Gross Profit and loss.

**Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line method over their estimated useful lives.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The amount initially recognised for internally-generated intangible assets is recognised in profit or loss in the period in which it is incurred.

At the financial statement date, the Company reviews whether if there is any indication that the assets have suffered an impairment loss.

Computer softwares are amortized over it's useful life of 10 years ( 5 years as on December 31, 2010) using straight-line method.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and reliable estimate can be made regarding the amount of the obligation.

The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

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**Technical Provisions**

Technical Provisions are taken and maintained according to the regulations of the insurance commission as follows:

- The provision unearned premiums for general insurance activities is calculated according to the remaining up to the expiry date of the insurance policy after the financial statements date on the basis of a (365) day year except for marine and land transport insurance for which provision is calculated on the basis of written premiums of the policies issued on the date of financial statements according to laws, regulations and instructions issued for this purpose.
- The provision for reported claims is computed by determining the maximum total expected costs for each claim on an individual basis.
- Additional provisions for incurred but not reported claims are calculated based on the company's experience and estimates so as to meet any obligations that might arise due to events that took place prior to the end of fiscal year but have not been reported to the company.

**Provision for doubtful debts**

A provision for doubtful debts is taken when there is objective evidence that whole or part of these debts has become irrecoverable. The provision is calculated as the difference between the book value and recoverable value.

**Income tax**

The company is subject to Income Tax Law and its subsequent amendments and the regulations issued by the Income Tax Department in the Hashemite Kingdom of Jordan and provided on accrual basis, Income Tax is computed based on adjusted net income. According to International Accounting Standard number (12), the company may have deferred taxable assets resulting from the differences between the accounting value and tax value of the assets and liabilities related to the provisions, these assets are not shown in the financial statements since it's immaterial.

**Deferred Taxes**

-Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount. Moreover, deferred taxes are calculated according to the statement of financial position liability method based on the tax rates expected to be applied at the tax settlement date or the realization of the deferred tax assets and liabilities.

-The balances of deferred tax assets and liabilities are reviewed at the statement of financial position date and reduced in case they are expected not to be utilized or are no longer needed, wholly or partially.

**Foreign currency transactions**

Foreign currency transactions are translated into Jordanian Dinar at the rates of exchange prevailing at the time of the transactions, Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date, Gains and losses from settlement and translation of foreign currency transactions are included in the statement of comprehensive income.

Annual compensations paid to terminated employees are charged at the end-of-service indemnity provision when paid. Moreover, an allowance for the company's liabilities in connection with end-of-service compensations is taken to the statement of income.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

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**Financial assets**

**Financial assets designated at fair value through statement of comprehensive income**

Financial assets are classified as at fair value through statement of income when the financial asset is either held for trading or it is designated as at fair value through statement of income. A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through statement of income upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through statement of income.

Financial assets at fair value through statement of income are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

**Reclassification**

Financial assets from amortized cost may be re-classified to financial assets at fair value through the income statement and vice versa only when the entity changes the business model that was classified on basis of those assets, taking into consideration the following:

- Profits or losses or benefits that has been recognized previously may not be recovered
- When re-classification of financial assets so that they are measured at fair value the fair value is then determined at the date of reclassification, any gain or loss arising from the difference between the previously recorded value and fair value in the income statement are classified.

**The Decline in value of the financial assets**

In date of Financial statements, values of the financial assets have been reviewed, to determine if there indication to decline in its value, individually or combined, And if there is such indication, the recoverable amount is estimated for determining the impairment loss.

**ARAB JORDANIAN INSURANCE GROUP**  
**(PUBLIC SHAREHOLDING COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(EXPRESSED IN JORDANIAN DINAR)**

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**Offsetting**

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

**Recognition date of the financial assets**

the purchase and selling of financial assets is recognized on the date of trading (the date of the company's commitment to purchase or sell financial assets).

**Fair Value**

Closing market prices (acquiring assets/selling liabilities) in active market at the date of the financial statement represent the fair value of the financial derivatives traded. In case declared market prices do not exist, active trading for some financial assets and derivatives is not available, or the market is inactive, fair value is estimated by one of several method including the following:

- Comparison with the market value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing model.

**Reinsurers accounts**

The shares of reinsurers is calculated from insurance premiums and paid compensations and technical provisions and all rights and obligations arising from the re-insurance based on contracts between the company and reinsurers, according to the accrual basis.

**Cash and cash equivalents**

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less, and which are not exposed to a significant risk of value change.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

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**Revenue Recognition**

**-Insurance Contracts**

Insurance premiums arising from insurance contracts are recorded as revenue for the year (earned insurance premiums) on the basis of the maturities of time periods and in accordance with the insurance coverage periods. Insurance premiums from the insurance contracts unearned at the date of the statement of financial position are recorded as unearned insurance premiums within liabilities.

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

**- Dividends and Interest**

Dividends from investments are recorded when the right of the shareholder to receive dividends arises upon the related resolution of the general assembly of shareholders.

Interest income is calculated according to the accrual basis based on the maturities of the time periods, original principals, and earned interest rate.

**Rental Income**

Rental income from investment properties is recognized in statement of income on a straight line basis over the term of operating lease and the advances and unearned portion of the rental income is recognized as a liability.

**Expense Recognition**

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

**Insurance claims**

Insurance compensations represent the claims during the period and the change in the claims provision.

The insurance compensations represent all the amounts paid during the year whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for the settlement of all claims resulting from events that took place prior to the statement of financial position date but were still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of financial statements and include the incurred but not reported claims provision..

**Salvage and Subrogation Reimbursements**

Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurement of the insurance liability of claims.

**General and Administrative Expenses**

All distributable general and administrative expenses are loaded on insurance branches separately. Moreover (80%) the general and administrative expenses have been allocated to the various insurance departments on the basis of the earned premiums of each department in proportion to total premiums.

**Employees Expenses**

All distributable employee's expenses are reloaded on insurance branches separately. Moreover, 80% of the employee's expenses have been allocated to the various insurance departments on the basis of the earned premiums of each department in proportion to total premiums.

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

**Acquisition Costs of Insurance Policies**

Acquisitions costs represent the costs incurred by the company againsts selling,underwriting, or starting new insurance contracts. The acquisition costs are recorded in the statement of income.

**Mortgaged Financial Assets**

It is those financial assets pledged in favor of other parties with a right of the other party to dispose of them (selling or re-mortgage). Evaluation of these assets will continue in accordance with the adopted accounting policies according to each of their original classifications.

**Liability Adequacy Test**

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the liability. Any deficiency is immediately charged to the statement of income.

**5. BANK DEPOSITS**

	Deposits maturing within a month	Deposits maturing for more than a month and up to three months	Deposits maturing after more than a month and a year	Total
				2016 2015
In Jordan	6,607,481	325,000	-	6,932,481 5,585,728
	6,607,481	325,000	-	6,932,481 5,585,728

The interest rates on deposits in Jordan Dinar ranged from 5% to 6.53%. and on deposits issuance in U.S. Dollar from 0.5% to 1%.

Moreover deposits collateralized against a bank guarantee issued to the order of the director of the insurance commission in addition to his position amounted to 325,000 as of December 31, 2016 (2015:325,000 JD).

**6. FINANCIAL ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT**

Financial assets at fair value through the income statement which been classified upon initial recognition as follows:

	2016	2015
Stock listed at Amman stock exchange	102,005	468,060
	102,005	468,060

**7. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

This item represent the amount of investment in Saray Dabouq Company by 12.5 % from total share capital of 2,000,000 JD and it is a Jordanian private shareholding Company ("the Company"), registered under Commercial registration number (783).

**ARAB JORDANIAN INSURANCE GROUP**  
(PUBLIC SHAREHOLDING COMPANY)

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
(EXPRESSED IN JORDANIAN DINAR)

**8. REALESTATE INVESTMENT**

This item represent the following:

<b>December 31, 2016</b>	<b>Lands</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost :</b>			
Balance at the beginning of the year	110,099	550,934	661,033
Transferred from Property and Equipment	-	-	-
Additions	-	-	-
Disposals	-	-	-
Balance at the end of the year	110,099	550,934	661,033

<b>Accumulated depreciation</b>			
Balance at the beginning of the year	-	67,353	67,353
Depreciation of the year	-	5,592	5,592
Balance at the end of the year	-	72,945	72,945
Net book value	110,099	477,989	588,088

<b>December 31, 2015</b>	<b>Lands</b>	<b>Buildings</b>	<b>Total</b>
<b>Cost :</b>			
Balance at the beginning of the year	317,821	550,934	868,755
Transferred from Property and Equipment	-	-	-
Additions	-	-	-
Disposals	(207,722)	-	(207,722)
Balance at the end of the year	110,099	550,934	661,033

<b>Accumulated depreciation</b>			
Balance at the beginning of the year	-	56,171	56,171
Depreciation of the year	-	11,182	11,182
Balance at the end of the year	-	67,353	67,353
Net book value	110,099	483,581	593,680

The Company has re-evaluated Real Estates Investments in 31 December, 2016 by real Estate experts in accordance with the regulations of the Insurance committee and the international standards amounted 1,138,373 JD .

\*The disposal is a sale of land during 2015.

**ARAB JORDANIAN INSURANCE GROUP**  
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**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
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**9. CASH AND CASH AT BANKS**

	2016	2015
Cash on hand	-	2,000
Cash at bank	52,493	229,997
	<u>52,493</u>	<u>231,997</u>

**10. CHEQUES UNDER COLLECTION AND NOTES RECEIVABLES**

	2016	2015
Cheques under collection	1,345,294	737,158
	<u>1,345,294</u>	<u>737,158</u>

The cheques under collection maturing date up to December 31, 2016.

**11. NET – ACCOUNT RECEIVABLES**

	2016	2015
Policy holders	2,343,677	1,953,282
Agents	13,121	17,546
Brokers	519,642	528,641
Employees	47,909	36,871
Others	33,641	32,520
Total	<u>2,957,990</u>	<u>2,568,860</u>
Allowance for doubtful account	<u>(719,827)</u>	<u>(778,462)</u>
	<u>2,238,163</u>	<u>1,790,398</u>

The movement of allowance for doubtful account is as follows

	2016	2015
Beginning balance	778,462	766,847
Additions during the year	-	81,315
Disposals	(58,635)	(69,700)
Ending balance	<u>719,827</u>	<u>778,462</u>

The following is the aging schedule for accounts receivable

	2016	2015
1-90 days	1,953,792	989,198
91-180 days	225,718	369,383
181-360 days	58,653	431,817
More than 361 days	-	-
	<u>2,238,163</u>	<u>1,790,398</u>

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**12. REINSURANCE COMPANIES ACCOUNTS – DEBIT**

	2016	2015
Local insurance company	180,730	236,781
Foreign reinsurance company	999,053	694,200
*Allowance for reinsurance account	(171,428)	(301,050)
	<u>1,008,355</u>	<u>629,931</u>

The movement of allowance for doubtful account is as follows

	2016	2015
Beginning balance	301,050	382,365
Additions during the year	-	-
Disposals	(129,622)	(81,315)
Ending balance	<u>171,428</u>	<u>301,050</u>

The following is the aging schedule for accounts receivable

	2016	2015
1-90 days	603,805	184,260
91-180 days	216,868	151,971
181-360 days	187,682	293,700
More than 361 days	-	-
	<u>1,008,355</u>	<u>629,931</u>

**13. INCOME TAX**

**A-Income tax expense**

	2016	2015
Accounting profit	837,140	503,499
Profit not subject to tax	(445,453)	(584,936)
Non – deductible tax expenses	395,279	353,166
Non – deductible tax expenses- Temporarily	(281,045)	359,800
Taxable profit	<u>505,921</u>	<u>631,529</u>
Income tax	121,421	151,567
Income tax rate	<u>%24</u>	<u>%24</u>

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**Tax Assets**

The Details Of this item is as Follow

	Beginning balance	Released amounts	Added Amounts		Year end balance	Deferred Tax
			2015	2016		
<b>Deferred Tax assets</b>						
<b>Beginning balance</b>						
Unreported claims	1,797,462	1,797,462	1,797,462	1,526,418	1,526,418	(65,051)
Change in Financial asstes designated at fair value through statement comprehensive income	297,837	297,837	13,371	366,055	663,892	87,853
Allowance for doubtful accounts	778,462	778,462	81,315	(58,635)	719,827	(14,072)
Provision for impairment of Financial asstes designated at amortized cost	599,400	-	-	-	599,400	-
Allowance for doubtful accounts-Reinsurance	301,050	301,050	-	(129,622)	171,428	(31,109)
Bad debts	339,795	339,795	-	29,224	369,019	7,014
Deferred Tax assets	-	-	-	-	-	1,608,135
<b>Total</b>	<b>4,114,006</b>	<b>3,514,606</b>	<b>1,892,148</b>	<b>1,733,440</b>	<b>4,049,984</b>	<b>1,592,770</b>
<b>Deduct</b>						
Income tax for the Year						121,421
<b>Total Deferred Tax</b>						<b>1,471,349</b>
Income tax expense for the year						<b>136,786</b>

**B-Deferred Tax assets**

The transaction of deferred tax assets was as follows

	2016	2015
Balance at the begging at the year	1,608,135	1,594,004
Additions	-	165,698
Income tax for the year	(121,421)	(151,567)
Amortized during the year	(15,365)	-
	<b>1,471,349</b>	<b>1,608,135</b>

The deferred tax asset has been taken by 24% of various allowances, which is refundable at the opinion at management.

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**14. PROPERTY AND EQUIPMENT – NET**

<b>December 31, 2016</b>	<b>Lands</b>	<b>Buildings</b>	<b>Equipment and furniture's</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>					
Balance at the beginning of the year	794,185	4,246,892	425,966	74,681	5,541,724
Transferred to realestate investment	-	-	-	-	-
Additions	-	-	6,299	-	6,299
Disposals	-	-	-	-	-
Balance at the end of the year	794,185	4,246,892	432,265	74,681	5,548,023
<b>Accumulated depreciation</b>					
Accumulated Depreciation - beginning of the year	-	598,937	185,101	16,576	800,614
Depreciation of the year	-	43,006	16,273	5,146	64,425
Disposals	-	-	-	-	-
Accumulated Depreciation – at year end	-	641,943	201,374	21,722	865,039
<b>Property and Equipment net book value</b>	<b>794,185</b>	<b>3,604,949</b>	<b>230,891</b>	<b>52,959</b>	<b>4,682,984</b>

<b>December 31, 2015</b>	<b>Lands</b>	<b>Buildings</b>	<b>Equipment and furniture's</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>					
Balance at the beginning of the year	794,185	4,246,892	421,507	79,447	5,542,031
Transferred to realestate investment	-	-	-	-	-
Additions	-	-	4,459	51,678	56,137
Disposals	-	-	-	(56,444)	(56,444)
Balance at the end of the year	794,185	4,246,892	425,966	74,681	5,541,724
<b>Accumulated Depreciation</b>					
Accumulated Depreciation - beginning of the year	-	512,922	150,199	28,824	691,945
Depreciation of the year	-	86,015	34,902	7,789	128,706
Disposals	-	-	-	(20,037)	(20,037)
Accumulated Depreciation – at year end	-	598,937	185,101	16,576	800,614
<b>Property and Equipment net book value</b>	<b>794,185</b>	<b>3,647,955</b>	<b>240,865</b>	<b>58,105</b>	<b>4,741,110</b>

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**15. INTAGNGIBLE ASSETS**

	2016	2015
Balance at beginning of the year	250,981	194,666
Additions	2,500	56,315
Disposals	-	-
Amortization	(195,890)	(191,790)
Balance at ending the year	57,591	59,191

**16. OTHER ASSETS**

	2016	2015
Accrued Revenues and not received	317,288	234,277
Income tax deposits	63,763	53,923
Refundable deposits	10,117	9,805
Prepaid expenses	451,285	303,296
Other	95,789	57,157
	938,242	658,458

**17. ACCOUNTS PAYABLE**

	2016	2015
Maintenance workshops	72,136	149,481
Brokers	3,551	16,184
Policy holders	323,012	28,152
Agents payable	20,700	21,450
Employees payable	7,606	15,642
Others	237,174	230,043
	664,179	460,952

**18. REINSURERS ACCOUNTS PAYBLE**

	2016	2015
Local insurance companies	293,422	327,632
Foreign reinsurers companies	1,290,990	904,539
	1,584,412	1,232,171

**19. OTHER LIABILITIES**

	2016	2015
Deferred Checks	61,800	5,560
Reinsurers Deposits	324,212	268,557
Sales Tax Deposits	78,500	10,840
Checks Deposits	632,954	317,963
Agent and brokers Deposits	97,050	71,569
Miscellaneous Deposits	9,691	201,359
Social security Deposits	19,521	14,452
	1,223,728	890,300

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**20. PAID IN CAPITAL**

Decreasing the declared capital from 9,000,000 JOD/share to 8,000,000 JOD/ share by Amortizing an amount of 1,000,000 JOD from the the accumulated losses.

Increasing the capital by 3000000 share /JOD special underwriting by the shareholders to become 11000000 share/JOD in which 1,500,000 shares to be covered during 2014 and 1,500,000 shares to be covered during 2015 and discount issuance for the new shares by (0.6 JOD) or the price presented by security exchange commetee and the legal process is have been completed on July 8, 2014 according certificate (1/6/21027/726).

**21.RESERVES**

**Statutory reserve:**

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

**Voluntary reserve**

In accordance with the Companies' Law in the Hashemite Kingdome of Jordan and the Company's Article of Association, The Company can establish a voluntary reserve by an appropriation no more than 20% of net income. Based on suggestion of board of directors. This reserve is not available for dividend distribution till the approval of the Company's General Assembly.

**22. ACCUMULATED LOSSES**

	2016	2015
Balance at the beginning of the year	(1,242,490)	(1,697,043)
Prior years adjustments	(69,023)	-
Net income for the year	700,354	503,489
Trasferred to statuary reserves	(83,714)	(48,936)
Balance at the end of the year	(694,873)	(1,242,490)

**23. INTEREST REVENUE**

	2016	2015
Earned Bank Interests	186,723	168,338
<b>Total</b>	<b>186,723</b>	<b>168,338</b>
Amount Transferred to statement of comprehensive income	186,723	168,338

**24. NET INCOME FROM FINANCIAL ASSETS AND INVESTMENTS-NET**

	2016	2015
Real Estate Investment Return	41,250	55,000
Net Change in Financial asstes designated at fair value through statement comprehensive income	(366,055)	(13,371)
	(324,805)	41,629

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**25. OTHER REVENUE**

	2016	2015
Miscellaneous Revenues	51,988	210,228
Retrieval Provision	188,257	69,700
Net loss on sale of vehicles	-	(14,407)
Gain on sale of fixed assets	-	20,777
<b>Total</b>	<b>240,245</b>	<b>286,298</b>
Amount Transferred to statement of comprehensive income	240,245	286,298

**26. CASH AND CASH EQUIVALENTS**

	2016	2015
Cash on hand and at the bank	52,493	231,997
Add: Deposits At Banks maturing within three months	6,932,481	5,585,728
Less: Deposits for general manager of Insurance Authority	(325,000)	(325,000)
<b>Net cash and cash equivalents</b>	<b>6,659,974</b>	<b>5,492,725</b>

**27. ALLOCATED EMPLOYEES EXPENDITURES**

	2016	2015
Salaries and wages	1,118,527	975,152
Comoany Contribution in social security	122,790	113,856
Health and Life Insurance	62,605	46,019
Training	2,769	3,971
Travel and transportation	40,075	43,187
Social Committee Fund	6,282	1,300
<b>Total</b>	<b>1,353,048</b>	<b>1,183,485</b>
Allocated Employees Expenditures	703,683	946,788
Unallocated Employees Expenditures	649,365	236,697

The employees expeditured have been reclassified based on distrubution of salaries and administrators salaries by a percentage of 80% based on total premium.

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**28. GENERAL AND ADMINISTRATIVE**

	2016	2015
Professional fees	43,249	37,786
Electricity, heating and water	50,548	48,774
Board of directors transportation and remunerations	25,928	27,000
Stationary and printings	12,161	11,790
Others	27,621	15,524
Subscriptions	24,236	27,516
Cleaning	15,243	15,294
Post and telecommunication	16,411	16,130
Security expenses	8,127	4,650
Legal expenses	34,883	27,800
Maintenance	38,027	26,661
Computer expenses	3,195	2,950
Advertisements	7,722	4,034
Governmental fees	4,898	4,579
Travel and transportation	23,743	15,580
Non deductible tax	11,527	5,581
Hospitality	20,179	14,468
Vehicles expenses	2,212	3,028
Tenders	6,545	3,915
Bank interest	12,364	8,009
Rentals	3,150	6,383
<b>Total</b>	<b>391,969</b>	<b>327,452</b>
Total general and administrative expenses allocated to underwriting accounts	313,575	227,234
Total general and administrative expenses unallocated to underwriting accounts	78,394	100,218

**29. EARNING PER SHARE**

	2016	2015
Net income for the year	700,354	503,489
Weighted average number of shares	9,500,000	9,500,000
Earning Per Share	0,074	0,053

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**30. RELATED PARTY TRANSACTIONS**

The Company's transacted with the allied company, major shareholder, the Board of Directors, and the management within the company's main activities using commercial interest rates. All deferred sale account receivables and funds granted to related parties are effective and no provision was allocated.

	2016	2015
<b>The terms in the balance sheet:</b>		
Accounts receivable Resulting from Production	52,185	13,576
Board of directors receivables	4,624	7,759
<b>The terms of the income statement:</b>		
Revenue from production (Underwriting premiums)	674,743	881,496
Board of Directors Transportation	25,928	27,000
Production commission paid	73,279	104,863

-Top executive management and board of director ( salary,bonuses, and other benefits) are as follows:

	2016	2015
Salaries , remunerations and transportaion of executive management	385,212	390,932

**FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

-The book value for financial assets and liabilities are almost equal to it's fair value

- the notes to the financial statements indicate to the fair value of these financial instruments as well it show some of significant accounting policies on the note (4) method used in evaluation of these instruments.

**31- INCOME TAX**

The company has settled it's tax position with the income and sales tax department until 2015.

**32- LITIGATIONS AGAINST THE COMPANY**

The company appears litigated against in number of legal cases and the company took technical provisions to face any liabilities resulting from these cases

**33-CONTINGENT LIABILITIES**

The Company has no contingent liabilities as on December 31, 2016.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**34. SUBSEQUENT EVENTS**

-The general committee decided in its unusual meeting held on April 30, 2014 the following :

-Decreasing the declared capital from 9,000,000 JOD/share to 8,000,000 JOD/ share by Amortizing an amount of 1,000,000 JOD from the accumulated losses. Increasing the capital by 3,000,000 share /JOD special underwriting by the shareholders to become 11000000 share/JOD in which 1,500,000 shares to be covered during 2014 and 1,500,000 shares to be covered during 2015 and discount issuance for the new shares by (0.6 JOD) or the price presented by security exchange committee and the legal process is have been completed on July 8, 2014 according certificate (1/6/21027/726).

**35. RISK MANAGEMENT**

**INSURANCE RISK**

Risk of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve , the primary risks facing the company are that incurred claims and the related payment may exceed the book value of the insurance obligation . this may happen if the probability and risks of claims are greater than expected . as insurance accident are unstable and vary from one year to another , estimates may differ from the related statics.

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

**LIFE INSURANCE**

The main risks for life insurance are represented in the accumulation of risks resulting from Multiple injuries in one accident, or multiple policies for the same person, or the individual underwritten standards do not comply within immediate coverage.

The insurance strategy for the life insurance are represented in diversification of risks and to ascertain of Compliance of individual underwritten standards and to exclude existing risks

**VEICHLES**

As for veichles the main risks are claims for death and personal injuries and the replacement or repair of automobiles. The Company has cover from reinsurers to cover losses both at the level of the low and large values and ratios provide the required protection for businesses and their customers notification. The amounts to be paid in compensation for deaths and to injured and replacement costs of cars are the main factors affecting the level of claims.

**MARINE AND TRANSPORTATION INSURANCE**

As for marine and transportation insurance that are considered the main risk in the loss or damage of the marine and land units and accidents resulting in total or partial loss of goods.

The strategy followed for the marine and transportation insurance sector is to ensure that policies are varied regarding shipping, land and roads covered by insurance. the Company has cover from reinsurers to cover losses both at the level of the low and great values and provided ratios that require protection for businesses and their clients.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**FIRE AND OTHER DAMAGE TO PROPERTY**

The main risks for real estate insurance contracts are fire and business interruption.

The conclusion of insurance contracts on the basis of the replacement for value of real estates and its content insured, cost of reconstruction of the real estate and providing alternatives to the content and the time required to restart the discontinued operations is considered as the main factors, that affect the size of the claims for the company's cover from reinsurance companies to limit the damage whether at the level of the low and great values and ratios that provide the required protection and its clients.

**MEDICAL INSURANCE**

Includes the insured losses when damage is caused by illness or disability and is followed by providing fixed financial benefits or benefits in the form of compensation or a combination of both benefits that the company has the intention of providing cover from reinsurance companies to reduce this risk.

**PERSONAL ACCIDENTS**

The main risks for personal accidents insurance is high recurrence of claims and the accumulation of risks resulting from Multiple injuries in one accident.

These contracts are made by referencing to approved medical prices.

**Second: Quantitative Disclosures**

**1- INSURANCE RISK**

Risk of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve , the primary risks facing the company are that incurred claims and the related payment may exceed the book value of the insurance obligation . this may happen if the probability and risks of claims are greater than expected . as insurance accident are unstable and vary from one year to another , estimates may differ from the related statics.

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

**NOTES TO FINANCIAL STATEMENTS (continued)  
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**Fire and other damage to property**

The purpose of the Property Insurance compensate policyholders for damage caused to their real estate or for lost real estate value. And also policyholders can catch compensation for loss of earnings due to the inability to use the insured properties.

The main risks for real estate insurance contracts are fire and business interruption as the company in recent years has issued policies for properties containing fire alarm equipment.

The conclusion of insurance contracts on the basis of the replacement for value of real estates and its content insured, cost of reconstruction of the real estate and providing alternatives to the content and the time required to restart the discontinued operations is considered as the main factors, that affect the size of the claims for the company's cover from reinsurance companies to limit the damage whether at the level of the low and great values and ratios that provide the required protection and its clients.

**Vehicles**

The purpose of vehicle insurance is to compensate policyholders from damage caused to their vehicles or responsibility against third parties arising from the accident. Also policyholders can catch compensation for combustion or steal their vehicles.

As for motor the main risks are claims for death and personal injuries and the replacement or repair of automobiles. The Company has cover from reinsurers to cover losses both at the level of the low and large values and ratios provide the required protection for businesses and their customers notification. The amounts to be paid in compensation for deaths and to injured and replacement costs of cars are the main factors affecting the level of claims.

**MARINE AND TRANSPORTATION INSURANCE**

As for marine and transportation insurance that are considered the main risk in the loss or damage of the marine and land units and accidents resulting in total or partial loss of goods.

the purpose of marine and transport insurance is compensating insurance policies for damaged that arises from the loss or damaged sea and land units and accidents at sea and land, which produces partial or total loss of goods.

The strategy followed for the marine and transportation insurance sector is to ensure that policies are varied regarding shipping, land and roads covered by insurance. the Company has cover from reinsurers to cover losses both at the level of the low and great values and provided ratios that require protection for businesses and their clients.

**MEDICAL INSURANCE**

Includes the insured losses when damage is caused by illness or disability and is followed by providing fixed financial benefits or benefits in the form of compensation or a combination of both benefits that the company has the intention of providing cover from reinsurance companies to reduce this risk.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**2- THE EVOLUTION OF ALLEGATIONS**

Tables below show the actual allegations (based on management's estimates at the end of the year), compared to expectations for the past four years on the basis of the year that have been reported by the claim for insurance cars and on the basis of the year in which the insurance was underwritten to other general Insurance and branches of life insurance, as follows:

**TOTAL – VEHICLES:-**

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	13,192,384	4,769,673	4,736,113	6,024,052	8,913,885	37,636,107
After a years	6,062,184	2,668,464	2,674,783	2,194,392	-	13,599,823
After two years	3,136,056	1,079,277	1,053,802	-	-	5,269,135
After three years	1,536,990	552,108	-	-	-	2,089,098
After four years	956,291	-	-	-	-	956,291
Accumulated current						
Claims estimation	956,291	552,108	1,053,802	2,194,392	8,913,885	9,678,302
Accumulated payments	304,442	218,883	486,064	1,376,008	4,763,292	7,148,689
Obligation as it shown						
in balance sheet	651,851	333,225	567,738	818,384	4,150,593	6,521,791
Surplus\deficit	12,236,093	4,217,565	3,682,311	3,829,660	-	-

**TOTAL – MARINE AND TRANSPORT:-**

Accident year	2012 and before	2013	2014	2015	2016	Total
As at year end	69,627	40,557	418,815	27,781	93,184	649,964
After a years	28,635	75,831	13,575	14,612	-	132,653
After two years	39,094	36,315	-	-	-	75,409
After three years	-	36,370	-	-	-	36,370
After four years	-	-	-	-	-	-
Accumulated current						
Claims estimation	-	36,370	-	14,612	93,184	144,166
Accumulated payments	-	80	-	14,612	75,539	90,231
Obligation as it shown						
in balance sheet	-	36,290	-	-	17,645	53,935
Surplus\deficit	69,627	4,187	418,815	13,169	-	648,504

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**TOTAL – FIRE AND OTHER INSURANCE :-**

	2012 and before	2013	2014	2015	2016	Total
As at year end	4,630,455	127,914	654,663	551,077	454,673	6,418,782
After a years	4,399,334	152,914	466,821	150,687	-	5,169,756
After two years	4,444,423	38,760	123,059	-	-	4,606,242
After three years	4,577,379	35,930	-	-	-	4,613,309
After four years	4,531,132	-	-	-	-	4,531,132
Accumulated current	4,531,132	35,930	123,059	150,687	454,673	5,295,481
Claims estimation						
Accumulated payments	50	-	267	71,764	151,854	223,935
Obligation as it shown	4,531,082	35,930	122,792	78,923	302,819	5,071,546
in balance sheet						
Surplus\deficit	99,323	91,984	531,604	400,390	-	-

**TOTAL – LIFE :-**

	2012 and before	2013	2014	2015	2016	Total
As at year end	281,691	179,809	379,320	-	446,427	1,287,247
After a years	124,420	67,034	-	-	-	191,454
After two years	65,034	-	-	-	-	65,034
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Accumulated current						
Claims estimation	-	-	-	-	446,427	446,427
Accumulated payments	-	-	-	-	-	-
Obligation as it shown	-	-	-	-	446,427	446,427
in balance sheet						
Surplus\deficit	-	-	-	-	-	-

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**TOTAL – MEDICAL :-**

	2012 and before	2013	2014	2015	2016	Total
As at year end	156,543	127,890	33,210	320,852	181,268	819,763
After a years	-	-	-	-	-	-
After two years	-	-	-	-	-	-
After three years	-	-	-	-	-	-
After four years	-	-	-	-	-	-
Accumulated current						
Claims estimation	156,543	127,890	33,210	320,852	181,268	819,763
Accumulated payments	156,543	127,890	33,210	320,852	-	638,495
Obligation as it shown						
in balance sheet	-	-	-	-	246,741	246,741
Surplus\deficit	-	-	-	-	-	-

**TOTAL – OTHER BRANCHES:-**

	2012 and before	2013	2014	2015	2016	Total
As at year end	84,618	26,530	2,397	19,290	108,148	240,983
After a years	86,361	2,500	2,527	17,360	-	108,748
After two years	80,997	5,844	2,000	-	-	88,841
After three years	77,827	3,900	-	-	-	81,727
After four years	73,994	-	-	-	-	73,994
Accumulated current						
Claims estimation	73,994	3,900	2,000	17,360	108,148	205,402
Accumulated payments	3,836	-	-	500	42,264	46,600
Obligation as it shown						
in balance sheet	70,158	3,900	2,000	16,860	65,884	158,802
Surplus\deficit	10,624	22,630	397	1,930	-	-

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**3. CONCENTRATION OF RISK**

	DECEMBER 31, 2016		DECEMBER 31, 2015	
	NET	TOTAL	NET	TOTAL
Vehicles	8,927,890	10,451,760	7,886,076	9,257,337
Marine and transportation	19,943	104,794	19,661	113,550
Fire and other insurance	320,630	5,487,239	293,425	5,347,393
Medical	632,222	1,105,784	619,829	1,059,433
Other branches	144,906	223,058	105,249	169,869
Life	111,560	555,348	169,845	532,611
	<b>10,157,151</b>	<b>17,927,983</b>	<b>9,094,085</b>	<b>16,480,193</b>

DECEMBER 31, 2016						
	Vehicles	Marine and transportation	Fire and other insurance	Medical	Other branches	Total
Total	10,451,760	104,794	5,487,239	1,105,784	223,058	17,372,635
Net	8,958,576	60,313	674,020	1,020,800	181,749	10,895,458

DECEMBER 31, 2015						
	Vehicles	Marine and transportation	Fire and other insurance	Medical	Other branches	Total
Total	9,257,337	113,550	5,347,393	1,059,433	169,869	15,947,582
Net	7,915,921	65,200	641,354	967,887	144,765	9,735,127

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Assets, liabilities off the balance sheet are set according to the geographical and sectoral distributions as follow:-

**By geographical areas**

	<b>DECEMBER 31, 2016</b>			<b>DECEMBER 31, 2015</b>		
	Assets	Liabilities	Accounts off the balance sheet	Assets	Liabilities	Accounts off the balance sheet
Within Kingdom	7,327,044	17,372,635	-	6,212,455	15,947,582	-
Total	7,327,044	17,372,635	-	6,212,455	15,947,582	-

Assets, liabilities off the balance sheet are set according to the geographical and sectoral distributions as follow:-

**By Sector**

	<b>DECEMBER 31, 2016</b>			<b>DECEMBER 31, 2015</b>		
	Assets	Liabilities	Accounts off the balance sheet	Assets	Liabilities	Accounts off the balance sheet
Public sector	22,350	2,100	-	20,500	-	29,400
Private sector	-	-	-	-	-	-
Institutes and companies	1,125,000	1,325,400	-	1,050,200	1,566,720	-
Members	840,350	49,320	-	97,080	39,400	-
Total	1,987,700	1,374,720	-	1,167,780	1,606,120	29,400

**THE ANALYSIS OF THE MAIN SECTORS**

**(A) Information about the company's business segments**

For administrative purposes the company is organized into two business segments, general insurance sector includes vehicles, and maritime transport, aviation, fire and other damage to property, liability insurance, credit and guarantee, and accident and health, and the sector life insurance, which includes life insurance, dental insurance or pension, insurance-related investment, permanent health insurance. These two sectors constitute the foundation on which the company used to show information related to key sectors. Above also includes sectors on investment and cash management for the company's own account. Transactions between business segments are based on estimated market prices and the same conditions are dealt with others.

**(B) the geographical distribution Information**

The Company's activities are mainly in the Kingdom, which represents the local business practice and there is no branches outside the country

	<b>Inside Kingdom</b>		<b>Outside Kingdom</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Total revenue	11,960,160	11,775,298	-	-	11,960,160	11,775,298
Total Assets	19,667,045	17,103,846	-	-	19,667,045	17,103,846

**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
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**36. CAPITAL MANAGEMENT**

Is placed regulate capital requirements by the Insurance Commission, I have put these requirements to ensure an adequate margin, it has been put additional goals by the company to maintain a strong credit scores and the percentage of high capital in order to support its business and increase the upper limit of the value of the shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions, the company does not in any amendments to the objectives, policies and procedures related to the structuring of the capital during the current year and previous year.

The opinion of management: the company's management is seeking to raise the solvency margin during 2017.

The following table shows the amount that it considers the company as head of capital and solvency margin ratio:

	2016	2015
Initial capital items:		
Paid up capital	9,500,000	9,500,000
Issuance discount	(3,760,765)	(3,760,765)
Statutory reserve	941,518	857,804
Accumulated losse	(694,873)	(1,242,490)
Increase in realestate investment	550,285	157,528
	<b>6,536,165</b>	<b>5,512,077</b>
Required Capital for Assets Risks	3,374,549	3,452,258
Required Capital for Underwritten liabilities	1,513,593	1,450,682
Required Capital for Reinsurance Risks	66,504	51,551
Required Capital for Life Insurance	119,145	229,532
	<b>5,073,790</b>	<b>5,184,023</b>
Solvency margin	<b>%129</b>	<b>%106</b>

**4 - REINSURANCE COMPANIES**

As it is with other insurance companies in order to minimize exposure to financial losses arising from large insurance claims, the Company within the normal course of business to enter into reinsurance agreements with other parties.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial position of the reinsurance companies that deal and monitors concentrations of credit risk arising from geographic regions, activities or economic characteristics similar to those companies. the re-insurance contracts issued the company is not relieved of its obligations towards policyholders campaign, and as a result the company remains committed with claims reinsured in the case of the inability of reinsurers to meet its obligations assumed under the reinsurance agreements.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**5-THE SENSITIVITY OF INSURANCE RISK**

\* Net after the deduction of income tax impact.

In case of negative change the effect is then equal to the changes above with reverse of the sign

	Change in percentage	The impact on writhe premiums	The impact pre – tax profit for the year	The impact on owners equity *
Vehicles	10 %	844,727	749,045	561,783
Maritime and transportation	10 %	32,986	6,451	4,838
Fire and other damage to property	10 %	130,179	20,032	15,024
Others branches	10 %	22,830	13,027	9,770
Medical	10 %	370,190	275,291	206,468
Life	10 %	54,473	32,348	24,261
		<b>1,455,385</b>	<b>1,096,194</b>	<b>822,144</b>

The following illustrates the possible change in the prices of the whitened premiums on income statement and white keeping all other inflectional changes fixed:-

	Change in percentage	The impact on writhe premiums	The impact pre – tax profit for the year	The impact on owners equity *
Vehicles	10 %	583,848	597,601	448,201
Maritime and transportation	10 %	(67)	21	16
Fire and other damage to property	10 %	323	972	729
Others branches	10 %	3,029	6,491	4,868
Medical	10 %	110,027	108,110	81,083
Life	10 %	5,789	5,875	4,406
		<b>702,949</b>	<b>719,070</b>	<b>539,303</b>

\* Net after the deduction of income tax impact.

In case of negative change the effect is then equal to the changes above with reverse of the sign

The company worked on the development of credit policy, and the company maintains balances and deposits with credit suitable banking institutions.

**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**6- FINANCIAL RISKS**

The Company follows the financial policies of the various risk management within a specific strategy and assume management control of the company and adjust the risk and make optimal strategic distribution for each of the financial assets and financial liabilities, including interest rate risk, credit risk, foreign exchange risk and market risk.

The company follows the financial hedge for each of the financial assets and financial liabilities whenever the need arises policy, a hedge on future unexpected dangers.

**Credit risk:**

Credit risk is the risk that may result from the failure or inability of debtors and other parties to fulfill their obligations towards the company.

The company believes that it is not significantly exposed to credit risk in terms of existing monitors receivables on an ongoing basis. The company also maintains balances and deposits with leading banking institutions.

The company carries out various insurance and secure the large number of customers, the largest customer the company has accounted for 17% of accounts receivable as of December 31, 2016 compared to 32% as at 31 December 2015, the company's largest customers and referred to above are a receivables government.

The company worked on the development of credit policy, and the company maintains balances and deposits with credit suitable banking institutions.

The following Schedule Illustrates The sensitivity of income statement and the cumulative change in fair value as a result of reasonably possible changes on stocks prices With all other variables remaining:

	Impact of rising prices by 5%	Impact of drop in prices by 5%
	On income statement	On income statement
<b><u>December 31, 2016</u></b>		
stocks listed at Amman stock exchange	<b>17,600</b>	<b>(17,600)</b>
Foreign stocks	-	-
<b><u>December 31, 2015</u></b>		
Stocks listed at Amman stock exchange	23,403	(23,403)
Foreign stocks	-	-

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**Market price risk**

Known as the danger that results from a fluctuation in the value of financial instruments due to changes in market prices. and that the securities that exposes the company to the risk of market price as at the balance sheet is the investment.

**Interest rate risk** The financial instruments in statement of financial position are not subjected to Interest rate risk except for deposits where interest rates on deposits from 3.25% to 4.75%.

	<b>Impact of rising Interest rate by 1% On income statement</b>	<b>Impact of decreasing interest rate by 1% On income statement</b>
<b>December 31, 2016</b>		
Deposits on banks	<u>69,325</u>	<u>(69,325)</u>
<b>December 31, 2015</b>		
Deposits on banks	<u>55,857</u>	<u>(55,857)</u>

**Liquidity Risk**

Liquidity risk represents the inability of the company to provide the necessary funding to perform its obligations in due dates, to guard against this risk, management has diversified funding sources and management of assets and liabilities and convenient maturities and maintaining an adequate balance of cash and cash equivalents and securities negotiable.

**December 31, 2016**

Liabilities

	Less than 1 moth	From 1 month to 3 month	More than 3 month to 6 month	More than 6 month to 1 year	More than 1 year to 3 years	More than 3 years
unearned premiums						
provision	1,891,428	1,167,615	669,016	700,306	203,061	4,631,426
claims provision	2,342,989	1,350,659	727,175	924,613	144,452	5,489,888
Premiums defect						
provision	-	-	-	-	-	-
accounting provision	12,896	17,320	2,209	2,762	650	35,837
Accounts payables	-	664,179	-	-	-	664,179
Insurance companies	-	1,584,412	-	-	-	1,584,412
Accrued expense	51,695	-	-	-	-	51,695
Other liabilities	335,718	751,603	136,407	-	-	1,223,728
Total	<u>4,634,726</u>	<u>5,535,788</u>	<u>1,534,807</u>	<u>1,627,681</u>	<u>348,163</u>	<u>13,681,165</u>
Total assets						<u>19,667,045</u>

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**December 31, 2015**

**Liabilities**

	Less than 1 moth	From 1 month to 3 month	More than 3 month to 6 month	More than 6 month to 1 year	More than 1 year to 3 years	More than 3 years
unearned premiums						
provision	1,111,022	669,703	885,472	815,306	203,061	3,684,564
claims provision	1,649,961	1,504,131	1,067,797	824,613	282,185	5,328,687
Premiums defect						
provision	-	-	-	-	-	-
accounting provision	47,572	41,880	2,209	2,762	552	94,975
Accounts payables	-	230,500	54,000	176,452	-	460,952
Insurance companies	603,640	540,568	87,963	-	-	1,232,171
Accrued expense	43,236	8,647	5,765	-	-	57,648
Other liabilities	114,897	403,124	23,800	-	348,479	890,300
<b>Total</b>	<b>3,570,328</b>	<b>3,398,553</b>	<b>2,127,006</b>	<b>1,819,133</b>	<b>834,277</b>	<b>11,749,297</b>
<b>Total assets</b>						<b>17,103,846</b>

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**NOTES TO FINANCIAL STATEMENTS (continued)**  
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**ANALYSIS OF ASSETS AND LIABILITIES MATURITIES (continued)**

<b>December 31, 2016</b>	<b>Up to a year</b>	<b>More than a year</b>	<b>Total</b>
<b>Assets:</b>			
Deposits at bank	6,932,481	-	6,932,481
Financial asstes designated at fair value through statement of comprehensive income	102,005	-	102,005
Financial asstes designated at fair value through statement of other comprehensive income	250,000	-	250,000
Realestate investments	-	588,088	588,088
Cash on hand and at Banks	52,493	-	52,493
Cheques under collections	1,345,294	-	1,345,294
Account recievables – net	2,238,163	-	2,238,163
Receivables from reinsurance companies	1,008,355	-	1,008,355
Deferred Tax assets	-	1,471,349	1,471,349
Intangible assets	-	57,591	57,591
Fixed assets-net	-	4,682,984	4,682,984
Other assets	-	938,242	938,242
<b>Total assets</b>	<b>11,928,791</b>	<b>7,738,254</b>	<b>19,667,045</b>
<b>Liabilities</b>			
Unearned premiums provision			
Claims provision	4,631,426	-	4,631,426
Premiums defect provision	5,489,888	-	5,489,888
Accounting provision	35,837	-	35,837
Accounts payables	664,179	-	664,179
Reinsurance companies	-	1,584,412	1,584,412
Other liabilities	662,620	561,108	1,223,728
Accrued expense	51,695	-	51,695
<b>Total liabilities</b>	<b>11,559,237</b>	<b>2,145,520</b>	<b>13,681,165</b>
<b>Net</b>	<b>369,554</b>	<b>5,595,995</b>	<b>5,985,880</b>

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<b>ANALYSIS OF ASSETS AND LIABILITIES MATURITIES (continued)</b>			
<b>December 31, 2015</b>	<b>Up to a year</b>	<b>More than a year</b>	<b>Total</b>
<b>Assets:</b>			
Deposits at bank	5,585,728	-	5,585,728
Financial asstes designated at fair value through statement of comprehensive income	468,060	-	468,060
Financial asstes designated at fair value through statement of other comprehensive income	-	593,680	593,680
Investements in affiliated company	231,997	-	231,997
Cash on hand and at Banks	737,158	-	737,158
Cheques under collections	1,790,398	-	1,790,398
Account recievables – net	629,931	-	629,931
Receivables from reinsurance companies	-	1,608,135	1,608,135
Deferred Tax assets	4,741,110	-	4,741,110
Fixed assets-net	59,191	-	59,191
Other assets	658,458	-	658,458
<b>Total assets</b>	<b>14,902,031</b>	<b>2,201,815</b>	<b>17,103,846</b>
<b>Liabilities</b>			
Net unearned premiums provision	3,684,564	-	3,684,564
Net claims provision	5,328,687	-	5,328,687
Net accounting provision	94,975	-	94,975
Accounts payables	460,952	-	460,952
Payables to reinsurers	1,232,171	-	1,232,171
Other payables	662,620	227,680	890,300
Accrued expenses	57,648	-	57,648
<b>Total liabilities</b>	<b>11,521,617</b>	<b>227,680</b>	<b>11,749,297</b>
<b>Net</b>	<b>3,380,414</b>	<b>1,974,135</b>	<b>5,354,549</b>

**37- APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Directors and authorized for issuance on February 23, 2017

**38- RECONCILIATION OF YEAR**

All the reconciliation have been made which the management consider important to fair view of financial statement and the its operations outcomes.

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**Statement of financial position of the branch of life insurance as at 31 December**

	2016	2015
<b>Assets</b>		
Deposits at banks	100,361	100,361
Cash on hand and bank balances	-	31,242
Notes receivables	3,470	20,548
Accounts receivable – net	1,142,500	1,215,844
Other assets	-	23,700
<b>Total assets</b>	<b>1,246,331</b>	<b>1,391,695</b>
<b>Liabilities and shareholder's equity</b>		
<b>Liabilities</b>		
Mathematical provision – net	35,837	94,975
Claims provision – net	65,723	74,870
<b>Total insurance contracts liabilities</b>	<b>101,560</b>	<b>169,845</b>
Accounts payable	94,280	108,103
<b>Total Liabilities</b>	<b>195,840</b>	<b>277,948</b>
<b>Shareholders' equity</b>		
Headquarter current account	1,050,491	1,113,747
<b>Total shareholders' equity</b>	<b>1,050,491</b>	<b>1,113,747</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,246,331</b>	<b>1,391,695</b>