سوليدرتي
SOLIDARITY
FIRST INSURANCE الأولى للتأمين

الرقم : INS /387/02/2024
التاريخ : 2024/02/29

السادة هيئة الاوراق المالية المحترمين
عمان – الاردن

تحية واحتراماً ، ، ،

الموضوع: البيانات المالية للسنة المنتهية في 31 كانون الاول 2023

بالإشارة الى الموضوع أعلاه ، نرفق لكم البيانات المالية المدققة للسنة المنتهية في 31 كانون الاول 2023 حسب معيار المحاسبة الدولي رقم 17 " عقود التأمين " ، وهي خاضعة لموافقة البنك المركزي الاردني.

وتفضلوا بقبول فائق الاحترام ، ، ،

أحمد عادي
المدير التنفيذي للمالية

First Insurance Company
Phone +962 6 5777555 Fax +962 6 5777550
P.O.Box 189 - Amman 11822 Jordan
info@solidarity.com.jo

شركة الأولى للتأمين
هاتف ٥٧٧٧٥٥٥ ٦ ٩٦٢+ فاكس ٥٧٧٧٥٥٠ ٦ ٩٦٢+
ص.ب. ١٨٩ - عمان ١١٨٢٢ الأردن
info@solidarity.com.jo

www.solidarity.com.jo

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
TOGETHER WITH THE INDEPENDENT
AUDITORS' REPORT

FISRT INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Independent Auditors' Report

To the Shareholders of
First Insurance Company
Public Shareholding Limited Company
Amman – Jordan
For The Year Ended December 31, 2023

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of First Insurance Company – Public Shareholding Company - and its subsidiary (the "Group") which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of policyholders' revenue and expenses, profit or loss, other comprehensive income, changes in shareholders' equity, changes in policyholders' equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants 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 consolidated 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 Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 the matter:

Independent Auditors' Report

To the Shareholders of
First Insurance Company
Public Shareholding Limited Company
Amman – Jordan
For The Year Ended December 31, 2023

Measurement of Insurance Contract Liabilities

Key audit matters description	**Audit approach to address risks**
As of December 31, 2023, insurance contract liabilities for incurred claims amounted to JOD 26,914,077 which represents 91% of total liabilities. The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the at the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts. The present value of future cash flows are based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. Due to the inherent estimation uncertainty, subjectivity and complexity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter. Refer to notes 3 and 4 for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Group. Also, refer to note 10 for the movement in insurance contract liabilities.	We have performed the following procedures - We assessed the appropriateness of the Group's accounting policy for determining insurance contract liabilities in accordance with the applicable financial reporting framework. Further, understood, evaluated and tested key controls around the claims handling and provisioning process; - Understood, evaluated and tested key controls around the claims handling and provisioning process; - Test on a sample basis the amounts recorded for claims reported and paid; including comparing the gross outstanding claims amount to appropriate source documentation to evaluate the valuation of gross outstanding claim reserves; - Evaluated the competence, capabilities and objectivity of the management's actuarial expert based on their professional qualifications and experience and assessed their independence - Checked the completeness and accuracy of the underlying data used by the management in estimating the insurance contract liabilities; - Engaged our actuarial specialists to assess the methodology and reasonableness of the key assumptions and judgments used by the management in determining the insurance contract liabilities for incurred claims; and - Assessed the adequacy and appropriateness of the related disclosures in the financial statements

Independent Auditors' Report

To the Shareholders of
First Insurance Company
Public Shareholding Limited Company
Amman – Jordan
For The Year Ended December 31, 2023

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report excluding the consolidated financial statements and the independent auditors' report thereon, the annual report is expected to be made available to us after the dated of this auditors' report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance opinion 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.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS, 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, represented by the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

KPMG

Independent Auditors' Report

To the Shareholders of
First Insurance Company
Public Shareholding Limited Company
Amman – Jordan
For The Year Ended December 31, 2023

- 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 auditors' 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 auditors' 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable. action taken to eliminate theatres or related safeguards applied.

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 auditors' 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 reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Group maintains proper accounting records duly organized and in line with the accompanying consolidated financial statements. We recommend that the General assembly of shareholders approve these consolidated financial statements.

Kawasmy and Partners
KPMG

شركة القواسمي وشركاه KPMG Kawasmy & Partners Company

Hatem Kawasmy
License No. (656)

Amman – Jordan
February 29, 2024

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Jordanian Dinar	Note	December 31, 2023	December 31, 2022 (Restated – Notes 3 and 42)	January 1, 2022 (Restated – Notes 3 and 42)
Assets				
Investments				
Bank deposits	5	14,585,531	15,704,155	14,357,318
Financial assets at fair value through other comprehensive income	6	5,702,203	4,580,130	2,934,983
Financial assets at amortized cost – net	7	8,804,598	3,255,426	2,617,744
Investment properties	8	5,291,858	6,674,713	6,665,787
Total Investments		**34,384,190**	**30,214,424**	**26,575,832**
Cash on hand and at banks	9	3,286,427	3,820,279	1,735,700
Insurance contracts assets	10.1	-	85,173	-
Reinsurance contract assets	10.2	11,874,467	10,811,312	12,659,420
Deferred tax assets	11	2,120,156	1,957,795	1,183,822
Property and equipment	12	9,598,295	9,897,162	10,334,975
Intangible assets	13	719,070	777,458	856,118
Right of use assets	14	490,161		-
Other assets	15	707,143	2,059,311	582,799
Total Assets		**63,179,909**	**59,622,914**	**53,928,666**
Liabilities, Shareholders and Policyholders Equities				
Liabilities				
Insurance contract liabilities	10.1	26,914,077	25,476,257	20,087,068
Total Contract Liabilities		**26,914,077**	**25,476,257**	**20,087,068**
Account payables	16	107,143	84,458	102,448
Accrued expenses		178,798	113,316	23,419
Other reserves		220,000	45,000	45,000
Income tax provision	11	601,335	669,981	44,500
Deferred tax liabilities	11	15,547	23,470	14,151
Liabilities against lease contracts	14	497,576	-	-
Other liabilities	17	1,075,715	1,094,377	840,137
Total Liabilities		**29,610,191**	**27,506,859**	**21,156,723**
Policyholders Equity				
Deficit reserve (convincingness provision)	18	33,309	23,151	14,160
Total Policyholders Equity		**33,309**	**23,151**	**14,160**
Shareholder Equity				
Paid-up capital	19	28,000,000	28,000,000	28,000,000
Statutory reserve	20	4,151,837	3,810,741	3,561,202
Fair value reserve	21	(551,268)	(146,307)	(214,596)
Retained earnings		1,935,840	428,470	1,411,177
Total Shareholder Equity		**33,536,409**	**32,092,904**	**32,757,783**
Total Policyholders and Shareholders Equities		**33,569,718**	**32,116,055**	**32,771,943**
Total Liabilities and Equities		**63,179,909**	**59,622,914**	**53,928,666**

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors' report.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES

Jordanian Dinar	Note	For the Year Ended December 31, 2023	2022 (Restated – Notes 3 and 42)
Insurance revenue	22	59,716,668	53,988,192
Insurance service expenses	22	(38,738,271)	(37,125,564)
Results of insurance contracts		**20,978,397**	**16,862,628**
Reinsurance contracts held	22	(25,456,555)	(23,417,905)
Recoveries from reinsurance contracts held	22	13,364,683	12,522,111
Net expense from reinsurance contracts held		**(12,091,872)**	**(10,895,794)**
Insurance Service Result		**8,886,525**	**5,966,834**
Net finance expense from insurance contract	23	(700,119)	(382,674)
Net finance income from reinsurance contract held	23	91,168	65,703
Net Insurance Finance Expense		**(608,951)**	**(316,971)**
Murabaha income		526,624	493,826
Investment income		628,738	400,712
Gain from sale of investment properties	8	654,175	-
Other income		208,803	182,638
Policyholders share of results		(10,158)	(8,991)
Depreciation and amortization	8,12,13	(2,028,223)	(1,522,101)
General and administrative expenses	26	(506,851)	(528,372)
Salaries and benefits	31	(4,233,975)	(3,786,485)
Profit before tax	26	**3,516,707**	**881,090**
Income tax for the year	11	(610,515)	(494,258)
Profit for the Year attributable to the shareholders		**2,906,192**	**386,832**
Basic and Diluted Earnings per Share (JOD/ share)	32	**0.104**	**0.014**

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors' report.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

SUPPLEMENTARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS – POLICYHOLDERS’

		For the Year Ended December 31,	
Jordanian Dinar	**Note**	**2023**	**2022 (Restated – Notes 3 and 42)**
Insurance revenue	22	59,716,668	53,988,192
Insurance service expenses	22	(38,738,271)	(37,125,564)
Results of insurance contracts		**20,978,397**	**16,862,628**
Reinsurance contracts held	22	(25,456,555)	(23,417,905)
Recoveries from reinsurance contracts held	22	13,364,683	12,522,111
Net expense from reinsurance contracts held		**(12,091,872)**	**(10,895,794)**
Insurance Service Result		**8,886,525**	**5,966,834**
Net finance expense from insurance contract	23	(700,119)	(382,674)
Net finance income from reinsurance contract held	23	91,168	65,703
Net Insurance Finance Expense		**(608,951)**	**(316,971)**
Policyholders share of investments income	24	153,157	105,458
Shareholders' equity shares for managing takaful insurance operations	25.1	(8,308,627)	(5,677,803)
Depreciation	12	(53,442)	(67,804)
General and administrative expenses	26.1	(134,232)	(118,840)
Policyholders' (deficit) before tax		**(65,570)**	**(109,126)**
Income tax surplus for the year	11	75,728	118,117
Policyholders’ surplus from Takaful Insurance Operations		**10,158**	**8,991**

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors’ report.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

SUPPLEMENTARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS- SHAREHOLDER

		For the Year Ended December 31,	
Jordanian Dinar	**Note**	**2023**	**2022 (Restated – Notes 3 and 42)**
Shareholders' equity shares for managing takaful insurance operations	25.2	8,308,627	5,677,803
Shareholders' equity shares of murabaha income	27	526,624	493,826
Shareholders' equity shares of investments income	28	393,112	238,469
Shareholders' equity shares from managing the investments portfolio	29	82,469	56,785
Shareholders' equity shares of gain from sale of investment properties	8	654,175	-
Other income		262,511	182,638
Total shareholders' equity revenue from Takaful Insurance Operations		**10,227,518**	**6,649,521**
General and administrative expenses	26.2	(1,893,991)	(1,403,261)
Salaries and benefits	30	(4,233,975)	(3,786,485)
Depreciation and amortization	8,12,13	(507,117)	(460,568)
Total expenses		**(6,635,083)**	**(5,650,314)**
Profit for the year before income tax		**3,588,435**	**999,207**
Income tax expense for the period	11	(686,243)	(612,375)
Profit for the Year attributable to the shareholders		**2,906,192**	**386,832**

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors' report.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For The Year Ended December 31,	
Jordanian Dinar	**2023**	**2022 (Restated – Notes 3 and 42)**
Profit for the Year	**2,906,192**	**386,832**
Items that will not be reclassified subsequently to profit or loss:		
Shareholders' equity shares from the change in fair value of financial assets at fair value through other comprehensive income	(342,687)	68,289
Total comprehensive (loss) income items	**(342,687)**	**68,289**
Total Other Comprehensive Income for the Year	**2,563,505**	**455,121**

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors' report.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Jordanian Dinar	Note	Paid-up Capital	Statutory Reserve	Fair Value Reserve	Retained Earnings	Total
For the Year Ended December 31, 2023						
Balance as of January 1, 2023		**28,000,000**	**3,810,741**	**(66,719)**	**2,985,853**	**34,729,875**
Impact of application of IFRS 17, net of tax	**3**	**-**	**-**	**-**	(2,253,983)	**(2,253,983)**
Correction of error	**42**	-	-	(79,588)	(303,400)	**(382,988)**
Balance as of January 1, 2023 (Restated)		**28,000,000**	**3,810,741**	**(146,307)**	**428,470**	**32,092,904**
Profit for the year		**-**	**-**	**-**	2,906,192	2,906,192
Other comprehensive income items for the year		-	-	(342,687)	-	(342,687)
Total comprehensive income for the year		-	-	(342,687)	2,906,192	2,563,505
Gain from sale of financial assets at fair value through other comprehensive income		-	-	(62,274)	62,274	-
Transferred to statutory reserve		-	341,096	-	(341,096)	-
Distributed dividends	**35**	-	-	-	(1,120,000)	(1,120,000)
Balance as of December 31, 2023		**28,000,000**	**4,151,837**	**(551,268)**	**1,935,840**	**33,536,409**
For the Year Ended December 31, 2022						
Balance as of December 31, 2021		28,000,000	3,561,202	(239,071)	2,726,966	34,049,097
Impact of application of IFRS 17, net of tax	**3**	-	-	**-**	(1,315,789)	(1,315,789)
Correction of error	**42**	-	-	24,475	-	24,475
Adjusted Balance as of January 1, 2022		**28,000,000**	**3,561,202**	**(214,596)**	**1,411,177**	**32,757,783**
Profit for the period		-	-	-	386,832	386,832
Other comprehensive income items for the year		-	-	68,289	-	68,289
Total comprehensive income for the year		-	-	68,289	386,832	455,121
Transferred to statutory reserve		-	249,539	-	(249,539)	-
Distributed dividends	**35**	-	-	-	(1,120,000)	(1,120,000)
Adjusted Balance as of December 31, 2022 (Restated)		**28,000,000**	**3,810,741**	**(146,307)**	**428,470**	**32,092,904**

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors' report.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

SUPPLEMENTARY CONSOLIDATED STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

Jordanian Dinar	Reserve to cover deficit (Contingency provision)	Accumulated Surplus Realized	Accumulated Surplus Unrealized	Net Policyholders' Equity
For the Year Ended December 31, 2023				
Balance as of January 1, 2023	**23,151**	**-**	**-**	**23,151**
Policyholders' surplus for the year	**-**	10,158	-	10,158
Transferred from policyholders' surplus	10,158	(10,158)	-	-
Balance as of December 31, 2023	**33,309**	**-**	**-**	**33,309**
For the Year Ended December 31, 2022				
Balance as of January 1, 2022	14,160	**-**	-	**14,160**
Policyholders' surplus for the year	**-**	8,991	-	8,991
Transferred from policyholders' surplus	8,991	(8,991)	-	-
Balance as of December 31, 2022	**23,151**	**-**	**-**	**23,151**

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors' report.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

Jordanian Dinar	Note	For the year ended December 31, 2023	2022
Cash Flow from Operating Activities			
Profit for the year before income tax		**3,526,865**	**890,081**
Adjustments:			
Depreciation and amortization	8,12,13	560,559	528,372
Murabaha income on deposits	27	(526,624)	(493,826)
Income from financial assets at fair value through other comprehensive income – sukuk	28	(93,540)	(36,588)
Income from financial assets at amortized cost	28	(256,953)	(168,801)
Cash dividends from financial assets at fair value through other comprehensive income	28	(42,620)	(33,080)
Gain on sale of investment property	8	(654,175)	-
Loss from sale of property equipment		616	-
Expected credit loss		200,000	265,288
Premium amortization on financial assets at amortized cost		(12,096)	171
Interest expenses on right of use assets lease		15,774	-
Other Reserve		220,000	45,000
Gain on sale of financial assets at fair value through Profit or loss		-	(55,126)
Change in fair value of financial assets at fair value through profit or loss		-	(50,342)
Change in working capital items:		**2,937,806**	**891,149**
Other assets		1,352,168	(1,483,820)
Other liabilities		(77,213)	314,020
Accrued expenses		65,482	89,897
Payables		22,685	(17,990)
Insurance contracts assets		85,173	(126,073)
Reinsurance contracts assets		(1,063,155)	1,582,820
Insurance contract liabilities		1,237,820	5,389,189
Cash flows generated from operating activities before other reserves and income tax paid		**4,560,766**	**6,639,192**
Other reserves paid		(45,000)	(45,000)
Income tax paid	11	(831,386)	(151,858)
Net cash flow generated from operating activities		**3,684,380**	**6,442,334**
Cash Flow from Investing Activities			
Bank deposits held (original maturity more than 3 month)		(3,052,377)	(3,737,720)
Bank deposits matured (original maturity more than 3 month)		4,425,000	2,100,000
Cash received from Murabaha income		515,747	493,826
Return on financial assets at fair value through other comprehensive income - sukuk	28	93,540	36,588
Cash dividends from financial assets at fair value through other comprehensive income	28	42,620	33,080
Purchases of intangible assets	13	(74,000)	(54,100)
Proceeds from Sale of property and equipment		4,150	-
Purchase of property equipment	12	(66,008)	(19,196)
Proceed from sale investment property		1,983,800	-
Purchases of financial assets at fair value through other comprehensive income		(1,475,727)	(1,645,147)
Purchases of financial assets at fair value through profit or loss		-	(481,337)
Proceed from sale of financial assets at fair value through profit or loss		-	214,248
Purchases of financial assets at amortized cost		(5,537,077)	(637,682)
Returns received from financial assets at amortized cost		256,953	168,801
Net cash flow (used in) investing activities		**(2,883,379)**	**(3,528,639)**
Cash Flow from Financing Activities			
Payment of Lease Liability		(16,667)	-
Dividends		(1,061,449)	(1,120,000)
Net cash flow (used in) financing activities		**(1,078,116)**	**(1,120,000)**
Net change in cash and cash equivalents		**(277,115)**	**1,793,694**
Cash and cash equivalents at the beginning of the period		4,443,618	2,657,561
Cash and cash equivalents at the end of the period	9	**4,166,503**	**4,451,255**
Non-cash transactions			
Undistributed dividends		58,551	-
Right of used assets		490,161	-
Lease Liability		(490,161)	-

Chief Executive Officer **Chief Financial Officer**

The accompanying notes from 1 to 43 form an integral part of these consolidated financial statements and shall be read in conjunction therewith and with the auditors' report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1) GENERAL

First Insurance Company (the Company) was established under Companies Law No, (13) for the year 1964 as a Jordanian Public Shareholding Company under No. (424) established on December 28, 2006. The issued, authorized, and paid-up capital of the Group is JOD 28M / share; JOD 1 per share. The Group's Head office located in Amman -The Hashemite Kingdom of Jordan and its address is in Dabouq.

The objectives of the Company are to engage in providing insurance on fire, natural hazards, accidents, medical and marine vehicles, cargo during transportation, and other damage of properties, liability of land-based vehicles, general liability, assistance insurance, ships insurance, ships liability, aircraft insurance, aircraft liability and life insurance in accordance with Islamic Sharia.

The Company's parent is Solidarity Group Holding- Bahrain and the ultimate parent is Al Salam Bank B.S.C – Bahrain.

The Company's shares are listed in Amman Stock Exchange.

The accompanying consolidated financial statements were approved by the Board of Directors on February 26, 2023.

2) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of preparation

This is the first set of First Insurance Company (The Company) and Its subsidiary (The Group) consolidated financial statements for the year ended December 31, 2023, in which IFRS (17) - Insurance Contracts have been applied and the resultant changes to the significant judgments, estimates and accounting policies are described in Notes (3 and 4), comparative information was restated due to the adoption of IFRS (17) along with other matters which described in note (42), the Group maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues, and expenses clearly attributable to either operation, are recorded in the respective accounts. Therefore, comparative information was restated accordingly to maintain comparability, refer to notes (3 and 42) for more details.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). As in our opinion, the accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

B. Basis of consolidation of financial statements

The consolidated financial statements comprise the Company and its subsidiary, which is wholly owned and subject to its control, and control is achieved when the Company has:

- Power over the investee.
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use power over the investee to affect the amount of the investor's returns.

The Company reassess whether it controls the investee if facts and circumstances indicate that there are changes to one or more of the above-mentioned control points.

In the voting rights decrease below the majority of the voting rights in any of the subsidiaries, it will have the control when its voting rights are sufficient to give the Company the ability to direct the activities of the subsidiary facilities from one side only. The Company considers all the facts and circumstances when assessing whether the Company has sufficient voting rights that enables the Company's control. Among those facts and circumstances:

- The size of voting rights that the Group possesses in relation to the size and distribution of other voting rights.
- Possible voting rights that the Group possesses and any other parties that process voting rights as such.
- Emerging rights from other contractual arrangements; and,
- Any other facts and circumstances that indicates that the Group may or may not become liable when it's required to make decisions, including voting mechanism in previous general assembly meetings.

The subsidiary is consolidated when the Group has control of the subsidiary and stops when the Group loses control over the subsidiary. Specifically, the results of the operations of the subsidiary enterprises acquired or excluded during the year are included in the consolidated statement of profit or loss from the date control was achieved until the date of loss of control over the subsidiary.

Adjustments are made to the financial statements of subsidiaries, when necessary, to bring their accounting policies in line with the accounting policies used in the Group.

All assets, liabilities, equity, income, and expenses relating to transactions and balances between the Group and its subsidiaries are eliminated upon consolidation.

When the Group loses control over a subsidiary, the gain or loss resulting from disposal is computed in the statement of profit or loss as the difference between (1) the total fair value of the consideration received and the fair value of any remaining interests and (2) the previous present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the assets or liabilities related to the subsidiary. The fair value of the investment that is retained in the previous subsidiary at the date of loss of control is considered a fair value upon initial recognition of subsequent accounting under IFRS 9 Financial Instruments when the provisions of the standard apply, or the cost of initial recognition of the investment in an affiliate company or Joint venture.

- The Company has the following subsidiary as of December 31, 2023:

Company's Name	Authorised capital	Company's ownership %	Company's activity nature	Registration centre	Date of acquisition
	JOD				
Mulkyat Investment and Trade Company	50,000	100	Investment	Amman	2010

The most important financial information for the subsidiaries for the years 2023, 2022 are as follows:

	December 31, 2023		December 31, 2023	
Company's Name	**Total Assets**	**Total Liabilities**	**Total Revenues**	**Total Expenses**
	JOD	JOD	JOD	JOD
Mulkyat Investment and Trade Company	3,450,103	10,020	292,959	111,483

	December 31, 2022		December 31, 2022	
Company's Name	**Total Assets**	**Total Liabilities**	**Total Revenues**	**Total Expenses**
	JOD	JOD	JOD	JOD
Mulkyat Investment and Trade Company	3,400,187	25,759	273,231	95,299

- The financial statements of the subsidiary Company are prepared for the same fiscal year of the Group, using the same accounting policies used by the Group. If the accounting policies used by the subsidiary are different, the necessary adjustments are made to the financial statements of the subsidiary to comply with the accounting policies used by the Group.

- The financial statements of the subsidiary are consolidated in the consolidated statement of profit or loss and comprehensive income from the date of its acquisition, which is the date on which the actual transfer of control of the Company over the subsidiary takes place, and its consolidation is stopped when the Company loses this control.

- In the event that separate financial statements are prepared for the company as an independent entity, the investment in the subsidiary company is shown at cost.

C. Basis of measurement

The consolidated financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of financial assets at fair value through other comprehensive income, which are measured at its fair value. Moreover, the insurance and reinsurance contracts are measured at the estimated fulfilment cash flows that are expected to arise as the Company fulfils its contractual obligations in accordance with IFRS 17.

D. The functional and presentation currency

The consolidated financial statements are shown in Jordanian dinar, which represents the functional currency for each entity in the Group.

E. Seasonality of operations

There are no seasonal changes that may affect the insurance operations of the Group.

3) MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.
In addition, the Group adopted Disclosure of Accounting Policies (Amendments to lAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of material! rather than significant, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 3.
Certain comparative amounts in the statement of profit or loss and OCI have been restated, reclassified, or re-presented, as a result of an adjustments due to IFRS 17 and correction of a prior-period error (see Note 42).
The accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022, except for the new and amended standards or Standards amendments that become effective after January 1, 2023, and are as follows:

New standards and amendments became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standard:

Except for the application of IFRS 17 which described below, a number of amendments became applicable for the current reporting period i.e., for reporting periods beginning on or after January 01, 2023. The Group has assessed that the amendments have no significant impact on the Group’s consolidated financial statements, which are described below:

Interpretation	***Description***
IAS 1	Classification of Liabilities as Current or Non-current – Amendments to IAS 1
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Group has restated comparative information for 2022 applying the full retrospective transition approach prescribed in the standard. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contract and investment contracts with discretionary participation features. it introduces a model that measure groups pf contracts based on the groups estimates of the present value of future cash flow that are expected to arise as the group fulfils the contracts, an explicit risk adjustment for non- financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the change in the liabilities for remaining coverage that relate to services for which the group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. in addition, investment components are no longer included in insurance revenue and insurance service expenses.

The group no longer applies shadow accounting to insurance-related assets and liabilities.

Insurance finance income and expenses, disaggregated between profit or loss and OCI for life risk and life savings contracts, are presented separately from insurance revenue and insurance service expenses.

The group applies the PAA to simplify the measurement of contacts in the non-life segment, expect for the groups of acquired contract that do not qualify for the PAA. when measuring liabilities for remaining coverage, the PAA is similar to the groups previous accounting treatment. However, when measuring for liabilities incurred claims, the group now discount the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non- financial risk.

The nature of the changes in accounting policies can be summarized, as follows:

- **Changes in accounting policies:**

  IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

i. **Classification and summary of measurement models**

The Group issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts whereby the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if there is a specific uncertain future event (the present death of the insured) adversely affects the policyholder.

The Group issues non-life and group life insurance to individuals and businesses. Non-life insurance products offered include medical, energy, property, motor, engineering, and others. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's actions. The Group does not issue any contracts with direct participating features. There is a non-material term life portfolio, for which the insurance liabilities were considered insignificant in a way that does not justify the deployment of related complex measurements models. Such contracts will continue to be reported on the basis of their net mathematical reserves. This perspective would change if the portfolio started growing.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

None of the insurance contracts issued by the Group contain embedded derivatives, investment components or any other goods and services.

ii. **Level of aggregation**

The Group identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition.
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

The portfolios are further divided by year of issue.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (Quarterly cohorts) into groups of: (a) contracts for which there is a net gain at initial recognition, if any; (b) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (c) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Group assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

iii. **Recognition**

The Group's recognises a group of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Group's recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- For reinsurance contracts that provide proportionate coverage, at the later of:
  (a) the beginning of the coverage period of the group of reinsurance contracts and
  (b) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts.

However, if the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the quarter cohort's restriction. Composition of the groups is not reassessed in subsequent periods.

iv. **Contract boundaries**

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group.

Insurance Contract

Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

a. The Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

b. Both of the following criteria are satisfied:
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Reinsurance contracts:

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

v. **Measurement**

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or

- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

The company classifies insurance and reinsurance contracts based on the following:

Portfolio	Contract Classification	Measurement approach
Motor	Comprehensive, Pools, Border, Buses and Third parties' contracts	PAA
Medical	Group and induvial contracts	PAA
Marine	Marine contracts	PAA
Engineering	Engineering contracts	PAA
Fire	Fire contracts	PAA
G&A	G&A contracts	PAA
Life	Life contracts	PAA

The Group uses the PAA to simplify the measurement of groups of contracts on the following bases:

- **Insurance Contracts:**
The coverage period of Marine, Fire, Motor Third Party Liability (TPL), Motor Comprehensive, Medical, General accident, Motor Pools – Borders and Buses, and group life contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA.

PAA eligibility testing has been performed for the Engineering group of contracts since the coverage period is more than one year. The Group reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

- **Reinsurance contracts:**
The Group reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of insurance contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any insurance acquisition cash flows at that date, including any amount arising from the derecognition at that date of any asset recognised for insurance acquisition cash flows paid before that date, plus or minus any other assets or liabilities previously recognised for cash flows related to that group.

For reinsurance contracts held on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid.

On initial recognition of each group of insurance contracts except for engineering, the Group expects that the time between providing each part of the coverage and the related premium due date is no more than a year.

The Group tested the differences between the general measurement model and the premium allocation approach and considered the relevance of reflecting the time value of money for these portfolios. The Group determined that measuring the liability for remaining coverage using the premium allocation approach in line with the expected risk profile, and without factoring-in the time value of money would not have a material impact on the fairness of the reporting.

Subsequent measurement under PAA:

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and
b. the Liability Incurred Claims ("LIC"), comprising the fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC.
b. decreased for insurance acquisition cash flows paid in the period.
c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.
d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
e. increased for any adjustment to the financing component, where applicable.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. increased for ceding premiums paid in the period; and
b. decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Group to sell (usually damaged) assets acquired in settling a claim (for example, salvage). Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the estimates of claims liability. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the general measurement model (GMM), that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the estimates of the fulfilment cash flows of future revenues. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and those relating to the future revenue. The onerous contract assessment is carried out on quarterly basis at cohort level.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

vi. **De-recognition and contract modification**

The Group derecognises a contract when it is extinguished i.e., when the specified obligations in the contract expire or are discharged or cancelled. The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified during the year ended December 31, 2023.

vii. **Acquisition & Attributable Cost**

Insurance acquisition cash flows are the costs that directly associated with selling and handling acquired businesses. The Group considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are expensed when incurred and. While attributable costs are the costs that can fully or partially attributed to the insurance operations. The Group has in place allocation technique to allocate the costs based on direct to indirect costs ratio. Both acquisition and attributable costs fall under the insurance service expense while the non-attributable costs are reported under other operating expenses and are not allocated to the portfolios or groups of contracts.

viii. **Presentation**

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Group recognised in the statement of profit or loss (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income and expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue:

Insurance revenue for the specified period represents the amount of expected insurance premium revenue distributed over the period. The expected premium revenue for each period of insurance contract services is based on the time period.

Insurance service expenses:

Insurance service expenses include the following:

a. Incurred claims for the period.
b. other incurred directly attributable expenses.
c. insurance acquisition cash flows.
d. changes that relate to past service – changes in the FCF relating to the LIC.
e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Group recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein. The Group includes all insurance finance income or expenses for the period in profit or loss.

Changes to classification, recognition, and measurement

The measurement principles of the PAA differ from the 'earned premium approach' used by the Group under IFRS 4 in the following key areas:

- **Discount rate** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Group has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. The changes in discounting methodology did not have a significant impact on transition. Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.

- **Risk Adjustment** -Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned. As a result, the changes in methodology did not have a significant impact on transition.

- **Onerous contracts** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4. Onerous contracts did not have a significant impact on transition to IFRS 17.

Changes to presentation and disclosure

Statement of financial position

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets; and
- Portfolios of reinsurance contracts held that are liabilities.

Line items under IFRS 17	Line items under IFRS 4, now combined under one line item under IFRS 17
Insurance contract liabilities	- Premiums receivable - Outstanding claims - Claims incurred but not reported - Premium deficiency reserve - Due to agents, brokers, and third-party administrator - Policyholders payable - Salvage recoverable, within prepaid expenses and other assets - Fee payables, within accrued expenses and other liabilities
Reinsurance contract assets	- Reinsurers' share of unearned premiums - Reinsurers' share of outstanding claims - Reinsurers' share of claims incurred but not reported - Reinsurers' share of mathematical reserve - Payable to reinsurers, within due to reinsurers, agents, brokers, and third-party administrator - Due from reinsurers - Unearned reinsurance commission

Statement of profit or loss

The line-item descriptions in the statement of profit or loss have been changed significantly compared to presentation in the latest annual financial statements.

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and expected credit losses on receivables from policy holders.

Insurance service expense under IFRS 17 includes gross claims paid, changes in outstanding claims, changes in incurred but not reported claims, changes in loss component, policy acquisition costs, attributable expenses, and the impact of release in the risk adjustment. The changes in premium deficiency reserve are eliminated and instead changes in loss component is taken.

Net income / (expenses) from reinsurance contracts held under IFRS 17 includes reinsurance premium ceded, changes in reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non-financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under net insurance financial result.

IFRS 17 resulted in presentation changes to IFRS 4's underwriting expenses since expenses are classified either as insurance acquisition cash flows and fulfilment cash flows within insurance service expense or as other expenses when they are not directly attributable to insurance contracts.

As a result, a portion of expenses classified as underwriting expenses under IFRS 4 are now presented as other expenses under IFRS 17 in the line other operating expenses. The following previously reported line items are no longer disclosed: direct premiums written, net earned premiums, net claims incurred, and underwriting expenses.

Transition

On transition to IFRS 17, the Group has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, January 1, 2022, the Group:

- has identified, recognized, and measured each group of insurance contracts as if IFRS 17 had always applied.
- derecognized any existing balances that would not exist had IFRS 17 always applied; and
- recognized any resulting net difference in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The impact of transition to IFRS 17 on retained earnings is, as follows:

	January 1, 2023	January 1, 2022
(Reduction) / increase in the Group's total equity		
Change in measurement of reinsurance contract assets	402,216	721,973
Change in measurement of insurance contract liabilities	(3,242,235)	(2,278,948)
Deferred tax assets	586,036	241,186
Impact of adoption of IFRS 17 before income tax	**(2,253,983)**	**(1,315,789)**
Increase / (decrease) in the Group's total assets		
Risk adjustment	485,897	742,185
Discounting	(53,603)	(22,273)
loss component	(30,078)	2,061
Impact of adoption of IFRS 17 on total assets	**402,216**	**721,973**
(Increase) / reduction in the Group's total liabilities		
Risk adjustment	875,044	1,141,442
Discounting	(342,408)	(254,523)
Loss component	82,989	139,170
Change in methodology	40,244	8,245
Change in assumption (best estimate and UALER)	2,586,366	1,244,614
Impact of adoption of IFRS 17 on total liabilities	**3,242,235**	**2,278,948**

The impact on the consolidated of profit and loss for the year ended December 31, 2022, arising from actuarial risk adjustment, discounting, loss component adjustment and net impairment allowance recomputed for premiums receivable, reinsurers' receivable, reinsurers' share of outstanding claims and claims incurred but not reported, in line with the requirements of IFRS 17, along with the correction of errors mentioned in note (42), is as follows:

	December 31, 2022
Net profit after income tax as previously reported	**2,016,573**
Estimated (increase) / reduction in the Group's net results	
Loss component	56,181
Risk adjustment, net	10,110
Discounting, net	56,555
Change in methodology	(34,308)
Expected credit loss	(410,000)
Change in assumption	(1,414,879)
Impact of adoption of IFRS 17 on net loss	**280,232**
Income tax surplus for the year – deferred tax assets	106,600
Adjusted profit after income tax - restated	**386,832**

The adjustments above include the adjustments related to the correction of errors mentioned in note (42), which represented by an amount of JOD 410,000 related to the additional expected credit loss provision recorded on financial assets, and an amount of JOD 115,443 as net impact on income tax surplus from changes on deferred tax assets and liabilities, other adjustments related to the implementation of IFRS 17.

The impact on the consolidated cash flow for the year ended December 31, 2022 as a result of implementing IFRS 17 is not material to the consolidated financial statements.

The following are the other material accounting policies applied by the Group:

(a) <u>Financial assets and liabilities:</u>

- ***Recognition and initial measurement***

Trade receivables, loans and debt securities issued are initially recognized when they are originated.
All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

- ***Classification***

Financial Assets:

Initial recognition, financial assets are classified as: at amortized cost, at fair value through profit or loss and other comprehensive income, or at fair value through profit or loss and other comprehensive income.
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss and other comprehnsive income:
It's held within a business model whose objective is to hold assets to collect contractual cash flows.
Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss and other comprehensive income:
It's held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
Be on specific dates and these flows are only payments out of the amount and interest on the original amount outstanding.
On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All other financial assets are measured at fair value through statement of profit or loss and other comprehnsive income.

Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- How managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL and FVTOCI.

Financial Assets - Evaluate whether contractual cash flows are payments of principal and interest only:

For the purposes of this evaluation, "principal amount" is defined as the fair value of the financial asset at the date of initial recognition. "Interest" is defined as the consideration of the time value of money and the credit risk associated with the principal amount outstanding during a given period of time and other basic lending costs (such as liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are only payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial assets have a contractual term that could change the timing or amount of contractual cash flows and accordingly do not meet the requirement for payments of principal and interest only. When making this assessment, the Company considers:

- Contingency events that would change the amount or timing of cash flows.
- Prepaid features and the possibility of extension.
- The conditions that determine the Company's claim to cash flows from the specified assets.

Financial assets - the subsequent measurement of profits and losses

Financial assets at fair value through profit or loss	Subsequent measurement of these assets is done at fair value.Net gains and losses, including any interest or dividends, are recognized in the consolidated statement of profit or loss.
Financial assets at amortized cost	Subsequent measurement of these assets is carried out at amortized cost using the effective interest method. The amortized cost is reduced by the value of the impairment loss. Interest income, foreign exchange gains and losses, and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on disposal of assets is recognized in the consolidated statement of profit or loss.
Debt investments at fair value through other comprehensive income	Subsequent measurement of these assets is done at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On disposal, the gains and losses are reclassified from other comprehensive income to the consolidated statement of profit or loss.
Equity investments at fair value through other comprehensive income	Subsequent measurement of these assets is done at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the consolidated statement of comprehensive income and are not reclassified to the consolidated statement of profit or loss.

- **Financial liabilities – Classification, subsequent measurement and gains and losses**
- Financial liabilities are classified as either at amortized cost or at fair value through the consolidated statement of profit or loss. Financial liabilities are classified as fair value through consolidated statement of profit or loss if they are classified as held for trading and are derivatives or are designated as such upon initial recognition. Financial liabilities are measured at fair value through profit or loss, and profits and losses are recognized net, including any interest expense, in the consolidated statement of profit or loss and other comprehensive income.
- Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated profit or loss. Any gain or loss on sale is also recognized in consolidated profit or loss and other comprehensive income.

- **Derecognition**

Financial assets

The Company derecognizes financial assets when the contractual rights to cash flows from the financial assets expire, or it substantially transfers the rights to receive contractual cash flows and all the risks and benefits of ownership of the financial assets in a transaction to another party. Or in which the Company has not substantially transferred or retained all the risks and benefits of ownership and does not maintain control over the financial assets.

Recognition is made in the consolidated statement of profit or loss and other comprehensive income with the difference between the carrying value of the assets that have been derecognized and the value acquired by the Company, and the part accumulated in the comprehensive income of profit or loss related to those assets is reversed.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

- **Modifications to financial assets and liabilities**

Adjusted financial assets

If the terms of the financial assets are modified, the Company evaluates whether the cash flows of the modified assets are significantly different. If the cash flows differ significantly, then the contractual rights to the cash flows are derecognised from the original financial assets, and new financial assets are recognized at fair value and any related costs are added to them. Any commissions received as part of the adjustment are calculated as follows:

- Fees for determining the fair value of new assets and fees that represent compensation for costs related to the new assets are included in the initial measurement of the new financial assets.
- Other fees are included in profit or loss as part of the profit or loss upon derecognition.

If the cash flows are modified if the borrower encounters financial difficulties, the goal of the adjustment is generally to maximize the recoverable value of the original contractual terms instead of creating a new asset on different terms. Whether an impairment will be calculated on a portion of the financial assets before making the adjustment to the financial assets. This approach affects the outcome of the quantitative evaluation and means that criteria for derecognition are not met in such cases.

Adjusted financial liabilities

The Company derecognizes financial liabilities when their terms are modified, and the cash flows of the modified financial liabilities differ materially. In this case, new financial liabilities are recognized at fair value. The difference between the carrying amount of the financial liabilities for which the recognitions are cancelled, and the amounts disbursed is recognized in the consolidated statement of profit or loss and other comprehensive income.

Impairment of financial assets

Financial instruments:

The Company recognizes expected credit losses on:

- Financial assets at amortized cost.
- Finance lease receivables.
- Contractual guarantees.

Impairment losses are not recognized on equity investments.

The Company measures loss allowances at an amount equal to the expected credit loss over the life of financial instruments.

Expected Credit Losses (ECL) is the portion of the expected credit loss that results from possible default on financial instruments over the life of the financial instrument.

Expected credit loss are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the date of the consolidated financial statements.
- Financial assets that are credit-impaired at the date of the consolidated financial statements.
- Undrawn loan commitments.
- Financial guarantee contracts.

The Company recognizes provisions for expected credit losses on the following financial instruments that have not been measured at fair value through the consolidated statement of profit or loss:

- Balances and deposits with Banks and financial institutions.
- Financial assets at amortized cost (customers' loans).

Impairment loss is not recognised on equity instruments.

Except for purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- The first stage (Stage 1): ECL weighted by the probability of default for the credit exposure / debt instrument during the next (12) months. Credit exposures / debt instruments that did not have a significant increase in their credit risk since recognition were included in this Group category. Initial exposure / instrument or it has low credit risk.

- The second stage (Stage 2): This stage includes credit exposures / debt instruments that have had a significant increase in their credit risks since their initial recognition, but they have not yet reached the stage of default due to the lack of objective evidence confirming the occurrence of default. The expected credit loss is calculated for the entire life of the credit exposure / debt instrument, and it represents the expected credit loss resulting from all default possibilities during the remaining period of the life of the credit exposure / debt instrument.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

The Company measures expected credit losses on an individual. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the original effective interest rate.

Definition of Default

Critical to the determination of expected credit loss is the definition of default. The definition of default is used in measuring the amount of expected credit loss and in the determination of whether the loss allowance is based on 12-month or lifetime expected credit loss, as default is a component of the probability of default (PD) which affects both the measurement of expected credit losses and the identification of a significant increase in credit risk below.

The Company considers the following as constituting an event of default:

- The borrower is past due more than 90 days on any material credit obligation to the Company: or
- The borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. When assessing whether the borrower is unlikely to pay its credit obligation, the company takes into account both qualitative and quantitative indicators. The information evaluated depends on the type of asset, for example in lending to companies, the qualitative indicator used is breach of covenants, which is not suitable for retail lending. Quantitative indicators, such as late payment and non-payment of another obligation to the counterparty, are key inputs to this analysis. The company also uses a variety of information sources to assess default which are either developed internally or obtained from external sources.

Significant Increase in Credit Risk

The Company monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company measures the loss allowance based on lifetime rather than 12-month expected credit loss. The company recognized any change in a credit rating of financial assets (other than receivables) by two rating grades as significant increase in credit risk.

The Company does not consider financial assets with "low" credit risk at the date of the financial report that no significant increase in credit risk has occurred. As a result, the Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment due to significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date, based on the remaining maturity of the instrument, with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and future information that is available without undue cost or effort based on the Company’s historical experience and expert credit assessment including future information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios (Best, Base and Worse) that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the prospects of the industries in which the Company’s counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organizations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending, forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Company allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime probability of default by comparing:

- The remaining lifetime probability of default at the reporting date; with

- The remaining lifetime probability of default for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure.

The probability of default used is forward looking, and the Company uses the same methodologies and data used to measure the loss allowance for expected credit loss. The qualitative factors that indicate significant increase in credit risk are reflected in probability of default models on a timely basis. However, the Company still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is focus on assets that are included on a 'watch list'. An exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Company considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, company ruptcy, divorce, or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default will be more significant for a financial instrument with a lower initial probability of default than for a financial instrument with a higher probability of default.
As a backstop when an asset becomes more than 30 days past due, the Company considers that a significant increase in credit risk has occurred, and the asset is in stage 2 of the impairment model, i.e., the loss allowance is measured as the lifetime expected credit loss.

Modification and Derecognition of Financial Assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).
The Company renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default, or default has already happened, and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Company has an established forbearance policy, which applies for corporate and retail lending.

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms.

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rates, maturity, or covenants. If this does not clearly indicate a fundamental modification.
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms and deduct both amounts based on the original effective interest.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit- impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised paramount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified, and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The probability of non-payment for the remaining period, estimated on the basis of data upon initial recognition and original contractual terms; With The remaining PD at the reporting date based on the revised terms.

For financial assets modified as part of the Company's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to de-recognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then, the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortage from the original asset.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognised in OCI and accumulated in equity is recognised in the consolidated statement of income, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the consolidated statement of profit or loss.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Company. The Company classifies the funds or amounts due for write-off after exhausting all possible payment methods and taking the necessary approvals. However, if the financing or receivable is written off, the Company continues the enforcement activity to try to recover the outstanding receivables, which are recognised in the consolidated statement of income upon recovery.

ECL provision is presented in the consolidated statement of financial position:

ECL provision is presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- For debt instruments measured at FVTOCI: no provision is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve.
- For loan commitments and financial guarantee contracts: as a provision.

(c) Foreign currencies transactions

Transactions in foreign currencies in the equivalent of Jordanian dinars are recorded at exchange rates on the date of the transaction's execution. The financial assets and liabilities recognized in foreign currencies are converted into dinars at the end of the period using the exchange rates prevailing on December 31, and profits or losses from exchange appear in the consolidated statement of profit or loss and other comprehensive income.

(d) Offsetting

'Financial assets and liabilities are offset and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, and when assets and liabilities are settled simultaneously.

(e) Provisions

A provision is recognized if, as a result of a past event, the Company has a present (legal or contractual) obligation that can be estimated reliably.

(f) Property and equipment

Recognition and measurement

- Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment are depreciated (excluding lands).
- Cost includes expenditures directly related to the acquisition of property and equipment.
- When the useful life of items of property and equipment varies, they are accounted for as separate items.
- The gains and losses resulting from the exclusion of items of property and equipment are determined by comparing the receipts from disposal with the reported value of those items, and those gains and losses are recorded net under the item “other income or expenses” in the consolidated statement of profit or loss and other comprehensives income.

Subsequent costs

- The cost of the replaced part of an item of property and equipment is recorded within the listed value of that item if it is possible to flow future economic benefits to the Company that lie in that part, in addition to the ability to reliably measure the cost of that part, and the listed value of the old, replaced part is written off.
- The daily costs and expenses incurred by the Company in maintaining and operating property and equipment are recorded in the consolidated statement of profit or loss and other comprehensive income when incurred.

Depreciation

- Depreciation expense is recognized in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of each item of property and equipment.

The main useful lives used for this purpose are as follows:

	Useful life %
Land	%2
Building	%2
Furniture and Fixtures	%2
Equipment, devices, and furniture	%10
Vehicles	%15
Decorations	%11

(g) Intangible Assets

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

Intangible assets are classified based on the assessment of their useful life to definite and indefinite. Intangible assets with definite lives are amortized over their useful economic life, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment loss is charged to the consolidated statement of profit or loss.

Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of profit or loss and other comprehensive income.

Any indications of impairment in the value of intangible assets are reviewed at the date of the consolidated financial statements. The estimate of the life span of those assets is also reviewed, and any adjustments are made for subsequent periods.

Computer systems and programs: They are amortized using the straight-line method within a period not exceeding four years from the date of purchase.

(h) Contract leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The Company determines the borrowing rate by analyzing its loans from various external sources and making some adjustments to reflect the lease terms and the type of leased assets.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

- The amount expected to be payable by the lessee under residual value guarantees.

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option.

When lease liabilities are measured using this method, the adjustments are made to related right of use asset or in the consolidated statement of profit or loss and other comprehensive income if the net book value for the related right of use asset was fully depreciated.

The right-of-use of assets are presented within property and equipment caption and the related lease liabilities are presented in other liabilities (Borrowed funds) in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, the Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As lessor

When the Company acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

(j) Cash on hand and at banks

It is cash and cash balances that mature within a period of three months, and include: cash on hand and at banks, and the deposits of banks and financial institutions.

(k) Income tax and national contribution

- Income tax expense includes current taxes and deferred taxes. Income tax expense is recognized in the consolidated statement of profit or loss, unless it relates to business combinations, and the tax related to items that have been recognized directly in property rights or in the consolidated statement of profit or loss and other comprehensive income.
- The current tax represents the expected tax payable on the tax profit for the year using the tax rate prevailing at the date of the consolidated financial statements, in addition to any adjustments in the tax payable related to previous years.
- Deferred taxes are recognized in accordance with the consolidated statement of financial position method, as a result of temporary differences between the amounts listed for assets and liabilities in the consolidated financial statements and the amounts specified for tax calculation purposes.
- Deferred tax is calculated on the basis of the tax rates expected to be applied to the temporary differences when they are reversed, based on the laws prevailing at the date of the consolidated financial statements.
- The set-off between the deferred tax assets and liabilities is done if there is a legal right that requires the set-off between the current tax assets and liabilities and is related to the income tax, which is collected by the same tax authorities on the same taxable Company or different taxable companies that have the right to settle the current tax liabilities and assets with net or that the tax assets and liabilities will be realized at the same time.
- Deferred tax assets are recognized when it is probable that future tax profits will be realized through which the temporary differences can be taken advantage of.
- Deferred tax assets are reviewed at the end of each financial year and are reduced when it is unlikely that the associated tax benefits will be realized.
- The current due taxes are calculated at an income tax rate of 24% in addition to 2% of the national contribution in accordance with the income tax law prevailing in the Hashemite Kingdom of Jordan.

(l) Investments property

Investment property is a real estate that is acquired either to gain rental income or to increase its value, or both, but not for the purpose of selling it through the Company's normal activities, and it is not used in production or the supply of goods or services or for administrative purposes.

Investments Property are initially shown at cost, and their fair value is disclosed in the notes to the consolidated financial statements, which are reassessed every two years individually by an independent real estate expert based on the market prices of those properties within an active real estate market.

(m) Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Earnings per Share

Earnings per share is calculated for basic and diluted shares related to ordinary shares. Basic earnings per share is calculated by dividing the amount profit or loss for the year attributable to the shareholders of the company by the weighted average number of ordinary shares during the year. The profit per diluted share is calculated by adjusting the profit or loss for the year attributable to the shareholders of the company and the weighted average number of ordinary shares so that the effect on the share of the earnings for all ordinary shares traded during the year that their return is likely to decline.

(o) Revenue and Expense Recognition:

Revenue Recognition

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

Claims and incurred losses settlement expenses from Takaful insurance are recognized in the amount of the compensation relating to the insurance policyholders or other affected parties.
Claims and incurred losses settlement expenses for general insurance are recorded in the consolidated statement of profit or loss based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

Dividends Income and Returns

Dividends income from investments are recorded when the right of the shareholder to receive dividends arises upon the related decision of the General Assembly of Shareholders.

Returns income are calculated on the accrual basis according to the maturity periods, original principals, and average earned return rate.

Rent Revenue

Revenue from real estate investments with operating lease contracts are recognized based on the straight-line method while the other expenses are recognized based on the accrual basis.

Expense Recognition

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

Insurance Compensations for General Insurance and Takaful Insurance

Insurance compensations for general insurance and Takaful Insurance represent the paid claims for the period and the change in outstanding claims reserve.

General and Takaful insurance compensations include all amounts paid during the year, whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the consolidated statement of financial position date but still unsettled at that date. In addition, outstanding claims are calculated based on the best information available at the date of the consolidated financial statements and include the provision for unreported claims (IBNR).

(p) Deficit Coverage Reserve (Contingencies Provision)

This item represents the amount deducted at 20% of policyholders from the sale of financial assets at fair value through comprehensive income for the purposes of covering the deficit in future financial periods, only if no accumulated deficit is present at the date of the transfer, and it, provided that the deficit coverage reserve does not exceed the total technical provisions.

In case of liquidation, the deficit coverage reserve (contingencies provision) is distributed over welfare activities after the settlement of Al-Qard Al-Hassan, if any.

(q) Basis for determining the insurance surplus

Insurance surplus is the balance of the total contributions collected, returns on their investment, and any other revenues after deducting paid claims, technical reserves, shareholders share for managing Takaful operations and investments, and all policyholder fund expenses.

The Group calculates the insurance surplus while considering all types of Takaful insurance as one unit.

(r) Allocating the insurance surplus

The insurance surplus is limited to policyholders, and is owned jointly by them, while shareholders do not have the right to share this surplus.

The insurance surplus was distributed to all policyholders according to the percentage of their contribution without distinguishing between those who received compensation and those who did not during the financial period.

The Group retains the amounts to be distributed and not claimed by the policyholders in a separate account, and presents them within the rights of the policyholders, provided that they are transferred to the deficit coverage reserve (contingencies provision) after obtaining the approval of the Sharia Supervisory Committee.

(s) Methods of covering policyholders' fund deficit

In case of a deficit or an accumulated covered by the contingencies provision. In case of shortage in the contingencies provision, the shareholders shall grant Al-Qard Al-Hassan to the policyholders to cover the whole deficit. The Group maintains this provision versus these loans.

(t) Segment Information

A business segment refers to a group of assets and operations that collectively offer specific products or services. The risks and returns associated with these segments differ from those of other sectors and are measured according to the reports used by the company.

A segment is a distinct component of the company that is involved in providing products or services (a business segment) and is subject to risks and rewards that are different from other segments. Segment performance is evaluated based on profit or loss, which is measured differently from profit or loss in the financial statements in certain aspects.

The geographical sector is related to providing products or services in a specific economic environment, which is subject to different risks and returns compared to sectors operating in other economic environments.

The Board of Directors of the company monitors the results of the company's operations and has been identified as the Chief Operating Decision Maker (CODM). The net results of the company are reported to the Board of Directors for the entire company.

4) CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses, and the associated disclosures and disclosure of contingent liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In preparing these consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and key sources of estimation uncertainty including risk management policies are the same as those applied to the annual consolidated financial statements as at and for the year ended December 31, 2022, except for the estimates which have been changed upon application of IFRS 17. The significant accounting judgments and estimates in preparing these consolidated financial statements are set out below:

a) Estimates of future cash flows to fulfill insurance contracts

When estimating future cash flows, the Group incorporates, in an unbiased manner, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, which is updated to reflect current expectations of future events. Estimates of future cash flows reflect the Group's view of conditions current at the reporting date, as long as estimates of any relevant market variables are consistent with observable market prices.

Estimates of these future cash flows are based on probability-weighted expected future cash flows. The Group estimates the expected cash flows and the possibility of their occurrence as at the measurement date. In making these forecasts, the Group uses information about past events, current conditions, and projections of future conditions. The Group's estimate of future cash flows is an average of a set of expected events that reflects the full range of possible outcomes. Each expected event determines the amount, timing, and probability of cash flows. The weighted average of future cash flows is calculated using a specific expected event that represents the weighted average probability of a set of expected events.

When estimating future cash flows, the Group takes into account current expectations of future events that may affect those cash flows. However, expectations of future changes in legislation that would alter or fulfill an existing obligation or create new obligations under existing contracts are not taken into account until a substantial change in legislation has occurred.

When projections of cash flows related to expenditures are determined at the portfolio level or above, they are allocated to groups of contracts on a regular basis. The Group determined that this method leads to an orderly and logical distribution. Similar methods are continually applied for allocating expenditures of similar nature. Expenses of the nature of maintenance of the administrative policy are allocated to groups of contracts based on the number of contracts in force within the groups. The Group performs regular expense studies to determine the extent to which fixed and variable overheads can be directly attributable to the fulfillment of insurance contracts.

The cash flows for the acquisition of insurance arise from the activities of selling, underwriting, and commencing a portfolio of contracts that are directly attributable to the portfolio of contracts to which the Group belongs. Other costs incurred to fulfill contracts include claims handling, maintenance and administration costs and recurring commissions payable in installments receivable within contract limits. The cash flows for acquiring insurance and other costs incurred in executing contracts include both direct costs and an allocation of fixed and variable overheads. Attribute cash flows to acquisition activities, other implementation activities, and other activities at the local entity level using activity-based costing techniques. The cash flows attributable to acquisition and other implementation activities are allocated to groups of contracts using systematic and logical methods and are applied consistently to all costs that have similar characteristics. Other costs are recognized in profit or loss as incurred.

b) Discounting Methodology

Discount rates are used primarily to adjust estimates of future cash flows to reflect the time value of money and other financial risks of accruing interest on the liability for claims incurred.
The bottom-up approach was used to derive the discount rate. Under this approach, risk-free discount rates based on US dollars were used by the European Insurance and Occupational Pensions Authority (EIOPA) as a starting point for preparing the yield curve. An adjustment percentage is added to the base risk-free rate, and it calls "country risk premium". This rate is provided by country from New York University Website An illiquidity rate is estimated to be equal to 5% and for all countries. This is applied multiplicatively.

c) Risk Adjustment for Non-Financial Risks

The Group shall adjust the estimate of the present value of future cash flows to reflect the compensation required by the entity for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risks. Therefore, the purpose of risk adjustment for non-financial risks is to measure the impact of uncertainty in cash flows that arise from insurance contracts, other than the uncertainty arising from financial risks. The risks covered by the risk adjustment for non-financial risks are insurance risks and other non-financial risks such as outage risk and expense risk.
The Group does not consider the effect of reinsurance in the risk adjustment for non-financial risks of the underlying insurance contracts. The Group has adopted the PAA simplification to calculate liability for remaining coverage. Therefore, the liability risk adjustment for residual coverage will only be estimated if a group of contracts is recognized as risky.

Applying the confidence level method, the Group estimates the probability distribution of the expected present value of future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as an increase in the value at risk on the 75th percentile. The percentage (target confidence level) on the expected present value of future cash flows.

d) Onerosity Determination

Under the premium allocation approach (PAA), the Group does not assume any contracts in the portfolio that carry a loss on initial recognition unless "the facts and circumstances" indicate otherwise. The Group evaluates loss-bearing contracts on a quarterly and underwriting quarter basis, in conjunction with updated information on product profitability. Furthermore, the evaluation should be repeated if the "facts and circumstances" indicate that there are significant changes in product pricing, product design, plans, and forecasts. This level of detail defines groups of contracts. The Group uses significant judgment to determine the level of detail to which the Group has sufficient reasonable and supportable information to conclude that all contracts within a group are sufficiently homogeneous and will be allocated to the same group without an individual contract evaluation.

The Group has established a process for the underwriting team to obtain loss-laden contracts that may be loss-laden and profitable by evaluating the profitability of different portfolios at the beginning of the subscription year, and the profitability of each portfolio must be evaluated separately.

e) Estimates for expected premium receipts

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables.

f) Sensitivities on major assumptions considered while applying IFRS 17

The sensitivity analysis is done to evaluate the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions with all other assumptions in notes 3 held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are nonlinear.

g) Impairment of financial assets

The implementation of business model approach under IFRS 9 requires judgement to ensure that financial assets of the Group are classified into the appropriate category. Deciding whether the classified categories will require assessment of contractual provisions that do or may change the timing or amount of the contractual cash flows. Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy or has failed on the repayments of principal and interest. In other circumstances, the Group uses judgment in order to determine whether a financial asset may be impaired using ECL model. The Group uses judgement in order to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. In addition, Group also make judgments in deciding whether the measurement of expected credit loss reflect reasonable and supportable information that is available without undue cost or effort that include historical, current, and forecast information.

h) Fair Value measurements

A number of the Group's accounting policies and disclosures require measurement of fair values of financial and non-financial assets and liabilities.

The Group has a consistent control framework regarding the measurement of fair values.
Significant valuation problems are reported to the Group's board of directors.
When measuring the fair value of assets and liabilities, the Group uses observable market data as for as possible.

The Group determines fair value using valuation techniques. The Group also uses the following levels, which reflect the significance of the inputs used in determining the fair value:

- Level 1: Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- Level 2: valuation techniques based on inputs other than quoted prices included in Level 1, which are determined directly or indirectly for assets and liabilities.
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of the assets.

If the inputs used to measure the fair value of an asset or liability are fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1- In the principal market for the asset or liability, or

2- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The asset or liability measured at fair value might be either of the following:

1- A stand-alone asset or liability; or

2- A group of assets, a group of liabilities or a group of assets and liabilities.

3- A number of a group accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group should establish control framework with respect to the measurement of fair values and a valuation team should oversee all significant fair value measurements, including Level 3 fair values.

We believe that our estimates made in preparing the consolidated financial statements are reasonable and in line with the estimates approved in preparing the consolidated financial statements.

5) BANK DEPOSIT

Jordanian Dinar	As of December 31, 2023			As of December 31, 2022 (Restated – Notes 42)			As of January 1, 2022 (Restated – Notes 42)		
	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total
Inside Jordan	3,685,911	10,299,050	**13,984,961**	2,357,830	10,724,392	**13,082,222**	2,179,110	9,224,693	**11,403,803**
Outside Jordan	-	639,063	**639,063**	-	2,660,426	**2,660,426**	**-**	3,039,008	**3,039,008**
(Less): ECL	(3,647)	(34,846)	**(38,493)**	(3,647)	(34,846)	**(38,493)**	(18,133)	(67,360)	**(85,493)**
	3,682,264	**10,903,267**	**14,585,531**	**2,354,183**	**13,349,972**	**15,704,155**	**2,160,977**	**12,196,341**	**14,357,318**

The maturity of bank deposits are as follows:

Jordanian Dinar	As of December 31, 2023							
	Deposits maturing within one months		Deposits maturing within one month to three months		Deposits maturing more than three months		Total	
	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder
Inside Jordan	1,191,488	54,530	-	-	2,494,423	10,244,520	3,685,911	10,299,050
Outside Jordan	-	-	-	434,058	-	205,005	-	639,063
(Less): ECL	(1,179)	(174)	-	(1,383)	(2,468)	(33,289)	(3,647)	(34,846)
	1,190,309	**54,356**	**-**	**432,675**	**2,491,955**	**10,416,236**	**3,682,264**	**10,903,267**

Jordanian Dinar	As of December 31, 2022							
	Deposits maturing within one month		Deposits maturing within one month to three months		Deposits maturing within after three months		Total	
	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder	Policyholder	Shareholder
Inside Jordan	171,882	80,230	-	800,000	2,185,948	9,844,162	2,357,830	10,724,392
Outside Jordan	-	-	-	378,864	-	2,281,562	-	2,660,426
(Less): ECL	(1,300)	(209)	-	(3,069)	(2,347)	(31,568)	(3,647)	(34,846)
	170,582	**80,021**	**-**	**1,175,795**	**2,183,601**	**12,094,156**	**2,354,183**	**13,349,972**

- Deposits subject to the order of the Central Bank amounted to JOD 800,000 as of December 31, 2023 (December 31, 2022: JOD 800,000).

- The rates of return on deposits with banks in Jordanian dinars range from 2.9% to 4.5 % as on December 31, 2023 (2022: from 2% to 4%), and the return on deposit balances outside Jordan in US dollars ranges from 6.25 % to 6.39 % as on December 31, 2023 (2022: from 3.1% to 4%). Deposits mature in period ranged from January 31, 2024 to December 31, 2024. The bank deposits inside Jordan are denominated in JOD.

- The Company has deposit outside Jordan from Al Salam Bank as of December 31, 2023, amounted to JOD 434,058 and JOD 205,005 with maturity date of February 15,2024 and May 02,2024 respectively.

- The Group deals with banks rated (A1 - Ba3) with no significant change in the credit rating during the year. Bank deposits classified as stage one.

The movement on the expected credit loss provision as the follow:

Jordanian Dinar	**2023**	**2022**
Beginning balance	38,493	85,493
reversal (restated)	-	(47,000)
Ending balance	**38,493**	**38,493**

6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Jordanian Dinar	As of December 31, 2023			As of December 31, 2022 (Restated – Notes 42)			As of January 1, 2022 (Restated – Notes 42)		
	Policyholder	**Shareholder**	**Total**	**Policyholder**	**Shareholder**	**Total**	**Policyholder**	**Shareholder**	**Total**
Inside Jordan									
Quoted shares	-	2,427,279	2,427,279	-	2,342,765	**2,342,765**	-	1,121,538	**1,121,538**
Unquoted Shares *	-	26,600	26,600	-	20,000	**20,000**	-	16,280	**16,280**
Outside Jordan:									
Quoted shares	-	265,650	265,650	-	369,182	**369,182**	-	309,650	**309,650**
Unquoted shares *	-	1	1	-	33,930	**33,930**	-	33,930	**33,930**
Sukuk**	-	2,982,673	2,982,673	-	1,814,253	**1,814,253**	-	1,453,585	**1,453,585**
	-	**5,702,203**	**5,702,203**	-	**4,580,130**	**4,580,130**	-	**2,934,983**	**2,934,983**

* This item represents financial assets for which market prices are not available. The fair value was estimated by the Group's management.

** This represents the Group investment outside Jordan in perpetual (Islamic) Sukuks at a face value of JOD 3.102.796 as of December 31, 2023 (JOD 1,907,684 as of December 31, 2022 and JOD 1,434,551 as of January 1st, 2022) with coupon rate ranged from 3.88 % to 6.52 % per annum with no specific maturity date, the repayment of principle and commission under the discretion of the issuer.

7) FINANCIAL ASSETS AT AMORTIZED COST - NET

Jordanian Dinar	As of December 31, 2023			As of 31 December 2022 (Restated – Notes 42)			As of 1 January 2022 (Restated – Notes 42)		
	Policyholder	**Shareholder**	**Total**	**Policyholder**	**Shareholder**	**Total**	**Policyholder**	**Shareholder**	**Total**
Sukuk	994,777	7,846,175	**8,840,952**	993,574	2,298,206	**3,291,780**	992,436	1,631,662	**2,624,098**
(Less): ECL	(790)	(35,564)	**(36,354)**	(790)	(35,564)	**(36,354)**	(790)	(5,564)	**(6,354)**
	993,987	**7,810,611**	**8,804,598**	**992,784**	**2,262,642**	**3,255,426**	**991,646**	**1,626,098**	**2,617,744**

- This represents the Group investment in outside Jordan (Islamic) Sukuks with coupon rate ranged from 4.48% to 6.58% per annum. These Sukuks have a maturity duration of 6 month commencing from issued date.
- The Group deals with financial institutions rated (A1 - Baa3) with no significant change in the credit rating during the year. sukuk classified as stage one.

The movement on the expected credit loss provision as the follow:

Jordanian Dinar	As of December 31, 2023	As of December 31, 2022
Beginning balance	36,354	6,354
Addition	-	30,000
Ending balance	**36,354**	**36,354**

8) INVESTMENT PROPERTIES

Jordanian Dinar	As of December 31, 2023			As of December 31, 2022		
	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total
Land	-	3,674,900	3,674,900	-	5,004,525	5,004,525
Building & Offices	732,866	884,092	1,616,958	751,498	918,690	1,670,188
	732,866	**4,558,992**	**5,291,858**	**751,498**	**5,923,215**	**6,674,713**

- The fair value of the investment properties was estimated by three real estate independent valuators with an average amount of JOD 5,649,231 (2022:7,344,713)
- The valuations of the investment properties as of December 31, 2023 were carried out by multiple valuers. The valuers are independent and not related to the Group. All valuers are Accredited Valuers and hold appropriate qualifications and relevant experience in assessing the valuation for the relevant land and properties. The fair value has been determined primarily on the basis of market practice, which reflects recent transaction prices for similar properties.
- The Group uses the following hierarchy for determining and disclosing the fair values of its investment properties by valuation techniques:

	Level 1	Level 2	Level 3	Total
December 31, 2023	--	5,649,231	-	5,649,231
December 31, 2022	--	7,344,713	-	7,344,713

- A plot of company’s lands was sold for JOD 1,983,800, the carrying amount as of December 31, 2022 was JOD 1,329,625, generating a gain from sale in the amount of JOD 654,175.
- Buildings include an amount of JOD 732,866 owned by policyholders and intended for investment in rental activities.
- Depreciation on investments properties amounted to JOD 53,708 for the year ended December 31, 2023 (JOD 52,471 for the year ended December 31, 2022).

9) CASH ON HAND AND AT BANK

Jordanian Dinar	As of December 31, 2023			As of December 31, 2022		
	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total
Cash on hand	45,563	1,949	47,512	336,583	3,149	**339,732**
Cash at banks	3,080,059	158,856	3,238,915	3,324,792	155,755	**3,480,547**
	3,125,622	**160,805**	**3,286,427**	**3,661,375**	**158,904**	**3,820,279**

- The Group deals with banks rated (A1 - Ba3) with no significant change in the credit rating during the year. Cash at banks classified as stage one.
  The cash and cash equivalent for cash flow purposes consist of the following:

Jordanian Dinar	As of December 31, 2023	As of December 31, 2022
Cash on hand and at bank	3,286,427	3,820,279
Bank deposits mature within three months	1,680,076	1,430,976
Less: Deposits to the order of Central Bank of Jordan	(800,000)	(800,000)
	4,166,503	**4,451,255**

10) INSURANCE CONTRACT ASSETS AND LIABILITIES

An analysis of the amounts presented on the consolidated statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

In Jordanian Dinar	Motor Comprehensive	Motor Pools-Borders &Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
As of December 31, 2023										
Insurance contracts										
Insurance contract liabilities	3,482,576	243,496	9,377,440	4,407,815	20,138	486,499	3,527,755	2,362,637	3,005,721	26,914,077
Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Net insurance contract	**3,482,576**	**243,496**	**9,377,440**	**4,407,815**	**20,138**	**486,499**	**3,527,755**	**2,362,637**	**3,005,721**	**26,914,077**
Reinsurance contracts										
Reinsurance contract assets	1,555,932	578,940	262,896	2,546,883	104,598	407,099	2,168,465	2,524,709	1,724,945	11,874,467
Reinsurance contract liability	-	-	-	-	-	-	-	-	-	-
Net reinsurance contract	**1,555,932**	**578,940**	**262,896**	**2,546,883**	**104,598**	**407,099**	**2,168,465**	**2,524,709**	**1,724,945**	**11,874,467**
As of December 31, 2022 – (Restated)										
Insurance Contracts										
Insurance contract liabilities	4,804,138	325,130	8,368,901	3,379,627	-	694,735	3,838,731	1,949,983	2,115,012	25,476,257
Insurance contract assets	-	-	-	-	(85,173)	-	-	-	-	(85,173)
Net insurance contract	**4,804,138**	**325,130**	**8,368,901**	**3,379,627**	**(85,173)**	**694,735**	**3,838,731**	**1,949,983**	**2,115,012**	**25,391,084**
Reinsurance contracts										
Reinsurance contract assets	1,501,202	898,844	45,629	1,716,183	108,449	731,745	2,884,084	2,419,583	505,593	10,811,312
Reinsurance contract liability	-	-	-	-	-	-	-	-	-	-
Net reinsurance contract	**1,501,202**	**898,844**	**45,629**	**1,716,183**	**108,449**	**731,745**	**2,884,084**	**2,419,583**	**505,593**	**10,811,312**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10.1 Analysis by remaining coverage and incurred claims Insurance contracts:
Insurance contracts:

	As of December 31, 2023					As of December 31, 2022				
	Liability for remaining coverage		Liability for incurred claims			Liability for remaining coverage		Liability for incurred claims		
In Jordanian Dinar	Excluding Loss Component	Loss Component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total	Excluding Loss Component	Loss Component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts										
Insurance contract liabilities – opening	9,105,149	278,017	15,192,682	900,409	25,476,257	4,919,541	422,100	13,604,085	1,141,342	20,087,068
Insurance contract assets – opening	(85,173)	-	-	-	(85,173)	-	-	-	-	-
Opening balance – net	**9,019,976**	**278,017**	**15,192,682**	**900,409**	**25,391,084**	**4,919,541**	**422,100**	**13,604,085**	**1,141,342**	**20,087,068**
Insurance revenue	**(59,716,668)**	**-**	**-**	**-**	**(59,716,668)**	**(53,988,192)**	**-**	**-**	**-**	**(53,988,192)**
Insurance service expenses:										
Incurred claims and other directly attributable expenses	-	-	37,879,385	1,768,693	39,648,078	-	-	36,942,544	1,632,675	38,575,219
Onerous contracts recognized	-	(1,480,255)	-	-	(1,480,255)	-	(2,063,890)	-	-	(2,063,890)
Changes that relate to past service - adjustments to the LIC	-	-	837,577	(1,773,506)	(935,929)	-	-	577,371	(1,882,943)	(1,305,572)
Reversal of losses on onerous contracts	-	1,506,377	-	-	1,506,377	-	1,919,807	-	-	1,919,807
Insurance service expenses	**-**	**26,122**	**38,716,962**	**(4,813)**	**38,738,271**	**-**	**(144,083)**	**37,519,915**	**(250,268)**	**37,125,564**
Finance expense from insurance contracts			683,043	17,076	700,119	-	-	373,340	9,334	382,674
Total changes in the statement of profit and loss	**(59,716,668)**	**26,122**	**39,400,005**	**12,263**	**(20,278,278)**	**(53,988,192)**	**(144,083)**	**37,893,255**	**(240,934)**	**(16,889,954)**
Cashflows										
Premiums received	60,288,725	-	-	-	60,288,725	58,088,627	**-**	**-**	**-**	**58,088,627**
Claims and other directly attributable expenses paid	-	-	(38,487,455)	-	(38,487,455)	-	-	(36,304,656)	-	(36,304,656)
Total cash inflows / (outflows)	**60,288,725**	**-**	**(38,487,455)**	**-**	**21,801,272**	**58,088,627**	**-**	**(36,304,656)**	**-**	**21,783,971**
Insurance contracts										
Insurance contract liabilities – closing	9,592,033	304,139	16,105,233	912,672	26,914,077	9,105,149	278,017	15,192,682	900,409	25,476,257
Insurance contract assets – closing	-	-	-	-	-	(85,173)	-	-	-	(85,173)
Closing balance – net	**9,592,033**	**304,139**	**16,105,233**	**912,672**	**26,914,077**	**9,019,976**	**278,017**	**15,192,682**	**900,409**	**25,391,084**

10.1.1 Receivables related to insurance operations presented as part of insurance contract liability:

Jordanian Dinar	As of December 31, 2023	As of December 31, 2022 (Restated – Notes 3 and 42)	As of January 1, 2022 (Restated – Notes 3 and 42)
Policyholders' receivable	15,128,365	12,969,776	12,746,199
Brokers' receivable	15,912	16,985	17,897
Employees' receivable	95,994	68,545	73,422
Shareholders Equity receivable	3,290	6,123	6,590
Others	129,086	44,911	40,770
Total	**15,372,647**	**13,106,340**	**12,884,878**
(Less): Expected credit losses provision	(2,618,001)	(2,418,001)	(1,751,001)
	12,754,646	**10,688,339**	**11,133,877**

Analysis of receivables according to their time period:

As of December 31, 2023	**Not due**	**1-90 Days**	**91-180 Days**	**181-360 Days**	**361 Days and more**	**Total**
Policyholders' receivable	6,315,596	4,424,971	1,444,871	738,259	2,204,668	15,128,365
Brokers' receivable	-	-	346	85	15,481	15,912
Employees' receivable	95,994	-	-	-	-	95,994
Shareholders Equity receivable	-	3,290	-	-	-	3,290
Others	50,000	53,928	2,846	15,082	7,230	129,086
	6,461,590	**4,482,189**	**1,448,063**	**753,426**	**2,227,379**	**15,372,647**

As of December 31, 2022	**Not Due**	**1-90 Days**	**91-180 Days**	**181-360 Days**	**361 Days and more**	**Total**
Policyholders' receivable	4,227,034	4,247,529	1,350,426	1,163,838	1,980,949	12,969,776
Brokers' receivable	-	307	711	56	15,911	16,985
Employees' receivable	68,545	-	-	-	-	68,545
Shareholders Equity receivable	-	5,782	-	5	336	6,123
Others	-	34,575	2,742	2,050	5,544	44,911
	4,295,579	**4,288,193**	**1,353,879**	**1,165,949**	**2,002,740**	**13,106,340**

The movement on the expected credit loss provision as the follow:

Jordanian Dinar	As of December 31, 2023	As of December 31, 2022
Beginning balance **(Restated)**	2,418,001	1,751,001
Addition	200,000	600,000
Transfer	-	67,000
Ending balance	**2,618,001**	**2,418,001**

10.1.2 Cheques under collection related to insurance operations presented as part of insurance contract liability:

Jordanian Dinar	**As of December 31, 2023**	**As of December 31, 2022**
Cheques under collection	4,668,212	3,408,702
(Less): ECL	(22,500)	(22,500)
	4,645,712	**3,386,202**

The movement on the expected credit loss provision as the follow:

Jordanian Dinar	**As of December 31, 2023**	**As of December 31, 2022**
Beginning balance **(Restated)**	22,500	62,500
Deductions	-	(40,000)
Ending balance	**22,500**	**22,500**

Cheques under collection mature in the period ranged from January 1, 2024 to July 7, 2025.

10.1.3 Payables related to insurance operations presented as part of insurance contract liability

Jordanian Dinar	**As of December 31, 2023**	**As of December 31, 2022**
Brokers payables	158,826	138,714
Agents' payables	256,720	193,369
Payables related to Liability for Remaining Coverage	**415,546**	**332,083**
Suppliers	770,584	931,006
Hospitals	338,082	356,495
Pharmacies	220,152	232,142
Medicals	353,923	319,912
Other	486,722	448,063
Payables related to Liability for incurred Coverage	**2,169,463**	**2,287,618**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10.2 Analysis by remaining coverage and incurred claims reinsurance contracts:
Reinsurance contracts held:

	As of December 31, 2023					As of December 31, 2022				
	Asset For Remaining Coverage		Asset For Incurred Claims			Asset For Remaining Coverage		Asset For Incurred Claims		
In Jordanian Dinar	Excluding Loss-Recovery Component	Loss-Recovery Component	Estimates Of Present Value of FCF	Risk Adjustment for Non-Financial Risk	Total	Excluding Loss-Recovery Component	Loss-Recovery Component	Estimates Of Present Value Of FCF	Risk Adjustment for Non-Financial Risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	5,523,570	7,028	4,777,135	503,579	10,811,312	5,584,555	58,352	6,274,329	742,184	12,659,420
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	**5,523,570**	**7,028**	**4,777,135**	**503,579**	**10,811,312**	**5,584,555**	**58,352**	**6,274,329**	**742,184**	**12,659,420**
Allocation of reinsurance premium paid	**(25,456,555)**	**-**	**-**	**-**	**(25,456,555)**	**(23,417,905)**	**-**	**-**	**-**	**(23,417,905)**
Amounts recoverable from reinsurers:										
Claims recovered and other directly attributable expenses	-	(570,126)	12,675,848	1,008,167	13,113,889	-	(831,995)	14,374,937	755,672	14,298,614
Changes that relate to past service – adjustments to the LIC	-	564,179	704,494	(1,017,879)	250,794	-	780,672	(1,561,609)	(995,566)	(1,776,503)
Amounts recoverable from reinsurers	**-**	**(5,948)**	**13,380,342**	**(9,712)**	**13,364,683**	**-**	**(51,323)**	**12,813,328**	**(239,894)**	**12,522,111**
inance income from reinsurance contracts	-	-	89,380	1,788	91,168	-	-	(64,415)	(1,288)	(65,703)
Total changes in the statement of profit and loss	**-**	**-**	**89,380**	**1,788**	**91,168**	**-**	**-**	**(64,415)**	**(1,288)**	**(65,703)**
Cashflows										
Premiums ceded and acquisition cashflows paid	25,400,032	-	-	-	25,400,032	23,356,920	-	-	-	23,356,920
Recoveries from reinsurance	-	-	(12,336,172)	-	(12,336,172)	-	-	(14,374,937)	-	(14,374,937)
Total cash (outflows) / inflows	**25,400,032**	**-**	**(12,336,172)**	**-**	**13,063,860**	**23,356,920**	**-**	**(14,374,937)**	**-**	**8,981,983**
Reinsurance contracts										
Reinsurance contract assets – closing	5,467,047	1,080	5,910,685	495,655	11,874,467	5,523,570	7,028	4,777,135	503,579	10,811,312
Reinsurance contract liabilities – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	**5,467,047**	**1,080**	**5,910,685**	**495,655**	**11,874,467**	**5,523,570**	**7,028**	**4,777,135**	**503,579**	**10,811,312**

10.2.1 Receivables related to insurance operations presented as part of reinsurance contract assets

Jordanian Dinar	As of December 31, 2023	As of December 31, 2022
Local reinsurance companies	1,246,735	1,153,328
Foreign reinsurance companies	638	738,185
Total	**1,247,373**	**1,891,513**
(Less): Expected credit losses provision	(559,090)	(559,090)
	688,283	**1,332,423**

Analysis of reinsurance receivables according to their time period:

As of December 31, 2023	Not Due	1-90 Days	91-180 Days	181-360 Days	361 Days and more	Total
Local reinsurance companies	179,910	253,548	205,746	109,749	497,783	1,246,736
Foreign reinsurance companies	-	73	-	247	318	638
	179,910	**253,621**	**205,746**	**109,996**	**498,101**	**1,247,374**

As of December 31, 2022	Not Due	1-90 Days	91-180 Days	181-360 Days	361 Days and more	Total
Local reinsurance companies	260,493	57,905	167,094	256,691	411,145	1,153,328
Foreign reinsurance companies	9,929	631,146	30,236	6,116	60,758	738,185
	270,422	**689,451**	**197,330**	**262,807**	**471,903**	**1,891,513**

10.2.2 Payables related to reinsurance operations presented as part of reinsurance contract assets

Jordanian Dinar	As of December 31, 2023	As of December 31, 2022
Payables to local reinsurance companies	128,927	150,819
Payables to Foreign insurance companies	9,511,138	5,803,571
	9,640,065	**5,954,390**

11) INCOME TAX

a- Income Tax:

The following is the movement on income tax provision:

Jordanian Dinar	As of December 31, 2023			As of December 31, 2022		
	Policyholder	**Shareholder**	**Total**	**Policyholder**	**Shareholder**	**Total**
Balances beginning of the year	312,363	357,591	**669,954**	152,999	(108,499)	**44,500**
Income tax expense for the year	76,496	686,243	**762,739**	164,964	612,375	**777,339**
Payments during the year	(159,960)	(671,398)	**(831,358)**	(5,600)	(146,258)	**(151,858)**
Balance Ending of the Year	**228,899**	**372,436**	**601,335**	**312,363**	**357,618**	**669,981**

b- The income tax expense for the period over shareholders profit is as follow:

Jordanian Dinar	For the Year Ended December 31,			
	2023		**2022**	
	Policyholder	**Shareholder**	**Policyholder**	**Shareholder**
Current tax expense for the year	76,496	686,243	164,964	612,375
Release of Deferred tax assets – net	(152,224)	-	(283,081)	-
Income tax expense for the year	**(75,728)**	**686,243**	**(118,117)**	**612,375**

c- Summary of reconciliation between accounting profit and taxable profit:

In Jordanian Dinar	For the Year Ended December 31, 2023	2022
Accounting profit	3,592,435	999,207
Non-taxable profits	(4,241,418)	(2,368,763)
Non-acceptable expenses in terms of tax	3,259,333	2,721,094
Taxable profit	**2,610,350**	**1,351,538**
Tax due on the profit for the year	686,243	612,375
Tax due on dividends of financial assets at fair value through other comprehensive income (shares outside Jordan) at 10%	-	-
Tax due from profits for the year	**686,243**	**612,375**
Effective tax rate	19%	61%
Income tax rate	26%	26%
Deferred tax rate	26%	26%

d- Tax Status of the Group:

- The Company has reached to a final settlement with the Income and Sales Tax Department until the end of 2018. Moreover, the Company has submitted its tax returns for the years 2019, 2020, 2021 and 2022 and it has not been reviewed by the Income and Sales Tax Department yet. According to the opinion of the management and the tax consultant, the income tax provision is sufficient as of December 31, 2023.
- The subsidiary has reached to a final settlement for the subsidiary with the Income and Sales Tax Department until the end of 2018. Moreover, the subsidiary has submitted its tax returns for the years 2019, 2020, 2021 and 2022 and it has not been reviewed by the Income and Sales Tax Department yet. According to the opinion of the management and the tax consultant, the income tax provision is sufficient as of December 31, 2023.
- The income tax provision for the year ending on December 31, 2022 and 2023 for the Company was calculated according to the income tax law at a rate of 26% for balances inside the Kingdom and a rate of 10% for balances outside the Kingdom, according to the amended income tax law (38/2018).

e- **Deferred Tax Assets:**

	For the Year Ended December 31, 2023					As of December 31, 2022 (Restated – Notes 3 and 42)	As of January 1st, 2022 (Restated – Notes 3 and 42)
Deferred Tax Assets:	**Year Beginning Balance (Restated)**	**Amounts added**	**Amounts released**	**Balance at the End of the Year**	**Deferred Tax**	**Deferred Tax**	**Deferred Tax**
Expected Credit Losses – Receivables	2,418,001	200,000	-	2,618,001	680,680	628,680	455,260
Expected Credit Losses – Reinsurance	559,090	-	-	559,090	145,364	145,363	44,200
Expected Credit Losses – Banks deposits	38,493	-	-	38,493	10,008	10,008	22,228
Expected Credit Losses – Sukuk	36,354	-	-	36,354	9,452	9,452	1,652
Expected Credit Losses – Checks under collection	22,500	-	-	22,500	5,850	5,850	16,250
Cumulative change in fair value of financial assets through other comprehensive income	417,519	101,370	-	518,889	51,889	41,751	32,085
Insurance contract liabilities	4,294,962	385,473	-	4,680,435	1,216,913	1,116,691	612,147
	7,786,919	**686,843**	**-**	**8,473,762**	**2,120,156**	**1,957,795**	**1,183,822**
Deferred Tax Liabilities:							
Cumulative change in fair value of financial assets	128,906	-	(69,109)	59,797	15,547	23,470	14,151
	128,906	**-**	**(69,109)**	**59,797**	**15,547**	**23,470**	**14,151**

- Movement on deferred tax assets account during the year is as follows:

	As of December 31,	
Jordanian Dinar	**2023**	**2022 (Restated – Notes 3 and 42)**
Balance as of 1 January	1,957,795	1,183,822
Additions during the year	162,361	773,973
Released during the year	-	-
Balance as of 31 December	**2,120,156**	**1,957,795**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12) PROPERTY AND EQUIPMENT

Jordanian Dinar	Lands	Building	Furniture and Fixtures	Equipment, devices, and furniture	Vehicles	Decorates	Total
2023							
Cost							
Balance as of January 1, 2023	2,676,458	5,227,045	1,479,300	2,176,115	161,914	897,071	12,617,903
Additions	-	-	-	45,303	-	20,705	66,008
Disposals	-	-	-	(175,962)	-	-	(175,962)
Balance as of December 31, 2023	**2,676,458**	**5,227,045**	**1,479,300**	**2,045,456**	**161,914**	**917,776**	**12,507,949**
Accumulated depreciation							
Balance as of January 1, 2023	-	604,963	206,766	1,184,334	127,944	596,734	2,720,741
Depreciation expense	-	104,541	29,586	160,744	14,835	50,653	360,359
Disposals	-	-	-	(171,446)	-	-	(171,446)
Balance as of December 31, 2023	**-**	**709,504**	**236,352**	**1,173,632**	**142,779**	**647,387**	**2,909,654**
Net book value as of December 31, 2023	**2,676,458**	**4,517,541**	**1,242,948**	**871,824**	**19,135**	**270,389**	**9,598,295**
2022							
Cost							
Balance as of January 1, 2022	2,676,458	5,227,045	1,555,899	2,159,155	161,914	894,835	12,675,306
Additions	-	-	-	16,960	-	2,236	19,196
Transfer to investment properties	-	-	(76,599)	-	-	-	(76,599)
Balance as of December 31, 2022	**2,676,458**	**5,227,045**	**1,479,300**	**2,176,115**	**161,914**	**897,071**	**12,617,903**
Accumulated depreciation							
Balance as of January 1, 2022	-	500,422	191,623	1,012,817	113,109	522,360	2,340,331
Depreciation expense	-	104,541	30,345	171,517	14,835	74,374	395,612
Transfer	-	-	(15,202)	-	-	-	(15,202)
Balance as of December 31, 2022	**-**	**604,963**	**206,766**	**1,184,334**	**127,944**	**596,734**	**2,720,741**
Net book value as of December 31, 2022	**2,676,458**	**4,622,082**	**1,272,534**	**991,781**	**33,970**	**300,337**	**9,897,162**

* Depreciation expense for the year ended December 31, 2023 distributed as JOD 53,442 related to policyholders and JOD 306,359 related to Group's shareholders (2022: JOD 67,804 related to policyholders and JOD 321,471 related to Group's shareholders).

13) INTANGIBLE ASSETS

The movement on intangible assets (software) during the year is as follows:

Jordanian Dinar	**Software**	**Total**
2023		
Cost		
Balance as of January 1, 2023	1,589,019	1,589,019
Additions	74,000	74,000
Balance as of December 31, 2023	**1,663,019**	**1,663,019**
Accumulated Amortization		
Balance as of 1 January 2023	811,561	811,561
Amortization for the year	132,388	132,388
Balance as of December 31, 2023	**943,949**	**943,949**
Net Book Value as of December 31, 2023	**719,070**	**719,070**
2022		
Cost		
Balance as of January 1, 2022	1,534,919	1,534,919
Additions	54,100	54,100
Balance as of December 31, 2022	**1,589,019**	**1,589,019**
Accumulated Amortization		
Balance as of 1 January 2022	678,801	678,801
Amortization for the year	132,760	132,760
Balance as of December 31, 2022	**811,561**	**811,561**
Net Book Value as of December 31, 2022	**777,458**	**777,458**

14) RIGHT TO USE OF LEASED ASSETS / LIABILITIES AGAINST LEASES CONTRACTS

The Group has one contract conducted during the year 2023 represented by a land used by the Company (no lease contracts during 2022).

A) Right of use assets:

Jordanian Dinar

	Rented Land
December 31, 2023	
Cost	
Balance as of January 1, 2023	-
Additions	498,469
Balance as of December 31, 2023	**498,469**
Accumulated depreciation	
Balance as of January 1, 2023	-
Depreciation for the year	(8,308)
Balance as of December 31, 2023	**490,161**
Net Book Value as of December 31, 2023	**490,161**
Net Book Value as of December 31, 2022	**-**

B) Lease liability:

The movement of the lease liability is as follow:

Jordanian Dinar	For the year ended December 31, 2023	2022
Balance at beginning of the year	-	-
Addition during the year	498,469	-
Interest expense	15,774	-
Repayments	(17,000)	-
Total discounted lease liabilities	**497,243**	**-**

- **Undiscounted Lease liabilities:**

Jordanian Dinar	For the year ended December 31, 2023	2022
Less than one year	50,000	-
One to five years	250,000	-
More than five years	700,000	-
Total undiscounted lease liabilities	**1,000,000**	**-**
Discounted lease liabilities included in the consolidated statement of financial positions of December 31		
Short term	42,408	-
Long term	454,835	-
Total discounted lease liabilities	**497,243**	**-**

** The lease liabilities have been discounted using an interest rate of 9.5%.

15) OTHER ASSETS

Jordanian Dinar	As of December 31, 2023			As of December 31, 2022		
	Policyholder	**Shareholder**	**Total**	**Policyholder**	**Shareholder**	**Total**
Accrued revenue	25,263	349,289	374,552	27,325	373,686	401,011
Prepaid expenses	-	158,604	158,604	-	148,434	148,434
Refundable insurance deposits	5,510	34,825	40,335	16,246	33,695	49,941
Supplies	-	36,111	36,111	-	24,246	24,246
Receivables from financial brokerage firms	-	-	-	-	1,435,679	1,435,679
Other	-	97,541	97,541	-	-	-
	30,773	**676,370**	**707,143**	**43,571**	**2,015,740**	**2,059,311**

16) ACCOUNT PAYABLES

Jordanian Dinar	For the year ended December 31, 2023	2022
Employees payable	6,456	5,820
Suppliers payable	54,290	38,062
Other	46,397	40,576
	107,143	**84,458**

17) OTHER LIABILITIES

Jordanian Dinar	As of December 31, 2023			As of December 31,2022		
	Policyholder	**Shareholder**	**Total**	**Policyholder**	**Shareholder**	**Total**
Withholding sales tax	-	229,688	**229,688**	-	256,869	**256,869**
Withholding income tax	25,353	16,073	**41,426**	19,461	18,709	**38,170**
Withholding Social security	50,210	-	**50,210**	45,315	-	**45,315**
Withholding insurance federation fees	-	72,577	**72,577**	-	62,514	**62,514**
Unearned revenue	38,899	-	**38,899**	3,874	-	**3,874**
Shareholders trust	460,889	-	**460,889**	441,810	-	**441,810**
Others	45,161	136,865	**182,026**	39,665	206,160	**245,825**
	620,512	**455,203**	**1,075,715**	**550,125**	**544,252**	**1,094,377**

18) DEFICIT COVER (CONTINGENCY PROVISION)

This account represents the accumulated balance of the cumulative transfers from the surplus for the year to policyholders and the policyholders' share of the profit, where such provision is approved by Al-Sharia Supervisory Committee.

Below is the provision for movement on the account:

Jordanian Dinar	For the Year Ended December 31	
	2023	**2022**
Balance at the beginning of the year (restated)	23,151	14,160
Policyholders' surplus during the year	10,158	8,991
Balance at the end of the year	**33,309**	**23,151**

19) PAID CAPITAL

The subscribed capital is as of December 31 ,2023 and December 31, 2022, divided into 28 million shares, where the nominal value of each share represents one Jordanian dinar.

20) STATUTORY RESERVE

The amount accumulated in this account is transferred at 10% from the annual net income before tax during the year and previous years according to the Company's Law and Companies Law. This reserve cannot be distributed to shareholders.

21) FAIR VALUE RESERVE

The details of this item are as follows:

Jordanian Dinar	For the Year Ended December 31	
	2023	**2022**
Balance at the beginning of the year (restated)	(146,307)	(214,596)
Realized (Loss) / gain for financial assets at fair value through comprehensive income	62,274	-
Unrealized (Loss) / gain for financial assets at fair value through comprehensive income	(467,235)	68,289
	(551,268)	**(146,307)**

22) INSURANCE REVENUE AND EXPENSES

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for December 31, 2023 and December 31, 2022 is included in following tables. Additional information on amounts recognized in consolidated statement of policyholder's revenue and expenses is included in the insurance contract balances reconciliation.

In Jordanian Dinar	**Motor Comprehensive**	**Motor Pools - Borders & Buses**	**Motor Third Party**	**Medical**	**Marine**	**Engineering**	**Fire**	**G & A**	**Life**	**Total**
December 31, 2023										
Insurance revenue from contracts measured under PAA	10,170,136	2,697,060	8,239,621	18,259,442	1,144,904	7,948,316	838,848	3,746,321	6,672,020	59,716,668
Insurance revenue – total	**10,170,136**	**2,697,060**	**8,239,621**	**18,259,442**	**1,144,904**	**7,948,316**	**838,848**	**3,746,321**	**6,672,020**	**59,716,668**
Incurred claims and other directly attributable expenses – net	(8,144,722)	25,702	(10,829,814)	(14,481,488)	40,670	(484,079)	(37,347)	(197,610)	(5,539,390)	(39,648,078)
Changes that relate to past service - adjustments to the LIC	165,539	(263,709)	2,102,216	(1,293,396)	(187,799)	(334,771)	(14,136)	191,024	566,148	931,116
(Losses) reversal of losses on onerous contracts – net	(19,805)		(6,317)							(26,122)
Risk Adjustment	(90,928)	(9,744)	34,742	(31,815)	(1,234)	(38,338)	5,606	29,544	106,980	4,813
Insurance service expenses	**(8,089,916)**	**(247,751)**	**(8,699,173)**	**(15,806,699)**	**(148,363)**	**(857,188)**	**(45,877)**	**22,958**	**(4,866,262)**	**(38,738,271)**
Net income/(expanse) from insurance contracts	**2,080,220**	**2,449,309**	**(459,552)**	**2,452,743**	**996,541**	**7,091,128**	**792,971**	**3,769,279**	**1,805,758**	**20,978,397**
Allocation of reinsurance premium paid - contracts measured under the PAA	(643,997)	(1,326,812)	(77,125)	(8,535,317)	(265,669)	(6,081,960)	(723,065)	(3,084,119)	(4,718,491)	(25,456,555)
Amounts recoverable from reinsurers – net	189,312	15,420	293,685	8,556,834	86,355	565,563	31,532	(95,559)	3,721,541	13,364,683
Net income/(expenses) from reinsurance contracts held	**(454,685)**	**(1,311,392)**	**216,560**	**21,517**	**(179,314)**	**(5,516,397)**	**(691,533)**	**(3,179,678)**	**(996,950)**	**(12,091,872)**
Insurance service result *	**1,625,535**	**1,137,917**	**(242,992)**	**2,474,260**	**817,227**	**1,574,731**	**101,438**	**589,601**	**808,808**	**8,886,525**

* This amount does not include the expenses related to shareholders' equity share for managing takaful insurance operations with an amount of JD 8,308,627

In Jordanian Dinar	**Motor Comprehensive**	**Motor Pools - Borders & Buses**	**Motor Third Party**	**Medical**	**Marine**	**Engineering**	**Fire**	**G & A**	**Life**	**Total**
December 31, 2022										
Insurance revenue from contracts measured under PAA	9,098,417	2,342,516	6,267,055	16,947,386	1,331,990	8,161,711	708,677	3,153,010	5,977,430	53,988,192
Insurance revenue – total	**9,098,417**	**2,342,516**	**6,267,055**	**16,947,386**	**1,331,990**	**8,161,711**	**708,677**	**3,153,010**	**5,977,430**	**53,988,192**
Incurred claims and other directly attributable expenses – net	(6,499,944)	(109,716)	(9,127,021)	(14,244,563)	47,907	(2,694,168)	(24,254)	(508,341)	(5,415,119)	(38,575,219)
Changes that relate to past service - adjustments to the LIC	(657,366)	(305,293)	1,136,315	(1,103,500)	(242,611)	1,672,107	(58,887)	120,632	493,907	1,055,304
(Losses) reversal of losses on onerous contracts – net	(2,120)		27,065	1,579				(15,765)	133,324	144,083
Risk Adjustment	(5,772)	(977)	(26,624)	(711)	(3,840)	415,973	(10,941)	(7,330)	(109,510)	250,268
Insurance service expenses	**(7,165,202)**	**(415,986)**	**(7,990,265)**	**(15,347,195)**	**(198,544)**	**(606,088)**	**(94,082)**	**(410,804)**	**(4,897,398)**	**(37,125,564)**
Net income/(expanse) from insurance contracts	**1,933,215**	**1,926,530**	**(1,723,210)**	**1,600,191**	**1,133,446**	**7,555,623**	**614,595**	**2,742,206**	**1,080,032**	**16,862,628**
Allocation of reinsurance premium paid - contracts measured under the PAA	(897,563)	(1,192,877)	(60,801)	(6,983,850)	(674,122)	(6,207,818)	(471,199)	(2,611,988)	(4,317,687)	(23,417,905)
Amounts recoverable from reinsurers – net	636,027	213,052	86,128	6,779,841	121,366	485,975	80,574	323,704	3,795,444	12,522,111
Net income/(expenses) from reinsurance contracts held	**(261,536)**	**(979,825)**	**25,327**	**(204,009)**	**(552,756)**	**(5,721,843)**	**(390,625)**	**(2,288,284)**	**(522,243)**	**(10,895,794)**
Insurance service result *	**1,671,679**	**946,705**	**(1,697,883)**	**1,396,182**	**580,690**	**1,833,780**	**223,970**	**453,922**	**557,789**	**5,966,834**

****** This amount does not include the expenses related to shareholders' equity share for managing takaful insurance operations with an amount of JD 5,677,803.

23) NET FINANCE INCOME (EXPENSE) FROM INSURANCE CONTRACTS & REINSURANCE CONTRACTS HELD

An analysis of the net insurance finance (expense) / income by product line is presented below:

	Motor Comprehensive	Motor Pools - Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
December 31, 2023										
Finance expense from insurance contracts issued										
Accretion of interest on LIC claims best estimate, reinsurance share	(248,669)	(13,182)	(401,298)	-	-	-	-	-	-	(663,149)
Accretion of interest on LIC attributable expenses best estimate	(7,460)	(395)	(12,039)	-	-	-	-	-	-	(19,894)
Accretion of interest on LIC risk adjustment	(6,403)	(339)	(10,334)	-	-	-	-	-	-	(17,076)
Net finance expense from insurance contracts	**(262,532)**	**(13,916)**	**(423,671)**	**-**	**-**	**-**	**-**	**-**	**-**	**(700,119)**
Finance income from reinsurance contracts held										
Accretion of interest on LIC claims best estimate	59,343	16,603	13,434	-	-	-	-	-	-	89,380
Accretion of interest on LIC attributable expenses best estimate	1,187	332	269	-	-	-	-	-	-	1,788
Net finance income from reinsurance contracts held	**60,530**	**16,935**	**13,703**	**-**	**-**	**-**	**-**	**-**	**-**	**91,168**
Net Insurance Finance expense	**(202,002)**	**3,019**	**(409,968)**	**-**	**-**	**-**	**-**	**-**	**-**	**(608,951)**
December 31, 2022 – (Restated)										
Finance expense from insurance contracts issued										
Accretion of interest on LIC claims best estimate, reinsurance share	(148,638)	(12,135)	(201,693)	-	-	-	-	-	-	(362,466)
Accretion of interest on LIC attributable expenses best estimate	(4,459)	(364)	(6,051)	-	-	-	-	-	-	(10,874)
Accretion of interest on LIC risk adjustment	(3,827)	(313)	(5,194)	-	-	-	-	-	-	(9,334)
Net finance expense from insurance contracts	**(156,924)**	**(12,812)**	**(212,938)**	**-**	**-**	**-**	**-**	**-**	**-**	**(382,674)**
Finance income from reinsurance contracts held										
Accretion of interest on LIC claims best estimate	38,255	26,028	132	-	-	-	-	-	-	64,415
Accretion of interest on LIC attributable expenses best estimate	765	520	3	-	-	-	-	-	-	1,288
Net finance expense from reinsurance contracts held	**39,020**	**26,548**	**135**	**-**	**-**	**-**	**-**	**-**	**-**	**65,703**
Net Insurance Finance expense	**(117,904)**	**13,736**	**(212,803)**	**-**	**-**	**-**	**-**	**-**	**-**	**(316,971)**

24) POLICYHOLDERS SHARE OF MURABAHA INCOME FROM FINANCIAL INSTRUMENTS

	For the Year Ended December 31,	
Jordanian Dinar	**2023**	**2022**
Investment income related to managing investments portfolio		
Investment income from bank deposit	168,535	116,047
Investment income from financial assets at amortized cost – net	56,063	38,602
Investment income from investment properties	11,028	7,594
Total	**235,626**	**162,243**
Shareholders' equity shares from managing the investments portfolio (note 30)	**(82,469)**	**(56,785)**
	153,157	**105,458**

25) SHAREHOLDERS' EQUITY SHARES FOR MANAGING TAKAFUL INSURANCE OPERATIONS

The contractual relationship between shareholder equity and policyholders that involves managing the insurance business through a dedicated staff appointed for this purpose.

The percentages for managing insurance operations as the following which already approved by Sharia Supervision Committee:

	For the Year Ended December 31,	
	2023	**2022**
Motor – Comprehensive	15%	17%
Motor – Pools-Borders &Buses	15%	17%
Motor – Third Party	15%	17%
Medical	15%	19%
Marine	25%	25%
Engineering	20%	20%
Fire	20%	20%
Life	15.5%	15.5%
General Accident	25%	25%
General Accident	7%	7%

25.1) The amounts for managing insurance operations as the following:

	For the Year Ended December 31,	
Jordanian Dinar	**2023**	**2022 (Restated)**
Shareholder's' Equity Shares for Managing Takaful Insurance Operations	(8,308,627)	(7,307,544)
IFRS 17 Impact	-	1,629,741
	(8,308,627)	**(5,677,803)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25.2) The amounts for managing insurance operations as the following:

	For the Year Ended December 31,	
Jordanian Dinar	**2023**	**2022 (Restated – Notes 3 and 42)**
Shareholders' Equity Shares for Managing Takaful Insurance Operations – Medical	2,575,941	2,271,396
Shareholders' Equity Shares for Managing Takaful Insurance Operations – Marine	262,618	282,795
Shareholders' Equity Shares for Managing Takaful Insurance Operations – Life	913,591	588,059
Shareholders' Equity Shares for Managing Takaful Insurance Operations – Motor	2,830,780	2,481,189
Shareholders' Equity Shares for Managing Takaful Insurance Operations – G&A	28,910	23,055
Shareholders' Equity Shares for Managing Takaful Insurance Operations – Fire	1,314,043	1,370,710
Shareholders' Equity Shares for Managing Takaful Insurance Operations – Engineering	382,744	290,340
Waiver provided by the shareholders *	-	(1,629,741)
	8,308,627	**5,677,803**

* The Board of directors approved on their meeting held on February 26, 2023, to waiver part of the managing Takaful insurance operation fees with an amount of JOD 1,629,741 to reduce the impact raised from the implementation of IFRS 17 and as support to the policyholders, and to be reflected on the consolidated financial statements for the year ended December 31, 2022.

26) GENERAL AND ADMINISTRATIVE EXPENSE

26.1) Below is the Policyholders' general and administrative expenses:

	For the Year Ended December 31,	
Jordanian Dinar	**2023**	**2022**
Lawyer fees expenses	688	115
Miscellaneous technical consulting fees	5,000	550
Bidding expenses	4,416	3,273
Expenses and commissions	32,259	27,056
Fees, licenses, and taxes expenses	5,201	7,910
Sales tax	83,920	73,599
Other	2,748	6,337
	134,232	**118,840**

26.2) Below is the Shareholders' general and administrative expenses:

	For the Year Ended December 31,	
Jordanian Dinar	**2023**	**2022**
Advertising expenses	107,525	84,821
Board of Directors' expenses	195,904	170,674
Cleaning	50,601	44,845
Computer suppliers	313,128	234,270
Hospitality	52,278	39,387
Finance cost related to lease contract	15,774	-
Legal and litigations expenses	14,267	13,595
Mail and communications	73,636	74,492
Maintenance	65,825	31,051
Other	361,134	111,864
Professional fees	204,784	149,380
Rent	35,028	83,478
Sales tax expenses	19,455	16,588
Sharia' Supervisory Committee's fees	34,500	32,400
Stationery and printing	99,558	95,630
Subscriptions and license fees	84,792	64,373
Technical consultations fees	89,881	84,041
Tenders' expenses and bank charges	218	117
Water, electricity, and heating	75,703	72,255
	1,893,991	**1,403,261**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27) SHAREHOLDERS' EQUITY SHARES OF MURABAHA INCOME

Jordanian Dinar	For the Year Ended December 31, 2023	2022
Murabaha income on bank deposits	526,624	493,826
	526,624	**493,826**

- The rates of return on deposits with banks in Jordanian dinars range from 2.9% to 4.5 % as on December 31, 2023 (2022: from 2% to 4%), and the return on deposit balances outside Jordan in US dollars ranges from 6.25 % to 6.39 % as on December 31, 2023 (2022: from 3.1% to 4%).

28) SHAREHOLDERS' EQUITY SHARES OF INVESTMENTS INCOME

Jordanian Dinar	For the Year Ended December 31, 2023	2022 (Restated)
Murabaha from financial assets at amortized cost**	256,952	168,801
Murabaha from financial assets at fair value through other comprehensive income	42,620	33,080
Murabaha from financial assets at fair value through other comprehensive income Sukuk*	93,540	36,588
	393,112	**238,469**

*This represents the Group investment in outside Jordan (Islamic) Sukuks with coupon rate ranged from 4.48% to 6.58% per annum. These Sukuks have a maturity duration of 6 month commencing from issued date.

**This represents the Group investment outside Jordan in perpetual (Islamic) Sukuks at a face value of JOD 3.102.796 as of December 31, 2023 (JOD 1,907,684 as of December 31, 2022 and JOD 1,434,551 as of January 1st, 2022) with coupon rate ranged from 3.88 % to 6.52 % per annum with no specific maturity date, the repayment of principle and commission under the discretion of the issuer.

29) SHAREHOLDERS' EQUITY SHARES FOR MANAGING THE INVESTMENTS PORTFOLIO

The Sharia Supervisory committee has determined and approved the Mudarabah share for shareholder versus the management of investments portfolio for the years 2023 and 2022 at rate of 35% from investment profits.

30) SALARIES AND BENEFITS

Jordanian Dinar	For the Year Ended December 31, 2023	2022
Employees bonuses	276,765	204,609
Employees trainings	7,060	2,010
Life Insurance	12,559	11,446
Local travel	19,269	14,973
Medical Insurance	232,107	212,513
Social Security	384,858	352,580
Transportation expenses	227,389	215,985
Wages and salaries	3,073,968	2,772,369
	4,233,975	**3,786,485**

31) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT OF THE YEAR

Jordanian Dinar	For the Year Ended December 31, 2023	2022 (Restated)
Profit for the year (JOD)	2,906,192	386,832
Weighted average number of outstanding shares (share)	28,000,000	28,000,000
	0.104	**0.014**

The basic earnings per share from the net profit for the year equals the diluted earnings as the Company did not issue any financial instruments that may have an impact on the basic earnings per share.

32) CONTINGENT LIABILITIES

At the standalone financial statements date, the Company has contingent liabilities as follows:

Jordanian Dinar	For the Year Ended December 31, 2023	2022
Letters of guarantee	810,720	1,056,549
	810,720	**1,056,549**

- This represents letter of guarantees issued by a local bank at the request of the group to the benefit of third parties.
- The Group deals with banks rated (B - Ba3) with no significant change in the credit rating during the year. Letter if guarantee classified as stage one.

33) RELATED PARTY BALANCES AND TRANSACTIONS

The Group in the normal course of business, enters transactions with other entities that fall within the definition of a related party contained in IAS-24. Transaction with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and revenue through under common control companies (parties related to the Group or shareholders of the Company). Transactions with related parties are undertaken at mutually agreed prices. All related parties balances outstanding are short-term and bear no interest except for deposit at banks outside Jordan that was placed at market terms Significant related party balances arising from transactions are described as under:

The significant balances and transactions with related parties and the related amounts are as follows:

	Related Party			
	Board of Directors	**Top Management**	**Under Common Control Company**	**December 31, 2023**
Consolidated Statement of Financial Position Items				
Accounts receivable	3,290	35,790	-	39,080
Accounts payable	-	-	18,253	18,253
Deposit at banks outside Jordan	-	-	-	-
Cash at banks	-	-	-	-
Consolidated Statement of Comprehensive Income Items				
Investments revenue	-	-	61,778	61,778
Takaful Insurance contributions	8,395	1,532	-	9,927

	Related Party			
	Board of Directors	**Top Management**	**Under Common Control Company**	**December 31, 2022**
Consolidated Statement of Financial Position Items				
Accounts receivable	6,123	22,939	-	29,062
Accounts payable	-	-	-	-
Reinsurance receivable	2,259	-	-	2,259
Deposit at banks outside Jordan	-	-	2,660,426	2,660,426
Cash at banks	-	-	-	-
Consolidated Statement of Comprehensive Income Items				
Investments revenue	-	-	101,247	101,247
Takaful Insurance contributions	874	-	-	874

- Key management personnel are persons having authority and responsibility for planning, directing, and controlling the activities of the Group, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Group. The following table shows the annual salaries, remuneration and allowances of the key management personnel for the year ended December 31, 2023 and December 31, 2022:

Jordanian Dinar	For the year Ended December 31,	
	2023	**2022**
Salaries and bonuses	941,367	942,218
	941,367	**942,218**

34) LAWSUITS AGAINST THE COMPANY AND ITS SUBSIDIARY

Lawsuits filed against the Company amounted to JOD 2,330,145 as of December 31, 2023 compared to JOD 1,877,877 as of December 31, 2022, while the balance of provisions recorded against these cases amounted to JOD 2,262,850 as of December 31, 2023 compared to JOD 1,877,877 as of December 2022, in the estimates of the management and its legal consultant, the Company will not incur any additional obligations for these lawsuits.

35) DIVIDENDS

Declared dividends

The general assembly had approved in its ordinary meeting the percentage of profits distributed to shareholders in the year 2022 at (4%) which equivalent to JOD (1,120,000) (JOD 0.04 / share), the general assembly had approved in its ordinary meeting the percentage of profits distributed to shareholders in the year 2022 at (4%) which equivalent to JOD (1,120,000) (JOD 0.04 / share).

36) FINANCIAL RISK MANAGEMENT

QUALITATIVE AND QUANTITATIVE DISCLOSURES:

The Group employs various methods to manage its risks through a comprehensive strategy aimed at mitigating and minimizing risks, as well as establishing the appropriate controls to ensure the continued effectiveness of its operations. This includes implementing a risk control system to achieve the optimal balance between risk and return. The risk management process involves the ongoing identification, measurement, and control of both financial and non-financial risks that could potentially impact the Group's performance and reputation. Additionally, it involves effectively allocating the Group's capital to achieve the desired risk-return balance. The Group is exposed to a range of risks including market risks, liquidity risks, insurance risks, return rate risks, and commission risks.

Risk management is the process of assessing and evaluating risks and developing strategies to manage them. These strategies may involve transferring risks to other parties, avoiding risks, reducing their negative impacts, or accepting the consequences. Risk management is typically categorized into four sections:

- Insurance and reinsurance risks

- Physical risks, such as natural disasters, fires, accidents, and other external activities unrelated to the group's business.
- Legal risks, which result from lawsuits or non-compliance with laws and regulations issued by governing bodies.
- Financial risks
- Intangible risks, which are difficult to identify and may include knowledge risks among employees and relationship risks with clients. These risks can directly impact employee productivity, profitability, service quality, reputation, and overall gains.

The Group's risk management approach prioritizes risks based on their potential losses and likelihood of occurrence. Risks with high losses or high probabilities are addressed first, while risks with lower losses or likelihoods are addressed later.

- **INSURANCE RISKS**

The risks of any insurance contract are the possibility of the insured event occurring and the uncertainty of the amount of the claim related to that event. This is due to the nature of the insurance contract, where the risks are volatile and unpredictable for insurance contracts related to an insurance category. Probability theory can be applied to pricing and reserve. The main risks facing the Group the claims incurred and related payments may exceed the carrying value of the insurance liabilities. This may happen if the possibility and seriousness of claims are greater than expected, because insurance events are not constant and vary from year to year, estimates may differ from the statistics related to them. Studies have shown that the more similar the insurance contracts are, the closer the expectations are to the actual loss rate. The presence of diversification in the insurance risks that are covered leads to a decrease in the probability of total insurance loss.

- **CLAIMS DEVELOPMENT**

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The Group aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years spanning a number of financial years.

Accident year for Motor Comprehensive	**2023**	**2022**	**2021**	**2020**	**2019 and prior**	**Total**
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	6,289,471	6,321,392	5,178,878	3,882,593	16,280,414	**37,952,748**
1 year later	-	3,070,916	2,188,427	2,237,445	6,503,771	**14,000,559**
2 years later	-	-	397,892	433,464	1,013,743	**1,845,099**
3 years later	-	-	-	121,564	454,607	**576,171**
4 years later	-	-	-	-	134,946	**134,946**
5 years later	-	-	-	-	77,594	**77,594**
Total	**6,289,471**	**9,392,308**	**7,765,197**	**6,675,066**	**24,465,075**	**54,587,117**
Gross estimates for years of accidents for the last ten years	6,289,471	3,070,916	397,892	121,564	134,946	10,014,789
Cumulative gross claims and other directly attributable expenses paid	(1,510,115)	(289,229)	(39,407)	(1,276)	44,799	(1,795,228)
Gross undiscounted liabilities for incurred claims						
Effect of discounting	99,477	19,053	2,596	84	(2,951)	118,259
Gross discounted liabilities for incurred claims	**4,878,833**	**2,800,740**	**361,081**	**120,372**	**176,794**	**8,337,820**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accident year for Motor Pools – Borders & Buses	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	563,357	519,258	490,688	404,187	2,980,907	**4,958,397**
1 year later	-	107,142	32,893	26,783	837,688	**1,004,506**
2 years later	-	-	1,048	229	206,005	**207,282**
3 years later	-	-	-	-	105,580	**105,580**
4 years later	-	-	-	-	83,094	**83,094**
5 years later	-	-	-	-	47,604	**47,604**
Total	**563,357**	**626,400**	**524,629**	**431,199**	**4,260,878**	**6,406,463**
Gross estimates for years of accidents for the last ten years	-	-	-	-	-	-
Cumulative gross claims and other directly attributable expenses paid	41,482	23,073	3,950	96	7,077	**75,678**
Gross undiscounted liabilities for incurred claims						
Effect of discounting	(1,929)	(759)	(54)	(1)	(119)	**(2,862)**
Gross discounted liabilities for incurred claims	**602,910**	**648,714**	**528,525**	**431,294**	**4,267,836**	**6,479,279**

Accident year for Motor Third Party	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	4,920,590	3,740,903	3,333,727	2,132,734	14,709,304	**28,837,258**
1 year later	-	2,506,251	1,806,013	1,500,089	10,531,915	**16,344,268**
2 years later	-	-	722,307	473,588	3,549,159	**4,745,054**
3 years later	-	-	-	240,728	1,805,848	**2,046,576**
4 years later	-	-	-	-	1,038,094	**1,038,094**
5 years later	-	-	-	-	562,207	**562,207**
Total	**4,920,590**	**6,247,154**	**5,862,047**	**4,347,139**	**32,196,527**	**53,573,457**
Gross estimates for years of accidents for the last ten years	4,920,590	2,506,251	722,307	240,728	1,038,094	**9,427,970**
Cumulative gross claims and other directly attributable expenses paid	(3,916,322)	(1,206,302)	(457,821)	(184,027)	(168,553)	**(5,933,025)**
Gross undiscounted liabilities for incurred claims						
Effect of discounting	490,807	153,342	34,165	9,779	6,969	**695,062**
Gross discounted liabilities for incurred claims	**1,495,075**	**1,453,291**	**298,651**	**66,480**	**876,510**	**4,190,007**

Accident year for Medical	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	12,935,439	13,352,013	11,792,428	11,536,164	54,442,440	**104,058,484**
1 year later	-	1,886,242	1,158,178	1,228,373	6,879,629	**11,152,422**
2 years later	-	-	182	1,741	30,866	**32,789**
3 years later	-	-	-	23,001	(51,577)	**(28,576)**
4 years later	-	-	-	-	94,932	**94,932**
5 years later	-	-	-	-	-	-
Total	**12,935,439**	**15,238,255**	**12,950,788**	**12,789,279**	**61,396,290**	**115,310,051**
Gross estimates for years of accidents for the last ten years	12,935,439	1,886,242	182	23,001	94,932	**14,939,796**
Cumulative gross claims and other directly attributable expenses paid	(1,748,973)	-	-	-	-	**(1,748,973)**
Gross discounted liabilities for incurred claims	**11,186,466**	**1,886,242**	**182**	**23,001**	**94,932**	**13,190,823**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accident year for Marine	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	81,883	84,083	82,729	54,146	414,122	**716,963**
1 year later	-	4,808	28,706	23,468	232,607	**289,589**
2 years later	-	-	3,333	-	15,365	**18,698**
3 years later	-	-	-	-	1,800	**1,800**
4 years later	-	-	-	-	-	**-**
5 years later	-	-	-	-	30,643	**30,643**
Total	**81,883**	**88,891**	**114,768**	**77,614**	**694,537**	**1,057,693**
Gross estimates for years of accidents for the last ten years	81,883	4,808	3,333	-	-	**90,024**
Cumulative gross claims and other directly attributable expenses paid	(66,277)	(350)		(13,350)	-	**(79,977)**
Gross discounted liabilities for incurred claims	**15,606**	**4,458**	**3,333**	**(13,350)**	**-**	**10,047**

Accident year for Engineering	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	58,812	1,009	13,953	2,891	672,898	**749,563**
1 year later	-	17,055	17,407	16,540	1,152,491	**1,203,493**
2 years later	-	-	-	-	27,267	**27,267**
3 years later	-	-	-	-	12,840	**12,840**
4 years later	-	-	-	-	-	**-**
5 years later	-	-	-	-	24,411	**24,411**
Total	58,812	18,064	31,360	19,431	1,889,907	**2,017,574**
Gross estimates for years of accidents for the last ten years	58,812	17,055	**-**	**-**	**-**	**75,867**
Cumulative gross claims and other directly attributable expenses paid	(37,927)	(1,274)	-	-	(562)	**(39,763)**
Gross discounted liabilities for incurred claims	**20,885**	**15,781**	**-**	**-**	**(562)**	**36,104**

Accident year for Fire	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	161,786	259,055	61,826	205,520	1,201,453	**1,889,640**
1 year later	-	111,611	2,619,301	511,953	985,267	**4,228,132**
2 years later	-	-	140,836	13,321	21,666	**175,823**
3 years later	-	-	-	667	11,887	**12,554**
4 years later	-	-	-	-	3,382	**3,382**
5 years later	-	-	-	-	63,722	**63,722**
Total	**161,786**	**370,666**	**2,821,963**	**731,461**	**2,287,377**	**6,373,253**
Gross estimates for years of accidents for the last ten years	161,786	111,611	140,836	667	3,382	**418,282**
Cumulative gross claims and other directly attributable expenses paid	(639,702)	(74,942)	(20,088)	(2,375)	(18,816)	**(755,923)**
Gross discounted liabilities for incurred claims	**(477,916)**	**36,669**	**120,748**	**(1,708)**	**(15,434)**	**(337,641)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accident year for G&A	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	48,176	47,919	26,573	20,255	2,225,962	**2,368,885**
1 year later	-	15,885	85,980	53,449	903,996	**1,059,310**
2 years later	-	-	18,547	23,047	53,173	**94,767**
3 years later	-	-	-	4,870	160,015	**164,885**
4 years later	-	-	-	-	26,905	**26,905**
5 years later	-	-	-	-	19,733	**19,733**
Total	**48,176**	**63,804**	**131,100**	**101,621**	**3,389,784**	**3,734,485**
Gross estimates for years of accidents for the last ten years	48,176	15,885	18,547	4,870	26,905	**114,383**
Cumulative gross claims and other directly attributable expenses paid	(312,809)	(144,129)	(44,463)	(111,605)	(243,371)	**(856,377)**
Gross discounted liabilities for incurred claims	**(264,633)**	**(128,244)**	**(25,916)**	**(106,735)**	**(216,466)**	**(741,994)**

Accident year for Life	2023	2022	2021	2020	2019 and prior	Total
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	3,055,676	3,211,136	5,348,653	2,796,706	2,392,869	**16,805,040**
1 year later	-	979,808	744,083	2,145,045	2,285,755	**6,154,691**
2 years later	-	-	8,165	88,316	189,975	**286,456**
3 years later	-	-	-	20,709	28,629	**49,338**
4 years later	-	-	-	-	10,741	**10,741**
5 years later	-	-	-	-	3,525	**3,525**
Total	**3,055,676**	**4,190,944**	**6,100,901**	**5,050,776**	**4,911,494**	**23,309,791**
Gross estimates for years of accidents for the last ten years	3,055,676	979,808	8,165	20,709	10,741	**4,075,099**
Cumulative gross claims and other directly attributable expenses paid	(1,439,119)	(539,854)	(98,333)	(105,868)	-	**(2,183,174)**
Gross discounted liabilities for incurred claims	**1,616,557**	**439,954**	**(90,168)**	**(85,159)**	**10,741**	**1,891,925**

- **CONCENTRATION OF UNDERWRITING RISKS**

The Group monitors concentration of insurance risks primarily by class of business. The major concentration lies in the motor segment.

The Group also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Group evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Group.

The nature of the Group exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following tables sets out the carrying amounts of the Group's insurance contracts -underwriting and its reinsurance by type of contract:

	December 31, 2023			December 31, 2022		
In Jordanian Dinar	**Underwriting**	**Reinsurance contracts**	**Net**	**Underwriting**	**Reinsurance contracts**	**Net**
Motor Comprehensive	9,174,005	(720,951)	**8,453,054**	7,878,971	(400,645)	**7,478,326**
Motor Pools-Borders &Buses	2,742,814	(1,411,709)	**1,331,105**	2,429,685	(1,258,664)	**1,171,021**
Motor Third Party	9,065,886	-	**9,065,886**	7,722,810	-	**7,722,810**
Medical	19,628,915	(14,599,752)	**5,029,163**	17,398,640	(7,605,220)	**9,793,420**
Marine	1,197,461	(1,070,297)	**127,164**	1,373,011	(1,231,104)	**141,907**
Engineering	645,351	(631,764)	**13,587**	1,163,765	(1,154,159)	**9,606**
Fire	7,649,934	(7,366,258)	**283,676**	9,079,862	(8,844,998)	**234,864**
G & A	4,340,150	(4,136,406)	**203,744**	3,180,358	(3,055,497)	**124,861**
Life	6,625,525	(4,801,516)	**1,824,009**	5,880,589	(4,410,360)	**1,470,229**
	61,070,041	**(34,738,653)**	**26,331,388**	**56,107,691**	**(27,960,647)**	**28,147,044**

The following table distribute the carrying amounts of Groups insurance contracts (net of reinsurance) by geographical distribution:

	December 31, 2023	December 31, 2022
In Jordanian Dinar	**Net**	**Net**
Inside Kingdom	17,486,221	17,989,289
Total	**17,486,221**	**17,989,289**

The following table distribute the insurance contract liabilities and reinsurance contract assets based on geographical distribution:

	December 31, 2023		December 31, 2022	
In Jordanian Dinar	**Insurance contracts liabilities**	**Reinsurance contracts Assets**	**Insurance contracts liabilities**	**Reinsurance contracts Assets**
Inside Kingdom	26,914,077	1,094,296	25,476,257	4,361,920
Middle east	-	-	-	-
Asia *	-	897,131	-	454,705
Europe	-	9,883,040	-	5,994,687
Africa *	-	-	-	-
Americans	-	-	-	-
Total	**26,914,077**	**11,874,467**	**25,476,257**	**10,811,312**

* Without middle east countries.

- **<u>Reinsurance risks</u>**

In order to minimize financial exposure arising from large claims, the Group, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers.

Reinsurers are selected using the following parameters and guidelines set by the Group Board of Directors and Reinsurance Committee. The criteria may be summarized as follows:

-Minimum acceptable credit rating by recognized rating agencies (e.g., S&P) that is not lower than BBB or equivalent
-Reputation of particular reinsurance companies
-Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Group and agreed to pre-set requirements of the Group Board of Directors and Reinsurance Committee before approving them for exchange of reinsurance business. As of December 31, 2023, and December 31, 2022, there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders and as a result the Group remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

- **SENSITIVITIES ON MAJOR ASSUMPTIONS CONSIDERED WHILE APPLYING IFRS 17**

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions is consistent for both reporting periods.

Following are the sensitivities derived for the portfolios computed under PAA approach before risk mitigation by reinsurance contracts held:

	For the year Ended December 31,	
	2023	**2022**
Impact on equity and net income of change in death		
5% Increase	(35,818)	(26,600)
5% Decrease	32,833	26,668
Impact on equity and net income of change in illnesses		
5% Increase	-	-
5% Decrease	-	-
Impact on equity and net income of change in life period		
5% Increase	32,833	26,668
5% Decrease	(35,818)	(26,600)
Impact on equity and net income of change in claims ratio		
5% Increase	(151,747)	(249,664)
5% Decrease	178,348	169,198
Impact on equity and net income of change in direct expense ratio – loss component		
2% Increase	(10,827)	(7,467)
2% Decrease	10,827	7,467
Impact on equity and net income of change in risk adjustment for non-financial risk		
5% Increase	(10,011)	(12,364)
5% Decrease	31,665	27,299

(a) Financial Instrument:

the Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Equity price risk
- Concentration risk
- Capital management

This note provides information about the Group exposure to each of the above risks, the Group objectives, policies, methods of measuring and managing risks and the Group management of capital.

General framework for risk management

The entire responsibility for setting up and monitoring risk management rests with the Group management.

The Group risk management policies are designed to identify and analyses the risks that the Group faces, and to set appropriate controls and limits for the extent of exposure to those risks, and then monitor them to ensure that the set limits are not exceeded.

Risk management policies and systems are reviewed periodically to reflect changes in market conditions and the Group activities. The Group management aims, through training, standards and procedures set by the administration, to develop a constructive and organized control environment so that every employee understands his role and duties assigned to him.

The Group audit committee monitors the management's performance in monitoring the extent of compliance with the Group policies and procedures in risk management. It also reviews the adequacy of the risk management framework in relation to the risks facing the Group. The internal audit department assists the Group audit committee in the monitoring process. The Internal Audit Department undertakes the regular and ad-hoc review of risk management procedures and controls, so that the results are reported to the Audit Committee.

Credit risk

Credit risk represents the risk of the Group being exposed to a financial loss due to the failure of the customer or the party dealing with the Group with a financial instrument to fulfil its contractual obligations. This risk results mainly from cash at banks, Bank deposits, financial assets at fair value through other comprehensive income, financial assets at amortized cost – net, receivables related to insurance operations, cheques under collection and reinsurance receivables.

The carrying value of financial assets represents the maximum value that the assets could be exposed to credit risk as at the date of the consolidated financial statements, and it is as follows:

	As of December 31,	
Jordanian Dinar	**2023**	**2022**
Cash at bank	3,238,915	3,480,547
Bank deposits	14,585,531	15,704,155
Financial assets at amortized cost - net	8,804,598	3,255,426
Reinsurance contract assets	11,874,467	10,811,312
Receivables related to insurance operations	12,754,646	10,688,339
Cheques under collection	4,645,712	3,386,202
	55,903,869	**47,325,981**

The Group deals with reinsurance companies rated (A – BBB) with no significant change in the credit rating during the year. An amount of JOD 559,090 as of December 31,2023 and December 31,2022, of Reinsurance contact assets classified as stage 3 and the remaining amounts is classified as stage 1.

The Group maintains balances with leading financial institutions, so the Group believes that it is not exposed to a significant degree of credit risk related to balances with banks.

The Group applies the IFRS (9) simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due.

The Group's exposure to credit risk is influenced mainly by the probability of default of each receivable. The demographic nature of the Group's customers, including the default risk of the activity and the country in which the customer operates, has a lesser impact on credit risk. Geographically, however, there is no credit concentration.

Receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 days for corporate customers.

The Group does not require collateral in respect of trade and other receivables. The Group does not have receivable and contract assets for which no loss allowance is recognized because of collateral.

- **Liquidity Risk:**

Liquidity risk is the risk arising from the Group inability to meet its financial obligations as they fall due and associated with its financial liabilities that are settled by providing cash or other financial assets. The Group management of liquidity lies in ensuring, as much as possible, that the Group always maintains sufficient liquidity to meet its obligations when it becomes payable in normal and emergency circumstances without incurring unacceptable losses or risks that may affect the Group reputation.

The Group is keen to have sufficient cash available to cover the expected operational expenses, including covering financial obligations, but without including any potential impact of severe conditions and it is difficult to predict as natural disasters, in addition to that, the Group maintains a source of credit from the banks that deal with it to meet any sudden cash needs.

The contractual maturities of financial liabilities including estimated interest payments are as follows:

Financial liabilities
December 31, 2023

Jordanian Dinar	**Book Value**	**Contracted Cash Flow**	**One year or less**	**More than one year**
Insurance Contract Liabilities	26,914,077	-	(882,000)	(24,027,962)
Account payables	107,143	-	(107,143)	-
Accrued expenses	178,798	-	(178,798)	-
Other reserves	220,000	-	(45,000)	(175,000)
Deferred tax liabilities	15,547	-	-	(15,547)
Liabilities against lease contracts	497,576	(1,000,000)	(50,000)	(950,000)
Other liabilities	1,075,715	-	(1,075,715)	-
	29,008,856	**(1,000,000)**	**(2,338,656)**	**(25,168,509)**

December 31, 2022				
Insurance Contract Liabilities	25,476,257	-	(597,379)	(22,713,357)
Account payables	84,458	-	(84,458)	-
Accrued expenses	113,316	-	(113,316)	-
Other reserves	45,000	-	(45,000)	-
Deferred tax liabilities	23,470	-	-	(23,470)
Liabilities against lease contracts	-	-	-	-
Other liabilities	1,094,377	-	(1,094,377)	-
	26,836,878	**-**	**(1,934,530)**	**(22,736,827)**

- **Market risk**

Market risk is the risk that arises as a result of fluctuation in the fair value or future cash flows of financial instruments as a result of a change in market prices (such as interest rates, exchange rates, and equity prices). Market risks arise as a result of having open positions in interest rates, currencies, and investment in stocks. Each of the following risks includes:

-Interest rate risk.

-Exchange rate risk.

-Risk of change in stock price.

- Foreign currency fluctuations.
- Gaps in maturity of assets and liabilities and re-pricing.

Interest Rate Risks

Interest rate risks arise from the probable impact of changes in interest rates on the value of other financial assets. The Group is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities, according to the various time limits or review of interest rates in a certain period. Moreover, the Group manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy.

The Group has developed analysis scenarios to measure the sensitivity of interest rate risk in addition to providing a system for controlling the difference in the history of re-pricing. This ensures control, reduces risk, and takes into account acceptable risk and balancing maturities of assets with liabilities.

In Jordanian Dinar	**2023**	**2022**
Fixed rate instruments:		
Financial Assets	26,447,649	20,848,681

Sensitivity Analysis

An increase in commission average rates by 1% will lead to increase the murabaha and investments income by JOD 264,476, and a decrease in the commission average rates by 1% will lead to decrease the Murabaha and investment income by JOD (264,476).

Foreign currency risk:

These risks arise from changing the value of financial instruments as a result of fluctuating currency exchange rates. The Group follows a deliberate policy in managing its positions in foreign currencies.

The following is a summary of the quantitative data related to the Group exposure to currency risk of volatility, provided to the management of the Group based on the risk management:

As of December 31, 2023

Jordanian Dinar	JOD	USD	BD	Total
Bank deposits	13,946,468	-	639,063	14,585,531
Financial assets at fair value through other comprehensive income	2,719,529	2,982,674	-	5,702,203
Financial assets at amortized cost – net	-	7,810,611	993,987	8,804,598

As of December 31, 2022

Jordanian Dinar	JOD	USD	BD	Total
Bank deposits	13,043,729	-	2,660,426	15,704,155
Financial assets at fair value through other comprehensive income	2,765,877	1,814,253	-	4,580,130
Financial assets at amortized cost – net	-	2,262,642	992,784	3,255,426

The Group's financial assets and liabilities as well as the transactions are in U.S. Dollar, Jordanian Dinar. And Bahrini Dinar and since the Jordanian Dinar and Bahrini Dinar are pegged against U.S. Dollar, therefore the Group’s management believes that the foreign currency risk is not material on the consolidated financial statements.

Equity price risk

Equity price risk arises from the change in the fair value of equity investments. The Group works to manage these risks by diversifying investments in several geographical regions and economic sectors. Most of the share’s investments held by the Group are listed in Amman Stock Exchange.

An increase (decrease) in the fair value prices will lead to an increase (decrease) in equity as follows:

	December 31, 2023	
Market	**Increase in Index**	**Effect on Equity**
Amman Stock Exchange	5%	122,694
Palestine Stock Exchange	5%	13,283

	December 31, 2023	
Market	**Decrease in Index**	**Effect on Equity**
Amman Stock Exchange	(5%)	(122,694)
Palestine Stock Exchange	(5%)	(13,283)

	December 31, 2022	
Market	**Increase in Index**	**Effect on Equity**
Amman Stock Exchange	5%	119,835
Palestine Stock Exchange	5%	15,070

	December 31, 2022	
Market	**Decrease in Index**	**Effect on Equity**
Amman Stock Exchange	(5%)	(119,835)
Palestine Stock Exchange	(5%)	(15,070)

Concentration risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group total credit exposure. The Group portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Objectives are set by the Group to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

Capital management

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Group activities. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders or issue shares.

The Group manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Group operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by CBJ of the Insurance Implementing Regulations detailing the solvency margin required to be maintained, the Group shall maintain solvency margin equivalent to the highest of the following three methods as per Insurance Implementing Regulations:

- Minimum Capital Requirement.
- Premium Solvency Margin.
- Claims Solvency Margin.

	For the ended December 31,	
Jordanian Dinar	**2023**	**2022**
Paid-up capital	28,000,000	28,000,000
Statutory reserve	4,151,837	3,810,741
Retained earnings	4,189,823	2,985,853
Proposed profits to be distributed	(1,120,000)	(1,120,000)
Investments that do not comply with investment instructions:		
Increase in the value of investment properties	357,373	670,087
Fair value reserve	(551,268)	(66,719)
Available Capital	**35,027,765**	**34,279,962**
Total capital required	**15,173,981**	**15,564,213**
Solvency margin ratio (available capital/capital).	**231%**	**220%**

In the opinion of the Board of Directors, the Group has fully complied with the externally imposed capital requirements as of December 31, 2023 and December 31, 2022.

37) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table shows the analysis of assets and liabilities according to the expected period to recover or settle them:

	December 31, 2023		
Assets	**Up to a year**	**More than a year**	**Total**
Bank deposits	14,585,531	-	14,585,531
Financial assets at fair value through other comprehensive income	212,700	5,489,503	5,702,203
Financial assets at amortized cost – net	669,428	8,135,170	8,804,598
Investment properties	53,253	5,238,605	5,291,858
Cash on hand and at banks	3,286,427	-	3,286,427
Reinsurance contract assets	11,453,117	421,350	11,874,467
Deferred tax assets	-	2,120,156	2,120,156
Property and equipment	360,000	9,238,295	9,598,295
Intangible assets	132,000	587,070	719,070
Right of use assets	24,923	465,238	490,161
Other assets	707,143	-	707,143
Total Assets	**31,484,522**	**31,695,387**	**63,179,909**
Insurance Contract Liabilities	2,886,115	24,027,962	26,914,077
Account payables	107,143	-	107,143
Accrued expenses	178,798	-	178,798
Other reserves	175,000	45,000	220,000
Income tax provision	601,335	-	601,335
Deferred tax liabilities	15,547	-	15,547
Liabilities against lease contracts	2,852	494,724	497,576
Other liabilities	1,075,715	-	1,075,715
Total Liabilities	**5,042,505**	**24,567,686**	**29,610,191**

	December 31, 2022		
	Up to a year	**More than a year**	**Total**
Assets			
Bank deposits	15,704,155	-	15,704,155
Financial assets at fair value through other comprehensive income	393,160	4,186,970	4,580,130
Financial assets at amortized cost – net	-	3,255,426	3,255,426
Investment properties	53,220	6,621,493	6,674,713
Cash on hand and at banks	3,820,279	-	3,820,279
Insurance contract assets	85173	-	85,173
Reinsurance contract assets	10,315,690	495,622	10,811,312
Deferred tax assets	-	1,957,795	1,957,795
Property and equipment	360,000	9,537,162	9,897,162
Intangible assets	132,000	645,458	777,458
Right of use assets	-	-	-
Other assets	2,059,311	-	2,059,311
Total Assets	**32,922,988**	**26,699,926**	**59,622,914**
Insurance Contract Liabilities	2,762,900	22,713,357	25,476,257
Account payables	84,458	-	84,458
Accrued expenses	113,316	-	113,316
Other reserves	-	45,000	45,000
Income tax provision	669,981	-	669,981
Deferred tax liabilities	23,470	-	23,470
Liabilities against lease contracts	-	-	-
Other liabilities	1,094,377	-	71,094,37
Total Liabilities	**4,748,502**	**22,758,357**	**27,506,859**

38) FAIR VALUE LEVELS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in these consolidated financial statements.

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date.

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data. The Group ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the period end.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and liabilities not measured at fair value as the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

Jordanian Dinar	Fair value through other comprehensive income (FVOCI)	Fair value Level 1	Level 2	Level 3
December 31, 2023				
Shares with quoted prices	2,692,929	2,692,929	-	-
Shares with un-quoted prices	26,601	-	-	26,601
Sukuk	2,982,673	2,639,784	342,889	-
	5,702,203	**5,332,713**	342,889	**26,601**
December 31, 2022 – Restated				
Shares with quoted prices	2,711,947	2,711,947	-	-
Shares with un-quoted prices	53,930	-	-	53,930
Sukuk	1,814,253	1,603,610	210,643	-
	4,580,130	**4,315,557**	210,643	**53,930**
January 1st, 2022 – Restated				
Shares with quoted prices	1,431,188	1,431,188	-	-
Shares with un-quoted prices	49,670	-	-	49,670
Sukuk	1,453,585	1,234,504	219,081	-
	2,934,443	**2,665,692**	**219,081**	**49,670**

The fair value of investments in sukuk at level 1 and 2 is based on the value of similar quoted sukuks communicated by the investment manager. The fair value of investments in equity securities at level 1 is based on quoted prices available in the market. There were no transfers between levels of the fair value hierarchy during the period ended December 31, 2023 and the year ended December 31, 2022. Additionally, there were no changes in the valuation techniques. Investments measured at amortised cost include corporate sukuks.

39) OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the consolidated statement of profit or loss. Segment assets and liabilities comprise operating assets and liabilities.

a) Information about the Group's operating segments

The Group was organized to include the general takaful sector (general insurance) according to the reports used by the CEO and the main decision maker, which include (Comprehensive, Pools - Borders & Buses, Third Party, Medical, Marine, Fire & Eng., G&A, and life). This sector is the base used by the Group to disclose information related to the main sectors, and the above-mentioned sector also includes the Group's investments and cash above. Transactions between business segments are based on market prices estimated in the same terms as those used with other segments.

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

a) The table below illustrate the distribution of the consolidated statement of policyholder's revenue and expenses and consolidated statement of profit or loss based on product type:

	Motor Comprehensive	Motor Pools - Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
For the year ended December 31, 2023										
Insurance revenue	10,170,136	2,697,060	8,239,621	18,259,442	1,144,904	7,948,316	838,848	3,746,321	6,672,020	59,716,668
Insurance service expenses	(8,089,917)	(247,751)	(8,699,174)	(15,806,698)	(148,363)	(857,188)	(45,877)	22,959	(4,866,262)	(38,738,271)
Results of insurance contracts	**2,080,219**	**2,449,309**	**(459,553)**	**2,452,744**	**996,541**	**7,091,128**	**792,971**	**3,769,280**	**1,805,758**	**20,978,397**
Reinsurance contracts held	(643,997)	(1,326,812)	(77,125)	(8,535,317)	(265,669)	(6,081,960)	(723,065)	(3,084,119)	(4,718,491)	(25,456,555)
Recoveries from reinsurance contracts held	189,312	15,420	293,685	8,556,834	86,355	565,563	31,532	(95,559)	3,721,541	13,364,683
Net expense from reinsurance contracts held	**(454,685)**	**(1,311,392)**	**216,560**	**21,517**	**(179,314)**	**(5,516,397)**	**(691,533)**	**(3,179,678)**	**(996,950)**	**(12,091,872)**
Insurance service results	**1,625,534**	**1,137,917**	**(242,993)**	**2,474,260**	**817,227**	**1,574,731**	**101,438**	**589,602**	**808,808**	**8,886,525**
Net Insurance Finance Expense	**(202,002)**	**3,019**	**(409,968)**	**-**	**-**	**-**	**-**	**-**	**-**	**(608,951)**
Murabaha income										526,624
Investment income										628,738
Gain from sale of investment properties										654,175
Other income										208,803
Policyholders share of results										(10,158)
Depreciation and amortization										(2,028,223)
General and administrative expenses										(506,851)
Salaries and benefits										(4,233,975)
Profit before tax										**3,516,707**
Income tax for the year										(686,243)
Profit for the Year attributable to the shareholders										**2,906,192**

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Motor Comprehensive	Motor Pools - Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
For the year ended December 31, 2022 – (Restated)										
Insurance revenue	9,098,417	2,342,516	6,267,055	16,947,386	1,331,990	8,161,711	708,677	3,153,010	5,977,430	53,988,192
Insurance service expenses	(7,165,204)	(415,987)	(7,990,264)	(15,347,195)	(198,546)	(606,089)	(94,082)	(410,801)	(4,897,396)	(37,125,564)
Results of insurance contracts	**1,933,213**	**1,926,529**	**(1,723,209)**	**1,600,191**	**1,133,444**	**7,555,622**	**614,595**	**2,742,209**	**1,080,034**	**16,862,628**
Reinsurance contracts held	(897,563)	(1,192,877)	(60,801)	(6,983,850)	(674,122)	(6,207,818)	(471,199)	(2,611,988)	(4,317,687)	(23,417,905)
Recoveries from reinsurance contracts held	636,027	213,052	86,128	6,779,841	121,366	485,975	80,574	323,704	3,795,444	12,522,111
Net expense from reinsurance contracts held	(261,536)	(979,825)	25,327	(204,009)	(552,756)	(5,721,843)	(390,625)	(2,288,284)	(522,243)	(10,895,794)
Insurance service results	**1,671,677**	**946,704**	**(1,697,882)**	**1,396,182**	**580,688**	**1,833,779**	**223,970**	**453,925**	**557,791**	**5,966,834**
Net Insurance Finance Expense	**(117,904)**	**13,737**	**(212,804)**	-	-	-	-	-	-	(316,971)
Murabaha income										493,826
Investment income										400,712
Gain from sale of investment properties										-
Other income										182,638
Policyholders share of results										(8,991)
Depreciation and amortization										(1,522,101)
General and administrative expenses										(528,372)
Salaries and benefits										(3,786,485)
Profit before tax										**881,090**
Income tax for the year										(494,258)
Profit for the Year attributable to the shareholders										**386,832**

FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In Jordanian Dinar	Motor Comprehensive	Motor Pools- Borders &Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
For the ended December 31, 2023										
Assets										
Reinsurance contract assets	1,555,932	578,940	262,896	2,546,883	104,598	407,099	2,168,465	2,524,709	1,724,945	11,874,467
Insurance contract assets	-	-	-	-	-	-	-	-	-	-
Unallocated assets										51,305,442
Total Assets										**63,179,909**
Liabilities										
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	3,482,576	243,496	9,377,440	4,407,815	8,328	486,499	3,527,755	2,362,637	3,005,721	26,902,267
Unallocated liabilities										2,**707,924**
Total Liabilities										**29,610,191**
As of December 31, 2022 – (Restated)										
Assets										
Reinsurance contract assets	1,501,202	898,844	45,629	1,716,183	108,449	731,745	2,884,084	2,419,583	505,593	10,811,312
Insurance contract assets	-	-	-	-	85,173	-	-	-	-	85,173
Unallocated assets										48,726,429
Total Assets										**59,622,914**
Liabilities										
Reinsurance contract liability	-	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	4,804,138	325,130	8,368,901	3,379,627	-	694,735	3,838,731	1,949,983	2,115,012	25,476,257
Unallocated liabilities										2,030,602
Total Liabilities										**27,506,859**

b) Information about geographical distribution

The table below illustrate the distribution of the Group results based on geographical distribution:

	Inside the Kingdom		Outside the kingdom		Total	
	2023	2022	2023	2022	2023	2022
Total assets	39,746,246	45,078,798	23,433,663	14,544,116	**63,179,909**	**59,622,914**
Total liabilities	29,610,191	27,506,859	-	-	**29,610,191**	**27,506,859**
Insurance revenue	59,716,668	53,988,192	-	-	**59,716,668**	**53,988,192**
Insurance service cost	38,738,271	37,125,564	-	-	**38,738,271**	**37,125,564**
Capital expenditures	140,008	73,296	-	-	**140,008**	**73,296**

40) UNDERWRITING PREMIUMS FOR INSURANCE PORTFOLIO

In Jordanian Dinar	Motor Comprehensive	Motor Pools- Borders &Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
As of December 31, 2023										
Direct operation	8,916,892	1,422,705	9,065,886	19,628,915	1,189,258	635,334	7,325,477	2,847,763	6,625,525	57,657,755
Domestic reinsurance	257,113	1,320,109			8,203	10,017	324,457	1,492,387	-	3,412,286
	9,174,005	**2,742,814**	**9,065,886**	**19,628,915**	**1,197,461**	**645,351**	**7,649,934**	**4,340,150**	**6,625,525**	**61,070,041**
Local reinsurance	(385,594)	(1,411,709)	-	(287,103)	(8,246)	(164,073)	(409,757)	(3,624)	(1,135,721)	(3,805,827)
Foreign reinsurance	(335,357)	-	-	(14,312,649)	(1,062,051)	(467,691)	(6,956,501)	(4,132,782)	(3,665,795)	(30,932,826)
	(720,951)	**(1,411,709)**	**-**	**(14,599,752)**	**(1,070,297)**	**(631,764)**	**(7,366,258)**	**(4,136,406)**	**(4,801,516)**	**(34,738,653)**
Net underwriting premiums	**8,453,054**	**1,331,105**	**9,065,886**	**5,029,163**	**127,164**	**13,587**	**283,676**	**203,744**	**1,824,009**	**26,331,388**
As of December 31, 2022 – (Restated)										
Direct operation	7,631,282	1,267,772	7,722,810	17,398,640	1,355,177	1,092,551	8,428,773	2,329,881	5,880,589	53,107,475
Domestic reinsurance	247,689	1,161,913	-	-	17,834	71,214	651,089	850,477	-	3,000,216
	7,878,971	**2,429,685**	**7,722,810**	**17,398,640**	**1,373,011**	**1,163,765**	**9,079,862**	**3,180,358**	**5,880,589**	**56,107,691**
Local reinsurance	(305,698)	(1,258,664)	-	(275,895)	(20,677)	(190,887)	(737,134)	(97,912)	(322,236)	(3,209,103)
Foreign reinsurance	(94,947)	-	-	(7,329,325)	(1,210,427)	(963,272)	(8,107,864)	(2,957,585)	(4,088,124)	(24,751,544)
	(400,645)	**(1,258,664)**	**-**	**(7,605,220)**	**(1,231,104)**	**(1,154,159)**	**(8,844,998)**	**(3,055,497)**	**(4,410,360)**	**(27,960,647)**
	7,478,326	**1,171,021**	**7,722,810**	**9,793,420**	**141,907**	**9,606**	**234,864**	**124,861**	**1,470,229**	**28,147,044**

41) NEW STANDARDS, AMMENDMENTS AND INTERPRETATIONS NOT YET APPLIED BY THE GROUP

A number of new standards, amendments to standards and interpretations that were issued but not yet effective, and have not been applied when preparing these consolidated financial statements:

New standards or amendments	Application Date
Lease Liability in a sale and Leaseback – (Amendments to IFRS 16)	January 1st 2024
Non-Current Liabilities with Covenants – Amendments to IAS 1 and Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1st 2024
Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1st 2024
Lack of Exangeability – Amendments to IAS 21	January 1st 2025
Sale or grant of assets between an investor and an affiliate company or a joint venture (amendments to IFRS 10 and IAS 28)	Optional

The management does not expect that there will be a material impact from the above standards upon implementation.

42) RESTATEMENT

As stated in note (2) to the consolidated financial statements, this is the first set of year ended December 31, 2023 the Group's consolidated financial statements in which IFRS (17) - Insurance Contracts have been applied and the resultant changes to the significant judgments, estimates and accounting policies, accordingly comparative information was restated due to the adoption of IFRS (17) where the impact of such changes has been disclosed in note (3) at the transition part. However, the Group's management had discovered that some of its investment in Sukuk, which classified at amortized cost previously, does not meet the SPPI test as the nature of these instruments are capital tier 1 instruments and should be classified as financial assets at fair value through other comprehensive income to meet the requirements of IFRS 9, further, there was a shortage in the expected credit loss recorded against policyholders' receivables, accordingly, the management adjusted the identified errors in the accompanying consolidated financial statements through restating the comparative figures and below are the details of these adjustments:

In addition to the adjustments resulted from the implementation of IFRS 17 which is mentioned in note (3), the table below shows the effect of the other adjustments as of January 1, 2022 for the Consolidated Statement of Financial Position:

Jordanian Dinar	**As of January 1st, 2022 (Before Restatement)**	**Adjustments due to IFRS 17 (*note* 3)**	**Reclassifications due to under IFRS 17 ***	**Adjustments**	**As of January 1st, 2022 (After Restatement)**
Financial assets at fair value through other comprehensive income	1,481,398	-	-	1,453,585	2,934,983
Financial assets at amortized cost – net	4,044,134	-	-	(1,426,390)	2,617,744
Deferred tax assets	942,636	241,186	-	-	1,183,822
Other captions within assets	52,363,852	721,973	(5,893,708)	-	47,192,117
Total Assets	**58,832,020**	**963,159**	**(5,893,708)**	**27,195**	**53,928,666**
Deferred tax Liabilities	11,431	-	-	2,720	14,151
Other captions within liabilities	24,757,332	2,278,948	(5,893,708)	-	21,142,572
Total Liabilities	**24,768,763**	**2,278,948**	**(5,893,708)**	**2,720**	**21,156,723**
Fair value reserve	(239,071)		-	24,475	(214,596)
Retained earnings	2,726,966	(1,315,789)	-	-	1,411,177
Other captions within shareholders' equity	31,575,362	-	-	-	31,575,362
Total Policyholders and Shareholders' Equities	**34,063,257**	**(1,315,789)**	**-**	**24,475**	**32,771,943**
Total Liabilities and Equities	**58,832,020**	**963,159**	**(5,893,708)**	**27,195**	**53,928,666**

The table below shows the effect of the other adjustments as of December 31, 2022 for the consolidated statement of financial position:

In Jordanian Dinar	As of December 31, 2022 (Before Restatement)	Adjustments due to IFRS 17 (*note* 3)	Reclassifications due to IFRS 17 *	Adjustments	As of December 31, 2022 (After Restatement)
Bank deposits	15,724,155	-	-	(20,000)	15,704,155
Financial assets at fair value through other comprehensive income	2,760,877	-	-	1,819,253	4,580,130
Financial assets at amortized cost – net	5,193,110	-	-	(1,937,684)	3,255,426
Checks under collection – net	3,346,202	-	(3,386,202)	40,000	-
Receivables – net	11,088,339	-	(10,688,339)	(400,000)	-
Deferred tax assets	1,256,317	586,036	-	115,443	1,957,795
Other captions within assets	24,561,346	402,216	9,161,845	-	34,125,407
Total Assets	**63,930,346**	**988,252**	**(4,912,696)**	**(382,988)**	**59,622,914**
Total Liabilities	**29,177,320**	**3,242,235**	**(4,912,696)**	**-**	**27,506,859**
Fair value reserve	(66,719)			(79,588)	(146,307)
Retained earnings	2,985,853	(2,253,983)	-	(303,400)	428,470
Other captions within shareholders' equity	31,833,892	-	-	-	31,833,892
Total Policyholders and Shareholders' Equity	**34,753,026**	(2,253,983)	**-**	**(382,988)**	**32,116,055**
Total Liabilities and Equities	**63,930,346**	**988,252**	**(4,912,696)**	**(382,988)**	**59,622,914**

* This represents the grossing up between assets and liabilities occurred as a result of splitting the reinsurance share of technical provisions and netting-off policyholders and reinsurance companies' receivables and payables from technical provisions.

The impact on the consolidated statements of policyholder's revenue and expenses and consolidated statement of profit or loss for the year ended December 31, 2022 is presented in note (3).

The table below shows the effect of the other adjustments as of December 31, 2022 for the consolidated statement of comprehensive income:

In Jordanian Dinar	As of December 31, 2022 (Before Restatement)	Adjustments due to IFRS 17 (*note* 3)	Reclassifications due to IFRS 17	Adjustments	As of December 31, 2022 (After Restatement)
Profit for the year	2,016,575	(1,326,343)	-	(303,400)	**386,832**
Items that will not be reclassified subsequently to profit or loss:	-	-		-	-
Shareholders' equity shares from the change in fair value of financial assets at fair value through other comprehensive income	172,352	-	-	(104,063)	68,289
	2,188,927	**(1,326,343)**	**-**	**(407,463)**	**455,121**

The impact on the consolidated cash flow for the year ended December 31, 2022 as a result of other adjustments is not material to the consolidated financial statements.

43) AUDIT FEES

The total audit fees for the group in 2023 were JD 111,000, including non-audit services totalling JD 4,000. The amount actually paid was JD 55,500, with an accrued expense of JD 55,500.