

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Financial Statements**  
**AS AT Year Ended 31 December 2021**

**The Islamic Insurance Co.  
Amman - Jordan**

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### Independent Auditor's Report

**To, The Shareholders**  
**The Islamic Insurance Company**  
(Public Shareholding Limited Company)  
**Amman - The Hashemite Kingdom of Jordan**

#### Opinion:

We have audited the financial statements of **The Islamic Insurance Company (the "Company")** which comprises statement of financial position as at December 31, 2021 and the related statements profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and explanatory notes from 1 to 48.

In our opinion, the financial statements referred to above in whole present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and the results of its operations, its cash flows and changes in shareholders' equity for the year then ended are in accordance with the financial accounting standards as issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").

#### Basis for Opinion:

We conducted our audit in accordance with the International Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Hashemite Kingdom of Jordan, and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were considered in the context of our audit of the financial statements as a whole, and in forming our opinion on the financial statements as a whole, and not for the purpose of expressing a separate opinion on these matters. Such as:

Significant Audit Matter	Audit scope to meet the Significant audit matter:
<p>1- Impairment of receivables</p> <p>In view of the discretionary nature in the process of calculating the allowance for impairment in the value of receivables of all kinds, Note No. (9), where The management estimates the impairment of accounts receivable through the use of assumptions and estimates and when there is objective evidence that the company is unable to collect all or part of the required amounts, This provision is calculated on the basis of the difference between the book value and the recoverable amount and according to the aging of the receivables</p>	<p>The following are the main procedures for our audit of this matter:</p> <p>The audit procedures included the study of control procedures used by the Company on the process of collecting accounts receivable. Additionally, The study for the adequacy of the provision for impairment against accounts receivable this is done by evaluating the management's assumptions, taking into account the available external information related to the risk of account receivables and the application of the instructions by the regulatory</p>

## Independent Auditor's Report (continued)

### Key Audit Matters (continued)

Significant Audit Matter (continued)	Audit scope to meet the Significant audit matter: (continued)
<p><b>1- Impairment of receivables (continued)</b></p> <p>Because of its importance, it is considered an important audit matter, and A provision for impairment has been recognized for doubtful receivables.</p> <p>The opinion of the company's lawyer was also used when studying the reasonableness of management's estimates in calculating the impairment in the value of receivables.</p>	<p><b>The following are the main procedures for our audit of this matter (continued):</b></p> <p>We have also evaluated the sufficiency of the Company's disclosures related to the significant estimates used for the recorded provision against doubtful receivables.</p>
<p><b>2- Technical provisions:</b></p> <p>Technical provisions are obligations of the company and are a right of policyholders, And it works to enable the company to meet its obligations towards the insured In addition, the formation of provisions is in line with accounting principles and the requirements of the insurance department The technical provisions consist of the outstanding claims reserve, the unearned premium reserve and the mathematical reserve, It is calculated according to the principles approved by the Insurance Department as stated in the disclosure of the technical provisions (1)..</p> <p>In view of the discretionary nature of calculating the technical provisions sufficient to meet the company's obligations towards the insured the technical provisions are considered sufficient, Where management calculates and estimates technical provisions based on the use of assumptions and estimates that depend on the company's experience and on information available from various sources that include change (Lawyers' books, loss adjuster reports and documents submitted by the insured) as well as in application of the principles approved by the Insurance Department as stated in Note No. 2-1, the basis for preparing the financial statements.</p>	<ul style="list-style-type: none"> <li>- The audit procedures included the study of procedures the control used by the company on the estimation process technical provisions by the company's technicians, as well examination of the reasonableness of estimates for a sample of the claims provision under the reported and incurred but not reported settlement with the help of an attorney's opinion on the cases against the company and settler reports losses (if any).</li> <li>- Study the calculation of a sample of unpaid premiums acquired for general insurance business in accordance with regulatory instructions insurance.</li> <li>- Study the extent of the company's commitment in implementing the instructions issued by the insurance regulatory body in calculating the technical provisions.</li> <li>- A report from the approved actuary by the insurance regulatory to submit the actuarial report that it includes providing an impartial opinion to assess the adequacy of technical provisions to fulfill the Company's obligations towards customers and the insured beneficiaries of insurance documents issued by the company who its results were in agreement with management's estimates.</li> </ul>

## **Independent Auditor's Report (continued)**

### **Significant (Essential) Audit Matters**

<b>Significant Audit Matter (continued)</b>	<b>Audit scope to meet the Significant audit matter: (continued)</b>
<p><b>2- Technical provisions (continued)</b></p> <p>In the opinion of management, the amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as on December 31, 2021, taking into consideration the risks and uncertainties associated with the obligation.</p> <p>Actual results may differ from management's estimates, which leads to future changes in the estimated obligations. Accordingly, and due to its importance and impact on the company's business results, it is considered an important audit matter.</p>	

### **Others Information**

Management is responsible for the other information. The other information includes the information in the Company's 2021 annual report but does not include the financial statements and our report there on.

Our opinion on the financial statements does not include the other information and we do not express any form of assurance thereon, and Our responsibility is to read the other information, and consider whether the other information is materially inconsistent with the financial statements or information obtained through our audit, If there is a material misstatement in that other information, and if we conclude that there is a material misstatement in this other information, based on the work we have done, We have to report on that fact, and there are no matters related to this issue that we must report about.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements:**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Independent Auditor's Report (continued)**

### **Auditor's Responsibilities for the Audit of the Financial Statements:**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") 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 decisions of users taken on the basis of those financial statements.

As part of an audit in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), 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, Representations, 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 management.
- Conclude on the appropriateness of 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 communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought bear on our independence, and where applicable, related safeguards.

disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





**Independent Auditor's Report (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued):**

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public

**Report on Other Legal and Regulatory Requirements:**

Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company is not in compliance, in all material respects, with the applicable requirements of the Regulations for companies and in so far as they affect the preparation and presentation of the financial statements.

Date: February 10, 2022

Al Abbasi & Co.  
(Independent Member of Moore Global)

Basim Moufeed Tannous  
(License No. 1050)



**The Islamic Insurance Co.  
Amman - Jordan  
Financial Position Statement  
as at 31 December 2021**

<b>Assets</b>	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
Investment Deposits	20,593,548	19,994,232
Fair Value Assets through Profit or Loss - FVTPL	4,000,000	4,000,000
Fair Value Assets through other Comprehensive Income - FVTOCI	9,182,554	9,191,178
Amortized Cost Assets	747,000	747,000
<b>Total Investment</b>	<b>34,523,102</b>	<b>33,932,410</b>
Cash on Hand and at Banks	2,265,349	835,140
Receipt Papers and Cheques under Collection	1,377,358	1,521,459
Accounts Receivable - net	2,928,063	3,050,966
Receivable from Reinsurance Companies	517,305	748,493
Property Plant & Equipment - net	610,139	666,435
Intangible Assets	7,342	21,074
Other Assets	813,275	776,530
<b>Total Assets</b>	<b>43,041,933</b>	<b>41,552,507</b>



**The Islamic Insurance Co.  
Amman - Jordan  
Financial Position Statement  
as at 31 December 2021**

<b>Liabilites, Shareholder &amp; Policyholders Equity's</b>	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
<b><u>Liabilites</u></b>		
Unearned Contributions - Net	4,937,185	4,887,064
Outstanding Claims Reserve - Net	7,573,416	8,259,746
Mathematical Reserve - Net	73,610	80,490
<b>Total of Insurance Contract Liabilities</b>	<b>12,584,211</b>	<b>13,227,300</b>
Accounts Payable	359,724	399,275
Payable to Reinsurance Companies	2,578,780	2,328,909
Other Provisions	2,576,073	2,055,778
Income Tax Provisions	561,459	634,162
Other Liabilites	418,547	487,496
<b>Total Liabilites</b>	<b>19,078,794</b>	<b>19,132,920</b>
<b><u>Policyholders Equity</u></b>		
Deficiency Cover Reserve (Emergency Allowance)	1,300,837	1,258,516
Accumulative Changes in Fair Value of Securities	(86,017)	(400,205)
Non Demanded Surplus	89,617	0
Accumulated Surplus (Deficiency)	11,180	369,821
<b>Total Policyholders' Equity</b>	<b>1,315,617</b>	<b>1,228,132</b>
<b><u>Shareholder's Equity</u></b>		
Paid in Capital	15,000,000	15,000,000
Compulsory Reserve	3,454,318	3,185,704
Voluntary Reserve	1,005,288	736,674
Foreign exchange differences	(46,815)	0
Accumulative Changes in Fair Value of Securities	(258,051)	(1,111,098)
Retained Earnings	3,492,782	3,380,175
<b>Total Shareholder's Equity</b>	<b>22,647,522</b>	<b>21,191,455</b>
<b>Total Shareholder &amp; Policyholders Equity's</b>	<b>23,963,139</b>	<b>22,419,587</b>
<b>Total Liabilites, Shareholder &amp; Policyholders Equity's</b>	<b>43,041,933</b>	<b>41,552,507</b>

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Policyholders Revenues & Expenses Statement**  
**for the Year Ended 31 December 2021**

	31-Dec-2021	31-Dec-2020
<b><u>Revenues</u></b>		
Total Underwriting Contributions	25,188,341	22,588,164
Less: Reinsurance's Share	(8,645,332)	(7,202,432)
<b>Net Underwriting Contributions</b>	<b>16,543,009</b>	<b>15,385,732</b>
Net Change in Unearned contributions Reserve	(50,121)	308,230
Net Change in Mathematical Reserve	6,880	(19,032)
<b>Net Earned contributions</b>	<b>16,499,768</b>	<b>15,674,930</b>
Policy and Survey Fees	514,676	450,268
Policyholder's Share in the Investment Returns	289,421	354,304
Policyholder's Share in the Financial Assets Profit	76,677	39,103
Shareholder's Share against Investment Portfolio Management	(91,524)	(98,352)
<b>Total Revenues</b>	<b>17,289,018</b>	<b>16,420,253</b>
<b><u>Expenses</u></b>		
Paid Claims	18,572,528	15,738,719
Less : Recoveries	(1,215,503)	(1,306,814)
Less : Reinsurance's Share	(6,558,493)	(5,482,385)
<b>Net Paid Claims</b>	<b>10,798,532</b>	<b>8,949,520</b>
Net Change in Outstanding Claims Reserve	(686,330)	(491,041)
Shareholder's Share against Takaful Operation Management	5,793,318	5,647,041
Excess of Loss Contributions	433,842	461,015
Policies Acquisition Cost	308,436	306,692
Other Underwriting Expenses	416,687	395,051
<b>Net Claims</b>	<b>17,064,485</b>	<b>15,268,278</b>
Less: Unexpected Credit Loss Allowance (Accounts receivable)	0	(204,595)
Less: Unexpected Credit Loss Allowance (Deposits)	12,071	(17,291)
Less : Unexpected Credit Loss Allowance (Cheques under collection)	(2,241)	(2,277)
Less: Allowance for doubtful debts	0	(35,405)
<b>Policyholders Surplus Befor Tax</b>	<b>234,363</b>	<b>892,407</b>
Income Tax Provision	(158,106)	(264,876)
<b>Policyholders Surplus</b>	<b>76,257</b>	<b>627,531</b>

**The Islamic Insurance Co. plc**  
**Amman - Jordan**  
**Income Statement**  
**for the Year Ended 31 December 2021**

	31-Dec-2021	31-Dec-2020
Shareholder's Share against Takaful Operation Management	5,793,318	5,647,041
Shareholder's Share against Investment Portfolio Management	91,524	98,352
Shareholder's Share in the Investment Returns	684,689	546,120
Shareholder's Share in the Financial Assets Profit	230,031	117,871
Other Revenues	17,598	0
<b>Total Revenues</b>	<b>6,817,160</b>	<b>6,409,384</b>
Employees Expenditures	2,817,964	2,645,139
General & Administrative Expenses	697,325	659,941
Other Expenses	55,000	55,000
Addition Provision	510,000	529,573
Depreciation and Amortization	116,383	115,218
Unexpected Credit Loss Allowance (Deposits)	(10,655)	15,129
<b>Total Expenses</b>	<b>4,186,017</b>	<b>4,020,000</b>
<b>Net Profit before Tax</b>	<b>2,631,143</b>	<b>2,389,384</b>
<b>Less :</b>		
Income Tax Provision	(738,998)	(656,433)
<b>Net Profit</b>	<b>1,892,145</b>	<b>1,732,951</b>
<b>Earnings Per Share</b>	<b>0.126</b>	<b>0.115</b>

**The Islamic Insurance Co.  
Amman - Jordan  
Comprehensive Income Statement - Shareholders  
for the year Ended 31 December 2021**

	<b>31-Dec-2021</b>	<b>31-Dec-2020</b>
<b><u>Profit for the year</u></b>	<b>1,892,145</b>	<b>1,732,951</b>
<b><u>Add : Other Comprehensive Income Items</u></b>		
Foreign exchange differences	(46,815)	0
Shareholders' share from Change in fair Value	853,047	816,574
Shareholders' share from Loss sale of Financial Assets through	(42,310)	(20,166)
Other Comprehensive Income	0	0
Shareholders' share from Loss decrease in Financial Assets through	0	(276,943)
Other Comprehensive Income	0	0
Total of Other Comprehensive income items	763,922	519,465
<b>Total of Comprehensive Income for the year</b>	<b>2,656,067</b>	<b>2,252,416</b>

**The Islamic Insurance Co.  
Amman - Jordan  
Statement of changes of Shareholders equity  
for the year Ended 31 December 2021**

	Paid in Capital	Compulsory Reserve	Voluntary Reserve	Foreign exchange differences	Accumulative changes in Fair value	Retained Earning	Total Shareholders Equity
<b>2020</b>							
Balance at Beginning of the year 1/1/2020	15,000,000	2,941,266	736,674	0	(1,927,672)	3,088,771	19,839,039
<b>Profit for the year</b>	0	0	0	0	0	1,732,951	<b>1,732,951</b>
Shareholders Share from Net Change in fair Value	0	0	0	0	816,574	0	<b>816,574</b>
Shareholders share from Loss sale of financial assets through other comprehensive income	0	0	0	0	0	(20,166)	<b>(20,166)</b>
Shareholders share from loss decrease in financial assets through other comprehensive income	0	0	0	0	0	(276,943)	<b>(276,943)</b>
<b>Total of Comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>816,574</b>	<b>1,435,842</b>	<b>2,252,416</b>
Transferred to reserves	0	244,438	0	0	0	(244,438)	0
Cash dividends	0	0	0	0	0	(900,000)	(900,000)
<b>Balance at the ending of the year 31/12/2020</b>	<b>15,000,000</b>	<b>3,185,704</b>	<b>736,674</b>	<b>0</b>	<b>(1,111,098)</b>	<b>3,380,175</b>	<b>21,191,455</b>
<b>2021</b>							
Balance at Beginning of the year 1/1/2021	15,000,000	3,185,704	736,674	0	(1,111,098)	3,380,175	21,191,455
<b>Profit for the year</b>	0	0	0	0	0	1,892,145	<b>1,892,145</b>
Shareholders Share from Foreign exchange differences	0	0	0	(46,815)	0	0	<b>(46,815)</b>
Shareholders Share from Net Change in fair Value	0	0	0	0	853,047	0	<b>853,047</b>
Shareholders share from loss sale of financial assets through other comprehensive income	0	0	0	0	0	(42,310)	<b>(42,310)</b>
Shareholders share from loss decrease in financial assets through other comprehensive income	0	0	0	0	0	0	0
<b>Total of Comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(46,815)</b>	<b>853,047</b>	<b>1,849,835</b>	<b>2,656,067</b>
Transferred to reserves	0	268,614	268,614	0	0	(537,228)	0
Cash dividends	0	0	0	0	0	(1,200,000)	<b>(1,200,000)</b>
<b>Balance at the ending of the period 31/12/2021</b>	<b>15,000,000</b>	<b>3,454,318</b>	<b>1,005,288</b>	<b>(46,815)</b>	<b>(258,051)</b>	<b>3,492,782</b>	<b>22,647,522</b>

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Statement of changes of policyholders equity**  
**for the year Ended 31 December 2021**

	Deficiency coverage reserve (Emergency Allowance)	Accumulative changes in fair Value	Non Demand Surplus	Accumulated Surplus	Total Policyholders Equity
<b>2020</b>					
<b>Balance at the beginning of the year 1/1/2020</b>	<b>1,119,963</b>	<b>(523,899)</b>	<b>44,195</b>	<b>48,042</b>	<b>688,301</b>
Distribution to policy holders (from Accumulated Surplus)	0	0	0	0	0
Distribution to charity acts (from non Demand Surplus)	0	0	(64,316)	(48,042)	(112,358)
policy holders surplus for the current year	0	0	0	627,531	627,531
Transferred from Deficiency Coverage Reserve to cover the deficit	0	0	0	0	0
policy holders share from net change of fair value	0	123,694	0	0	123,694
transferred to Deficiency coverage reserve from non Demand Surplus	0	0	0		0
policy holders share from Loss sale of financial assets through other comprehensive income				(6,722)	(6,722)
policy holders share from loss decrease in financial assets through other comprehensive income	0	0	0	(92,314)	(92,314)
transferred to Deficiency coverage reserve	158,674	0	0	(158,674)	0
transferred to No Demand Surplus	(20,121)	0	20,121	0	0
<b>Balance at the ending of the year 31/12/2020</b>	<b>1,258,516</b>	<b>(400,205)</b>	<b>0</b>	<b>369,821</b>	<b>1,228,132</b>
<b>2021</b>					
<b>Balance at the beginning of the year 1/1/2021</b>	<b>1,258,516</b>	<b>(400,205)</b>	<b>0</b>	<b>369,821</b>	<b>1,228,132</b>
Distribution to policy holders (from Accumulated Surplus)	0	0	0	(270,610)	(270,610)
Distribution to charity acts (from non Demand Surplus)	0	0	89,617	(99,211)	(9,594)
policy holders surplus for the current year\	0	0	0	76,257	76,257
Transferred from Deficiency Coverage Reserve to cover the deficit	0	0	0	0	0
policy holders share from net change of fair value	0	314,188	0	0	314,188
policy holders share from loss sale of financial assets through other comprehensive income	0	0	0	(22,756)	(22,756)
policy holders share from loss decrease in financial assets through other comprehensive income	0	0	0	0	0
transferred to Deficiency coverage reserve from non Demand Surplus	0	0	0	0	0
transferred to Deficiency coverage reserve	42,321	0	0	(42,321)	0
transferred to No Demand Surplus	0	0	0	0	0
<b>Balance at the ending of the year 31/12/2021</b>	<b>1,300,837</b>	<b>(86,017)</b>	<b>89,617</b>	<b>11,180</b>	<b>1,315,617</b>

The Deficiency coverage reserve is calculated as 20% from policyholder surplus for the period and policyholders share from profit sale of financial assets through other comprehensive income.

**The Islamic Insurance Co.  
Amman - Jordan  
Cash Flow Statements  
for the Year Ended 31 December 2021**

	31-Dec-2021	31-Dec-2020
<b><u>Cash Flows From Operating Activities</u></b>		
Net Profit Before Tax	2,865,506	3,281,791
(Gains) on Fixed Assets	(17,598)	0
<b><u>Adjustments for non-cash Items</u></b>		
Depreciation & Amortization	116,383	115,218
Changes in Unearned Contributions Reserve	50,121	(308,230)
Changes in Mathematical Reserve	(6,880)	19,032
Changes in Outstanding Claims Reserve	(686,330)	(491,041)
Provision for end of service indemnity	36,320	30,926
Addition Provision	510,000	529,573
Unexpected Credit Loss (Deposits)	(27,231)	32,420
Unexpected Credit Loss (Cheques under Collection)	2,241	2,277
Unexpected Credit Loss (Accounts receivable)	0	204,595
Allowance for doubtful debts	0	35,405
Previous Years Amendments IFRS (9)	0	0
Net Cash Flows from Operating Activities before The Changes in Working Capital Items	<b>2,842,532</b>	<b>3,451,966</b>
Decrease (Increase) in Cheques Under Collection	141,860	(247,523)
Decrease (Increase) in Accounts Receivable	122,903	282,449
Decrease (Increase) in Receivable from Insurance Companies	231,188	(238,844)
Decrease (Increase) in Other Assets	(36,745)	(76,985)
Increase (Decrease) in Accounts Payable	(39,551)	200,226
Increase (Decrease) in Other Provisions	(26,025)	3,832
Increase (Decrease) in Payable To Reinsurance Companies	249,871	(367,188)
Increase (Decrease) in Other Liabilities	(68,949)	(42,280)
Increase (Decrease) in non-demanded Surplus	89,617	(112,358)
Net Cash Flows from Operating Activities before Tax	3,506,701	2,853,295
Income Tax Paid	(969,807)	(620,283)
<b>Net Cash Flows from Operating Activities</b>	<b>2,536,894</b>	<b>2,233,012</b>
<b><u>Cash Flows From Investing Activities</u></b>		
Decrease(Increase) in Investment Deposits	(141,974)	(1,718,513)
(Purchase) Fair Value Assets through other Comprehensive Income - FVTOCI	(200,638)	(300,464)
Sale Fair Value Assets through other Comprehensive Income - FVTOCI	1,264,615	38,015
Decrease of Fair Value Assets through other Comprehensive Income - FVTOCI	0	382,651
(Purchase) Fair Value Assets through Profit or Loss - FVTPL	0	0
Sale Fair Value Assets through Profit or Loss - FVTPL	0	0
Purchases of Property, Plant & Equipment	(46,357)	(71,461)
Sale of Property, Plant & Equipment	17,600	0
(Purchase) of Intangible Assets	0	(27,115)
(Purchase) of Amortized Cost Assets	0	0
<b>Net Cash Flows used in Investing Activities</b>	<b>893,246</b>	<b>(1,696,887)</b>
<b><u>Cash Flows used in Financing Activities</u></b>		
Cash Dividened Paid	(1,200,000)	(900,000)
Surplus distributed to policyholders	(270,610)	0
Surplus distributed to non demand surplus	(99,211)	0
<b>Cash Flows used in Financing Activities</b>	<b>(1,569,821)</b>	<b>(900,000)</b>
<b>Net increase (Decrease) in Cash</b>	<b>1,860,319</b>	<b>(363,875)</b>
Cash on Hand and at Bank - at the Beginning of the Year	1,002,607	1,366,482
<b>Cash on Hand and at Bank - at the End of the Year</b>	<b>2,862,926</b>	<b>1,002,607</b>



**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Underwriting Revenue Account for Family Takaful Business (Life)**  
**for the Year Ended 31 December 2021**

	Current Year	Prior Year
Written Contributions		
Direct Contributions	7,284,036	5,427,376
<b>Gross Written Contributions</b>	<b>7,284,036</b>	<b>5,427,376</b>
<u>Less:</u>		
Foreign Reinsurance Contributions	(2,987,040)	(1,778,368)
<b>Net Written Contributions</b>	<b>4,296,996</b>	<b>3,649,008</b>
<u>Add:</u>		
<b>Beg Balance</b>		
Unearned Contributions Reserve	78,644	75,795
Less: Reinsurance's Share	(39,670)	(39,649)
<b>Unearned Contributions Reserve - Net</b>	<b>38,974</b>	<b>36,146</b>
Mathematical Reserve	89,961	70,466
Less: Reinsurance's Share	(9,471)	(9,008)
<b>Mathematical Reserve - Net</b>	<b>80,490</b>	<b>61,458</b>
<u>Less:</u>		
<b>End Balance</b>		
Unearned Contributions Reserve	87,515	78,644
Less: Reinsurance's Share	(44,333)	(39,670)
<b>Unearned Contributions Reserve - Net</b>	<b>43,182</b>	<b>38,974</b>
Mathematical Reserve	83,473	89,961
Less: Reinsurance's Share	(9,863)	(9,471)
<b>Mathematical Reserve - Net</b>	<b>73,610</b>	<b>80,490</b>
<b>Net Earned revenues from underwriting Contributions</b>	<b>4,299,668</b>	<b>3,627,148</b>

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Claim Expenses Account for Family Takaful Business (Life)**  
**for the Year Ended 31 December 2021**

	Current Year	Prior Year
Gross Paid Claims	4,447,757	1,764,498
<b><u>Less:</u></b>		
Foreign Reinsurance Share	(2,835,143)	(1,004,862)
<b>Net Paid Claims</b>	<b>1,612,614</b>	<b>759,636</b>
<b><u>Add:</u></b>		
Outstanding Claims Reserve - End		
Reported	2,531,104	1,987,013
Not Reported	200,000	150,000
Less: Reinsurance's Share	(1,495,839)	(1,184,993)
<b>Net Outstanding Claims Reserve - End</b>	<b>1,235,265</b>	<b>952,020</b>
<b><u>Less:</u></b>		
Outstanding Claims Reserve - Beg		
Reported	1,987,013	1,259,735
Not Reported	150,000	125,000
Less: Reinsurance's Share	(1,184,993)	(766,075)
<b>Net Outstanding Claims Reserve - Beg</b>	<b>952,020</b>	<b>618,660</b>
<b>Net Cost of Claims</b>	<b>1,895,859</b>	<b>1,092,996</b>

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Underwriting Profit (Loss) Account for Family Takaful Business (Life)**  
**for the Year Ended 31 December 2021**

	Current Year	Prior Year
Net Earned revenues from underwriting Contributions	4,299,668	3,627,148
<b><u>Less:</u></b>		
Net Cost oF Claims	(1,895,859)	(1,092,996)
<b><u>Add:</u></b>		
Policy and Survey Fees	73,361	54,689
<b>Total Revenues</b>	<b>73,361</b>	<b>54,689</b>
 Less:		
Excess of Loss Contributions	12,843	12,653
Shareholder's Share Against Takaful Operation Management	1,675,328	1,356,844
Other Expenses	42,443	2,049
<b>Total Expenses</b>	<b>1,730,614</b>	<b>1,371,546</b>
<b>Underwriting Profit</b>	<b>746,556</b>	<b>1,217,295</b>

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Underwriting Revenue Account for General Takaful Business**  
**for the Year Ended 31 December 2021**

	Motor		Marine & Transportation		Fire & Engineering		Medical		Others		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Gross Written Contributions												
Direct Contributions	7,948,691	7,870,894	733,715	626,662	1,389,566	1,151,858	6,358,592	6,080,291	806,751	889,467	17,237,315	16,619,172
Facultative Incoming Reinsurance	605,861	391,805	0	0	60,009	148,866	0	0	1,120	945	666,990	541,616
<b>Gross Contributions</b>	<b>8,554,552</b>	<b>8,262,699</b>	<b>733,715</b>	<b>626,662</b>	<b>1,449,575</b>	<b>1,300,724</b>	<b>6,358,592</b>	<b>6,080,291</b>	<b>807,871</b>	<b>890,412</b>	<b>17,904,305</b>	<b>17,160,788</b>
Less:												
Domestic Reinsurance Contributions	(420,978)	(453,474)	(212)	(141)	(76,239)	(73,966)	0	0	(6,819)	(4,354)	(504,248)	(531,935)
Foreign Reinsurance Contributions	(98,612)	(102,271)	(164,794)	(186,657)	(801,481)	(698,710)	(3,716,878)	(3,511,525)	(372,279)	(392,966)	(5,154,044)	(4,892,129)
<b>Net Contributions</b>	<b>8,034,962</b>	<b>7,706,954</b>	<b>568,709</b>	<b>439,864</b>	<b>571,855</b>	<b>528,048</b>	<b>2,641,714</b>	<b>2,568,766</b>	<b>428,773</b>	<b>493,092</b>	<b>12,246,013</b>	<b>11,736,724</b>
Add:												
Beg. Balance												
Unearned Contributions Reserve	4,234,882	4,724,595	166,415	166,209	421,311	777,699	1,428,937	1,517,887	72,346	133,499	6,323,891	7,319,889
Less: Reinsurance's Share	(263,924)	(437,188)	(83,597)	(130,811)	(271,981)	(634,939)	(846,366)	(882,438)	(9,933)	(75,365)	(1,475,801)	(2,160,741)
<b>Unearned Contributions - Net</b>	<b>3,970,958</b>	<b>4,287,407</b>	<b>82,818</b>	<b>35,398</b>	<b>149,330</b>	<b>142,760</b>	<b>582,571</b>	<b>635,449</b>	<b>62,413</b>	<b>58,134</b>	<b>4,848,090</b>	<b>5,159,148</b>
Less:												
End. Balance												
Unearned Contributions Reserve	4,334,626	4,234,882	188,923	166,415	290,733	421,311	1,627,190	1,428,937	71,736	72,346	6,513,208	6,323,891
Less: Reinsurance's Share	(332,262)	(263,924)	(94,447)	(83,597)	(205,142)	(271,981)	(973,729)	(846,366)	(13,625)	(9,933)	(1,619,205)	(1,475,801)
<b>Unearned Contributions - Net</b>	<b>4,002,364</b>	<b>3,970,958</b>	<b>94,476</b>	<b>82,818</b>	<b>85,591</b>	<b>149,330</b>	<b>653,461</b>	<b>582,571</b>	<b>58,111</b>	<b>62,413</b>	<b>4,894,003</b>	<b>4,848,090</b>
<b>Net Earned revenues from Und. Cont.</b>	<b>8,003,556</b>	<b>8,023,403</b>	<b>557,051</b>	<b>392,444</b>	<b>635,594</b>	<b>521,478</b>	<b>2,570,824</b>	<b>2,621,644</b>	<b>433,075</b>	<b>488,813</b>	<b>12,200,100</b>	<b>12,047,782</b>

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Claim Expenses Account for General Takaful Business**  
**for the Year Ended 31 December 2021**

	Motor		Marine & Transportation		Fire & Engineering		Medical		Others		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Gross Paid Claims	8,248,662	7,657,944	47,262	89,691	324,491	1,439,593	5,464,597	4,708,952	39,759	78,041	14,124,771	13,974,221
Less:												
Recoveries	(1,209,339)	(1,298,581)	(5,268)	0	(876)	(3,510)	0	0	(20)	(4,723)	(1,215,503)	(1,306,814)
Domestic Reinsurance's Share	0	0	0	0	(39,496)	(251,449)	0	0	2,144	(2,144)	(37,352)	(253,593)
Foreign Reinsurance's Share	(136,999)	(204,571)	(28,475)	(63,649)	(239,268)	(1,121,156)	(3,267,401)	(2,813,975)	(13,855)	(20,579)	(3,685,998)	(4,223,930)
<b>Net Paid Claims</b>	<b>6,902,324</b>	<b>6,154,792</b>	<b>13,519</b>	<b>26,042</b>	<b>44,851</b>	<b>63,478</b>	<b>2,197,196</b>	<b>1,894,977</b>	<b>28,028</b>	<b>50,595</b>	<b>9,185,918</b>	<b>8,189,884</b>
Add:												
Outstanding Claims Reserve - End.												
Reported	5,826,274	6,536,712	300,982	9,520	292,707	501,874	490,712	600,906	218,774	243,520	7,129,449	7,892,532
Not Reported	1,442,787	1,716,490	7,000	1,000	35,601	57,547	804,030	579,218	11,000	13,000	2,300,418	2,367,255
Less:												
Reinsurance's Share	(1,573,033)	(1,576,803)	(234,912)	(5,821)	(282,868)	(469,998)	(776,845)	(708,275)	(109,058)	(116,164)	(2,976,716)	(2,877,061)
Recoveries	(115,000)	(75,000)	0	0	0	0	0	0	0	0	(115,000)	(75,000)
<b>Outstanding Claims Reserve - Net</b>												
Reported	4,138,241	4,884,909	66,070	3,699	9,839	31,876	196,285	240,162	109,716	127,356	<b>4,520,151</b>	<b>5,288,002</b>
Not Reported	1,442,787	1,716,490	7,000	1,000	35,601	57,547	321,612	231,687	11,000	13,000	<b>1,818,000</b>	<b>2,019,724</b>
less:												
Outstanding Claims Reserve - Beg.												
Reported	6,536,712	7,380,091	9,520	95,464	501,874	1,524,966	600,906	386,196	243,520	198,044	7,892,532	9,584,761
Not Reported	1,716,490	1,800,000	1,000	3,000	57,547	33,242	579,218	647,685	13,000	10,000	2,367,255	2,493,927
Less:												
Reinsurance's Share	(1,576,803)	(1,574,746)	(5,821)	(71,036)	(469,998)	(1,473,908)	(708,275)	(620,329)	(116,164)	(106,542)	(2,877,061)	(3,846,561)
Recoveries	(75,000)	(100,000)	0	0	0	0	0	0	0	0	(75,000)	(100,000)
<b>Outstanding Claims Reserve - Net</b>	<b>6,601,399</b>	<b>7,505,345</b>	<b>4,699</b>	<b>27,428</b>	<b>89,423</b>	<b>84,300</b>	<b>471,849</b>	<b>413,552</b>	<b>140,356</b>	<b>101,502</b>	<b>7,307,726</b>	<b>8,132,127</b>
<b>Net Cost of Claims</b>	<b>5,881,953</b>	<b>5,250,846</b>	<b>81,890</b>	<b>3,313</b>	<b>868</b>	<b>68,601</b>	<b>2,243,244</b>	<b>1,953,274</b>	<b>8,388</b>	<b>89,449</b>	<b>8,216,343</b>	<b>7,365,483</b>

**The Islamic Insurance Co.**  
**Amman - Jordan**  
**Underwriting Profit (Loss) Account of General Takaful Business**  
**for the Year Ended 31 December 2021**

	Motor		Marine & Transportation		Fire & Engineering		Medical		Others		Total	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Net Earned revenues from underwriting Cont.	8,003,556	8,023,403	557,051	392,444	635,594	521,478	2,570,824	2,621,644	433,075	488,813	12,200,100	12,047,782
Less:												
Net Cost OF Claims	(5,881,953)	(5,250,846)	(81,890)	(3,313)	(868)	(68,601)	(2,243,244)	(1,953,274)	(8,388)	(89,449)	(8,216,343)	(7,365,483)
Add:												
Policy and Survey Fees	229,885	194,812	20,252	17,637	37,226	30,747	131,954	126,419	21,998	25,964	441,315	395,579
Total Revenues	229,885	194,812	20,252	17,637	37,226	30,747	131,954	126,419	21,998	25,964	441,315	395,579
Less:												
Policies Acquisition Cost	(261,687)	(249,851)	(6,980)	(5,694)	(18,945)	(31,264)	(19,424)	(15,829)	(1,400)	(4,054)	(308,436)	(306,692)
Excess of Loss Contributions	(337,499)	(364,862)	(16,500)	(16,500)	(67,000)	(67,000)	0	0	0	0	(420,999)	(448,362)
Shareholder's Share Against Takaful Operation Man	(1,967,547)	(2,065,675)	(168,754)	(156,665)	(333,402)	(325,181)	(1,462,476)	(1,520,073)	(185,811)	(222,603)	(4,117,990)	(4,290,197)
Other Expenses	(253,050)	(277,277)	(4,511)	(11,519)	(20,812)	(15,557)	(83,128)	(76,918)	(12,743)	(11,731)	(374,244)	(393,002)
Total Expenses	(2,819,783)	(2,957,665)	(196,745)	(190,378)	(440,159)	(439,002)	(1,565,028)	(1,612,820)	(199,954)	(238,388)	(5,221,669)	(5,438,253)
Underwriting Profit (Loss)	(468,295)	9,704	298,668	216,390	231,793	44,622	(1,105,494)	(818,031)	246,731	186,940	(796,597)	(360,375)

**THE ISLAMIC INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY**

Amman - Jordan

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**1- GENERAL**

- The Islamic Insurance Company (the "Company") was established on 1996 and registered as a public shareholding company under license No. (306) with an authorized paid in capital of JD 15,000,000 divided into 15,000,000 shares at JD 1 per share.
- the Company engages in several Insurance activities that complies with Islamic regulation including, motor, marine transportation hazard, fire insurance, comprehensive household insurance, engineering and contractor's plant and equipment insurance, miscellaneous insurance, workers compensation insurance, liability insurance, glass plate insurance, personal accidents, medical, and social takaful insurance (Life), and all Investment business with means free of usury any illegitimate, and with accordance with Sharia' Islamic principles and Insurance Administration Instructions.,
- The financial statements were approved by the Board of Directors during their meeting on 10 February 2022 and are subject to the approval of the ordinary General Assembly Meeting.

**2- BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- The financial statements were prepared in accordance with Accounting and auditing standards issued by accounting and auditing organization for Islamic Financial Institutions (AAOIFI) and according to International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and in conformity with applicable local laws.
- The financial statements have been prepared according to the historical cost convention except for the financial assets at fair value through profit or loss and the financial assets at fair value through other comprehensive income which are stated at fair value at the date of the financial statements.
- The financial statement have been presented in Jordanian Dinar (JD) which is the functional currency of the company.
- The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 .



**THE ISLAMIC INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY**

Amman - Jordan

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**The application of New & Revised IFRS**

The company applying during the year New & Revised IFRS, as Follow:

- 1 The standards Issued by International Accounting Standards Board.
- 2 International Financial Reporting standards that follow to the International accounting standard board that effective from first of January 2005
- 3 IFRS (9): Financial Instruments
  - The company have applied IFRS (9) that focus on impairment measure of value at 1 Jan. 2018 without amending comparable figures.
  - The Effect of Application of IFRS (9) on Financial statementns is as follows:

	<b>Total</b>	<b>Effect of Application of IFRS (9)</b>	<b>Total</b>
<b>Shareholders &amp; Policy holders Equity's</b>			
Retained Earnings	3,328,061	(56,705)	3,271,356
Accumulated Surplus	285,444	(25,785)	259,659
<b>Assets</b>			
Deposits	20,076,290	(80,000)	19,996,290
Cheques Under Collection	1,191,545	(2,490)	1,189,055

- The Application of New and Revised IFRS didn't result in a substantial impact on the financial amounts for the current and prior periods except the above.

**New International Financial Reporting Standards**

- The company have applied the new effective International Financial Reporting Standards

**COVID(19)**

The company made plan to meet any risks relating to COVID(19) that affect the result of the company and its financial position and the company solvency. The company have strong financial position and solvency margin so can meet the economic effects of COVID(19).

**THE ISLAMIC INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY**

Amman - Jordan

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**IFRS (17)**

All Insurance companies must use Estimations that depend on current assumptions according to the market informations, to reflect time, amount and Uncertain of cash flows to settle the insurance contracts.

The standard focus on accumulation of the same insurance contracts at initial recognition according to its expected profits or losses without making adjustments between the profits and losses, so the company can accumulate the insurance contracts for measurement, presentation and declaration in form that reflect the profit with will not be recognized immediately but it will be recognized over the period not the expected losses which will be recognized immediately, so the company can take the proper economic decisions.

The standard also require using current discount rates to reflect the current cash flows.

The standard present policies Acquisition costs in insurance obligations measurement.

The standard also require presenting the effect of the time value of money as separate item in income statement through insurance financing.

The company carried out the first stage of IFRS(17) GAP Analysis .

The company had approved EY- Ernst&young- consulting proposal in implementing the second stage of IFRS(17) ( The Design )  
the final stage of IFRS will begin by the beginning of year 2022 according to the Central bank of Jordan's instructions

**Accounting policies:**

**Segments information**

Business sectors represent group of assets and activities which cooperate together in providing products and services subject to risks and returns different from those related to other sectors which are measured based on the reports used by the chief executive officer and the decision maker in the company .

Geographical sector is associated with providing products and services in specified economical environment subject to risks and returns different from those related to other sectors in the economical environment .

THE ISLAMIC INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY

Amman - Jordan

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

**Intangible assets**

Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortized over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalized and are expensed in the statement of income.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight line basis over their estimated economic useful lives of 2 years.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is computed for property and equipment (except land) when it is ready for use on a straight-line basis using annual depreciation rates as follows:

	%
<b>Buildings / Improvements</b>	2
<b>Equipment, furniture &amp; fixture</b>	20
<b>Vehicles</b>	15
<b>Computers</b>	35

Depreciation is calculated for property and equipment when these assets are ready for their intended use.

**THE ISLAMIC INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY**

Amman - Jordan

**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

Property and equipment at progress (for the Company's intended use or lease or undetermined purposes) are stated at cost less accumulated impairment loss.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the income statement.

Useful life of property and equipment is reviewed annually, and changes in the expected useful life are treated as changes in accounting estimates.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

**Amortized Cost Assets:**

**The Financial Assets Should be measured at Amortized cost:**

- The purpose from holding according to its business model having contract cash flows.
- Meet principle and profit on the outstanding principal amount.

The amortized cost assets are measured at purchase cost plus transaction expenses.

The impairment of amortized cost is recorded in income statement and/or policyholders revenues & expenses statement.

The impairment amount represent the difference between booked value and present value of future cash flows.

**Financial assets at Fair Value Through Profit Or Loss:**

Financial assets (which is not meet the financial assets conditions for measuring at amortized cost) are measured at fair value, such as Jordan Islamic Bank mukarada bonds which hold according to its business model and cash flows, but it is not meet principal and profit on the outstanding principal amounts

The Financial assets at fair value through profit or Loss represent equity instruments investments, and the objective from holding it is, profit generating from short term market prices changes or trading profits margin.

The Financial assets at fair value through profit or Loss is recorded at Fair Value on purchase time, and evaluated at fair value at each financial statement preparation

The changes in fair value is recorded in income statement and / or policy holders Revenues & Expenses statement.

The dividends received from financial assets are recorded in income statement and / or policyholders Revenues & Expenses statement.

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**Financial assets at fair value through other comprehensive income**

- Equity investments that are not held for sale in the near future.

These financial instruments are initially measured at their fair value plus transaction costs.

- Subsequently, they are measured at fair value. Gains or losses arising on subsequent measurement of these equity investments including the change in fair value arising from non-monetary assets in foreign currencies are recognized in other comprehensive income in the statement of changes in equity. The gain or loss on disposal of the asset is reclassified from fair value through other comprehensive income reserve to retained earnings.
- It is not permitted to reclassify assets to or from this category except in certain circumstances determined in the International Financial Reporting Standards.
- These financial assets are not subject to impairment testing.
- Dividend income is recognized in the statement of income.

**Impairment of financial assets**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, the recoverable amount is estimated in order to determine the amount of impairment loss to be recognized in the income statement.

**Offsetting**

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

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**Date of recognition of financial assets**

Financial assets and financial liabilities are recognized on the trading date which is the date the Company commits itself to purchase or sell the financial assets.

**Fair value**

Fair value represents the closing exchange price of financial assets and derivatives on the date of the financial statements.

In case declared exchange prices do not exist, active trading of some financial assets and derivatives is not available, or the exchange is inactive, fair value is estimated by one of several methods including the following:

- Comparison with the fair 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 models.

The valuation methods aim at providing a fair value reflecting the expectations of the exchange, expected risks and expected benefits.

**Reinsurers' accounts**

Reinsurers' shares of insurance contributions, paid claims, technical provisions, and all other rights and obligations resulting from reinsurance based on contracts concluded between the Company and reinsurers are accounted for on the accrual basis.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances with banks and financial institutions maturing within three months, less restricted funds.

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**Income tax**

Tax expense comprises of current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits published in the financial statements. Accounting profits may include non-taxable profits or tax non- deductible expenses which may be exempted in the current or subsequent financial years, or accumulated losses that are tax acceptable or items not subject to deduction for tax purposes.

Tax is calculated based on tax rates and laws that are applicable in the country of operation.

Deferred tax is the tax expected to be paid or recovered due to temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period when the asset is realized or the liability is settled, based on the laws enacted or substantially enacted at the date of the statement of financial position.

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

**Foreign currencies**

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Financial assets and financial liabilities denominated in foreign currencies are translated at the average rates prevailing on the date of the statement of financial position and declared by the Central Bank of Jordan.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

Gains or losses resulting from foreign currency translation are charged to the statement of income.

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.



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**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**Provisions**

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

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

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

**Insurance policies issuance cost**

Insurance policies issuance cost represents commissions paid to intermediaries and other direct costs incurred in relation to the issuance and renewal of insurance contracts. These costs are recorded in the Policyholder's Revenue & Expenses Statment

**A- Technical reserves**

Technical reserves are recognised in accordance with the instructions of the Ministry of Industry, Trade and Supply- Insurance Administration, as follows:

1- Unearned contributions reserves are recognized when contracts are entered into and are brought to account as provision income over the term of the contract (presumably 360 days).

This measurement excludes Marine and Transportation Insurance as recognition of their premium income is based on the value of written contributions and premiums as at the date of the financial statements prepared in accordance with the prevailing laws and regulations.

2- The outstanding claims reserve is based on the estimated ultimate cost of all claims incurred but not yet reported (IBNR) and unexpired risk, is based on estimates from the Company's past experience.

3- Measurement of provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk, is based on estimates from the Company's past experience.

4- Unearned contributions reserve for the Family Takaful Business (Life) is measured based on the Company's experience and estimations.

5- Mathematical reserve is measured in accordance with the instruction and decisions issued by The Central bank of Jordan - Insurance companies supervision

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**Allowance for doubtful debts and Unexpected Credit Loss**

The receivables impairment is booked when there is objective evidence that the company will not be able to collect all or part of the due amounts. This allowance is calculated based on the difference between book value of and recoverable amount. The allowance is measured after monitoring the receivables in details and all receivables ages above one year are provided for, except receivables which recoverability is probable based on the Company's experience.

the company Calculate allowance for any uncollectible amount as follow:

100%	aging debt more than 360 day
50%	aging debt more than 180 day
25%	aging debt more than 90 day
11%	aging debt 90 day or less

**End-of-Service Indemnity**

Provision for end-of-service indemnity is booked by the Company for any legal or contractual obligations at the end of the employees' services according to the accumulated service terms at the date of the statement of financial position and in conformity with the Jordanian Labor Law.

**Revenue recognition**

**A- Takaful and general insurance policies**

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

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

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**B- Dividends and profit**

Investment income is recognized when the deposit revenue recorded in the company Bank accounts.

Dividends income is recognized when the Company's right to receive the payment is established, which is generally when shareholders' General Assembly approve the dividends

**Cost recognition**

Acquisition costs arising from the acquisition and renewal of insurance contracts are recognized in the statement of policyholders' revenues and expenses in the year they were incurred. All other costs are recognized as they accrue.

**Takaful and general insurance costs**

Takaful and General Insurance costs represent claims paid during the year, in addition to changes in outstanding claims reserves.

Takaful Insurance costs include all payments during the year, whether it concerns the current year or prior periods. Outstanding claims represent the highest estimated amount to settle the claims occurred before the date of financials. Outstanding claims provision is calculated based on the best available information at the date of financial statements and includes the provision for the reported claims.

**Salvage and subrogation reimbursements**

Estimates of salvage and subrogation reimbursements reserves are established when measuring the insurance liability for claims.

**General and administrative expenses**

General and administrative expenses are assumed by the shareholders of the company and should not be allocated to their pertaining lines of business. Consequently, Policyholder's underwriting accounts are charged with a fixed annual rate (wakala fee) approved by the Company's supervisory Sharia committee.

**Employees Expenditure**

Employees' expenditure are assumed by the shareholder's of the Company and should not be allocated to their lines of business.

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**Takaful policies issuance costs**

Takaful policies issuance fees represent costs incurred by the Company for the sale, underwriting, or insurance of a new Takaful insurance contract. Issuance costs are recognized in the statement of policyholders revenues and expenses.

**Deficiency coverage reserve (Emergency Allowance)**

20% of all policyholders surplus and policyholders' gain from sale of financial assets at fair value through other comprehensive income recognized during the year are transferred to the contingencies provision to cover the deficits in future financial periods, and only if no accumulated deficit was present at date of the transfer. The reserve is not distributable to policyholders' and must not exceed total technical provisions .

In case of liquidation, the Deficiency coverage reserve (Emergency Allowance) is distributed to after the settlement of any outstanding non-profitable loans if present.

**Basis for determining the insurance surplus**

Insurance surplus is the excess of the total contributions collected investment profit of their contributions and any other income after deducting claims paid, technical, reserves shareholders share for management of Takaful operations and investments, and policyholder's fund expense.

Different lines of business are treated as a single unit when computing the insurance surplus.

**Basis for Distributing the insurance surplus**

The insurance surplus is limited to the policyholders' and can only allocated to be them. Shareholders do not have the right in the surplus .

The insurance surplus is distributed among policyholders' in proportion to their respective contribution percentage without distinguishing between those who for insurance claims and those who have not during the fiscal year.

The Company retains any un-distributed amount not claimed by the policyholders' in a separate account presented within the policyholders' fund to be later transferred to the reserve to cover deficit (Emergency Allowance) after acquiring the approval of the Sharia Supervisory Committee.

In case of liquidation, the insurance surplus for the period is allocated to policyholders while any undistributed and unclaimed surplus of prior periods (if any) will be distributed to charity after the settlement of any outstanding non-profitable loan.

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**Methods of covering policyholder's fund deficit**

In case of deficit or accumulated deficit in the policyholders' current account, the deficit is covered by the Emergency Allowance. In case of the shortage in the Emergency Allowance the shareholders will grant the policyholders' a non-profitable loan to cover all the shortage, and then the company creates a Full allowance against this loan.

**Non-compliant Sharia' transactions**

The Company is committed to comply with Sharia' in its operations and to disclose any income or gains from the transactions inconsistent with Sharia'.

Any revenues and gains non-compliant with Sharia' are recorded in a separate account which is presented in the financial statements within other credit balances (shareholders' liabilities) and are recorded in the income statement. This account is used for charity based on the Sharia' committee decision.

**Policyholders and shareholders' financial investments**

The Company complies with the principles of Takaful insurance by maintaining complete separate entries and records for the policyholders and the shareholders.

The shareholders paid all general expenses and manage Takaful Business for Policyholder's interest in accordance with contract on the basis of known Wakala Fees.

The shareholder's investment surplus funds from the policyholder's account against known share from Investment revenue as Mudhareb.

The percentage as determined by Board and approved by Sharia' Committee, as follows:

23% Company share from Gross written Contributions as Wakala Fees against manage Takaful business to cover administrative expenditures for 2021

25% Company share from Investment revenue as Mudhareb for 2021

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**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**3- Investment Deposits**

**This Item Consist of The Following:**

Details	2021								2020	
	Deposits maturing within one month		Deposits maturing After a month till three months		Deposits maturing after three months till one year		Total		Total	
	JOD		JOD		JOD		JOD			
	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders		
	Inside Jordan	102,302	501,298	0	0	5,790,000	10,444,596	5,892,302	10,945,894	5,954,740
Outside Jordan	0	0	0	0	0	3,848,023	0	3,848,023	710,000	3,848,023
Total	102,302	501,298	0	0	5,790,000	14,292,619	5,892,302	14,793,917	6,664,740	13,444,889
Unexpected Credit Loss Allowance	(4,009)	(2,014)	0	0	(30,090)	(56,558)	(34,099)	(58,572)	(46,170)	(69,227)
Net	98,293	499,284	0	0	5,759,910	14,236,061	5,858,203	14,735,345	6,618,570	13,375,662

- There is no steady profit rate for the Band Deposits , because the profit associated with the result of bank Investments that relay on Sharia Mudaraba principles . The annual profit rate ranged from 2% to 5% for bank deposits for the period ended 31.12.2021

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\* This Item Consist of The Following

	2021	2020
	Policyholders JOD	Shareholders JOD
Balance at 1 January	46,170	28,879
Additions	0	54,098
Written off	(12,071)	15,129
<b>Balance at 31 December</b>	<b>34,099</b>	<b>69,227</b>

**(4) Financial Assets At Fair Value Through Profit or Loss**

:This Item Consist of The Following

	2021	2020
	Policyholders JOD	Shareholders JOD
Inside Jordan		
Al Wakala Bi Al Istithamar investment Portfolio	1,000,000	3,000,000
<b>Total</b>	<b>1,000,000</b>	<b>3,000,000</b>

\*

Investment Portfolio represent Bonds Issued from Jordan Islamic Bank , and Subscribed with it during the year, and this bonds don't have Maturity date and it is not listed in the Financial Market whereas the management can Liquid the Bondin any time during the year, and finally the bond valuated in cost as the best measurement for the fair value.



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

This Item Consist of The Following:

	2021	2020
	Policyholders JOD	Shareholders JOD
<b>Inside Jordan</b>		
Shares quoted in Amman stock exchange	2,261,801	5,936,629
Unquoted shares	15,963	0
<b>TOTAL</b>	<b>2,277,764</b>	<b>5,936,629</b>
<b>Outside Jordan</b>		
Quoted shares	0	1,157,360
Unquoted shares *	0	118,313
<b>TOTAL</b>	<b>0</b>	<b>1,275,673</b>
<b>TOTAL</b>	<b>2,277,764</b>	<b>7,212,302</b>

\* This item represents financial assets with no publicly traded prices Outside Jordan and appear in cost

**(6) Amortized Cost Assets:**

This Item Consist of The Following:

	2021	2020
	Policyholders JOD	Shareholders JOD
Islamic Finance Soukok - National Electricity Co.	186,750	560,250
<b>Total</b>	<b>186,750</b>	<b>560,250</b>

\* Islamic Finance Soukok represents Soukok Issued from National Electricity co. and Subscribed with during the year and this Soukok have maturity date and valued in cost as the best measurement for the fair value

**(7) CASH ON HAND AND AT BANKS**

This Item Consist of The Following:

	2021	2020
	Policyholders JOD	Shareholders JOD
Cash on hand	5,274	0
Current accounts	(326,163)	1,653,616
<b>Total</b>	<b>(320,889)</b>	<b>1,653,616</b>

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**(8) CHEQUES UNDER COLLECTION**

**This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Cheques under Collection *	1,384,813	1,526,673
Less: Unexpected Credit loss Allowance**	(7,455)	(5,214)
<b>Net</b>	<b>1,377,358</b>	<b>1,521,459</b>

\* Cheques under collection maturity extend to December 2021

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**\*\* This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Balance at 1January	5,214	2,937
Additions	2,241	2,277
Written off	0	0
<b>Balance at 31 December</b>	<b>7 455</b>	<b>5,214</b>

**(9) ACCOUNTS RECEIVABLE. NET**

**This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Policyholders' receivable	3,532,684	3,605,923
Policies' receivable due to the merger	0	0
Brokers' receivable	0	0
Employees' receivable	9,800	10,119
Other	0	0
<b>Total</b>	<b>3,542,484</b>	<b>3,616,042</b>
Allowance for doubtful debts Allowance *	(215,317)	(190,892)
Unexpected Credit Loss Allowance**	(399,104)	(374,184)
<b>Accounts receivable, net</b>	<b>2,928,063</b>	<b>3,050,966</b>

\* Allowance for doubtful debts

\*\* Unexpected Credit Loss Allowance

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\* The movement on the allowance for doubtful debts is as follows:

	2021	2020
	JOD	JOD
Balance at the beginning of the year	190,892	155,516
Additions	24,425	35,376
Written off	0	0
<b>Balance at year end</b>	<b>215,317</b>	<b>190,892</b>

\*\* The movement on Unexpected Credit Loss Allowance is as follows:

	2021	2020
	JOD	JOD
Balance at the beginning of the year	374,184	270,869
Additions	24,920	103,315
Written off	0	0
<b>Balance at year end</b>	<b>399,104</b>	<b>374,184</b>

(10)

**REINSURERS RECEIVABLES, NET**

This Item Consist of The Following:

	2021	2020
	JOD	JOD
Local reinsurance companies	110,613	223,118
Foreign reinsurance companies	592,271	760,299
<b>Total</b>	<b>702,884</b>	<b>983,417</b>
Allowance for the reinsurance receivables*	(61,694)	(66,421)
Unexpected Credit Loss Allowance**	(123,885)	(168,503)
<b>Reinsurance receivables, net</b>	<b>517,305</b>	<b>748,493</b>

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\* The movement on the allowance for the reinsurance receivables is as follows:

	2021	2020
	JOD	JOD
Balance at the beginning of the year	66,421	66,392
Additions	0	29
written off	(4,727)	0
<b>Balance at year end</b>	<b>61,694</b>	<b>66,421</b>

\*\* The movement on Unexpected Credit Loss Allowance is as Follows:

	2021	2020
	JOD	JOD
Balance at the beginning of the year	168,503	67,223
Additions	0	101,280
written off	(44,618)	0
<b>Balance at year end</b>	<b>123,885</b>	<b>168,503</b>

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(11)

**INCOME TAX**

**A- Income tax provision**

The movement on the income tax provision is as follows:

	<b>2021</b>		<b>2020</b>	
	<b>Policyholders JOD</b>	<b>Shareholders JOD</b>	<b>Policyholders JOD</b>	<b>Shareholders JOD</b>
Balance at beginning of the year	71,592	562,570	0	333,136
Income tax paid	(229,698)	(740,109)	(193,284)	(426,999)
<b>Income tax provision</b>	<b>158,106</b>	<b>738,998</b>	<b>264,876</b>	<b>656,433</b>
<b>Balance at end of the year</b>	<b>0</b>	<b>561,459</b>	<b>71,592</b>	<b>562,570</b>
Income Tax appear in the Incomes statement represent:				
Current year income tax	0	738,998	264,876	656,433
Prior Year income tax	158,106	0	0	0
<b>Total</b>	<b>158,106</b>	<b>738,998</b>	<b>264,876</b>	<b>656,433</b>

Summary of reconciliation of accounting profit with taxable profit:

	<b>2021</b>		<b>2020</b>	
	<b>Policyholders JOD</b>	<b>Shareholders JOD</b>	<b>Policyholders JOD</b>	<b>Shareholders JOD</b>
Accounting profit - statement B & C	234,363	2,631,143	892,407	2,389,384
Non-taxable income	(2,476,307)	(95,235)	(2,353,066)	(467,218)
non-deductible expenses	2,241,944	306,392	2,479,413	602,576
<b>Taxable profit</b>	<b>0</b>	<b>2,842,300</b>	<b>1,018,754</b>	<b>2,524,742</b>
<b>Income tax</b>	<b>0</b>	<b>738,998</b>	<b>264,876</b>	<b>656,433</b>
<b>Income tax rat</b>	<b>26%</b>	<b>26%</b>	<b>26%</b>	<b>26%</b>

A- final Clearance was obtained for 2020 tax returns

B -The management and the tax consultant believe that the income tax provision is adequate as of 31 December 2021

## Amman - Jordan

**(12) Property and Equipment**  
This Item Consist of The Following:

Property & Equipment Fully depreciated amounted ID 770,105 as at 31.12.2021

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**(13) INTANGIBLE ASSETS**  
**This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Balance at 1 January	21,074	7,404
Additions	0	27,115
Amortization	(13,732)	(13,445)
<b>Balance at 31 December</b>	<b>7,342</b>	<b>21,074</b>

Software and computer programs

**(14) OTHER ASSETS**  
**This Item Consist of The Following:**

	2021	2020
	Policyholders JOD	Policyholders JOD      Shareholders JOD
Prepaid expenses	0	93,313      0      77,306
Outstanding Recovery	635,000	0      625,000      0
Refundable insurance	0	12,462      0      11,724
Software Under Construction	0	72,500      0      62,500
<b>Total</b>	<b>635,000</b>	<b>178,275      625,000      151,530</b>



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**(15) Mathematical Reserve - net.**

**This Item Consist of The Following:**

2021	2020
JOD	JOD
Mathematical Reserve - net	
73,610	80,490
<b>73,610</b>	<b>80,490</b>

**(16) ACCOUNTS PAYABLE**

**This Item Consist of The Following:**

2021	2020
JOD	JOD
Agents payable	17,097
Brokers payable	32,142
Individual	117,224
companies payable	49,135
Institutions payable	2,661
Carag station & suppliers Co.	144,228
Other payables	36,788
<b>Total</b>	<b>399,275</b>

**(17) REINSURERS PAYABLE**

**This Item Consist of The Following:**

2021	2020
JOD	JOD
Local reinsurance companies	348,522
Foreign reinsurance companies	1,980,387
<b>Total</b>	<b>2,328,909</b>

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

(18) OTHER PROVISIONS

This Item Consist of The Following:

	2021	2020		
	JOD	JOD		
Employee Vacations Provision	213,187	239,212		
End of service provision	227,886	191,566		
Other Provisions	0	625,000		
Addition Provision	2,135,000	1,000,000		
<b>Total</b>	<b>2,576,073</b>	<b>2,055,778</b>		
Ending Balance			Created during the year	Beginning Balance
JOD		JOD	JOD	JOD
Employee Vacations Provision	213,187	164,265	138,240	239,212
End of service provision	227,886	0	36,320	191,566
Other Provisions	0	625,000	0	625,000
Addition Provision	2,135,000	0	1,135,000	1,000,000
<b>Total</b>	<b>2,576,073</b>	<b>789,265</b>	<b>1,309,560</b>	<b>2,055,778</b>

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**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**(19) OTHER LIABILITIES**

This Item Consist of The Following:

	2021	2020
	Policyholders JOD	Shareholders JOD
Accrual & not paid Commission	73,288	0
Ministry of Finance Deposits	71,747	352
Deposits of the Others	32,769	7,848
Medical Insurance Fund	0	138,816
Shareholders' Deposits	0	38,727
General Provision	0	0
Board of directors remuneration	0	55,000
Social Security Fund	0	0
<b>Total</b>	<b>177,804</b>	<b>240,743</b>
		<b>197,063</b>
		<b>290,433</b>

**(20) Deficiency coverage (Emergency Allowance)**

This account represents what has been transferred from the policyholders' fund surplus during this year and previous years at a percentage of 20%.  
Movement on Deficiency Coverage (Emergency Allowance)

	2021	2020
	JOD	JOD
Beginning Balance	1,258,516	1,119,963
Less: usage to cover policyholders fund deficit	0	0
Add: transferred from policyholders' surplus	42,321	158,674
Less: transferred to non demandsurplus	0	(20,121)
<b>Ending Balance</b>	<b>1,300,837</b>	<b>1,258,516</b>
<b>21 Foreign exchange differences</b>	<b>2021</b>	<b>2020</b>
	<b>JOD</b>	<b>JOD</b>
Beginning Balance	0	0
Change during the year	(46,815)	0
transferred to income statement	0	0
transferred to policyholders income statement	0	0
<b>Ending Balance</b>	<b>(46,815)</b>	<b>0</b>

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**22 CUMULATIVE CHANGE IN FAIR VALUE OF Securities**

	2021		2020	
	Policyholders JOD	Shareholders JOD	Policyholders JOD	Shareholders JOD
<b>Balance at the beginning of the year</b>	(400,205)	(1,111,098)	(523,899)	(1,927,672)
Realized Loss transferred to Retained Earning	0	42,310	0	297,109
Relized Loss transferred to Accumulated Surplus	22,756	0	99,036	0
Cahange during the year	291,432	810,737	24,658	519,465
Net change during the year	314,188	853,047	123,694	816,574
<b>Balance at the Ending of the year</b>	<b>(86,017)</b>	<b>(258,051)</b>	<b>(400,205)</b>	<b>(1,111,098)</b>

The cumulative change in fair value amounted JOD (344,068) for against JOD( 1,511,303) for the previous year.

**23 Non demand surplus**

	2021	2020
	JOD	JOD
Balance at the beginning of the year	0	44,195
Less: distributed to charity acts	(9,594)	(112,358)
Add: Non distributed surplus	99,211	48,042
Add: transferd from Deficiency coverage	0	20,121
<b>Balance at the Ending of the year</b>	<b>89,617</b>	<b>0</b>

These accumulated amounts represent non demanded policyholders surplus distributions to date 31.12.2021

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**24 Accumulated surplus**

**This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Balance at the beginning of the year	369,821	48,042
Add: policyholders' surplus for the current year statement	76,257	627,531
Less: transferred from cumulative change in Fair value	(22,756)	(99,036)
Less: transferred to Deficiency coverage reserve	(42,321)	(158,674)
Less: Policyholders' surplus distributed	(270,610)	0
Less: Transferred to non- demand surplus	(99,211)	(48,042)
Add: Transferred from Deficiency Coverage reserve to cover deficiency	0	0
<b>Balance at the Ending of the year</b>	<b>11,180</b>	<b>369,821</b>

**25 AUTHORIZED AND PAID IN CAPITAL**

Authorized and paid in capital amounted to JD 15,000,000 divided into 15,000,000 shares at 1 JD par value per share.

The paid in capital was increased by 3 million JD by Capitalizing Retained earning after approved by General Assembly in extraordinary meeting held on 4/4/2017

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**26 RESERVES**

**Compulsory Reserve**

This item represent 10% of the net income before tax transferred during the years in accordance with the Companies Law. The Compulsory reserve is not available for distribution to shareholders.

**Voluntary Reserve**

This item represent %20 of the net income before tax transferred during the years. The voluntary Reserve used for the purposes established by the board of Directors and is available for distribution to shareholders as dividends by General Assembly approval.

**27 RETAINED EARNINGS**

**This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Balance at the beginning of the year	3,380,175	3,088,771
Less: Transferred to increase paid in capital	0	0
Less: cash dividends	(1,200,000)	(900,000)
Add: profit for the year	1,892,145	1,732,951
Less: transferred from cumulative change in fair value	(42,310)	(297,109)
Less: transferred to reserves	(537,228)	(244,438)
<b>Balance at the ending of the year</b>	<b>3,492,782</b>	<b>3,380,175</b>

**28 Recommended Profit Distribution Current**

The cash dividends for the year amounted (8 %) and equivalent to JD (1,200,000)

## Amman - Jordan

**INVESTMENTS Returns**  
This Item Consist of The Following:

## Financial Assets Profit

### Dividends received from financial asset at fair value through other comprehensive income

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**31 SHAREHOLDERS SHARE FOR TAKAFUL OPERATIONS MANAGEMENT**

- The shareholders paid all general expenses and manage Takaful Business for policyholders interest in accordance with contract on the basis of known wakala fees

- The shareholders invest surplus fund from the policyholders account against known share from investment revenue as mudaraba

**32 Other Revenues**

This Item Consist Of The Following

	2021	2020
	JOD	JOD
Profit From Sale Of Fixed Assets	17,598	0
<b>Total</b>	<b>17,598</b>	<b>0</b>

**33 EMPLOYEES EXPENDITURES**

This Item Consist of The Following:

	2021	2020
	JOD	JOD
Salaries & bonuses	2,403,210	2,226,336
End of service provision	36,320	30,926
Company's contribution in social security	242,047	232,124
medical expenses	160,608	151,210
Training and development of employees	500	0
Travel and transportation	1,304	711
Employee Vacations Provision	(26,025)	3,832
<b>Total</b>	<b>2,817,964</b>	<b>2,645,139</b>



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**34 GENERAL AND ADMINISTRATIVE EXPENSES**

**This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Rent	74,711	71,723
Stationery and Publications	23,918	21,078
Advertisements	48,030	28,913
water, electric and heating	50,017	48,111
Maintenance	85,475	68,637
Post and telecommunications	13,407	14,295
Hospitality	17,328	10,523
Sharia' supervisory & Legal Fees	89,522	101,214
Board members expenses	69,000	69,459
Subscriptions	54,261	54,845
License Fees	21,475	14,362
Rating Expenses	7,118	7,113
conferences & seminars	12,909	12,950
Professional fees	16,200	16,200
actuarial fees	8,000	8,640
Marketing and Media Adviser Fees	13,600	13,400
Cleaning	47,462	46,638
Insurance Expenses	4,034	4,010
Others	39,374	34,870
IFRS (17) Expenses	1,484	12,960
<b>Total</b>	<b>697,325</b>	<b>659,941</b>

**35 Other Expenses**

**This Item Consist of The Following:**

	2021	2020
	JOD	JOD
Board of Directors Remuneration	55,000	55,000
<b>Total</b>	<b>55,000</b>	<b>55,000</b>

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**36 Earnings per share**

Earnings per share is calculated by dividing profit for the year on the weighted average number of ordinary shares outstanding is as follows:

	<u>2021</u>	<u>2020</u>
	<u>JOD</u>	<u>JOD</u>
Profit for the year after tax	1,892,145	1,732,951
Weighted average number of shares	15,000,000	15,000,000
<b>Earning Per share</b>	<u>12.6%</u>	<u>11.5%</u>

**37 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents appearing in the statement of cash flows consist of the following statement of financial position items:

	<u>2021</u>	<u>2020</u>
	<u>JOD</u>	<u>JOD</u>
Cash on hand and at banks	2,265,349	835,140
Add: Deposits at banks maturing within 3 months*	597,577	167,467
<b>Total</b>	<u>2,862,926</u>	<u>1,002,607</u>

\*

Balance before IFRS 9 Application  
The Effect of Application of IFRS 9  
**The Amended Balance**

	<u>2021</u>	<u>2020</u>
	<u>JOD</u>	<u>JOD</u>
	603,600	168,985
	(6,023)	(1,518)
	<u>597,577</u>	<u>167,467</u>

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**38 Related Party Transactions**

- There is not any contracts or projects or conjunction with the Board of Directors or general manager or any Employee in the company with the exception of normal activities of the company through issuing Insurance policies

	The remuneration of members of key management during the year was as follows	
	2021	2020
	JOD	JOD
Salaries and other benefits	408,764	396,946
Transportation	1,260	1,260
Total	<u>410,024</u>	<u>398,206</u>

**39 Transactions are not consistent with Islamic Sharia Principles**

There is not any transactions inconsistent with Islamic Sharia Principles

**40 Fair Value of Financial Instruments that not appear in fair value in the financial statements**

There are no any essential differences between book and fair value for assets and liabilities that not appear in fair value in the financial statements

**41 RISK MANAGEMENT**

- The Company manages various types of risk through several ways through a comprehensive strategy that determines the risks and the ways for facing it and mitigate its effects through the Board of Directors which evaluates the risks and determines the necessary procedures for decreasing its effects
- All departments determine the risks related to its operations and determine the suitable controls in the general framework within the determined risk strategy of the Company, and monitors its ongoing efficiency. The Company is exposed to insurance risk, credit risk, liquidity risk and market risk

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**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**A- INSURANCE RISKS**

**(1) General & Takaful (Insurance Risks)**

Risks of any insurance contract 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. With regards to the application of the probability theory on pricing and the reserve, the primary risks facing the Company are that incurred claims and the related payments may exceed the book value of the insurance obligations. This may happen if the probability and risk of claims are greater than expected. As insurance accidents are unstable and vary from one year to another, estimates may differ from related statistics

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

**(2) Claims Development**

The schedule demonstrates the actual claims (based on management's estimates at year end). The schedules contain comparison for the previous four years, based on the year in which the accident occurred, as follows

**Total - Motors Takaful Insurance**

**The Year of the accident**

	and before 2017	2018	2019	2020	2021	Total
	JOD	JOD	JOD	JOD	JOD	JOD
As at year end	593,076,109	9,828,192	9,558,562	7,214,015	8,184,732	627,861,610
After one year	94,520,369	9,360,857	8,863,527	6,420,235	0	119,164,988
After two years	94,741,814	9,563,990	9,005,104	0	0	113,310,908
After three years	94,750,756	9,430,609	0	0	0	104,181,365
After four years	94,616,129	0	0	0	0	94,616,129
Current expectation for the accumulated claims	94,616,129	9,430,609	9,005,104	6,420,235	8,184,732	127,656,809
Accumulated payments	93,029,565	9,086,847	8,234,407	5,483,157	4,553,772	120,387,748
Liability as shown in the financial Statement	1,586,564	343,762	770,697	937,078	3,630,960	7,269,061
Surplus Deficit in the preliminary estimate for reserve	498,459,980	397,583	553,458	793,780	0	500,204,801

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**Total - Takaful Insurance**

**The Year of the accident**

	and before 2017	2018	2019	2020	2021	Total
	JOD	JOD	JOD	JOD	JOD	JOD
As at year end	76,417,013	2,696,725	2,750,923	2,546,993	4,456,384	88,868,038
After one year	15,124,916	2,908,845	2,983,828	3,084,287	0	24,101,876
After two years	15,055,546	2,871,703	3,026,566	0	0	20,953,815
After three years	14,829,566	2,877,136	0	0	0	17,706,702
After four years	14,829,565	0	0	0	0	14,829,565
Current expectation for the accumulated claims	14,829,565	2,877,136	3,026,566	3,084,287	4,456,384	28,273,938
Accumulated payments	14,678,555	2,650,513	2,594,838	2,421,397	3,197,531	25,542,834
Liability as shown In the financial Statement	151,010	226,623	431,728	662,890	1,258,853	2,731,104
Surplus Deficit in the preliminary estimate for reserve	61,587,448	(180,411)	(275,643)	(537,294)	0	60,594,100

**Total - Medical Takaful Insurance**

**The Year of the accident**

	and before 2017	2018	2019	2020	2021	Total
	JOD	JOD	JOD	JOD	JOD	JOD
As at year end	284,249,722	4,085,209	3,991,673	3,661,592	4,275,730	300,263,926
After one year	47,624,809	5,332,943	5,197,946	4,999,841	0	63,155,539
After two years	47,617,162	5,320,273	5,163,182	0	0	58,100,617
After three years	47,617,162	5,320,273	0	0	0	52,937,435
After four years	47,617,162	0	0	0	0	47,617,162
Current expectation for the accumulated claims	47,617,162	5,320,273	5,163,182	4,999,841	4,275,730	67,376,188
Accumulated payments	47,617,162	5,320,273	5,163,182	4,951,492	3,029,337	66,081,446
Liability as shown In the financial Statement	0	0	0	48,349	1,246,393	1,294,742
Surplus Deficit in the preliminary estimate for reserve	236,632,560	(1,235,064)	(1,171,509)	(1,338,249)	0	232,887,738

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**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021**

**Total - Marine Takaful Insurance**

<b>The Year of the accident</b>	<b>and before 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
	JOD	JOD	JOD	JOD	JOD	JOD
As at year end	23,599,405	135,618	89,124	21,080	346,480	24,191,707
After one year	2,203,708	75,822	77,895	19,965	0	2,377,390
After two years	2,208,995	76,872	77,195	0	0	2,363,062
After three years	2,199,841	76,773	0	0	0	2,276,614
After four years	2,199,999	0	0	0	0	2,199,999
Current expectation for the accumulated claims	2,199,999	76,773	77,195	19,965	346,480	2,720,412
Accumulated payments	2,197,321	76,740	75,971	19,965	42,433	2,412,430
Liability as shown In the financial Statement	2,678	33	1,224	0	304,047	307,982
Surplus Deficit in the preliminary estimate for reserve	21,399,406	58,845	11,929	1,115	0	21,471,295

**Total - Fire and Property Takaful Insurance**

<b>The Year of the accident</b>	<b>and before 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
	JOD	JOD	JOD	JOD	JOD	JOD
As at year end	53,030,060	1,108,287	1,516,818	320,492	67,884	56,043,541
After one year	7,471,019	1,108,136	1,412,164	260,189	0	10,251,508
After two years	7,474,638	1,241,615	1,407,664	0	0	10,123,917
After three years	7,467,365	1,241,624	0	0	0	8,708,989
After four years	7,468,792	0	0	0	0	7,468,792
Current expectation for the accumulated claims	7,468,792	1,241,624	1,407,664	260,189	67,884	10,446,153
Accumulated payments	7,456,988	1,239,739	1,406,664	228,508	24,582	10,356,481
Liability as shown In the financial Statement	11,804	1,885	1,000	31,681	43,302	89,672
Surplus Deficit in the preliminary estimate for reserve	45,561,268	(133,337)	109,154	60,303	0	45,597,388

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**Total - Engendering Takaful Insurance**

<b>The Year of the accident</b>	<b>and before 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
	JOD	JOD	JOD	JOD	JOD	JOD
As at year end	5,582,134	61,075	15,212	32,840	38,571	5,729,832
After one year	925,619	49,003	3,705	10,493	0	988,820
After two years	919,659	46,633	3,605	0	0	969,897
After three years	999,458	46,384	0	0	0	1,045,842
After four years	1,072,444	0	0	0	0	1,072,444
Current expectation for the accumulated claims	1,072,444	46,384	3,605	10,493	38,571	1,171,497
Accumulated payments	872,386	45,207	3,580	1,068	10,620	932,861
Liability as shown In the financial Statement	200,058	1,177	25	9,425	27,951	238,636
Surplus Deficit in the preliminary estimate for reserve	4,509,690	14,691	11,607	22,347	0	4,558,335

**Total - General Accidents Takaful Insurance**

<b>The Year of the accident</b>	<b>and before 2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>Total</b>
	JOD	JOD	JOD	JOD	JOD	JOD
As at year end	5,714,383	74,018	59,891	44,117	22,455	5,914,864
After one year	820,752	105,697	116,336	33,654	0	1,076,439
After two years	869,265	119,382	115,367	0	0	1,104,014
After three years	881,535	115,540	0	0	0	997,075
After four years	887,367	0	0	0	0	887,367
Current expectation for the accumulated claims	887,367	115,540	115,367	33,654	22,455	1,174,383
Accumulated payments	713,839	90,285	108,367	27,049	5,069	944,609
Liability as shown In the financial Statement	173,528	25,255	7,000	6,605	17,386	229,774
Surplus Deficit in the preliminary estimate for reserve	4,827,016	(41,522)	(55,476)	10,463	0	4,740,481

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**2 REINSURANCE RISKS**

As in all other Takaful insurance companies, and for the purpose of reducing the financial losses which might arise from large insurance claims, the Company enters into reinsurance agreements with other parties

To reduce the risks of large financial losses as a result of the insolvency of the reinsurance companies, the Company evaluates the financial position of the reinsurance companies, which it deals with and monitors credit risk concentration resulting from the geographical areas and the activities or the economic components which are identical to these firms. The issued takaful reinsurance agreements do not exempt the Company from its liabilities against the takaful policyholders, and as a result to that the Company remains liable for the balance of reinsured claims in the case of the reinsurance inability of meeting their commitment regarding to the reinsurance agreements

**3 -Financial Risks**

The Company follows financial policies to manage the variables risks with clear strategies; also the Company's management controls the risks and makes strategic distribution to both the financial assets and financial liabilities including interest rate risks, credit risks, currency risks and exchange risks

The Company uses hedging policy for financial assets and financial liabilities whenever it is needed

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss

The Company believe it is not exposed to significant credit risk as it sets credit limits to its customer and monitors the outstanding receivable regularly The company also deposits its cash balances with reputable financial institutions ..

**Market Risks-**

The market risks include fair value or cash flow changes of the financial instruments as a result of changes in the market prices such as profit rates, currency prices and shares price. Market risks arise as a result of having opened positions of profit rates, currency and investing in shares

**Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its obligations as they fall due. The company manages such risk by diversifying its financial resources, managing its assets and liabilities, and maintaining sufficient cash and cash equivalents and marketable securities



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**42 ANALYSIS OF BUSINESS SECTORS**

A• Background Information On The Company's Business Segments

For management purposes, the company measures its insurance segments in accordance with the reports used by the Executive Manager and the Group's primary decision maker to include the Family Takaful (Life) Insurance and General Takaful insurance sector which compromised (motors, marine, fire, accidents, medical and General insurance). This sector is the base used by the company to disclose information related to key sectors, the mentioned sector also includes the company's investments and cash management. Transactions between business sectors are based on estimated market prices with the same terms used with other market participants

B• Geographical Distribution

The company mainly conducts its operations in Jordan

**43 CAPITAL MANAGEMENT**

The Company manages its capital in line with the regulations of the Central bank of Jordan-Insurance companies supervision. These requirements were designed to ensure a suitable margin. Additional targets have been assigned by the Company in order to support its business and maximize shareholder value

The Company authorized and Paid in capital amounted to JD 15000000 divided into 15000000 share at 1 JD par value per share

The Company manages its capital structure and makes any necessary adjustments in light of changes in business conditions The Board of Directors believe that the Company's capital structure is sufficient to cover the potential risks or liabilities that may arise

The amount regarded by the Company as capital below: and the solvency margin are shown in the table

	2021	2020
	JOD	JOD
<b>core capital Items</b>		
paid up capital	15,000,000	15,000,000
statutory Reserve	3,454,318	3,185,704
voluntary Reserve	1,005,288	736,674
Retained Earnings	3,492,782	3,380,175
Policy holders' Equity	1,315,617	1,228,132
<b>Supplementary capital Item</b>	<b>2,020</b>	<b>2,019</b>
	<b>JOD</b>	<b>JOD</b>
Accumulative change in Fair value for financial Assets through other comprehensive Income	(258,051)	(1,111,098)
Foreign exchange differences	(46,815)	
(A)Total capital Available	23,963,139	22,419,587
(B)Total Capital Required	7,134,539	6,857,731
(A/B)Solvency Ratio	336%	327%

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44 LAWSUITS AGAINST COMPANY

The Company appears as a defendant in a number of lawsuits pertaining to accidents of JD(1,966,160) Consequently the Company established a provision of JD(2,620,510) under outstanding claims reserve. The Company's management and its legal advisor believe that the recorded provisions are sufficient to meet its obligations

45 CONTINGENT LIABILITIES

As my know there is no any contingent liabilities can appear after Financial Statements preparation

46 Subsequent Events

There is no essential or important events other than those contained in financial statments

47 comparable Figures

All financial statement figures for 2020 reclassified to comply with financial statement figures for 2021