GULF INSURANCE GROUP/ JORDAN

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Gulf Insurance Group/ Jordan Public Shareholding Company
Amman - Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Gulf Insurance Group/ Jordan public shareholding company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International *Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. **Revenue recognition**	**How the key audit matter was addressed in the audit**
Revenue is an important determinant of the Group's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to the procedures for recognizing revenues in the correct period. The total written premiums amounted to JD 100,161,735 for the year ended 31 December 2022.	Our audit procedures included evaluating the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards (IFRSs). We tested the Group's controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample from written premiums before and after the consolidated financial statements date to assess whether the revenue was recognized in the correct period. We have performed analytical procedures on income accounts by line of business. We independently re-performed the revenue calculation of each line of business using data extracted from the Group's system. In order to rely on the data extracted, we tested a sample of transactions to their related policies to assess the accuracy of the data extracted. We also selected and tested a representative sample of journal entries at the consolidated final statements closing date. Disclosures of accounting policies for revenue recognition are details in note (2) to the consolidated financial statement.
2. **Estimates used in calculation and completeness of insurance liabilities**	**How the key audit matter was addressed in the audit**
The Group's insurance liabilities amounted to JD 52,189,189 representing 59% of the total liabilities as at 31 December 2022. The measurement of insurance liabilities (outstanding claims, unearned premium reserve, premium deficiency reserve and mathematical reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long term policyholders' liabilities.	Our audit procedures included, amongst others, assessing the Group's methodology for calculating the insurance liabilities and their analysis of the movements in insurance liabilities during the year, including consideration of whether the movements are in line with the accounting policy adopted by the Group. We tested management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of experience. We evaluated the competence and objectivity of the management's specialist. Our audit procedures on the liability adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Group and industry experience and specific product features. We also assessed the adequacy of the disclosures regarding these liabilities. Disclosures of assumptions and accounting policies related to insurance contracts liabilities are details in note (2) to the consolidated financial statement.

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Other information included in the Group's 2022 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exist. 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 these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information on companies or commercial activities within the Group's scope to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. And we are responsible for our audit opinion.

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 to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the financial statements.

The partner in charge of the audit resulting in this auditor's report was Osama Fayez Shakhatreh; license number 1079.

Amman – Jordan
27 February 2023

ERNST & YOUNG
Amman - Jordan

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Assets			
Investments-			
Bank deposits	5	66,922,562	58,928,609
Financial assets at fair value through other comprehensive income	6	5,560,183	5,331,673
Financial assets at amortized cost	7	11,580,213	11,896,795
Investment property	8	170,464	170,464
Life policyholder's loans	9	11,757	22,703
Total Investments		84,245,179	76,350,244
Cash and cash equivalents	10	802,963	1,973,783
Checks under collection	11	4,478,825	6,865,436
Accounts receivable	12	26,776,134	27,383,698
Reinsurance receivable	13	1,651,798	1,578,623
Deferred tax assets	14	3,538,580	3,739,493
Property and equipment	15	7,258,450	6,567,059
Intangible assets	16	5,732,264	5,721,735
Right of use assets	17	401,387	262,602
Other assets	18	2,207,089	2,030,073
		137,092,669	132,472,746
Discontinued operations' assets	34	773,434	750,766
Total Assets		137,866,103	133,223,512
Liabilities and Equity			
Liabilities –			
Insurance contracts liabilities:			
Unearned premium reserve		19,625,950	18,074,731
Premium deficiency reserve		1,307,000	684,000
Outstanding claims reserve		30,721,329	28,746,037
Mathematical reserve		534,910	411,619
Total Insurance contracts liabilities		52,189,189	47,916,387
Accounts payable	19	7,115,332	9,348,001
Accrued expenses		1,789,318	1,309,256
Reinsurance payables	20	22,744,232	21,829,584
Lease contracts liabilities	21	394,287	235,371
Other provisions	22	2,225,993	2,634,977
Bank Overdraft	10	-	1,199,828
Income tax provision	14	216,755	2,483,394
Other liabilities	23	999,201	1,248,304
		87,674,307	88,205,102
Liabilities related to discontinued operations' assets	34	266,558	550,324
Total Liabilities		87,940,865	88,755,426
Equity -			
Authorized and paid-in capital	24	26,000,000	25,438,252
Statutory reserve	25	6,500,000	6,359,563
Special reserve	25	-	40,221
Fair value reserve	26	(1,684,308)	(967,052)
Retained earnings	27	17,609,546	10,597,102
Total Equity		48,425,238	41,468,086
Subordinated loan	28	1,500,000	3,000,000
		49,925,238	44,468,086
Total Liabilities and Equity		137,866,103	133,223,512

The attached notes 1 to 45 form part of these consolidated financial statements

Gulf Insurance Group/ Jordan Public Shareholding Company
Consolidated Statement of Income
For The Year Ended 31 December 2022

	Notes	2022	2021
		JD	JD
Revenues-			
Gross written premiums		100,161,735	92,094,085
Less: reinsurance share		50,094,943	46,783,728
Net written premiums		50,066,792	45,310,357
Net change in provision for premium deficiency reserve		(623,000)	200,000
Net change in unearned premium reserve		(1,551,219)	1,618,106
Net change in mathematical reserve		(123,291)	-
Net earned premiums		47,769,282	47,128,463
Commissions income received		10,191,876	12,782,673
Insurance policies issuance fees		3,908,194	3,661,601
Interest income	29	3,375,387	3,010,785
Net profits from financial assets and investments		431,768	107,207
Other revenues		2,007	-
Total revenues		65,678,514	66,690,729
Claims, losses and expenses			
Paid claims		69,263,727	67,802,130
Maturity and surrender of insurance policies		56,510	118,751
Less: recoveries		3,406,458	3,525,263
Less: reinsurance share		29,148,542	27,945,153
Net paid claims		36,765,237	36,450,465
Net change in outstanding claims reserve		1,975,292	514,691
Allocated employees' expenses	30	8,725,353	8,749,214
Allocated general and administrative expenses	31	3,156,813	3,783,665
Excess of loss premium		1,117,709	1,111,567
Policies acquisition costs		1,939,422	1,988,407
Other expenses		220,850	354,890
Net claims costs		53,900,676	52,952,899
Unallocated employees' expenses	30	2,181,338	2,187,303
Unallocated general and administrative expenses	31	789,202	937,293
Depreciation and amortization	15,16	631,333	685,200
Provision for (recoveries from) expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables	12	191,381	(39,824)
Provision for expected credit losses on checks under collection	11	-	153,144
Loss (gain) from sale of property and equipment		62,084	(76,204)
Provision for contingent liabilities	22	-	670,000
Other expenses	32	35,000	35,000
Total expenses		3,890,338	4,551,912
Profit for the year from continuing operations before income tax		7,887,500	9,185,918
Income tax expense	14	(517,003)	(3,937,839)
Profit for the year from continuing operations		7,370,497	5,248,079
Discontinued operations -			
Profit for the year after tax from discontinued operations		(66,864)	(116,855)
Profit for the year		7,303,633	5,131,224
Attributable to:			
Company shareholders		-	6,553,334
Non-controlling interests		-	(1,422,110)
		7,303,633	5,131,224
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	33	0/281	0/252

The attached notes 1 to 45 form part of these consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	JD	JD
Profit for the year	7,303,633	5,131,224
Add: Other comprehensive income not to be reclassified to consolidated statement of income in subsequent periods		
Change in fair value of financial assets through other comprehensive income	925,432	1,082,386
Total comprehensive income for the year	8,229,065	6,213,610
Total comprehensive income attributable to:		
Company shareholders	-	7,637,053
Non-controlling interests	-	(1,423,443)
Total comprehensive income for the year	8,229,065	6,213,610

The attached notes 1 to 45 form part of these consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Company shareholders' equity							
	Authorized and paid-in capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings *	Total	Non-controlling interest	Total equity
	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2022								
Balance at 1 January 2022	25,438,252	6,359,563	40,221	(967,052)	10,597,102	41,468,086	-	41,468,086
Total comprehensive income for the year	-	-	-	925,432	7,303,633	8,229,065	-	8,229,065
Paid dividends (note 27)	-	-	-	-	(1,271,913)	(1,271,913)	-	(1,271,913)
Gain from sale of financial assets through other comprehensive income	-	-	-	(1,642,688)	1,642,688	-	-	-
Capital increase (note 24)	561,748	-	(40,221)	-	(521,527)	-	-	-
Transfer to statutory reserve	-	140,437	-	-	(140,437)		-	-
Balance at 31 December 2022	26,000,000	6,500,000	-	(1,684,308)	17,609,546	48,425,238	-	48,425,238
For the year ended 31 December 2021								
Balance at 1 January 2021	21,438,252	5,825,651	-	(2,292,597)	8,622,347	33,593,653	-	33,593,653
Acquisition of a subsidiary (note 4)	-	-	-	-	-	-	1,660,823	1,660,823
Total comprehensive income for the year	-	-	-	1,083,719	6,553,334	7,637,053	(1,423,443)	6,213,610
Losses from sale of financial assets through other comprehensive income	-	-	-	241,826	(180,825)	61,001	(61,001)	-
Change in non-controlling interests	-	-	-	-	(15,578)	(15,578)	15,578	-
Capital increase (note 24)	4,000,000	-	-	-	(3,848,264)	151,736	(151,736)	-
Balance transferred from non-controlling interest to special reserve	-	-	40,221	-	-	40,221	(40,221)	-
Transfer to statutory reserve	-	533,912	-	-	(533,912)	-	-	-
Balance at 31 December 2021	25,438,252	6,359,563	40,221	(967,052)	10,597,102	41,468,086	-	41,468,086

* Retained earnings include an amount of JD 3,538,580 as at 31 December 2022 (31 December 2021: JD 3,739,493) representing deferred tax assets that cannot be distributed according to the securities commission instructions.

The attached notes 1 to 45 form part of these consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before tax		7,887,500	9,185,918
Loss from discontinued operations before tax		(66,864)	(116,855)
Adjustments:			
Interest income	29	(3,375,387)	(3,010,785)
Depreciation and amortization	15,16	631,333	685,200
Depreciation on right of use assets	31	252,686	229,092
Interest on lease contracts liabilities	31	30,870	15,974
Gain from sale of financial assets at fair value through profit or loss		-	(30)
Gain from sale of financial assets at amortized cost		(197,380)	-
Amortization of financial assets at amortized cost		87,517	(14,786)
Provision for (recoveries from) expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables	12	191,381	(39,824)
Premium deficiency reserve		623,000	(200,000)
Provision for contingent liabilities	22	-	670,000
Provision for expected credit losses on checks under collection	11	-	153,144
Loss (gain) from sale of property and equipment and intangible assets		62,084	(76,204)
End of service provision	22	433,331	895,218
Net change in unearned premium reserve		1,551,219	(1,618,106)
Net change in outstanding claims reserve		1,975,292	565,262
Net change in mathematical reserve		123,291	-
Life policyholder's loans		-	162
Cash flows from operating activities before changes in working capital		10,209,873	7,843,494
Checks under collection		2,386,611	310,763
Accounts receivable		416,183	3,442,790
Reinsurance receivables		(73,175)	492,333
Other assets		84,251	(117,235)
Accounts payable		(2,232,669)	1,647,348
Accrued expenses		480,062	237,447
Reinsurance payables		914,648	(3,295,365)
Other provisions		(900,132)	(171,957)
Other liabilities		(248,217)	(247,845)
Paid from end of service provision	22	(226,833)	(705,665)
Income tax paid	14	(2,756,615)	(3,056,509)
Net cash flows from operating activities		8,053,987	6,379,599
CASH FLOW FROM INVESTING ACTIVITIES			
Deposits at banks maturing after three months		(8,408,303)	(9,461,577)
Interest received		3,288,592	3,010,785
Purchase of property and equipment	15	(1,130,882)	(333,676)
Proceeds from sale of financial assets at fair value through profit or loss		-	598
Proceeds from sale of property and equipment and intangible assets		44,454	78,739
Purchase of intangible assets	16	(308,909)	(188,776)
Acquisition of a subsidiary – net of cash paid	4	-	(2,032,099)
Purchase of financial assets at fair value through other comprehensive income		(1,569,726)	-
Proceeds from sale of financial assets at fair value through other comprehensive income		2,277,591	76,063
Purchase of financial assets at amortized cost		(2,523,750)	-
Proceeds from sale of financial assets at amortized cost		2,950,195	-
Net cash flows used in investing activities		(5,380,738)	(8,849,943)
CASH FLOW FROM FINANCING ACTIVITIES	28	(1,500,000)	(3,000,000)
Subordinated loan	27	(1,271,913)	-
Lease payments	21	(263,425)	(236,384)
Net cash flow used in financing activities		(3,035,338)	(3,236,384)
Net decrease in cash and cash equivalent		(362,089)	(5,706,728)
Cash and cash equivalents at beginning of the year		1,918,790	7,625,518
Cash and cash equivalents at the end of the year	10	1,556,701	1,918,790

The attached notes 1 to 45 form part of these consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2022	2021
	JD	JD
Written premiums -		
Direct insurance	1,001,371	129,242
Optional re-insurance	122,982	-
Total premiums	1,124,353	129,242
Less:		
Local reinsurance share	20,428	-
Foreign reinsurance share	675,864	77,868
Net Written premiums	428,061	51,374
Add:		
Mathematical reserve at the beginning of the year	516,686	516,686
Less: reinsurance share	105,067	105,067
Net mathematical reserve at the beginning of the year	411,619	411,619
Less:		
Mathematical reserve at the end of the year	594,579	441,874
Less: reinsurance share	59,669	30,255
Net mathematical reserve at the end of the year	534,910	411,619
Net earned revenues from the written premiums	304,770	51,374

The attached notes 1 to 45 form part of these consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2022	2021
	JD	JD
Paid claims	292,016	20,589
Maturity and Surrender of Policies	56,510	118,751
Less: reinsurance share	200,733	16,433
Net paid claims	147,793	122,907
Add:		
Outstanding claims reserve at the end of the year		
Reported	111,583	112,128
Not reported	13,500	13,500
Less:		
Reinsurance share	61,610	70,882
Recoveries	19,214	19,214
Net outstanding claims reserve at the end of the year	44,259	35,532
Less:		
Outstanding claims reserve at the beginning of the year		
Reported	112,128	100,858
Not reported	13,500	2,250
Less:		
Reinsurance share	70,882	68,390
Recoveries	19,214	19,214
Net outstanding claims reserve at the beginning of the year	35,532	15,504
Net claims cost	156,520	142,935

The attached notes 1 to 45 form part of these consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life	
	2022	2021
	JD	JD
Net earned revenues from written premiums	304,770	51,374
Less:		
Net claims cost	156,520	142,935
	148,250	(91,561)
Add:		
Commissions received	9,258	18,999
Insurance policies issuance fees	28,008	3,678
Investment income related to underwriting accounts	-	650
Total revenues	185,516	(68,234)
Less:		
Policies acquisition costs	11,262	1,006
General and administrative expenses related to underwriting accounts	133,382	13,242
Other expenses related to underwriting accounts	-	-
Other expenses	-	830
Total expenses	144,644	15,078
Underwriting profit (loss)	40,872	(83,312)

The attached notes 1 to 45 form part of these consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine		Aviation		Fire and damages property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:																
Direct insurance	24,872,468	21,177,504	1,761,618	1,656,183	300,825	-	10,109,553	11,036,013	1,402,275	1,341,506	54,986,905	51,608,452	3,539,978	3,636,411	96,973,622	90,456,069
Reinsurance optional inward	1,426,622	1,021,848	5,845	11,743	-	-	594,740	474,845	3,722	338	-	-	32,831	-	2,063,760	1,508,774
Total written Premiums	26,299,090	22,199,352	1,767,463	1,667,926	300,825	-	10,704,293	11,510,858	1,405,997	1,341,844	54,986,905	51,608,452	3,572,809	3,636,411	99,037,382	91,964,843
Less:																
Local reinsurance share	1,508,069	938,105	36,714	7,980	-	-	407,701	501,697	22,360	20,897	-	-	85,376	42,507	2,060,220	1,511,186
Foreign reinsurance share	64,883	160,664	1,339,916	1,285,723	300,825	-	8,897,101	9,276,259	1,163,312	1,130,122	33,131,704	30,723,044	2,440,690	2,618,862	47,338,431	45,194,674
Net Written Premiums	24,726,138	21,100,583	390,833	374,223	-	-	1,399,491	1,732,902	220,325	190,825	21,855,201	20,885,408	1,046,743	975,042	49,638,731	45,258,983
Add:																
Balance at the beginning of the year																
Unearned premium reserve	9,698,335	12,777,020	271,055	343,336	-	39,437	7,820,770	6,718,367	631,049	466,924	18,564,380	17,229,762	1,558,153	1,932,026	38,543,742	39,506,872
Less: reinsurance share	328,781	536,967	202,321	245,065	-	39,437	6,969,650	6,137,498	557,101	394,666	11,092,248	10,873,935	1,318,910	1,586,467	20,469,011	19,814,035
Net Unearned Premium reserve	9,369,554	12,240,053	68,734	98,271	-	-	851,120	580,869	73,948	72,258	7,472,132	6,355,827	239,243	345,559	18,074,731	19,692,837
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less:																
Balance at the end of the year																
Unearned premium reserve																
Less: Reinsurance share	11,243,429	9,698,335	395,671	271,055	40,289	-	7,472,955	7,820,770	668,074	631,049	19,738,243	18,564,380	1,443,416	1,558,153	41,002,077	38,543,742
Net unearned Premiums Reserve	516,519	328,781	288,055	202,321	40,289	-	6,788,893	6,969,650	574,551	557,101	11,945,046	11,092,248	1,222,774	1,318,910	21,376,127	20,469,011
Premium deficiency reserve	10,726,910	9,369,554	107,616	68,734	-	-	684,062	851,120	93,523	73,948	7,793,197	7,472,132	220,642	239,243	19,625,950	18,074,731
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	1,307,000	684,000	-	-	1,307,000	684,000
Net premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	1,307,000	684,000	-	-	1,307,000	684,000
Net earned revenues from written Premiums	23,368,782	23,971,082	351,951	403,760	-	-	1,566,549	1,462,651	200,750	189,135	20,911,136	19,969,103	1,065,344	1,081,358	47,464,512	47,077,089

The attached notes 1 to 45 form part of these consolidated financial statements

Gulf Insurance Group/ Jordan Public Shareholding Company
Statement of Claims Cost for the General Insurance
For the Year Ended 31 December 2022

	Motor		Marine		Aviation		Fire and damages property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	22,335,871	24,489,629	436,627	288,064	-	-	2,597,870	3,722,646	171,168	149,794	43,048,275	38,635,938	381,900	495,470	68,971,711	67,781,541
Less:																
Recoveries	3,149,078	3,348,675	36,432	10,099	-	-	171,230	59,389	12,260	14,518	29,609	85,553	7,849	7,029	3,406,458	3,525,263
Local reinsurance share	752,032	758,555	717	2,399	-	-	181,562	516,715	-	-	-	-	279	27,714	934,590	1,305,383
Foreign reinsurance share	41,523	221,963	231,586	133,676	-	-	1,748,421	2,446,035	24,638	102,868	25,913,016	23,647,300	54,035	71,495	28,013,219	26,623,337
Net Paid Claims	18,393,238	20,160,436	167,892	141,890	-	-	496,657	700,507	134,270	32,408	17,105,650	14,903,085	319,737	389,232	36,617,444	36,327,558
Add:																
Outstanding Claims Reserve at year end																
Reported	27,979,308	26,090,788	1,017,780	804,483	-	-	4,216,491	3,242,376	905,762	712,753	2,921,155	2,530,866	955,383	1,104,681	37,995,879	34,485,947
Unreported	4,092,506	4,490,906	20,000	20,539	-	-	290,832	290,832	30,221	30,221	2,124,107	2,875,661	80,392	80,392	6,638,058	7,788,551
Less:																
Reinsurance share from reported claims	1,661,980	1,439,821	779,368	650,661	-	-	3,394,615	2,411,737	476,467	447,523	1,789,547	1,538,537	765,847	913,377	8,867,824	7,401,656
Reinsurance share from unreported claims	-	-	-	-	-	-	-	-	-	-	1,286,460	1,713,731	-	-	1,286,460	1,713,731
Recoveries	3,419,235	4,060,061	19,013	24,210	-	-	322	322	-	-	-	-	364,013	364,013	3,802,583	4,448,606
Net Outstanding Claims Reserve at year end	26,990,599	25,081,812	239,399	150,151	-	-	1,112,386	1,121,149	459,516	295,451	1,969,255	2,154,259	(94,085)	(92,317)	30,677,070	28,710,505
Less:																
Net Outstanding Claims Reserve at the beginning of the year																
Reported	26,090,788	23,439,097	804,483	1,239,220	-	-	3,242,376	4,146,431	712,753	721,977	2,530,866	1,595,132	1,104,681	4,203,120	34,485,947	35,344,977
Unreported	4,490,906	5,942,106	20,539	20,602	-	-	290,832	200,796	30,221	30,271	2,875,661	3,703,082	80,392	170,531	7,788,551	10,067,388
Less:																
Reinsurance share from reported claims	1,439,820	1,392,178	650,661	1,125,969	-	-	2,411,737	2,923,801	447,523	489,379	1,534,309	986,314	913,377	3,494,451	7,397,427	10,412,092
Reinsurance share from unreported claims	-	-	-	-	-	-	-	-	-	-	1,717,960	2,343,240	-	-	1,717,960	2,343,240
Recoveries	4,060,061	3,957,308	24,210	219,068	-	-	322	21,350	-	-	-	-	364,013	243,465	4,448,606	4,441,191
Net Outstanding Claims Reserve at the beginning of the year	25,081,813	24,031,717	150,151	(85,215)	-	-	1,121,149	1,402,076	295,451	262,869	2,154,258	1,968,660	(92,317)	635,735	28,710,505	28,215,842
Net Claims Cost	20,302,024	21,210,531	257,140	377,256	-	-	487,894	419,580	298,335	64,990	16,920,647	15,088,684	317,969	(338,820)	38,584,009	36,822,221

Gulf Insurance Group/ Jordan Public Shareholding Company
Statement of Underwriting Profits for the General Insurance
For the Year Ended 31 December 2022

	Motor		Marine		Aviation		Fire and damages property		Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenues from written premiums	23,368,782	23,971,082	351,951	403,760	-	-	1,566,549	1,462,651	200,750	189,135	20,911,136	19,969,103	1,065,344	1,081,358	47,464,512	47,077,089
Less:																
Net claims cost	20,302,024	21,210,531	257,140	377,256	-	-	487,894	419,580	298,335	64,990	16,920,647	15,088,684	317,969	(338,820)	38,584,009	36,822,221
Add:																
Commissions received	18,299	20,676	789,417	646,758	9,469	-	1,891,459	1,943,541	392,454	332,562	6,435,924	9,104,672	645,596	715,465	10,182,618	12,763,674
Insurance policies issuance fees	368,594	419,372	76,701	66,494	3,056	606	176,051	231,068	19,640	23,669	3,035,895	2,581,210	200,249	335,504	3,880,186	3,657,923
Total revenues	3,453,651	3,200,599	960,929	739,756	12,525	606	3,146,165	3,217,680	314,509	480,376	13,462,308	16,566,301	1,593,220	2,471,147	22,943,307	26,676,465
Less:																
Policies acquisition costs	446,108	541,115	25,265	40,980	-	-	232,336	262,380	30,535	45,086	886,246	794,336	307,670	303,504	1,928,160	1,987,401
Excess of loss premiums	194,487	278,734	108,411	78,476	-	-	620,722	695,235	-	-	-	-	194,089	59,122	1,117,709	1,111,567
General and administrative and employees' expenses related to underwriting accounts	3,119,855	2,915,860	209,674	226,491	35,687	-	1,269,848	1,581,584	166,793	185,164	6,523,085	7,108,884	423,842	501,654	11,748,784	12,519,637
Other expenses related to underwriting accounts	-	97,599	5,608	7,286	-	-	16,361	15,161	-	45	197,939	232,962	942	1,007	220,850	354,060
Total Expenses	3,760,450	3,833,308	348,958	353,233	35,687	-	2,139,267	2,554,360	197,328	230,295	7,607,270	8,136,182	926,543	865,287	15,015,503	15,972,665
Underwriting profit	(306,799)	(632,709)	611,971	386,523	(23,162)	606	1,006,898	663,320	117,181	250,081	5,855,038	8,430,119	666,677	1,605,860	7,927,804	10,703,800

(1) GENERAL

Gulf Insurance Group Company/Jordan Public Shareholding Company was established in 1996 and registered under No. (309), with a paid in capital of JD 2,000,000 divided into 2,000,000 shares with a par value of JD 1 each. The paid in capital increased several times; the last of which was during 2022, the authorized and paid in capital became JD 26,000,000 divided into 26,000,000 shares with a par value of JD 1 each.

The Group is engaged in insurance business against fire, accidents, marine and transportation and motor insurance, liability, aviation, medical insurance and life insurance through its main branch located at Jabal Amman 3rd circle in Amman, and other branches at Marca "licensing services center", Mecca Street, 8th Circle, Business Park, Abdali in Amman city, Aqaba branch in Aqaba City and in Irbid branch in Irbid city.

The General Assembly decided in its meeting held on 31 May 2022 to change the legal name of the company from (Arab Orient Insurance Company) to (Gulf Insurance Group Company / Jordan). Legal procedures were completed during the third quarter of 2022.

Gulf Insurance Group Company/ Jordan Public Shareholding Company is 89.91% owned by Gulf Insurance Company (parent Company) as at 31 December 2022. The Company's financial statements are consolidated with the parent Company.

The consolidated financial statements were approved by the Board of Directors in its meeting held on 23 February 2023.

(2) BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the Standards issued by the International Accounting Standards Board (IASB).

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

The consolidated financial statements are presented in Jordanian Dinars ("JD") which is the functional currency of the Group.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Gulf Insurance Group/ Jordan ("the Company") and its following subsidiaries (referred to as "the Group") as of 31 December 2022.

Name of Company	Legal Status	Country	Ownership percentage
Badeyet al Khaleej First Company for Management Consulting *	Limited liability	Jordan	100%
The Arabian Gulf Horizons Company for Management Consulting **	Limited liability	Jordan	100%

* Badeyet Al Khaleej First Company for Management Consulting, a limited liability Company, was established and registered at the Ministry of Industry and Trade on 29 December 2020 with a paid in capital of JD 1,000 and is fully owned by the Gulf Insurance Group/ Jordan (Public Shareholding Company). The Company's main objectives are to acquire, sell and mortgage movable and immovable assets to achieve the Company's objectives.

** The Arabian Gulf Horizons Company for Management Consulting, a limited liability Company, was established and registered at the Ministry of Industry and Trade on 29 December 2020, with a paid in capital of JD 1,000 and is fully owned by the Gulf Insurance Group/ Jordan (Public Shareholding Company). The Company's main objectives are to acquire, sell and mortgage movable and immovable assets to achieve the Company's objectives.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or
- Retained earnings, in the event that the group has directly excluded its assets or liabilities.

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

All balances, transactions, revenues and expenses resulting from transactions between the Company and its subsidiary are excluded.

(3) CHANGES IN ACCOUNTING POLICIES

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

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

These amendments had no impact on the consolidated financial statements of the Group.

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no impact on the consolidated financial statements of the Group.

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group.

Accounting polices

The following are the major accounting policies applied:

Business Sector
The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which is measured based on the reports used by the chief operating decision maker.
The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

Date of Recognition of Financial Assets
Purchases and sales of financial assets are recognized on the trade date (that being the date at which the sale or purchase takes place).

Fair Value
The closing prices (purchase of assets/sale of liabilities) at the date of the consolidated financial statements in active markets represent the fair value of instruments that have market prices.

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

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

The objective of the valuation method is to show a fair value that reflects market expectations. Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

A- Financial assets at amortized cost

Financial assets at amortized cost must be measured if the following conditions are met:

- Financial assets are measured at amortized cost only if these assets are held within a business model whose objective is to hold the assets to collect their contractual cash flows.
- The cash flows according to contractual condition for these assets arise in specific dates and only represent payment for the asset amount and for the interest calculated on these assets.

Assets at amortized cost are recorded at cost upon purchase plus acquisition expenses, the premium/ discount (if any) is amortized by using the effective interest rate method records on the interest or for its account. Any provisions resulted from impairment in its value is deducted and any impairment in its value is recorded in the consolidated statement of income.

The amount of the impairment consists of the difference between the book value and present value of the expected future cash flows discounted at the original effective interest rate.

The standard permits in cases to measure these assets at fair value through statement of income if that eliminates or reduces to a large extent the inconsistency in measurement (sometimes called accounting mismatch) that arise from measurement of assets or liabilities or profit and loss recognition resulted from them in different basis.

B- Financial assets at fair value through other comprehensive income

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

Impairment in Financial Assets Value

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the recoverable value is estimated in order to determine impairment loss.

Impairment amounts are determined by the following:

- Impairment in financial assets recorded at amortized cost is determined on the basis of the present value of the expected cash flows discounted at the original interest rate.

Impairment loss is recognized in the statement of income. Any recoveries in the future resulting from previously recognized impairment is credited to the consolidated statement of income.

Investment Properties
Investment properties are stated at cost less accumulated depreciation and are depreciated (excluding lands). The impairment loss is recorded in the statement of income, Operating revenues and expenses related to these investments are recorded in the consolidated statement of income.

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

Cash and Cash equivalents
For cash flow purpose cash and cash equivalents comprise cash on hand and at banks, and bank deposits maturing within three months, less bank overdrafts and restricted funds.

Reinsurance Accounts
Reinsurers shares of written, paid claims, technical reserves, and all other rights and obligations resulting on signed contracts between the Group and reinsures are accounted for based on accrual basis.

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

Impairment in Reinsurance Assets
In case there is any indication as to the impairment of the reinsurance assets of the Group, which possesses the reinsured contract, the Group has to reduce the present value of the contracts and record the impairment in the statement of income. The impairment is recognized in the following cases only:

1. There is objective evidence resulting from an event that took place after the recording of the reinsurance assets confirming the Group's inability to recover all the amounts under the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts that the Group will recover from the reinsure.

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except land) are depreciated when its ready for use. Depreciation is computed on a straight-line basis using the following depreciation rates, and the depreciation expense is recorded in the consolidated statement of income:

	%
Building	2
Computers	20
Decorations	15-20
Tools, equipment and furniture	15
Furniture	10
Vehicles	15

Depreciation expense is calculated when property and equipment are ready for use.

Property and equipment under construction are stated at cost less impairment loss.

Assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The impairment loss is recorded in the consolidated statement of income.

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

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

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i,e,, the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Pledged financial assets

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, repledge), A periodic review is performed for those properties as per the applicable accounting policies to evaluate each based on their respective class.

Intangible assets

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

Intangible assets are classified based on either its estimated usual economic lives or indefinite useful lives. Intangible assets, with finite lives, are amortized over the useful economic lives and is in the income statement while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired, and any impairment is taken to the consolidated 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 at 20% amortization rate.

Lease contract liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Provisions

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

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

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

A- Technical Reserves

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

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.

3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Group.
4. Outstanding claims (Reported) provision is measured based on the Group's experience and estimations.
5. Unearned premiums reserve is measured based on the Group's experience and estimations.
6. Mathematical reserve is measured in accordance with the instruction and decisions issued by the Insurance Administration.

B- Provision for expected credit losses

The Group has applied the standard's simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit losses on accounts receivable and checks under collection, The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors and economic environment.

C- End of service provision

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

The annual amounts paid to resigned employees as end of service are recorded to this account when paid, and a provision for the Group's obligation for the end of service is recorded in the consolidated statement of income.

Liability adequacy test

At each statement of financial position date, the Group assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts.

If the valuation shows that the present value of insurance liabilities is insufficient compared to the expected future cash flows, then the full value of the deficiency is included in the consolidated statement of income.

Income Tax

Income tax represents accrued and deferred tax.

A- Accrued Income Tax

The accrued income tax expense is calculated based on taxable income, The taxable income differs from the actual income in the statement of income because the accounting income contains expenditures and revenues that are not tax deductible in the current year but in the preceding years or the accepted accumulated losses or any other not deductibles for tax purposes.

The taxes are calculated based on enacted tax percentages which are stated by laws and regulation in the Hashemite Kingdom of Jordan.

B- Deferred Tax

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

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

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

Offsetting

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

Revenue recognition

A- Insurance policies

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period, Unearned premiums are recorded according to insurance policy periods at the date of financial statements within the liabilities as unearned premium reserve.

Claims expenses are recognized in the statement of income based on the expected claim value to compensate policy holder or other affected parties.

B- Dividend and interest revenues

The Dividends revenues are realized when the shareholders have the right to receive the payment once declared by the General Assembly of Shareholders,

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

Expenses recognition

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

Insurance compensations

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

Insurance compensations payments during the year even for the current or prior years. Outstanding claims represent the highest estimated amount settle the claims resulting from events occurring before the date of consolidated financial statements but not settled yet. Outstanding claim reserve is recorded based on the best available information at the date of financial statements and includes the IBNR.

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

General and administrative expenses
General and administrative expenses are distributed to each insurance division separately. Moreover, 80% of the non-distributable general and administrative expenses is allocated to different insurance departments based on the ratio of written premiums of the department to total premiums.

Employee's expenses
The traceable employees' expenses are allocated directly to insurance departments, and 80% of un-allocated employee's expenses are allocated based on earned premiums per department to total premiums.

Insurance policy acquisition costs
Acquisition cost represent the cost incurred by the group for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in the consolidated statement of income.

Foreign currencies
Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates.

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

Non-financial assets and non-monetary liabilities demimonde in foreign currencies at fair value are translated at the date of the determined fair value.

Any gains or losses are taken to the consolidated statement of income.

Translation gains or losses on non-monetary items are recorded as part of change in fair value.

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

The details of significant estimates made by management as follows:

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.

- The financial year is charged with its related income tax in accordance with laws and regulations.

- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit, The impairment loss (if any) appears on the consolidated statement of income.

- The outstanding claims reserve and technical reserve are estimated based on technical studies and according to insurance commission regulation and filed actuarial studies.

- A provision on lawsuit against the Group is made based on the Group's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.

- The management periodically reviews whether a financial asset or group of financial assets is impaired, if so, this impairment is taken to the consolidated statement of income for the year.

- The management of the Group assesses the factors that affect the measurement of the right of use assets and lease liabilities related to them and takes into account all the factors related to the option to extend or renew the lease contracts, noting that the management conducts tests to determine whether the contract contains rent. Management also uses estimates to determine the appropriate discount rate to measure lease contracts liabilities.

(4) MERGER OF ARAB LIFE AND ACCIDENTS INSURANCE COMPANY

Arab Orient Insurance Company and the subsidiaries have acquired 74,8% of the voting shares of Arab Life and Accidents Insurance Company – Public Shareholding Company during the first quarter of 2021. The total purchase price of the acquisition was JD 4,919,301 with an average price of JD 0,55 per share, An amount of JD 2,592,000 was used to increase the share capital of Arab Life and Accidents Insurance Company. On 2 November 2021, the final approval was obtained to merge Arab Life and Accident Insurance Company with Arab Orient Insurance Company. The entity resulted from the merger is Arab Orient Insurance Company with an authorized paid-in capital of JD 25,438,252 with a par value of JD 1 each.

The fair value of the identifiable assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition were:

	Carrying value at the date of acquisition (17 March 2021)	Adjustments	Fair value at the date of acquisition (17 March 2021)
	JD	JD	JD
Assets			
Bank deposits	1,213,963	-	1,213,963
Financial assets at fair value through profit or loss	5,488	-	5,488
Financial assets at fair value through other comprehensive income	684,551	-	684,551
Life policyholder's loans	22,865	-	22,865
Total Investments	1,926,867	-	1,926,867
Cash and cash equivalents	295,202	-	295,202
Checks under collection	1,561,769	153,144	1,714,913
Accounts receivable, net	2,116,333	810,795	2,927,128
Reinsurance receivables	900,445	-	900,445
Deferred tax assets	1,054,516	(770,225)	284,291
Property and equipment, net	652,278	1,373,658	2,025,936
Intangible assets	190,758	5,199,149	5,389,907
Other assets	274,215	-	274,215
Total assets	8,972,383	6,766,521	15,738,904
Technical reserves			
Unearned premium reserve, net	3,972,430	-	3,972,430
Outstanding claims reserve, net	2,715,698	750,000	3,465,698
Mathematical reserve, net	411,619	-	411,619
Total technical provisions	7,099,747	750,000	7,849,747
Accounts payable	1,397,545	-	1,397,545
Accrued expenses	166,974	-	166,974
Reinsurance payables	1,074,177	-	1,074,177
Other provisions	342,538	-	342,538
Other liabilities	919,799	-	919,799
Total liabilities	11,000,780	750,000	11,750,780
Add: Consideration received to increase the capital	2,592,000		2,592,000
Total identifiable net assets at fair value	563,603		6,580,124
Less: Non-controlling interest share (25,23%)			(1,660,823)
Total acquired net assets			4,919,301
Consideration paid			4,919,301
Analysis of cash flows on acquisition:			
Net cash acquired with the subsidiary			2,887,202
Consideration paid			(4,919,301)
Acquisition of the subsidiary – net of cash paid			(2,032,099)

The management of Arab Orient Insurance Company has relied on the merger committee's report dated on 23 September 2021 to allocate the purchase price to the assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition in accordance with the requirements of IFRS (3). The merger committee's report included the following decisions to reach the net fair value of the assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition:

1- Increase the balance of property and equipment by JD 1,373,658 after the evaluation of the property and equipment of Arab Life and Accidents Insurance Company by three real estate experts.

2- Increase the balance of checks under collection by JD 153,144 by releasing this amount from the balance of provision for expected credit losses on checks under collection due to a surplus in the balance of the provision as at the date of acquisition.

3- Increase the balance of accounts receivable by JD 810,795 by releasing this amount from the balance of provision for expected credit losses on accounts receivable due to a surplus in the balance of the provision as at the date of acquisition.

4- Amortize an amount of JD 770,225 from the balance of deferred tax assets which represents deferred tax assets resulting from accumulated losses as at the date of acquisition based on the opinion of the tax consultant.

5- Increase the balance of the outstanding claims reserve by JD 750,000 bases on the opinion of the legal counsel.

This acquisition has resulted in a difference between the consideration paid and the net of identifiable assets and liabilities of the subsidiary, and after taking into account the decisions and adjustments mentioned above by JD 5,199,149. The Company's management has allocated this amount as a license for life insurance business within intangible assets category.

(5) BANK DEPOSITS

	2022			2021
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 Year	Total	Total
	JD	JD	JD	JD
Inside Jordan	-	66,922,562	66,922,562	58,928,609

Interest rates on bank deposits balances range between 3.75% to 6.25% during 2022 compared to 2.73% to 4.5% during 2021.

Deposits pledged in favor of the Central Bank of Jordan Governor deposited in Jordan Kuwait Bank amount to JD 800,000 as at 31 December 2022 (31 December 2021: JD 647,350).

There are no restricted balances except for restricted balances which represent pledged deposits in favor of the Central Bank of Jordan Governor.

Below is the distribution of the Group's banks deposits:

	2022	2021
	JD	JD
Jordan Kuwait Bank	21,655,916	18,890,121
Cairo Amman Bank	11,436,460	9,089,310
Capital Bank of Jordan	10,338,288	6,194,243
Jordan Commercial Bank	5,984,929	5,748,830
Societe Generale Bank	-	5,065,697
Egyptian Arab Land Bank	5,232,422	5,025,743
Etihad Bank	3,670,950	3,557,639
Arab Banking Corporation Bank	3,187,457	3,087,714
Jordan Ahli Bank	1,673,192	1,614,426
Bank of Jordan	674,739	654,886
Invest Bank	3,168,209	-
	67,022,562	58,928,609
Less: Provision for expected credit losses	(100,000)	-
	66,922,562	58,928,609

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

	2022	2021
	JD	JD
Balance at the beginning of the year	-	-
Transferred from provision for trade receivable expected credit losses	100,000	-
Balance at the end of the year	100,000	-

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

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Number of shares	Number of shares	JD	JD
Inside Jordan:				
Listed shares:				
Afaq for Energy	1,140,147	1,140,147	2,097,871	1,596,206
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	1,464,425	1,618,575
Cairo Amman Bank	113,000	113,000	151,420	157,070
Jordan Kuwait Bank	588,234	-	970,586	-
Capital Bank of Jordan	-	700,000	-	1,421,000
Jordan Electricity Power Company	-	163,013	-	189,095
Amlak Company	-	54	-	54
Total listed shares			4,684,302	4,982,000
Unlisted shares:				
Saraya Aqaba Real Estate Development Company	500,000	500,000	154,880	154,880
Imcan for Financial Services	-	12,719	-	14,214
Al-Motarabetah Investment Company	29,851	29,851	9,579	9,579
			164,459	178,673
Outside Jordan:				
Listed shares:				
Gulf Warehousing Company	685,000	-	534,999	-
SafaBank/ Palestine owned by Cairo Amman Bank	9,562	-	5,423	-
Unlisted shares:				
Iraq International Insurance Company	482,195,655	482,195,655	171,000	171,000
			711,422	171,000
Financial assets at fair value through other comprehensive income			5,560,183	5,331,673

(35) RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into transactions with major shareholders, board members and directors in the Group within the normal activities of the Group using insurance premium and commercial commission, All balances with related parties are considered performing balances and no provision has been taken against them as at 31 December 2022.

Below is a summary of related parties' balances and transactions during the year:

	2022				2021
	Jordan Kuwait Bank (Shareholder-subsidiary of the ultimate parent)	Gulf Insurance Group (Parent company)	Board of Directors and Executive Management	Total	Total
	JD	JD	JD	JD	JD
Consolidated Statement of Financial Position Items:					
Time deposits	21,655,916	-	-	21,655,916	18,890,121
Overdraft account – on demand	152,128	-	-	152,128	457,494
Current account	216,540	-	-	216,540	505,906
Deposits on letters of guarantee	400,659	-	-	400,659	443,127
Accounts receivable/ payable	(1,092,851)	(458,408)	(35,670)	(1,586,929)	(999,072)
Bank Overdraft	-	-	-	-	(1,199,828)
Subordinated loan	-	1,500,000	-	1,500,000	3,000,000
Financial assets at fair value through other comprehensive income	970,586	-	-	970,586	-
Off-statement of Financial Position Items:					
Letters of guarantee	4,006,590	-	-	4,006,590	4,431,270
Consolidated Statement of comprehensive income Items:					
Bank interest income	672,795	-	-	672,795	400,489
Written premiums	2,669,898	-	22,215	2,692,113	2,519,465
Bank expenses and commissions	118,596	-	-	118,596	130,080
Salaries	-	-	1,011,404	1,011,404	1,011,417
Bonuses	-	-	402,865	402,865	346,317
Transportation expenses for members of the Board of Directors	-	-	125,400	125,400	322,620
Bonus expenses for members of the Board of Directors	-	-	35,000	35,000	28,000
Board of Directors committees' bonuses	-	-	4,600	4,600	7,000

During 2011, it was agreed with Gulf Insurance Group (Major Shareholder and member of the Board of Directors) to settle all treaty reinsurance accounts through Gulf Insurance Company, where the Group's credit balance amounts to JD 458,408 at the end of the year 2022 (2021: JD 974,918).

The movement on the provision for impairment on financial assets at amortized cost provision is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	1,199,000	1,199,000
Transferred from provision for trade receivable expected credit losses	100,000	-
Balance at the end of the year	1,299,000	1,199,000

(8) INVESTMENT PROPERTY

This item consists of land which was acquired in exchange of a receivable balance from a client who was not able to make payment. The land was valued and recorded at its fair value in exchange for a portion of the receivable balance. There are no material differences between the book value and the fair value as at 31 December 2022 and 2021.

(9) LIFE POLICYHOLDERS' LOANS

This item consists of the following:

	2022	2021
	JD	JD
Loans to life policyholders which do not exceed the surrender value	11,757	22,703

The maturity date for loans to life policyholders consists the following:

	From 1 month to 3 months	From 3 months to 6 months	From 6 months to a year	More than a year	Total
	JD	JD	JD	JD	JD
2022-					
Loans to life policyholders which do not exceed the surrender value	-	-	-	11,757	11,757

(10) CASH AND CASH EQUIVALENTS

	2022	2021
	JD	JD
Cash on hand	24,004	24,412
Bank balances	778,959	1,949,371
	802,963	1,973,783
Less: Bank overdraft*	-	(1,199,828)
	802,963	773,955

* This balance represents the Group overdraft balance at Jordan Kuwait Bank with a ceiling of JD 2,000,000 and interest rate of 5% as at 31 December 2021 and the outstanding balance was fully paid during 2022.

Cash and cash equivalents which appears in the consolidated statement of cash flows consist of the following:

	2022 JD	2021 JD
Cash and cash equivalents	802,963	773,955
Deposits at banks with original maturity date of three months or less	-	414,350
Cash related to discontinued operations' assets	753,738	730,485
	1,556,701	1,918,790

(11) CHECKS UNDER COLLECTION

	2022 JD	2021 JD
Checks under collection due within six months	4,242,287	6,532,604
Checks under collection due within more than six months up to one year	741,007	845,832
	4,983,294	7,378,436
Less: Provision for expected credit losses*	(504,469)	(513,000)
	4,478,825	6,865,436

* Movements on provision for expected credit losses during the year were as follows:

	2022 JD	2021 JD
Balance at the beginning of the year	513,000	470,322
Provision for the year	-	153,144
Transferred to provision for doubtful receivables re-insurance receivables	(8,531)	(110,466)
Balance at the end of the year	504,469	513,000

(12) ACCOUNTS RECEIVABLE

	2022 JD	2021 JD
Policyholders *	32,462,164	33,707,304
Brokers receivables	2,464,365	2,513,600
Employees' receivables	98,564	110,199
Other receivables	1,022,380	1,057,879
	36,047,473	37,388,982
Less: Provision for expected credit losses **	(9,271,339)	(10,005,284)
	26,776,134	27,383,698

The details of the aging of receivables are as follows:

	Undue receivables	1-180 days	181-360 days	More than 360 days	Total
	JD	JD	JD	JD	JD
31 December 2022	17,760,881	7,957,009	870,304	187,940	26,776,134
31 December 2021	17,749,854	6,871,268	1,668,296	1,094,550	27,383,698

* Policy holders receivables includes scheduled payments in the amount of JD 17,760,881 as at 31 December 2022 (JD 17,749,854 as at 31 December 2021).

** Movement on the provision for expected credit losses during the year were as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	10,005,284	8,621,128
Balance related to the merged company	-	1,980,511
Provision (recoveries) for the year	191,381	(39,824)
Receivables written off	(469,023)	(520,114)
Transferred to provision for doubtful debts of reinsurance receivables	(256,303)	(36,417)
Transferred to provision for expected credit loss for deposits at banks	(100,000)	-
Transferred to provision for impairment on financial assets at amortized cost	(100,000)	-
Balance at the end of the year	9,271,339	10,005,284

(13) REINSURANCE RECEIVABLES

	2022	2021
	JD	JD
Local insurance companies	2,007,976	1,766,931
Foreign reinsurance companies	794,826	697,862
	2,802,802	2,464,793
Less: Provision for doubtful debts *	(1,151,004)	(886,170)
	1,651,798	1,578,623

* Movements on provision for doubtful debts during the year:

	2022	2021
	JD	JD
Balance at the beginning of the year	886,170	635,120
Balance related to the merged company	-	104,167
Transferred from allowance for expected credit losses for checks under collection	8,531	110,466
Transferred to provision for expected credit losses on accounts receivable	256,303	36,417
Balance at end of the year	1,151,004	886,170

The details of the aging of the reinsurance receivables are as follows:

	1 - 90 day	91-180 days	181-360 days	Total
	JD	JD	JD	JD
31 December 2022	1,010,779	275,315	365,704	1,651,798
31 December 2021	768,414	645,051	165,158	1,578,623

(14) INCOME TAX

Movements on income tax provision were as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	2,483,394	2,483,944
Provision for the year	-	3,447,978
National contribution tax	169,769	291,244
Accrued taxes for investments outside Jordan	49,196	19,565
Income tax paid	(2,756,615)	(3,056,509)
Income tax on interest income	271,011	(702,828)
Balance at the end of the year	216,755	2,483,394

The income tax expense which appears in the consolidated statement of income represents the following:

	2022	2021
	JD	JD
Income tax for the year	-	3,447,978
Accrued taxes for investments outside Jordan	49,197	19,565
National contribution tax	169,769	291,244
Income tax related to previous years	97,124	-
Deferred tax assets	200,913	179,052
	517,003	3,937,839

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

	2022	16 November 2021*
	JD	JD
Accounting profit	7,829,361	14,675,791
Non-taxable profits	(1,629,077)	(1,835,060)
Non-deductible expenses	931,922	1,525,846
Gain on sale of financial assets through other comprehensive income	1,356,628	-
Income tax expense	8,488,834	14,366,577
National contribution tax	-	3,447,978
Taxable profit	169,769	291,244
Effective income tax and national contribution rate	%2	42%
Statutory income tax tax rate	%2	26%

* This item represents the summary of the reconciliation between accounting profit and taxable profit0020from the beginning of the year until 16 November 2021. Income tax expense was calculated until 16 November 2021 as Gulf Insurance Group Company/ Jordan Public Shareholding Company became exempted from income tax starting from 17 November 2021 for three years due to its merger with Arab Life and Accident Insurance Company, in accordance with the decision of the prime ministry No, (12583) dated 19 November 2015 in accordance with Article (8/b) of Investment Law No, 30 of 2014.

Final settlement for income tax was reached until 31 December 2019, Income tax return was submitted for the years 2020 and 2021. The Income and Sales Tax Department have not reviewed the records until the date of preparing the consolidated financial statements. In the opinion of the management and the tax advisor the income tax provision is sufficient to fulfill any tax obligation.

Deferred tax assets

	2022						2021
Deferred tax assets	Balance at the beginning of the year JD	Balance related to the merged Company JD	Additions JD	Released Amounts JD	Balance at the end of the year JD	Deferred Tax JD	Deferred Tax JD
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables	3,321,298	-	-	-	3.321.298	863,537	863,537
Provision for employees' bonuses	600.000	-	-	600.000	-	-	156,000
Impairment loss on financial asset	1.199.000	-	-	-	1.199.000	311.740	311,740
Provision for incurred but not reported claims, net	6,358,482	-	-	993,384	5,365,098	1,394,926	1,653,205
End of service provision	2,019,887	-	433,331	35,693	2,417,525	628,557	525,171
Premium deficiency reserve, net	884.000	-	423,000	-	1,307,000	339,820	229,840
	14,382,667	-	856,331	1,629,077	13,609,921	3,538,580	3,739,493

Movements on deferred tax assets during the year were as follows:

	2022 JD	2021 JD
Balance at the beginning of the year	3,739,493	3,634,254
Balance related to the merged Company	-	284,291
Released, net	(200,913)	(179,052)
Balance at the end of the year	3,538,580	3,739,493

(15) PROPERTY AND EQUIPMENT

	Land	Building	Computers	Decorations	Tools, equipment and furniture	Vehicles	Total
2022-	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	2,757,000	3,716,205	1,607,126	1,754,083	2,183,196	381,828	12,399,438
Additions	775,896	-	77,657	101,719	76,484	99,126	1,130,882
Disposals	-	-	(15,978)	(24,501)	(42,756)	(148,100)	(231,335)
Balance at the end of the year	3,532,896	3,716,205	1,668,805	1,831,301	2,216,924	332,854	13,298,985
Accumulated depreciation:							
Balance at the beginning of the year	-	1,017,673	1,203,343	1,432,225	1,831,980	347,158	5,832,379
Depreciation for the year	-	74,324	133,007	100,428	92,061	34,702	434,522
Disposals	-	-	(15,424)	(18,459)	(40,633)	(151,850)	(226,366)
Balance at the end of the year	-	1,091,997	1,320,926	1,514,194	1,883,408	230,010	6,040,535
Net book value at the end of the year	3,532,896	2,624,208	347,879	317,107	333,516	102,844	7,258,450
2021-							
Cost:							
Balance at the beginning of the year	1,545,000	2,575,000	1,238,344	1,700,790	1,421,868	273,300	8,754,302
Balance related to the merged Company	1,212,000	1,141,205	265,904	-	744,469	279,322	3,642,900
Additions	-	-	170,706	67,923	95,047	-	333,676
Disposals	-	-	(67,828)	(14,630)	(78,188)	(170,794)	(331,440)
Balance at the end of the year	2,757,000	3,716,205	1,607,126	1,754,083	2,183,196	381,828	12,399,438
Accumulated depreciation:							
Balance at the beginning of the year	-	532,167	918,530	1,310,840	1,123,796	221,824	4,107,157
Balance related to the merged Company	-	420,496	234,339	-	696,253	265,876	1,616,964
Depreciation for the year	-	65,010	116,816	135,616	89,469	30,252	437,163
Disposals	-	-	(66,342)	(14,231)	(77,538)	(170,794)	(328,905)
Balance at the end of the year	-	1,017,673	1,203,343	1,432,225	1,831,980	347,158	5,832,379
Net book value at the end of the year	2,757,000	2,698,532	403,783	321,858	351,216	34,670	6,567,059

Property and equipment include fully depreciated assets with the total amount of JD 2,931,892 as at 31 December 2022 (JD 3,615,846 as at 31 December 2021) which are still being used up to the date of the consolidated financial statements.

(16) INTANGIBLE ASSETS

2022	Life Insurance license	Programs and Computer systems	Total
	JD	JD	JD
Cost:			
Balance at the beginning of the year	5,199,149	2,524,707	7,723,856
Additions	-	308,909	308,909
Disposals	-	(290,386)	(290,386)
Balance at the end of the year	5,199,149	2,543,230	7,742,379
Accumulated Amortization:			
Balance at the beginning of the year	-	2,002,121	2,002,121
Amortization for the year	-	196,811	196,811
Disposals	-	(188,817)	(188,817)
Balance at the end of the year	-	2,010,115	2,010,115
Net book value at the end of the year	5,199,149	533,115	5,732,264

2021	Life Insurance license	Programs and Computer systems	Total
	JD	JD	JD
Cost:			
Balance at the beginning of the year	-	1,574,308	1,574,308
Balance related to the merged Company (note 4)	5,199,149	761,623	5,960,772
Additions	-	188,776	188,776
Balance at the end of the year	5,199,149	2,524,707	7,723,856
Accumulated Amortization:			
Balance at the beginning of the year	-	1,183,219	1,183,219
Balance related to the merged Company (note 4)	-	570,865	570,865
Amortization for the year	-	248,037	248,037
Balance at the end of the year	-	2,002,121	2,002,121
Net book value at the end of the year	5,199,149	522,586	5,721,735

(17) RIGHT OF USE ASSETS

The table shown below shows the book value for right of use assets along with the movement during the year:

	2022	2021
	JD	JD
Balance at the beginning of the year	262,602	343,547
Additions	391,471	148,147
Depreciation on right of use assets (note 31)	(252,686)	(229,092)
Balance at the end of the year	401,387	262,602

(18) OTHER ASSETS

	2022	2021
	JD	JD
Accrued interest revenues	1,223,267	1,136,472
Refundable deposits	464,437	507,431
Income tax paid on interest income	174,700	43,652
Prepaid expenses	163,582	290,993
Advance payments for income tax	31,360	51,525
Insurance guarantees	1,877	-
Income tax deposits	123,733	-
Others	24,133	-
	2,207,089	2,030,073

(19) ACCOUNTS PAYABLE

	2022	2021
	JD	JD
Trade and Companies' payables	3,862,219	4,740,504
Medical network payables	2,155,471	3,074,458
Agents' payables	584,221	990,423
Garages' payables and vehicle parts	476,241	528,082
Employees' payables	37,180	14,534
	7,115,332	9,348,001

(20) REINSURANCE PAYABLES

	2022	2021
	JD	JD
Foreign reinsurance Companies	22,386,285	21,591,545
Local insurance Companies	357,947	238,039
	22,744,232	21,829,584

(21) LEASE CONTRACTS LIABILITIES

The table below shows the book value for lease contract liabilities and the movement during the year ended:

	2022	2021
	JD	JD
Balance at the beginning of the year	235,371	307,634
Additions	391,471	148,147
Interest on lease contracts liabilities (note 31)	30,870	15,974
Paid during the year	(263,425)	(236,384)
Balance at the end of the year	394,287	235,371

(22) OTHER PROVISIONS

	2022	2021
	JD	JD
End of service provision *	2,040,193	1,833,695
Contingent liability provision **	180,425	796,125
Profit sharing provision	5,375	5,157
	2,225,993	2,634,977

*Movements on end of service provision during the year were as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	1,833,695	1,604,843
Balance related to the merged company	-	39,299
Provision for the year (note 30)	433,331	895,218
Paid during the year	(226,833)	(705,665)
Balance at the end of the year	2,040,193	1,833,695

The actuarial assumptions used in determining the value of employees' end of service indemnity provision are as follows:

	2022	2021
Discount rate	5%	5.5%
Mortality rate	0.020%	0.025%
Annual salaries increments rate	0.5%	1.5%
Resignation rate	7.5%	1.5%

**Movements on contingent liability provision during the year were as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	796,125	-
Balance related to the merged Company	-	126,125
Provision for the year	-	670,000
Paid during the year	(615,700)	-
Balance at the end of the year	180,425	796,125

(23) OTHER LIABILITIES

	2022	2021
	JD	JD
Social security deposits and governmental fees	321,103	356,256
Income tax withholdings	110,282	428,006
Stamps	136,364	143,123
Accrued expenses	110,040	122,557
Sales tax withholdings	109,288	82,650
Due to shareholders – subscription refunds	57,712	57,797
Customers' deposits	122,410	-
Other deposits	32,002	57,915
	999,201	1,248,304

(24) AUTHORIZED AND PAID IN CAPITAL

The General Assembly decided in its meeting held on 2 November 2021 to increase the authorized capital by an amount of JD 4,000,000 to become JD 25,438,252 through retained earnings in the amount of JD 3,848,264 and an amount of JD 151,736 from the non-controlling interest as a result of the merger.

The general assembly decided in its meeting held on 31 May 2022 to increase the authorized and paid-in capital from 25,438,252 divided into 25,438,252 shares with a par value of JD 1 each to become JD 26,000,000 through distributing of free shares to the Company's shareholders, from the special reserve balance within the shareholders' equity with an amount of JD 40,221 and from retained earnings balance with an amount of JD 521,527 as of 31 December 2021. Legal procedures have been completed during the third quarter of 2022.

The authorized and paid in capital is JD 26,000,000 divided into 26,000,000 shares at par value of JD 1 each as at 31 December 2022.

(25) LEGAL RESERVES

Statutory reserve

This amount represents appropriations at 10% of net income before income tax during this year and prior years, this reserve is not available for distribution to shareholders. The transfer of the statutory reserve should not be stopped before its balance reaches 25% of the authorized capital. However, with the approval of the company's general assembly, the transfer may continue until the balance of the statutory reserve reaches 100% of the Company's authorized capital.

(26) FAIR VALUE RESERVE

Movements on the fair value reserve during the year were as follows:

	2022 JD	2021 JD
Balance at the beginning of the year	(967,052)	(2,292,597)
Changes in fair value of financial assets through other comprehensive income	925,432	1,083,719
(Gain) losses on sale of financial assets through other comprehensive income	(1,642,688)	241,826
Balance at the end of the year	(1,684,308)	(967,052)

(27) RETAINED EARNINGS

Movements on retained earnings during the year were as follows:

	2022	2021
	JD	JD
Balances at the beginning of the year	10,597,102	8,622,347
Profit for the year	7,303,633	6,553,334
Less:		
Change in non-controlling interest	-	(15,578)
Increase in capital (note 24)	(521,527)	(3,848,264)
Retained earnings*	(1,271,913)	-
;ain (losses) on sale of financial assets through other comprehensive income	1,642,688	(180,825)
ransfer to statutory reserve	(140,437)	(533,912)
Balance at the end of the year	17,609,546	10,597,102

* The General Assembly of the Company decided in its extraordinary meeting held on 28 April 2022 to distribute 5% of the capital as cash dividends to the shareholders equivalent to JD 1,271,913.

(28) SUBORDINATED LOAN

On November 15, 2017, the Group borrowed from Gulf Insurance Group an amount of (USD 16,361,071) equivalent to JD 11,600,000 as a subordinated loan to increase the Group solvency margin in line with the Insurance Administration Instruction No,3 of 2002 and the decisions issued there under, This loan bears no interest and no maturity or repayment schedule, During 2019, the Group paid back an amount of (USD 3,667,137) equivalent to JD 2,600,000 and during 2020, the Group paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. During 2021, the Group paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. During 2022, the Group paid back an amount of (USD 2,118,644) equivalent to JD 1,500,000.

(29) INTEREST INCOME

	2022	2021
	JD	JD
Interest on bank deposits	2,556,410	2,272,382
Interest on financial assets at amortized cost	818,977	738,403
	3,375,387	3,010,785

(30) EMPLOYEES EXPENSES

	2022	2021
	JD	JD
Salaries and bonuses	8,914,049	8,503,102
Group's share of social security	821,379	939,129
Medical expenses	571,902	477,433
End of service provision (note 23)	433,331	895,218
Travel and transportation	147,749	84,315
Training and employee development	18,281	37,320
	10,906,691	10,936,517
Allocated employees expenses to the underwriting account	(8,725,353)	(8,749,214)
Unallocated employees expense to the underwriting account	2,181,338	2,187,303

(31) GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
	JD	JD
Insurance commission fees	114,886	474,391
Legal fees and expenses	796,106	614,795
Depreciation on right of use assets (note 17)	252,686	229,092
Advertisements	312,388	275,198
Technical consulting fees	289,317	277,521
Postage telecommunications and stamps	222,799	258,164
Stationery and printing	227,447	168,245
Government fees and other fees	243,131	492,462
Bank interest and commission expenses	137,732	106,418
Maintenance	196,926	159,137
Donations	1,330	11,760
Water, electricity and heating	118,406	150,388
Tenders' expenses	145,694	174,958
Board members transportation fees	125,400	322,620
Collections fees	113,622	118,031
Cleaning expenses	74,099	84,538
Subscriptions	99,957	96,538
Interest on lease contracts liabilities (note 21)	30,870	15,974
Rent	57,331	72,879
Professional fees	40,074	130,329
Hospitality	58,419	34,297
Insurance expenses	25,081	25,055
Building management fees	14,566	11,200
Vehicles expenses	16,834	17,239
Board Members Committee Fees	4,600	7,000
Other expenses	226,314	392,729
	3,946,015	4,720,958
Allocated general and administrative expenses to the underwriting accounts	(3,156,813)	(3,783,665)
Unallocated general and administrative expenses to the underwriting accounts	789,202	937,293

(32) OTHER EXPENSES

	2022	2021
	JD	JD
Board of Directors remunerations	35,000	35,000

(33) BASIC AND DILUTED EARNINGS PER SHARE

The profit per share is calculated by dividing the profit for the year by the weighted average number of shares during the year as the following:

	2022	2021
Profit for the year (JD)	7,303,633	6,553,334
Weighted average number of shares (shares)	26,000,000	26,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the year	0/281	0/252
Basic and diluted earnings per share for the year from continuing operations	0/283	0/255

(34) DISCONTINUED OPERATIONS

The Board of Directors of Arab Life and Accidents Insurance Company (the merged Company) decided on a previous date, to close Palestine's branches and, therefore, Palestine's branches' assets were classified as discontinued operations' assets and its obligations as liabilities related to discontinued operations' assets as at 31 December 2022. In additions, the results of these branches were presented in the consolidated statement of income within discontinued operations for the year ended 31 December 2022.

(35) RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into transactions with major shareholders, board members and directors in the Group within the normal activities of the Group using insurance premium and commercial commission, All balances with related parties are considered performing balances and no provision has been taken against them as at 31 December 2022.

Below is a summary of related parties' balances and transactions during the year:

	2022				2021
	Jordan Kuwait Bank (Shareholder-subsidiary of the ultimate parent)	Gulf Insurance Group (Parent company)	Board of Directors and Executive Management	Total	Total
	JD	JD	JD	JD	JD
Consolidated Statement of Financial Position Items:					
Time deposits	21,655,916	-	-	21,655,916	18,890,121
Overdraft account – on demand	152,128	-	-	152,128	457,494
Current account	216,540	-	-	216,540	505,906
Deposits on letters of guarantee	400,659	-	-	400,659	443,127
Accounts receivable/ payable	(1,092,851)	(458,408)	(35,670)	(1,586,929)	(999,072)
Bank Overdraft	-	-	-	-	(1,199,828)
Subordinated loan	-	1,500,000	-	1,500,000	3,000,000
Financial assets at fair value through other comprehensive income	970,586	-	-	970,586	-
Off-statement of Financial Position Items:					
Letters of guarantee	4,006,590	-	-	4,006,590	4,431,270
Consolidated Statement of comprehensive income Items:					
Bank interest income	672,795	-	-	672,795	400,489
Written premiums	2,669,898	-	22,215	2,692,113	2,519,465
Bank expenses and commissions	118,596	-	-	118,596	130,080
Salaries	-	-	1,011,404	1,011,404	1,011,417
Bonuses	-	-	402,865	402,865	346,317
Transportation expenses for members of the Board of Directors	-	-	125,400	125,400	322,620
Bonus expenses for members of the Board of Directors	-	-	35,000	35,000	28,000
Board of Directors committees' bonuses	-	-	4,600	4,600	7,000

During 2011, it was agreed with Gulf Insurance Group (Major Shareholder and member of the Board of Directors) to settle all treaty reinsurance accounts through Gulf Insurance Company, where the Group's credit balance amounts to JD 458,408 at the end of the year 2021 (2021: JD 974,918).

Top Executive management (salaries, bonuses, and other benefits) are summarized as follows:

	2022	2021
	JD	JD
Salaries and bonuses	1,414,269	1,357,734

(36) FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no material differences between the book value and fair value of the financial assets and financial liabilities at the end of the year 2022 and 2021.

(37) RISK MANAGEMENT

Explanatory Disclosures:

Risk management is the evaluation of the risk process of measurement and development of strategies to manage it. These strategies include the transfer of risks to another party, avoiding and mitigating their adverse effect on the Group, in addition to accepting the related consequences partially or wholly, Risk management can be divided into four sections:

First: Material risks such as (natural catastrophes, fires, accidents, and other external risks not relating to the Group's operations).

Second: Legal risks resulting from legal claims or any risks arising from the laws and regulations issued by the Insurance Commission and the related non-compliance.

Third: Risks arising from financial matters such as (interest rate, credit risk, foreign currencies risks, and market risk).

Fourth: Intangible risks that are difficult to identify such as knowledge risk that occurs upon the application of inadequate knowledge by employees, Moreover, relationships risks occur when there is inefficient cooperation with clients. All these risks reduce the employee's productivity in knowledge and lessen the effectiveness of expenditures, profit, service, quality, reputation, and the quality of gains.

Management of risks adopted by the Group relies on prioritizing so that risks with huge losses and high probability are treated first while risks with lower losses and lesser probability are treated later on.

Risk Management Policy

First: Planning and Preparation

The work scope plan and criteria for adopting and evaluating risks at the Group have been set through creating the Institutional Development and Quality Department that monitors this performance.

Second: Identification of Risks

Risks represent events that create problems upon their occurrence. Therefore, these problems should be identified at their origin, When the problem or its origin is identified, the related accident may lead to new risks that can be treated prior to their occurrence. There are many ways to identify risks such as identification based on objectives as each of the Group's sections has certain objectives it endeavors to achieve. Any event that threatens the achievement of these objectives is considered a risk. Based on this, risks are studied and pursued. Moreover, there is a type of risk identification based on a comprehensive classification of all probable sources of risk. Still another type of risk identification is common risks especially for similar companies.

Third: Risk Treatment Method

The Group deals with probable risks by means of the following methods:

- Transfer: This represents the process of transferring the risk to another party through contracts or financial protection.
- Avoidance: This is an active process to ward off risk through avoiding works that lead to risks. Avoidance is the best preventive method against risk. This may deprive the Group from conducting certain activities profitable for the Group.
- Reduction: This is the process of decreasing the loss arising from the occurrence of risk.
- Acceptance: There should be a policy to accept unavoidable risks as acceptance of small risks is an effective strategy.

Fourth: Plan

An easy and clear plan has been set to deal with risks through a pricing policy that relies on historical statistics to avoid the occurrence of risks from any insurance branch so that the premium covers the probable cumulative risks.

Fifth: Execution

The Group's technical departments execute the plan so that the risk effects are mitigated. Moreover, all avoidable risks are avoided.

Sixth: Plan Review and Evaluation

The Risks Department follows up on the Group's development and constantly and continuously develops and upgrades the plan in effect.

Risk Management Arrangements

Determinants

Top priority is given to the Risks Department, This affects the Group's productivity and profitability, Moreover, the Risks Department distinguishes between actual risk and doubt, priorities are given to risks with huge losses and high probability so as to avoid them.

Risks Management Responsibilities

- Upgrading the risk data base constantly and continuously.
- Predicting any probable risk.
- Cooperating with executive management to treat risks and mitigate risk.
- Preparing plans and risk reports continuously in order to avoid the probable risk or reduce the probability of its occurrence.

Risk Treatment Strategy

- Determining the Group's objectives.
- clarifying strategies for the Group's objectives.
- Distinguishing risk.
- Assessing risk.
- Identifying methods to avoid and treat risk.

Second: Quantitative Disclosures:

A - Insurance Risk

1. Insurance Risk

Risks of any insurance policy represent the probability of occurrence of the insured accident and the uncertainty of the related claim amount due to the nature of the insurance policy whereby the risks are volatile and unexpected in connection with insurance policies of a certain insurance class. As regards the application of the probability theory on pricing and the reserve, the primary risks facing the Group 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 the 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 insurance risks covered decreases the probability of the overall insurance loss.

The Group is engaged in insurance business against fire, accidents, marine and transportation, and motor insurance, public liability, aviation and medical insurance through its main branch located in Jabal Amman, 3rd circle in Amman and its branches in Marka "licensing services center",8th circle, Al Abdali and Abdali- Boulevard in Amman, Aqaba branch in Aqaba city and Irbid Branch in Irbid city.

Through its personnel consisting of professionals and administrative staff, the Group provides the best service to its clients, Moreover, a plan has been set to protect it against probable risks whether natural or unnatural. This requires that the necessary provisions as well as the necessary technical equipment be made available to maintain the Group's continuity and viability, hence, the necessity to set the risk management strategy.

Steps in Determining Assumptions

These steps rely on the internal data derived from the quarterly claims reports and the sorting of the executed insurance policies as of the statement of financial position date to identify the outstanding insurance policies, The effective results for the year's accidents are selected for each type of insurance based on the evaluation of the most appropriate mechanism for observing the historical development.

2. *Claims Development*

The schedules below show the actual claims (based on management's estimates at year- end) compared to the expectations for the past four years based on the year in which the vehicles insurance claims were reported and on the year in which underwriting of the other general insurance types was executed as follows:

Gross - Motor Insurance:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	370,948,587	23,896,993	17,636,597	23,415,221	21,619,180	457,516,578
After one year	382,949,421	28,457,893	23,340,761	23,893,587	-	458,641,662
After two years	385,914,362	30,609,452	23,313,972	-	-	439,837,786
After three years	387,101,086	30,194,082	-	-	-	417,295,168
After four years	386,272,543	-	-	-	-	386,272,543
Present expectations for the accumulated claims	386,272,543	30,194,082	23,313,972	23,893,587	21,619,180	485,293,364
Accumulated payments	378,655,951	26,915,895	20,380,386	18,969,519	11,719,034	456,640,785
Liability as in the consolidated statement of financial position	7,616,592	3,278,187	2,933,586	4,924,068	9,900,146	28,652,579
Reported claims	7,616,592	2,890,402	2,342,325	3,625,225	8,085,529	24,560,073
Unreported claims	-	387,785	591,261	1,298,843	1,814,617	4,092,506
Deficiency in the preliminary estimate for reserve	(15,323,956)	(6,297,089)	(5,677,375)	(478,366)	-	(27,776,786)

Gross – Marine

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	17,933,852	897,335	419,054	265,075	606,356	20,121,672
After one year	18,047,971	1,030,429	460,702	373,297	-	19,912,399
After two years	15,397,992	1,051,076	482,843	-	-	16,931,911
After three years	15,082,768	1,520,340	-	-	-	16,603,108
After four years	15,089,604	-	-	-	-	15,089,604
Present expectation for the accumulated claims	15,089,604	1,520,340	482,843	373,297	606,356	18,072,440
Accumulated payments	15,044,216	904,709	475,443	373,279	256,026	17,053,673
Liability as in the consolidated statement of financial position	45,388	615,631	7,400	18	350,330	1,018,767
Reported claims	45,388	615,631	7,400	18	330,330	998,767
Unreported claims	-	-	-	-	20,000	20,000
Surplus (Deficit) in the preliminary estimate for reserve	2,844,248	(623,005)	(63,789)	(108,222)	-	2,049,232

Gross - fire and damages property:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	67,246,597	5,413,684	5,938,028	1,408,371	4,140,327	84,147,007
After one year	67,906,877	4,559,300	5,517,957	1,479,926	-	79,464,060
After two years	67,985,546	4,567,496	5,536,753	-	-	78,089,795
After three years	67,634,102	4,805,696	-	-	-	72,439,798
After Four years	67,514,263	-	-	-	-	67,514,263
Present expectation for the accumulated claims	67,514,263	4,805,696	5,536,753	1,479,926	4,140,327	83,476,965
Accumulated payments	66,929,175	4,075,444	5.231.692	1,138,245	1,595,408	78,969,964
Liability as in the consolidated statement of financial position	585,088	730,252	305,061	341,681	2,544,919	4,507,001
Reported claims	585,088	730,252	305,061	341,681	2,254,087	4,216,169
Unreported claims	-	-	-	-	290,832	290,832
(Deficit) surplus in the preliminary estimate for reserve	(267,666)	607,988	401,275	(71,555)	-	670,042

Gross – Liability

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	1,119,182	282,862	59,265	50,551	342,579	1,854,439
After one year	1,232,565	306,728	72,080	50,700	-	1,662,073
After two years	1,245,416	321,479	96,080	-	-	1,662,975
After three years	1,307,125	357,859	-	-	-	1,664,984
After four years	1,298,515	-	-	-	-	1,298,515
Present expectation for the accumulated claims	1,298,515	357,859	96,080	50,700	342,579	2,145,733
Accumulated payments	952,977	75,219	74,310	34,636	72,608	1,209,750
Liability as in the consolidated statement of financial position	345,538	282,640	21,770	16,064	269,971	935,983
Reported claims	345,538	282,640	21,770	16,064	239,750	905,762
Unreported claims	-	-	-	-	30,221	30,221
Deficit in the preliminary estimate for reserve	(179,333)	(74,997)	(36,815)	(149)	-	(291,294)

Gross – Medical

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	470,735,083	40,110,920	36,119,325	41,448,703	46,712,858	635,126,889
After one year	470,886,567	38,766,352	33,752,160	40,046,823	-	583,451,902
After two years	470,926,366	38,768,828	33,771,342	-	-	543,466,536
After three years	470,926,366	38,768,828	-	-	-	509,695,194
After four years	470,926,366	-	-	-	-	470,926,366
Present expectation for the accumulated claims	470,926,366	38,768,828	33,771,342	40,046,823	46,712,858	630,226,217
Accumulated payments	470,926,366	38,768,828	33,771,342	40,046,823	41,667,596	625,180,955
Liability as in the consolidated statement of financial position	-	-	-	-	5,045,262	5,045,262
Reported claims	-	-	-	-	2,921,155	2,921,155
Unreported claims	-	-	-	-	2,124,107	2,124,107
Surplus (deficit) in the preliminary estimate for reserve	(191,283)	1,342,092	2,347,983	1,401,880	-	4,900,672

Gross – Others

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	10,813,069	986,289	363,761	405,233	129,885	12.698.237
After one year	11,016,440	1,037,643	410,137	802,466	-	13,266,686
After two years	11,027,772	1,080,854	428,409	-	-	12,537,035
After three years	11,026,939	1,569,935	-	-	-	12,596,874
After four years	10,759,039	-	-	-	-	10,759,039
Present expectation for the accumulated claims	10,759,039	1,569,935	428,409	802,466	129,885	13,689,734
Accumulated payments	10,043,855	1,555,753	401,228	732,331	284,805	13,017,972
Liability as in the consolidated statement of financial position	715,184	14,182	27,181	70,135	(154,919)	671,763
Reported claims	715,184	14,182	27,181	70,135	(235,312)	591,370
Unreported claims	-	-	-	-	80,392	80,392
(Deficit) Surplus in the preliminary estimate for reserve	54,030	(583,646)	(64,648)	(397,233)	-	(991,497)

Gross – Life

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	866,098	476,049	53,605	20,589	397,885	1,814,226
After one year	866,098	476,049	53,605	20,589	-	1,416,341
After two years	866,098	476,049	53,605	-	-	1,395,752
After three years	866,098	476,049	-	-	-	1,342,147
After four years	866,098	-	-	-	-	866,098
Present expectation for the accumulated claims	866,098	476,049	53,605	20,589	397,885	1,814,226
Accumulated payments	866,098	476,049	53,605	20,589	292,016	1,708,357
Liability as in the consolidated statement of financial position	-	-	-	-	105,869	105,869
Reported claims	-	-	-	-	92,369	92,369
Unreported claims	-	-	-	-	13,500	13,500
Surplus (deficit) in the preliminary estimate for reserve	-	-	-	-	-	-

3. INSURANCE RISK CONCENTRATIONS

Below are schedules presenting risk concentration based on insurance types and the geographical distribution:

Technical reserves are concentrated based on insurance type as follows:

	2022		2021	
	Net	Gross	Net	Gross
Insurance types	JD	JD	JD	JD
Motor	37,717,509	39,896,008	34,451,366	40,280,029
Marine	347,015	1,414,438	218,885	1,096,077
Aviation	-	40,289	-	-
Fire and properties	1,796,448	11,979,956	1,972,269	11,353,978
Liability	553,039	1,604,057	369,399	1,374,023
Medical	9,762,452	24,783,505	10,310,391	24,654,907
Life	579,169	700,448	447,151	567,502
Others	126,557	2,115,178	146,926	2,743,226
Total	50,882,189	82,533,879	47,916,387	82,069,742

The Group covers all its activities by proportional and non- proportional reinsurance treaties, facultative and excess of loss treaties, in addition to treaties that cover the Group's retention under the name of catastrophe risk treaties.

Assets, liabilities and off consolidated statement of financial position items are concentrated based on geographical distribution and sectors as follows:

	2022			2021		
	Assets	Liabilities	Off-Consolidated Statement of Financial Position	Assets	Liabilities	Off-Consolidated Statement of Financial Position
	JD	JD	JD	JD	JD	JD
A- According to geographical area						
Inside Jordan	134,295,682	65,741,375	4,030,702	129,831,556	67,106,042	4,431,270
Other Middle East Countries	833,380	3,437,086	-	3,060,195	4,323,258	-
Europe	113,756	18,700,072	-	313,185	17,233,136	-
Asia *	77,740	6,802	-	18,576	39,177	-
Africa *	2,545,545	55,530	-	-	53,813	-
Total	137,866,103	87,940,865	4,030,702	133,223,512	88,755,426	4,431,270

* Excluding Middle East countries.

	2022			2021		
	Assets	Liabilities	Off-Consolidated Statement of Financial Position	Assets	Liabilities	Off-Consolidated Statement of Financial Position
	JD	JD	JD	JD	JD	JD
B- According to Sector						
Public sector	19,179,517	1,445,186	2,831,762	16,014,392	3,466,652	3,979,071
Private Sector:						
Companies and corporations	116,174,085	80,314,743	1,198,940	114,411,250	82,769,949	452,199
Individuals	2,512,501	6,180,936	-	2,797,870	2,518,825	-
Total	137,866,103	87,940,865	4,030,702	133,223,512	88,755,426	4,431,270

The concentration of the off consolidated statement of financial position items, assets and liabilities related to reinsurers according to the geographical distribution is as follows:

	2022			2021		
	Assets	Liabilities	Off-Consolidated Statement of Financial Position	Assets	Liabilities	Off-Consolidated Statement of Financial Position
	JD	JD	JD	JD	JD	JD
C- According to geographical area						
Inside Jordan	2,492,922	82,533,879	-	118,337	82,069,742	-
Other Middle East Countries	5,054,982	-	-	2,488,830	-	-
Europe	23,812,694	-	-	26,322,797	-	-
Asia *	291,093	-	-	734,453	-	-
Africa *	-	-	-	21,118	-	-
Total	31,651,691	82,533,879	-	29,685,535	82,069,742	-

* Excluding Middle East countries.

INSURANCE RISK SENSITIVITY

The table below shows the effect of the possible reasonable change in underwriting premium rates on the consolidated statement of income and equity keeping all other affecting variables fixed,

Insurance activities	Change	Effect on the underwriting premium	Effect on the current year pre-tax profit	Effect on equity*
	%	JD	JD	JD
Motor	10	2,629,909	2,336,878	2,290,140
Marine	10	176,746	35,195	34,491
Aviation	10	30,082	-	-
Fire and property	10	1,070,429	156,655	153,522
Liability	10	140,600	20,075	19,674
Medical	10	5,498,691	2,091,114	2,049,292
Life	10	112,435	30,477	29,867
Others	10	357,281	106,535	104,404
		10,016,173	4,776,929	4,681,390

* Net after deducting income tax effect.

If there is a negative change the effect equals and is opposite to the change above.

The table below shows the effect of the possible reasonable change in claims cost on the consolidated statement of income and equity keeping all other affecting variables fixed.

Insurance activities	Change	Effect on the paid claims	Effect on the current year pre-Tax profit	Effect on equity*
	%	JD	JD	JD
Motors	10	2,233,587	2,030,202	1,989,598
Marine	10	43,663	25,714	25,200
Fire and property	10	259,787	48,789	47,813
Liability	10	17,117	29,834	29,236
Medical	10	4,304,828	1,692,065	1,658,224
Life	10	34,853	31,797	31,160
Others	10	38,190	15,652	15,339
		6,932,025	3,874,053	3,796,570

* Net after deducting income tax effect.

If there is a negative change the effect equals and is opposite to the change above.

B- FINANCIAL RISKS

The risks that the group face revolve around the possibility of insufficient return on investments to fund the obligations arising from insurance contracts and investments.

The Group follows financial policies to manage several risks within a specified strategy, The Group's management controls the risk and determines the most suitable strategic risk distribution procedures for each of the financial assets and liabilities. This risk includes interest rate risk, credit risk, foreign currency risk and market risk.

The Group follows a hedging policy for each of its assets and liabilities when required, the hedging policy is related to future expected risks.

1- Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest rates, currency prices and stock prices. These risks are monitored according to specific policies and procedures and through specialized committees and business units, Market risk and its related controls are measured through sensitivity analysis.

2- Interest Rate Risk

Interest rate risks relate to long term bank deposits, development bonds, and other deposits, Moreover, the Group always aims to mitigate these risks through monitoring the changes in interest rates in the market. Interest rate risks relate to fixed deposits at banks and overdraft accounts, as of 31 December 2022. The interest rate on bank deposits range between 3.75% to 6.25% annually on Jordanian Dinar deposits.

The following table illustrates the sensitivity of exposure to interest rate at the date of the financial statements, Moreover, the analysis below has been prepared assuming that the amount of deposits outstanding at the consolidated statement of financial position date was outstanding for the whole financial year, An increase / decrease of 0.5% (half percent) is used representing the Group's assessment of the probable and acceptable change of interest rates.

	+ 0.5%		- 0.5%	
	For the Year Ended 31 December			
	2022	2021	2022	2021
	JD	JD	JD	JD
Increase (decrease) in profit for the year	355,113	288,644	(355,113)	(288,644)
Shareholders' equity	355,113	288,644	(355,113)	(288,644)

The table below shows the sensitivity of exposure to interest rates on the sovereign bonds of Egypt and the Government of the Hashemite Kingdom of Jordan as at 31 December 2022 and the Sultanate of Oman the Government of the Hashemite Kingdom of Jordan as at 31 December 2022, Moreover, the analysis below has been prepared assuming that the amount of bonds outstanding of financial position date was outstanding for the whole financial year. An increase/ decrease of 0.5% (half percent) is used representing the Group's assessment of the probable and acceptable change of interest rates.

	+ 0,5%		- 0,5%	
	For the Year Ended 31 December			
	2022	2021	2022	2021
	JD	JD	JD	JD
Increase (decrease) in profit for the year	64,396	65,479	(64,396)	(65,479)
Shareholders' equity	64,396	65,479	(64,396)	(65,479)

3- Foreign Currencies Risks

Foreign currencies risks are the risks resulting from the fluctuations in the value of the financial instruments due to the changes in the exchange rates of foreign currencies. Most of the Group's assets and liabilities are funded in Jordanian Dinar or US Dollar. The exchange rate of the US Dollar to Jordanian Dinar is fixed at 0.709 and the probability of this risk is very minimal, Consequently, the Group does not hedge for the foreign currencies risk due to the following reasons:

- The US Dollar exchange rate is fixed within a range from 0.708 to 0.710 selling and buying by the Central Bank of Jordan.

- All of the Group's accounts with the various parties including reinsurers are in Jordanian Dinar.
- There are no other foreign currencies denominated accounts. However, the Group monitors the fluctuation in the foreign currency exchange rate continuously.

The foreign currencies risks are the risks relating to the change in the value of the financial instruments due to the change in the foreign currencies exchange rates. Moreover, the Jordanian Dinar is considered the Group's functional currency. The Board of Directors sets the limits for the financial position of each currency at the Group. Additionally, the foreign currencies positions are monitored daily. Strategies are adopted to ensure that the positions of foreign currencies are maintained within the approved limits.

The following is the net position of the Group's major foreign currencies:

	Foreign Currency		Equivalent in Jordanian Dinar	
Currency Type	2022	2021	2022	2021
US Dollar	226,623	642,986	160,676	455,876

The Group's management believes that the foreign currencies risks and their impact on the consolidated financial statements are immaterial.

4- Liquidity Risk

The Management applies a suitable system to manage its short- and long-term funding risk and maintains sufficient reserves through monitoring the expected cash flows and comparing the maturity of assets with the maturity of financial and technical liabilities on the other hand.

Liquidity risk is the risk that the Group will not be able to meet its obligations associated as they fall due. To limit this risk, management arranges diversified funding sources, manages assets and liabilities, and monitors liquidity daily and maintains sufficient amount of cash and cash equivalents and these traded instruments.

The table below summarizes the maturity profile of financial liabilities (based on the remaining maturity period from the date of the consolidated financial statements).

	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD
2022 -							
Liabilities							
Accounts payable	1,405,802	2,695,747	533,139	780,155	1,700,489	-	7,115,332
Accrued expenses	119,229	1,550,640	119,449	-	-	-	1,789,318
Reinsurance payables	6,218,273	12,610,811	1,713,965	1,997,144	204,039	-	22,744,232
Income tax provision	200,099	-	16,656	-	-	-	216,755
Lease contracts liabilities	123,001	9,441	16,001	72,581	173,263	-	394,287
Other provisions	1,337	5,120	77,728	125,227	-	2,016,581	2,225,993
Other liabilities	463,439	433,513	28,293	48,971	-	24,985	999,201
Liabilities related to discontinued operations' assets	-	-	-	-	-	266,558	266,558
Total	8,531,180	17,305,272	2,505,231	3,024,078	2,077,791	2,308,124	35,751,676
Total Assets	20,456,915	22,032,662	42,872,783	17,207,970	12,198,622	23,097,151	137,866,103
2021 -							
Liabilities							
Accounts payable	1,718,285	3,236,571	1,266,924	1,400,770	1,725,451	-	9,348,001
Accrued expenses	278,515	993,694	37,047	-	-	-	1,309,256
Reinsurance payables	5,434,250	7,036,521	4,879,521	2,183,420	2,295,872	-	21,829,584
Income tax provision	786,909	-	1,696,485	-	-	-	2,483,394
Lease contracts liabilities	68,067	-	3,440	46,592	117,272	-	235,371
Other provisions	-	-	-	-	881,108	1,753,869	2,634,977
Bank Overdraft	-	1,199,828	-	-	-	-	1,199,828
Other liabilities	560,526	299,048	136,661	227,167	-	24,902	1,248,304
Liabilities related to discontinued operations' assets	-	-	-	-	550,324	-	550,324
Total	8,846,552	12,765,662	8,020,078	3,857,949	5,570,027	1,778,771	40,839,039
Total Assets	11,537,586	15,691,965	18,544,783	55,879,485	15,916,825	15,652,868	133,223,512

5- Share Price Risk

This represents the decrease in the value of shares as a result of the changes in the level of indices of shares subscribed to in the investment portfolio at the Group,

The change in the stock exchange index as at the financial statements date was +5% or - 5%, The following is the impact of the change on the Group's shareholders' equity:

	Change in Index	Impact on Shareholders' equity
		JD
2022-		
Stock Exchange	5% Increase	261,236
Stock Exchange	5% Decrease	(261,236)
2021-		
Stock Exchange	5% Increase	249,100
Stock Exchange	5% Decrease	(249,100)

6- Insurance Risk

This risk arises from the other parties' inability to meet their obligations. These risks arise from the following:

- Reinsurers.
- Policyholders.
- Insurance agents.

To mitigate insurance risks, the Group performs the following:

- Sets credit limits for agents and brokers.
- Controls accounts receivable.
- Sets reinsurance policies at other financially solvent parties.
- Maintains the Group's cash balances at local and international banks.

7- Reinsurance Risk

As is the case with insurance companies, in order to reduce its exposure to major losses that may arise from major insurance claims, the Group, within the normal course of its business, enters into reinsurance agreements with other parties.

In order to reduce its exposure to major losses arising from the insolvency of reinsurance companies, the Group evaluates the financial position of the reinsurance companies it deals with while monitoring credit concentrations coming from geographic areas and activities or economic components similar to those companies. Moreover, the reinsurance policies issued do not exempt the Group from its obligations towards policyholders. As a result, the Group remains committed to the reinsured claims balance in case the reinsurers are unable to meet their obligations according to the reinsurance agreements.

In order to reduce its exposure to major losses that may arise from major insurance claims, the Group, within the normal course of its business, enters into reinsurance agreements with other parties.

The Group applies the treaty and facultative reinsurance agreements terms upon underwriting for all types of insurance regardless of the size.

The Group completes the reinsurance coverage for each risk assigned to it before the issuance of the insurance policy in case of insurance policies exceeding the relative agreements limits.

If the Group decides to assign more than 30% of any insurance contract, it provides a facultative reinsurance cover by at least 60% of that of contract to a reinsurance Company that is classified as first and second class in accordance with the instructions of the solvency margin.

The Group reinsures on a facultative basis 100% of risks excluded from treaties to a reinsurance company (companies) classified as 1st or 2nd class according to the solvency margin instructions.

The Group follows up on the treaty and facultative reinsurance Companies monthly to ensure that the classification is not downgraded below 1st and 2nd class.

8- Operational Risks

Operational risks relate to systems downtime or may result from any intentional or unintentional human error. These risks may affect the Group's reputation as they may lead to financial losses. These risks may be avoided through segregating duties, setting the necessary procedures to obtain any information from the Group's systems, and making aware and training the Group's personnel.

9- Legal Risks

These risks relate to the lawsuits against the Group. In order to avoid these risks, the Group set up an independent legal department to follow up on the Group's operations in a manner that complies with the Insurance Law and the Insurance Commission's Regulations.

(38) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

	Within 1 year	More than 1 year	Total
2022 -	JD	JD	JD
Assets-			
Banks deposits	66,922,562	-	66,922,562
Financial assets at fair value through other comprehensive income	-	5,560,183	5,560,183
Financial assets at amortized cost	-	11,580,213	11,580,213
Investment property	-	170,464	170,464
Cash and cash equivalents	802,963	-	802,963
Life policyholder's loans	-	11,757	11,757
Checks under collection	4,478,825	-	4,478,825
Accounts receivable	26,588,192	187,942	26,776,134
Reinsurance receivables	1,651,798	-	1,651,798
Deferred tax assets	-	3,538,580	3,538,580
Property and equipment	-	7,258,450	7,258,450
Intangible assets	-	5,732,264	5,732,264
Right of use assets	213,712	187,675	401,387
Other assets	1,937,252	269,837	2,207,089
Discontinued operations' assets	-	773,434	773,434
Total Assets	102,595,304	35,270,799	137,866,103
Liabilities-			
Unearned premium reserve	19,625,950	-	19,625,950
Premium deficiency reserve	-	1,307,000	1,307,000
Outstanding claims reserve	16,345,292	14,376,037	30,721,329
Mathematical reserve	534,910	-	534,910
Accounts payable	5,414,843	1,700,489	7,115,332
Accrued expenses	1,789,318	-	1,789,318
Reinsurance payables	22,540,193	204,039	22,744,232
Lease contracts liabilities	221,024	173,263	394,287
Other provisions	209,412	2,016,581	2,225,993
Income tax provision	216,755	-	216,755
Other liabilities	974,216	24,985	999,201
Labilities related to discontinued operations' assets	-	266,558	266,558
Total Liabilities	67,871,913	20,068,952	87,940,865
Net	34,723,391	15,201,847	49,925,238

	Within 1 year	More than 1 year	Total
2021 -	JD	JD	JD
Assets-			
Banks deposits	58,928,609	-	58,928,609
Financial assets at fair value through other comprehensive income	-	5,331,673	5,331,673
Financial assets at amortized cost	-	11,896,795	11,896,795
Investment property	-	170,464	170,464
Cash and cash equivalents	1,973,783	-	1,973,783
Life policyholder's loans	-	22,703	22,703
Checks under collection	6,865,436	-	6,865,436
Accounts receivable	27,160,098	223,600	27,383,698
Reinsurance receivables	1,578,623	-	1,578,623
Deferred tax assets	-	3,739,493	3,739,493
Property and equipment	-	6,567,059	6,567,059
Intangible assets	-	5,721,735	5,721,735
Right of use assets	160,003	102,599	262,602
Other assets	2,030,073	-	2,030,073
Discontinued operations' assets	-	750,766	750,766
Total Assets	98,696,625	34,526,887	133,223,512
Liabilities-			
Unearned premium reserve	18,074,731	-	18,074,731
Premium deficiency reserve	-	684,000	684,000
Outstanding claims reserve	14,690,296	14,055,741	28,746,037
Mathematical reserve	411,619	-	411,619
Accounts payable	7,622,550	1,725,451	9,348,001
Accrued expenses	1,309,256	-	1,309,256
Reinsurance payables	19,533,712	2,295,872	21,829,584
Lease contracts liabilities	118,099	117,272	235,371
Other provisions	10,600	2,624,377	2,634,977
Bank Overdraft	1,199,828	-	1,199,828
Income tax provision	2,483,394	-	2,483,394
Other liabilities	1,223,402	24,902	1,248,304
Labilities related to discontinued operations' assets	-	550,324	550,324
Total Liabilities	66,677,487	22,077,939	88,755,426
Net	32,019,138	12,448,948	44,468,086

(39) ANALYSIS OF MAIN SECTORS

A- Background for the Group business sectors

General insurance sector includes Motor insurance, Marine, Aviation, Fire and Property, Liability, Medical, life and other insurance lines, the sectors above also include investments and cash management for the group account. The activities between the business sectors are carried out on the basis of estimated market prices and on the same terms as those with which they are dealing with.

B- Geographic concentration of risk

This disclosure illustrates the geographic distribution of the Group's operations, the Group mainly operates in Jordan, which represents domestic operations, Also, the Group exercises international activities through its allies in the Middle East, Europe, Asia, America and the Near East, which represent international business,

The following table represents the distribution of revenues and assets of the Group and capital expenditure by geographic region:

	Inside the Kingdom		Outside the Kingdom		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total assets	133,062,671	129,731,556	4,803,432	3,491,956	137,866,103	133,223,512
Total written premiums	99,950,065	91,657,623	211,670	436,462	100,161,735	92,094,085
Capital expenditures	1,439,791	522,452	-	-	1,439,791	522,452

(40) CAPITAL MANAGEMENT

The Group's objectives as to the management of capital are as follows:

a. To adhere to the Group's minimum capital issued by the Insurance Law. Moreover, the Group's minimum capital prior to the enforcement of the law according to which it was licensed to practice general insurance in all of its branches, jointly and severally, is JD 4 million.

b. To secure the continuity of the Group, and consequently, the Group's ability to provide the shareholders with good returns on capital.

c. To make available the proper return to shareholders through pricing insurance policies in a manner compatible with the risks associated with those polices.

d. To comply with the Insurance Commission instructions associated with the solvency margin.

e. The below table shows the summary of the Group's capital and the minimum required capital:

	2022	2021
	JD	JD
Paid in Capital	26,000,000	25,438,252
Minimum Capital According to the Insurance Law	8,000,000	8,000,000

f. The following table shows the amount contributed to capital by the Group and the net solvency margin ratio as of 31 December 2022 and 2021:

	2022	2021
	JD	JD
Core Capital:		
Paid-in Capital	26,000,000	25,438,252
Statutory reserve	6,500,000	6,359,563
Special reserve	-	40,221
Profit for the year net of deductions	7,303,633	5,131,224
Retained earnings	10,305,913	5,465,878
Total Core Capital	50,109,546	42,435,138
Supplementary capital:		
Cumulative change in fair value	(1,684,308)	(967,052)
Subordinated loan – over 5 years	1,500,000	3,000,000
Total Supplementary Capital	(184,308)	2,032,948
Total regulatory capital (a)	49,925,238	44,468,086
Total required capital (b)	27,310,848	27,761,966
Solvency margin (a) / (b)	182.8%	160.2%

In the opinion of the Group's management, the regulatory capital is compatible with and adequate to the size of capital and nature of risks to which the Group is exposed.

(41) LAWSUITS AGAINST THE GROUP

The Group appears as defendant in a number of lawsuits, the Group booked a sufficient provision to meet any obligations towards these lawsuits, In the opinion of the Group's management and its legal consultant, the provision for a total amount of JD 5,726,043 as at 31 December 2022 (31 December 2021: JOD 5,400,513) is sufficient to meet any obligations towards these lawsuits, Total amount of the cases raised by the Group against others is JD 8,245,310 as at 31 December 2022 (31 December 2021: JOD 9,025,292).

(42) CONTINGENT LIABILITIES

At 31 December 2022, the Group has letters of guarantee in the amount of JD 4,030,702 (2021: JD 4,456,841) against cash margins of JD 402,536 are recorded (2021: JD 445,077).

(43) FAIR VALUE HIERARCHY

The following table analyzes the financial instruments recorded at fair value based on the valuation method which is defined at different levels as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2: Information not included in level (1) quoted prices monitored for the asset or liability, either directly (e,g, prices) or indirectly (i,e, derived from prices);
- Level 3: information on the asset or liability not based on those observed from the market (unobservable inputs),

	Level (1)	Level (2)	Level (3)	Total
2022-	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	5,224,724	-	335,459	5,560,183
	5,224,724	-	335,459	5,560,183
2021-				
Financial assets at fair value through other comprehensive income	4,982,000	-	349,673	5,331,673
	4,982,000	-	349,673	5,331,673

(44) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 17, 'Insurance Contracts'

In May 2017, the International Accounting Standard Board (IASB) issued IFRS 17 Insurance Contracts, a comprehensive model for recognition, measurement, presentation and disclosure related to insurance contract. Once the standard becomes effective, IFRS 17 insurance contract replaces IFRS 4 which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life insurance, direct insurance contract and re-insurance), regardless of the entities issuing an insurance contract. It also applies to certain guarantees and financial instruments with discretionary participation feature. Some limited exceptions apply to the scope of the standard. The overall objective of IFRS 17 provides an accounting model for insurance contracts that is more useful and consistent for insurance companies. In contrast to the requirements in IFRS 4, which are significantly based on previously issued national accounting policies. IFRS 17 provides a comprehensive model of insurance contracts for all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) particularly for short-term contracts.

The standard will be applied retrospectively on1 January 2023, with early application permitted for entities that applied International Financial Reporting Standards (9) and International Financial Reporting Standards (15) before or on the date of application of International Financial Reporting Standards (17).

The implementation of the project is governed by the audit committee where provides oversight and governance over the project. The audit committee comprises of independent members in addition to executive management from all relevant departments to review implementation of the project in collaboration with the external consultant appointed by the Group to manage the project. The external consultant prepares the Group's policies in accordance with the standard requirements and determines the actuarial methodologies along with reviewing the contracts, classifying them and preparing the additional disclosure in accordance with the standard.

The management of the Group has completed the standard requirements and is currently working on the following requirements to complete the standard application project:

- Complete the preliminary financial statements in accordance with the standards as at 31 December 2022 and 2021.
- Ensure the system used/ linked to the Group's system is compatible with the Group's policies prepared and approved by the managements, in addition, reviewing the control procedures that will be applied to ensure the effectiveness of the system.
- Obtain the management approval including the technical department along with the external auditor approval on the opening balance after implementation.
- Prepare all disclosures that will be included in the financial statements in accordance with the standard.
- Prepare the management reporting model and key performance measures that will be used after the standard implementation.
- Hold training courses for all relevant employees in addition with the executive management on the application of the standard.

The Group's consolidated financial statements will be impacted by the application of the standard. Below is an assessment of the expected impact of applying the standard, as the Group has not yet completed a study of all aspects that will be affected by the application of the standard:

Measurement models

Measurement is not carried out at the level of individual insurance contracts, but on the basis of groups of contracts. To allocate individual insurance contracts to groups of contracts, an entity needs to define portfolios of insurance contracts which include contracts with similar risks that are managed together. These portfolios are to be subdivided into groups of contracts based on profitability and issuing year. IFRS 17 consists of three measurement models: premium allocation approach, general measurement model and variable fees approach.

General measurement model

According to the general measurement model, the measurement of insurance contracts consists of fulfillment cash flows from the insurance contract plus the contractual service margin ("CSM"). The fulfilment cash flows represent the risk adjusted present value of the Group's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk.

This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin("CSM") represents the unearned profit from in-force contracts that the Group will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in the statement of profit and loss.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin is adjusted for changes in cash flows related to future services and for the interest accretion at fixed interest rates on initial recognition of the group of contracts. Revenue is recognized by releasing part from the contractual service margin recognized in profit or loss for each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units.

Premium Allocation Approach

The premium allocation approach is an optional simplified approach for the measurement of the liability of remaining coverage, an entity may choose to use the premium allocation approach when the measurement s not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

Insurance revenues and expenses for insurance services are recognized in the statement of profit or loss based on the concept of services that were provided during the period. The standard requires to recognise the losses immediately in the profit or losses statement for the contract that are expected to be loss-incurred contract. For insurance contracts measured under the Premium Allocation Approach, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the management considers appropriate.

The Group applies the premium allocation approach to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less.

The Group performed the premium allocation approach eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the premium allocation approach, the Group expects all of its contracts to be eligible for premium allocation approach, except for the long-term individual life insurance that expected to be measured at general measurement model.

The measurement of the liability for incurred claims is consistent for all three measurement models, except for the determination of fixed interest rates used for discounting. The Group adjusts the risks for non-financial risks, which are estimated separately from the other estimates for the liability for incurred claims. This risk adjustment is to cover the risk of uncertainty about the amount and timing of the cash flows that arises from non-financial risk The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Variable fee approach

The variable fee approach is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts.

An insurance contract has a direct participation feature if the following three requirements are met:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items.
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity's share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all the adjustments.

Under the Variable fee approach, adjustments to the contractual service margin are determined using current discount rates whereas under the general model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity's share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

Transition

When the standard is applied on 1 January 2023 which is the initial application date, the standard should be applied full retrospectively unless impracticable. When full retrospective application of the standard is impractical, IFRS 17 allows for alternation transition method as follows:

- A modified retrospective approach that specifies modifications to full retrospective application. This approach allows insurers that lack limited information to achieve opening transition balances that are as close to the retrospective application as possible, depending on the amount of reasonable and supportable information available to that insurer. Each modification would increase the difference between the modified retrospective approach and the outcome that would have been obtained if a fully retrospective approach had been applied.

- A fair value approach that uses the fair value of the contracts at the date of transition to determine a value for the contractual service margin ('CSM'). This approach enables the Group to determine the opening transition balances, even if the Group does not have reasonable and supportable information about the contracts that exist at the transition date.

Impact on transition to IFRS 17

The management anticipates that the implementation of IFRS 17 will have an effect on the amounts reported and disclosures made in these financial statements with regard to its issued and retained insurance and reinsurance contracts. Opening equity is anticipated to be significantly influenced according to the Group's estimates due to the following factors:

- risk adjustment assumptions.
- Impact of onerous contracts identified, if any.
- Impact of discounted cash flows.
- risk of non-performance of expected liabilities from the reinsurance companies.

The Group has not completed the preparation of a study related to evaluate the impact of the standard's application on the Group's consolidated financial statements. It is expected that this study will be completed during the first quarter of the year 2023.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
What is meant by a right to defer settlement,
That a right to defer must exist at the end of the reporting period,
That classification is unaffected by the likelihood that an entity will exercise its deferral right,
That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(45) STATEMENT OF FINANCIAL POSITION FOR LIFE

	2022	2021
	JD	JD
Assets -		
Deposits at banks	765,217	-
Financial assets at fair value through the statement of other comprehensive income	-	75,660
Life policyholders' loans	11,757	22,703
Total investments	776,974	98,363
Cash on hand and at banks	46,781	24,407
Account receivables	78,428	951,735
Re-insurer's receivables	67,433	-
Total assets	969,616	1,074,505
Liabilities and head office current account		
Technical reserves -		
Outstanding claim reserve, net	44,259	35,532
Mathematical reserve, net	534,910	411,619
Total technical reserves	579,169	447,151
Accounts payable	71,424	594,875
Reinsurance payables	495,982	198,823
Other liabilities	127,373	7,000
Total Liabilities	694,779	800,698
Head office current account	(304,332)	(173,344)
Total liabilities	969,616	1,074,505