

AL NISR AL ARABI INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2023

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Nisr Al Arabi Insurance Company (Public Shareholding Company) and its subsidiary (together “the Group”) as of 30 September 2023, comprising of the interim condensed consolidated statement of financial position as of 30 September 2023, the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with accounting policies described in note (2). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410), “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with accounting policies described in note (2).

Emphasis of matter: Basis of accounting and restriction on use

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

AL NISR AL ARABI INSURANCE COMPANY (PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	30 September 2023 JD (Unaudited)	31 December 2022 JD (Audited)
<u>Assets</u>			
Investments-			
Deposits at banks	3	15,667,815	13,205,563
Financial assets at fair value through other comprehensive income	4	8,057,271	7,539,088
Financial assets at fair value through Income statement	5	342,338	271,089
Financial assets at amortized cost	6	82,198,976	79,947,679
Financial assets		13,262	-
Investment properties	7	940,001	940,001
Life policyholders' loans		15,032,301	13,493,697
Total Investments		122,251,964	115,397,117
Other Assets-			
Cash on hand and balances at banks		1,684,457	3,620,560
Checks under collection		565,031	565,960
Accounts receivable, net	8	8,834,440	5,069,482
Reinsurance receivables, net	9	313,314	1,095,999
Deferred tax assets	12	225,058	341,873
Property and equipment, net		2,659,496	2,679,651
Intangible assets, net		341,646	120,643
Other assets		2,074,637	2,288,900
Total Assets		138,950,043	131,180,185
<u>Liabilities and Equity</u>			
Technical reserves-			
Unearned premiums reserve, net		6,492,888	4,294,423
Outstanding claims reserve, net		827,577	896,968
Mathematical reserve, net		105,409,286	97,969,547
Mathematical reserve- Unit Linked, net		13,262	-
Total Technical Reserves		112,743,013	103,160,938
Other liabilities -			
Accounts payable	10	593,228	2,304,010
Accrued expenses		970,156	1,016,632
Reinsurance payables	11	2,202,307	1,956,038
Lawsuit provision	21	201,575	201,575
Income tax provision	12	486,576	503,308
Deferred tax liabilities	12	776	-
End of service provision		49,013	49,013
Other liabilities		836,416	1,011,603
Total Technical Reserves and other Liabilities		118,083,060	110,203,117
Equity-			
Amortized and paid in capital	13,1	10,000,000	10,000,000
Additional paid in capital	1	3,750,000	3,750,000
Statutory reserve		2,683,469	2,683,469
Voluntary reserve	14	1,326,652	1,326,652
Fair value reserve	15	(423,146)	(610,697)
Retained earnings		1,327,644	3,827,644
Profit for the period		2,202,364	-
Total Shareholders' Equity		20,866,983	20,977,068
Total Liabilities and Shareholders' Equity		138,950,043	131,180,185

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

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

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2023	2022	2023	2022
		JD	JD	JD	JD
Revenues -					
Gross written premiums		10,675,130	11,910,778	37,092,179	35,259,709
Less: Reinsurance share		1,954,688	3,723,638	6,585,056	7,570,173
Net written premiums		8,720,442	8,187,140	30,507,123	27,689,536
Net change in unearned premiums reserve		1,092,051	1,333,660	(2,198,465)	(144,605)
Net change in mathematical reserve		(2,079,799)	(2,588,124)	(7,453,001)	(8,024,100)
Net earned premiums		7,732,694	6,932,676	20,855,657	19,520,831
Commissions income		108,513	114,750	292,134	307,676
Insurance policies issuance fees		228,569	243,435	722,585	737,264
Revenue related to underwriting accounts		1,556,050	1,208,624	4,303,205	3,378,417
Other revenue related to underwriting accounts		24,104	77,898	105,981	409,945
Interest income		265,829	257,693	779,302	756,510
Net gain from financial assets and investments	16	6,020	6,853	15,089	10,330
Other revenues, net		606	44	13,477	1,447
Total revenues		9,922,385	8,841,973	27,087,430	25,122,420
Claims, Losses and Expenses					
Paid claims		4,869,071	6,222,736	11,685,882	16,170,611
Maturity and surrender of insurance policies		3,675,335	2,671,694	9,410,399	7,179,430
Less: Recoveries		207,240	372,261	551,403	932,817
Less: Reinsurance share		1,039,137	3,432,708	2,794,418	6,976,514
Net paid claims		7,298,029	5,089,461	17,750,460	15,440,710
Net change in outstanding claims reserve		(1,036,692)	326,859	(69,391)	665,681
Allocated employees' expenses		843,611	858,495	2,741,165	2,690,776
Allocated administrative and general expenses		421,733	322,807	1,149,646	969,746
Excess of loss premium		18,250	17,250	44,060	41,700
Policies acquisition costs		574,516	578,892	1,636,399	1,667,169
Other expenses related to underwriting accounts		229,311	237,190	423,706	578,353
Net claims cost		8,348,758	7,430,954	23,676,045	22,054,135
Unallocated employee' expenses		29,031	24,089	84,348	73,834
Depreciation and Amortization		65,791	61,056	183,432	179,944
Unallocated administrative and general expenses		37,245	27,444	104,151	91,521
Expense for expected credit losses		-	25,030	-	25,030
Other expenses		45,417	34,421	97,379	91,454
Total expenses		177,484	172,040	469,310	461,783
Profit for the period before tax		1,396,143	1,238,979	2,942,075	2,606,502
Less: Income tax expense	12	343,321	282,779	739,711	634,033
Profit for the period		1,052,822	956,200	2,202,364	1,972,469
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share (JD/Fils)	17	0/105	0/096	0/220	0/198

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

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit for the period	1,052,822	956,200	2,202,364	1,972,469
Add: Other comprehensive income items after tax which will not be reclassified to profit or loss in subsequent periods:				
Change in fair value of financial assets at fair value through other comprehensive income	(311,059)	(483,430)	187,551	(1,802,351)
Total comprehensive income for the period	741,763	472,770	2,389,915	170,118

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

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

	Paid-in capital	Additional paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD	JD
30 September 2023 -								
Balance as at 1 January 2023	10,000,000	3,750,000	2,683,469	1,326,652	(610,697)	3,827,644	-	20,977,068
Total comprehensive income for the period	-	-	-	-	187,551	-	2,202,364	2,389,915
Dividends paid (Note 23)	-	-	-	-	-	(2,500,000)	-	(2,500,000)
Balance as at 30 September 2023	<u>10,000,000</u>	<u>3,750,000</u>	<u>2,683,469</u>	<u>1,326,652</u>	<u>(423,146)</u>	<u>1,327,644</u>	<u>2,202,364</u>	<u>20,866,983</u>
30 September 2022 -								
Balance as at 1 January 2022	10,000,000	3,750,000	2,663,351	1,326,652	570,252	4,538,200	-	22,848,455
Total comprehensive income for the period	-	-	-	-	(1,802,351)	-	1,972,469	170,118
Loss on sale of financial assets through other comprehensive income	-	-	-	-	401	(401)	-	-
Dividends paid (Note 23)	-	-	-	-	-	(3,000,000)	-	(3,000,000)
Balance as at 30 September 2022	<u>10,000,000</u>	<u>3,750,000</u>	<u>2,663,351</u>	<u>1,326,652</u>	<u>(1,231,698)</u>	<u>1,537,799</u>	<u>1,972,469</u>	<u>20,018,573</u>

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

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

		For the nine months ended 30 September	
	Notes	2023 JD	2022 JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		2,942,075	2,606,502
Adjustments for non-cash items			
Depreciation and amortization		183,432	179,944
Loss (Gain) on disposal of property and equipment		87	(353)
Net change in unearned premiums reserve		2,198,465	144,606
Net change in mathematical reserve		7,453,001	665,680
Net change in outstanding claims reserve		(69,391)	8,024,100
Bank Interest income		(676,672)	(437,554)
Interest income from financial assets at amortized cost		(3,784,076)	(3,211,480)
Expense for expected credit losses		-	25,030
Change in fair value through income statement		(71,249)	31,806
Cash flows from operating activities before changes in working capital		8,175,672	8,028,281
Checks under collection		929	(395,599)
Accounts receivable		(3,764,958)	1,545,676
Reinsurance receivables		782,685	(15,288)
Other assets		220,777	(179,596)
Accounts payable		(1,710,782)	(395,778)
Reinsurance payables		246,269	(2,205,406)
Other liabilities and accrued expenses		(278,926)	78,344
Net cash flows from operating activities before tax paid		3,671,666	6,460,634
Income tax paid	12	(752,792)	(837,043)
Net cash flows from operating activities		2,918,874	5,623,591
<u>Investing Activities</u>			
Purchase of financial assets at fair value through other comprehensive income		(229,954)	(420,260)
Proceeds from sale of financial assets at fair value through other comprehensive income		-	354,999
Financial assets at amortized cost		(2,251,297)	(759,165)
Life policies holders' loans		(1,538,604)	(1,394,285)
Purchase of property and equipment		(102,015)	(23,241)
Proceeds from sale of property and equipment		175	1,149
Purchase of intangible assets		(282,527)	(56,516)
Bank deposits (mature after 3 months)		(2,248,712)	(511,210)
Interest received		4,454,234	4,081,272
Net cash flows (used in) from investing activities		(2,198,700)	1,272,743
<u>Financing Activities</u>			
Distribution of cash dividends		(2,442,737)	(2,929,501)
Net cash flows used in financing activities		(2,442,737)	(2,929,501)
Net (decrease) increase in cash and cash equivalent		(1,722,563)	3,966,833
Cash and cash equivalent, at the beginning of the period		14,251,123	12,822,457
Cash and cash equivalent, at the end of the period	18	12,528,560	16,789,290

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

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

	Life	
	For the nine months ended 30	
	September	
	2023	2022
	JD	JD
Written premiums -		
Direct insurance	20,907,470	20,184,817
Total premiums	<u>20,907,470</u>	<u>20,184,817</u>
Less:		
Foreign reinsurance share	2,606,313	3,006,180
Net Written premiums	<u>18,301,157</u>	<u>17,178,637</u>
Add:		
Unearned premium reserve at the beginning of the period	302,614	308,958
Less: Reinsurance share	141,440	135,246
Net unearned premium reserve at the beginning of the period	<u>161,174</u>	<u>173,712</u>
Add:		
Mathematical reserve at the beginning of the period	97,969,547	86,714,442
Less: Reinsurance share	-	-
Net mathematical reserve at the beginning of the period	<u>97,969,547</u>	<u>86,714,442</u>
Less:		
Unearned premium reserve at the end of the period	368,375	367,373
Less: Reinsurance share	214,322	198,320
Net unearned premium reserve at the end of the period	<u>154,053</u>	<u>169,053</u>
Less:		
Mathematical reserve at the end of the period	105,409,286	94,738,542
Mathematical reserve- Unit Linked	13,262	-
Less: Reinsurance share	-	-
Net mathematical reserve at the end of the period	<u>105,422,548</u>	<u>94,738,542</u>
Net earned revenues from the written premiums	<u>10,855,277</u>	<u>9,159,196</u>

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

	Life	
	For the nine months ended 30	
	September	
	2023	2022
	JD	JD
Paid claims	2,721,054	2,914,944
Maturity and Surrender of Policies	9,410,399	7,179,430
Less: Local reinsurance share	-	-
Less: Foreign reinsurance share	2,468,372	2,498,275
Net Paid Claims	<u>9,663,081</u>	<u>7,596,099</u>
Add:		
Outstanding Claims Reserve at the end of the period		
Reported	1,880,092	2,092,436
Unreported	350,000	350,000
Less:		
Reinsurance share	<u>1,969,010</u>	<u>2,051,226</u>
Net Outstanding Claims Reserve at the end of the period	<u>261,082</u>	<u>391,210</u>
Reported	201,082	331,210
Unreported	60,000	60,000
Less:		
Outstanding Claims Reserve at the beginning of the period		
Reported	1,780,120	1,891,323
Unreported	350,000	350,000
Less:		
Reinsurance share	<u>1,861,962</u>	<u>1,941,227</u>
Net Outstanding Claims Reserve at the beginning of the period	<u>268,158</u>	<u>300,096</u>
Net Claims Cost	<u><u>9,656,005</u></u>	<u><u>7,687,213</u></u>

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

	Life	
	For the nine months ended 30 September	
	2023	2022
	JD	JD
Net earned revenues from written premiums	10,855,277	9,159,196
Less:		
Net claims cost	(9,656,005)	(7,687,213)
	1,199,272	1,471,983
Add:		
Commission received	18,570	18,905
Insurance policies issuance fees	107,567	121,768
Investment income related to underwriting accounts	4,303,205	3,378,417
Other revenue related to underwriting accounts	72,847	125,569
Total revenues	4,502,189	3,644,659
Less:		
Policies acquisition cost	1,297,813	1,266,100
General and administrative expenses related to underwriting accounts	2,448,998	2,288,136
Other expenses related to underwriting accounts	33,717	36,618
Total Expenses	3,780,528	3,590,854
Underwriting profit	1,920,933	1,525,788

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

	Motor		Marine and transportations		Fire and property		Liability		Medical		Personal accident		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:														
Direct insurance	-	-												
			310,038	321,972	2,865,273	2,604,764	1,291,143	1,298,747	11,522,514	10,647,657	137,125	142,072	16,126,093	15,015,212
Facultative inward reinsurance business	-	-												
			-	-	56,720	57,784	1,896	1,896	-	-	-	-	58,616	59,680
Total Premiums	-	-	310,038	321,972	2,921,993	2,662,548	1,293,039	1,300,643	11,522,514	10,647,657	137,125	142,072	16,184,709	15,074,892
Less:														
Local reinsurance share	-	-												
			22,132	24,263	554,003	332,480	27,145	19,268	-	-	-	-	603,280	376,011
Foreign reinsurance share	-	-												
			228,178	220,803	2,011,573	1,982,555	1,048,994	1,063,699	-	829,721	86,718	91,204	3,375,463	4,187,982
Net Written Premiums	-	-	59,728	76,906	356,417	347,513	216,900	217,676	11,522,514	9,817,936	50,407	50,868	12,205,966	10,510,899
Add:														
Unearned premiums reserve at the beginning of the period	-	-	88,131	86,178	1,511,657	1,543,871	738,667	555,778	3,761,053	7,782,178	89,065	67,990	6,188,573	10,035,995
Less: Reinsurance share	-	-												
			68,179	62,476	1,325,129	1,349,874	609,615	462,947	-	3,040,326	52,401	38,961	2,055,324	4,954,584
Net Unearned Premiums Reserve at the beginning of the period	-	-	19,952	23,702	186,528	193,997	129,052	92,831	3,761,053	4,741,852	36,664	29,029	4,133,249	5,081,411
Less:														
Unearned premiums reserve at the end of the period	-	-	129,681	128,407	1,860,679	1,699,141	775,930	818,149	5,926,522	4,811,631	86,278	89,491	8,779,090	7,546,819
Less : Reinsurance share	-	-												
			107,641	101,293	1,640,083	1,472,664	641,012	680,834	-	6,958	51,519	54,395	2,440,255	2,316,144
Net unearned Premiums Reserve at the end of the period	-	-	22,040	27,114	220,596	226,477	134,918	137,315	5,926,522	4,804,673	34,759	35,096	6,338,835	5,230,675
Net earned revenues from written Premiums	-	-	57,640	73,494	322,349	315,033	211,034	173,192	9,357,045	9,755,115	52,312	44,801	10,000,380	10,361,635

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

	Motor		Marine and transportations		Fire and property		Liability		Medical		Personal accident		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	3,410	29,826	16,101	60,370	270,043	869,691	54,507	341,853	8,608,661	11,938,241	12,106	15,686	8,964,828	13,255,667
Less:														
Recoveries	2,172	2,457	11,601	21,862	20,854	55,494	-	150	516,776	852,854	-	-	551,403	932,817
Local reinsurance share	-	-	-	-	14,661	10,300	-	257,709	-	-	-	-	14,661	268,009
Foreign reinsurance share	-	10,313	2,508	22,972	229,365	713,826	50,743	67,815	22,560	3,386,864	6,209	8,440	311,385	4,210,230
Net Paid Claims	1,238	17,056	1,992	15,536	5,163	90,071	3,764	16,179	8,069,325	7,698,523	5,897	7,246	8,087,379	7,844,611
Add:														
Outstanding Claims Reserve at the end of the period														
Reported	34,701	43,141	63,614	43,305	5,292,863	2,949,981	1,509,660	1,511,891	311,368	1,202,834	84,386	41,470	7,296,592	5,792,622
Unreported	70,000	70,000	71,000	71,000	25,000	25,000	30,000	30,000	150,000	206,540	45,000	45,000	391,000	447,540
Less:														
Reinsurance share	54,530	55,466	102,637	81,198	5,289,631	2,942,633	1,494,279	1,496,715	-	238,824	88,096	59,914	7,029,173	4,874,750
Recoveries	31,723	31,144	60,005	60,025	195	40	-	-	1	112	-	-	91,924	91,321
Net Outstanding Claims Reserve at the end of the period	18,448	26,531	(28,028)	(26,918)	28,037	32,308	45,381	45,176	461,367	1,170,438	41,290	26,556	566,495	1,274,091
Reported	(11,552)	(3,469)	(43,028)	(41,918)	23,037	27,308	39,381	39,176	311,367	1,013,828	26,290	11,556	345,495	1,046,481
Unreported	30,000	30,000	15,000	15,000	5,000	5,000	6,000	6,000	150,000	156,610	15,000	15,000	221,000	227,610
Less:														
Outstanding Claims Reserve at the beginning of the period														
Reported	42,205	57,657	43,869	59,195	5,335,186	3,636,669	1,510,675	1,865,712	373,904	576,923	43,994	53,574	7,349,833	6,249,730
Unreported	70,000	70,000	71,000	71,000	25,000	25,000	30,000	30,000	150,000	208,245	45,000	45,000	391,000	449,245
Less:														
Reinsurance share	54,530	52,467	81,583	90,813	5,329,619	3,613,789	1,495,555	1,838,222	-	232,236	61,424	68,376	7,022,711	5,895,903
Recoveries	29,245	31,344	60,026	71,494	40	29	-	-	1	681	-	-	89,312	103,548
Net Outstanding Claims Reserve at the beginning of the period	28,430	43,846	(26,740)	(32,112)	30,527	47,851	45,120	57,490	523,903	552,251	27,570	30,198	628,810	699,524
Net Claims Cost	(8,744)	(259)	704	20,730	2,673	74,528	4,025	3,865	8,006,789	8,316,710	19,617	3,604	8,025,064	8,419,178

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

	Motor		Marine and transportations		Fire and property		Liability		Medical		Personal accident		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenues from written Premiums	-	-	57,640	73,494	322,349	315,033	211,034	173,192	9,357,045	9,755,115	52,312	44,801	10,000,380	10,361,635
Less:														
Net claims cost	(8,744)	(259)	704	20,730	2,673	74,528	4,025	3,865	8,006,789	8,316,710	19,617	3,604	8,025,064	8,419,178
	8,744	259	56,936	52,764	319,676	240,505	207,009	169,327	1,350,256	1,438,405	32,695	41,197	1,975,316	1,942,457
Add:														
Commissions income	-	-	78,663	79,090	163,351	166,166	30,691	42,345	-	-	859	1,170	273,564	288,771
Insurance policies issuance fees	-	-	17,192	19,988	98,720	99,662	45,998	47,820	326,352	319,503	126,756	128,523	615,018	615,496
Other revenues related to underwriting accounts	169	944	27,208	43,582	1,699	12,541	-	-	4,058	227,309	-	-	33,134	284,376
Total revenues	169	944	123,063	142,660	263,770	278,369	76,689	90,165	330,410	546,812	127,615	129,693	921,716	1,188,643
Less:														
Costs of Policies acquisition	-	-	14,024	12,573	62,094	72,374	33,293	39,207	179,518	225,081	49,657	51,834	338,586	401,069
Excess of loss premiums	-	-	5,500	5,000	31,000	29,500	-	-	-	-	7,560	7,200	44,060	41,700
General and administrative expenses														
related to underwriting accounts	1,802	1,586	49,307	37,598	289,675	251,811	136,541	133,927	953,632	937,784	10,856	9,680	1,441,813	1,372,386
Other expenses related to underwriting														
Accounts	-	-	1,279	1,024	3,191	3,307	449	313	384,538	536,843	532	248	389,989	541,735
Total Expenses	1,802	1,586	70,110	56,195	385,960	356,992	170,283	173,447	1,517,688	1,699,708	68,605	68,962	2,214,448	2,356,890
Underwriting profit (loss)	7,111	(383)	109,889	139,229	197,486	161,882	113,415	86,045	162,978	285,509	91,705	101,928	682,584	774,210

(1) GENERAL

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

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

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

The interim condensed consolidated financial statements were approved for issuance by the board of directors in its meeting No. (241) held on 22 October 2023

(2-1) BASIS OF PREPARATION

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

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

The interim condensed consolidated financial statements have been prepared on historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss that have been measured at fair value at interim condensed consolidated the financial statement date.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group annual report as of 31 December 2022. In addition, results for the nine - months period ended 30 September 2023 are not necessarily indicative to the results that may be expected for the financial year ending 31 December 2023.

(2-2) BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2-3) SIGNIFICANT ACCOUNTING POLICIES

Business Segment

The business segment represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which in measured based on the reports used by the chief operating decision maker.

The geographic segment relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

Financial assets date of recognition

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

Fair Value

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

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

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

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

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

A. Financial assets at amortized cost

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

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

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

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

B. Financial assets at fair value through other comprehensive income

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

C. Debt instruments at FVOCI

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

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

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

Investment Properties

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

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

Cash and Cash equivalents

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

Reinsurance Accounts

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

Reinsurance

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

Impairment in Reinsurance Assets

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

The impairment is recognized in the following cases only:

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

Property and equipment

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

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

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

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

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

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

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

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

Intangible assets

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

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

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

Pledged financial assets

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

Provisions

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

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

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

A- Technical Reserves

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

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

B- Provision for expected credit losses

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

C- End of service indemnity reserve

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

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

Liability adequacy test

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

Income Tax

Income tax represents current and deferred income tax.

A- Accrued Income Tax

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

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

B- Deferred Tax

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

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

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

Offsetting

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

Revenue recognition

A- Insurance policies

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

B- Dividend and interest revenue

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

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

C- Rental income

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

Expenses recognition

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

Insurance compensations

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

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

Recoverable scraped value

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

General and administrative expenses

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

Employees' expenses

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

Insurance policy acquisition cost

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

Foreign currencies

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

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

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

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

Use of estimates

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

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

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

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

(3) DEPOSITS AT BANKS

This item represents the following:

	30 September 2023			31 December 2022	
	Deposits				
	Deposits matures within one month	Deposits matures between 1 month- 3 months	Deposits matures after 3 months- 1 year	Total	Total
	JD	JD	JD	JD	JD
				(Unaudited)	(Audited)
Inside Jordan	5,106,623	4,700,000	4,023,712	13,830,335	11,430,563
Outside Jordan	1,837,480	-	-	1,837,480	1,775,000
	<u>6,944,103</u>	<u>4,700,000</u>	<u>4,023,712</u>	<u>15,667,815</u>	<u>13,205,563</u>

The annual interest rate on the deposits in Jordanian Dinar ranged between 6.25% to 6.5% and on the deposits in US Dollar ranges between 4.7 % to 5.48 % during the period ended 30 September 2023. (31 December 2022: from 5% to 5.25% and for US Dollar ranged 2.45%)

Deposits pledged in favor of the governor of the Central Bank of Jordan amounted to JD 800,000 for the period ended 30 September 2023 (31 December 2022: in favor of the governor of the Central Bank of Jordan general manager amounted to JD 800,000) at Invest Bank.

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

This item consists of the following:

	30 September 2023 JD (Unaudited)	31 December 2022 JD (Audited)
Quoted shares & investment funds -		
Inside Jordan -		
Quoted shares	46,522	48,970
Outside Jordan -		
Quoted shares	4,786,352	4,269,566
Quoted investment funds *	1,163,729	1,115,048
	5,950,081	5,384,614
Bonds -		
Outside Jordan -		
Quoted bonds **	2,060,668	2,105,504
Total	8,057,271	7,539,088

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

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

** This item consists of the following:

	Less than one year JD	More than one year JD	Total JD (Unaudited)
<u>Inside Jordan</u>			
Quoted Bonds	-	2,060,668	2,060,668
Total	-	2,060,668	2,060,668

- The bonds have fixed rates.

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT

This item consists of the following:

	30 September 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Outside Jordan -		
Quoted Funds	342,338	271,089
	<u>342,338</u>	<u>271,089</u>

(6) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	Number of Bonds	30 September 2023	31 December 2022
		JD (Unaudited)	JD (Audited)
Inside Jordan -			
Unquoted bonds			
Governmental Bonds	45	79,211,243	76,955,797
Total		<u>79,211,243</u>	<u>76,955,797</u>
 Outside Jordan			
Corporate Bonds	9	3,093,424	3,097,573
Less: Provision for expected credit losses in financial assets at amortized cost		<u>105,691</u>	<u>105,691</u>
Total		<u>2,987,733</u>	<u>2,991,882</u>
Total financial assets at amortized cost		<u>82,198,976</u>	<u>79,947,679</u>

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

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

	From month to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 to one year	More than one year	Total
	JD	JD	JD	JD	JD	JD
						(Unaudited)
<u>Inside Jordan</u>						
Government Bonds	-	3,003,437	-	-	76,207,806	79,211,243
<u>Outside Jordan</u>						
Corporate Bonds	319,664	426,640	-	320,699	1,920,730	2,987,733
Total	319,664	3,430,077	-	320,699	78,128,536	82,198,976

- The interest rates on government and corporate bonds and bonds are denominated in Jordanian Dinar ranged from 5.058% to 8% and on foreign currency bonds ranged from 3.25% to 5.7% during the period ended 30 September 2023.
- The bonds have fixed rates.

(7) INVESTMENT PROPERTIES

This item consists of the following:

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

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

(8) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables	9,166,502	5,406,678
Others	4,621	4,621
	9,171,123	5,411,299
Less: Provision for expected credit losses *	(336,683)	(341,817)
	8,834,440	5,069,482

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

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	341,817	343,557
Additions	-	25,030
Transfer to provision for the doubtful debt of reinsurance receivables	(4,282)	(204)
Written-off during the period/ year	(852)	(26,566)
Balance at the end of the period/ year	336,683	341,817

(9) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Local insurance Companies	85,450	116,720
Foreign reinsurance Companies	284,270	1,031,403
	369,720	1,148,123
Less: Provision for doubtful debt of reinsurance receivables*	(56,406)	(52,124)
Net reinsurance receivables	313,314	1,095,999

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

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	52,124	51,920
Transfer from accounts receivable provision for expected credit losses	4,282	204
Balance at the end of the period / year	56,406	52,124

(10) ACCOUNTS PAYABLE

This item consists of the following:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Policy holder's payables	329,833	2,060,229
Brokers payable	260,111	240,497
Others	3,284	3,284
	593,228	2,304,010

(11) REINSURANCE PAYABLES

The item consists of the following:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Local insurance Companies	13,988	5,376
Foreign reinsurance Companies	1,726,548	1,488,182
Reinsurance refundable deposits	461,771	462,480
	<u>2,202,307</u>	<u>1,956,038</u>

(12) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at beginning of the period/ year	503,308	624,973
Income tax paid	(752,792)	(848,438)
Income tax expense for the period/ year	736,060	726,773
Balance at end of the period/ year	<u>486,576</u>	<u>503,308</u>

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

	30 September 2023	30 September 2022
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	736,060	637,748
Deferred tax assets	2,875	(3,715)
Deferred tax liabilities	776	-
	<u>739,711</u>	<u>634,033</u>

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Income tax

A final settlement was reached until the end of the fiscal year 2020 and all outstanding balances have been paid on August 22, 2022, and the income tax return for the years ended 2021 and 2022 was submitted within the legal period and has not been audited and no final decision has been issued on it, and in the opinion of the group's management and tax advisor, the income tax provision is sufficient to meet any tax obligations.

Sales Tax

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

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

A final settlement was reached with the Income Tax Department until the end of 2022, with the exception of the fiscal year 2021, and the company's tax status for the fiscal year 2021 was terminated and settled within the legal period and was not audited by the Income and Sales Tax Department or a final decision was issued thereon.

In the opinion of the company's management and tax advisor, the provision is sufficient to meet tax obligations.

B- Deferred tax assets / liabilities

This item consists of the following:

	30 September 2023				31 December 2022	
	Balance at the beginning of the period	Amounts released	Amounts added	Balance at the end of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Deferred tax Assets						
Provision for expected credit losses	393,941	851	-	393,090	102,203	102,425
End of service indemnity provision	49,013	-	-	49,013	12,743	12,743
Lawsuits' provision	201,575	-	-	201,575	52,410	52,410
Unrealized losses through profit and loss	22,117	22,117	-	-	-	2,654
Unrealized losses through other comprehensive income	1,430,353	1,430,353	480,848	480,848	57,702	171,641
	<u>2,096,999</u>	<u>1,453,321</u>	<u>480,848</u>	<u>1,124,526</u>	<u>225,058</u>	<u>341,873</u>
Deferred tax Liabilities						
Unrealized profit - financial assets through other comprehensive income	-	-	6,469	6,469	776	-
	<u>-</u>	<u>-</u>	<u>6,469</u>	<u>6,469</u>	<u>776</u>	<u>-</u>

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

	Liabilities		Assets	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	-	77,762	341,873	166,328
Additions	776	-	57,702	175,954
Releases	-	(77,762)	(174,517)	(409)
Balance at the end of the period/ year	<u>776</u>	<u>-</u>	<u>225,058</u>	<u>341,873</u>

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

	30 September 2023	30 September 2022
	JD (Unaudited)	JD (Unaudited)
Accounting profit	2,942,075	2,606,502
Gain from sale of financial assets at fair value through other comprehensive income	-	(401)
Nontaxable income	(407,001)	(492,479)
Nondeductible expenses	295,926	339,255
Taxable profit	<u>2,831,000</u>	<u>2,452,877</u>
Income Tax expense	<u>736,060</u>	<u>637,748</u>
Effective tax rate	<u>25%</u>	<u>24.5%</u>
Statutory tax rate	<u>26%</u>	<u>26%</u>

(13) PAID-IN CAPITAL

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

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

(14) LEGAL RESERVES

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

(15) FAIR VALUE RESERVE

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

	30 September 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
Beginning balance	(610,697)	570,252
Changes during the period / year	301,491	(1,430,353)
Deferred tax liabilities	(113,940)	249,404
Ending balance	(423,146)	(610,697)

(16) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	30 September 2023	30 September 2022
	JD (Unaudited)	JD (Unaudited)
Cash dividends received (financial assets at fair value through other comprehensive income)	254,845	253,348
Net change in fair value for financial assets at fair value through income statement	6,108	(31,806)
Less: transfers to underwriting accounts	245,864	211,212
	15,089	10,330

(17) BASIC AND DILUTED EARNINGS PER SHARE

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

	30 September 2023	30 September 2022
	JD	JD
	(Unaudited)	(Unaudited)
Profit for the period/ JD	2,202,364	1,972,469
Weighted average number of shares / share	10,000,000	10,000,000
Basic and diluted profit earnings per share for the period	JD/ Fils	JD/ Fils
	0/220	0/198

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

(18) CASH AND CASH EQUIVALENT

The cash and cash equivalents appearing in the statement of cash flows represent the following:

	30 September 2023	30 September 2022
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	1,684,457	2,965,214
Add: deposits at banks mature within three months	11,644,103	14,624,076
Less: deposit pledged in favor of Central Bank Governor (Note 3)	800,000	800,000
Net Cash and cash equivalent	12,528,560	16,789,290

(19) RELATED PARTY TRANSACTIONS

The Group entered into transactions with major shareholders and board members in the Group within the normal activities of the Group. All debts provided to related parties are considered performing and no provision has been taken. Prices policies and terms of the transactions with related parties are approved by the Group's management.

The following represent summary of related parties' transactions:

	Parent company	
	30 September 2023	31 December 2022
	JD (Unaudited)	JD (Audited)
<u>Statement of financial position items</u>		
Deposits at Arab Bank	1,837,480	1,775,000
Current accounts at Arab Bank	608,668	2,327,613
Accrued Interest	15,201	29,429
Outstanding Claims	57,309	43,598
	30 September 2023	30 September 2022
	JD (Unaudited)	JD (Unaudited)
<u>Statement of income items</u>		
Written premiums	32,466	18,779
Policies acquisition costs	202,214	231,048
Interest income	63,382	15,467

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

	30 September 2023	30 September 2022
	JD (Unaudited)	JD (Unaudited)
Salaries and remunerations	318,715	351,311
BOD transportation	45,951	36,000
	364,666	387,311

(20) FAIR VALUE FOR FINANCIAL ASSETS

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

Level 1: quoted market prices in active markets for the same assets and liabilities.

Level 2: Other techniques where all inputs that have an important impact on fair value can be observable, directly or indirectly, from market information.

Level 3: Other techniques where inputs are used that have an important impact on fair value but are not based on observable market information.

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

	Level 1	Total
	JD	JD
30 September 2023 (Unaudited) -		
Financial assets		
Financial assets at fair value through other comprehensive income	8,057,271	8,057,271
Financial assets at fair value through income statement	342,338	342,338
31 December 2022 (Audited) -		
Financial assets		
Financial assets at fair value through other comprehensive income	7,539,088	7,539,088
Financial assets at fair value through income statement	271,089	271,089

(21) LAWSUITS RAISED BY AND AGAINST THE GROUP

The Group is a defendant in a number of lawsuits, the management believe that the lawsuit provision recorded of JD 2,538,362 as of 30 September 2023 (31 December 2022: JD 2,632,093) is sufficient to meet obligations that may arise from the lawsuits.

The value of the cases filed by the Group on others amounted to JD 674,408 as of 30 September 2023 (31 December 2022: JD 1,272,824) represented in accounts receivable to the Group and cheques returned as a result of the Group's exercise of its normal activities.

(22) CONTINGENT LIABILITIES

As at the date of interim condensed consolidated financial statement, the Group has contingent liabilities which are represented in letter of guarantees amounted to JD 73,022 On 30 September 2023 (31 December 2022: JD 55,901).

(23) DISTRIBUTED DIVIDENDS

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

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

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(24) STATEMENT OF FINANCIAL POSITION FOR LIFE

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Assets -		
Deposits at banks	13,032,040	10,624,432
Financial assets at fair value through other comprehensive income	6,701,807	6,065,514
Financial assets at amortized cost	68,370,756	64,321,279
Financial assets at fair value through income statement	284,747	218,103
Financial assets	13,262	-
Investment properties	781,866	756,270
Life policy holder loans	15,032,301	13,493,697
Total investments	104,216,779	95,479,295
Cash on hand and at banks	1,401,083	2,912,893
Checks under collection	469,977	455,339
Account receivable, net	1,845,468	1,456,649
Reinsurance receivables, net	78,329	274,000
Deferred tax assets	56,265	85,468
Property and equipment, net	664,874	669,913
Intangible assets, net	85,412	30,161
Other assets	1,452,246	1,602,231
Total assets	110,270,433	102,965,949
Liabilities and head office equity		
Technical reserves-		
Unearned written premium, net	154,053	161,174
Outstanding claim reserve, net	261,082	268,158
Mathematical reserve, net	105,409,286	97,969,547
Mathematical reserve Unit Linked, net	13,262	-
Total Technical Reserves	105,837,683	98,398,879
Other liabilities -		
Account payables	148,307	576,003
Reinsurance payables	550,577	489,010
Accrued expenses	485,078	508,316
Income tax provision	499,442	509,042
Lawsuit provisions	201,575	201,575
End of service provision	40,768	39,433
Deferred tax liabilities	194	-
Other liabilities	209,103	252,900
Total Liabilities	107,972,727	100,975,158
Head Office equity		
Head Office current account	376,773	32,936
Profit for the year	1,920,933	1,957,855
Total liabilities and Head office equity	110,270,433	102,965,949