

Jerusalem Insurance Company

Public Shareholding Company

Financial Statements

31 December 2021

Jerusalem Insurance Company
Public Shareholding Company

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Jerusalem Insurance Company PLC
Public Shareholding Company
Amman – Jordan

Opinion

We have audited the financial statements of **Jerusalem Insurance Company (PLC)**, which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

(1) Provision for Expected Credit Losses

Included in the accompanying financial statements at the end of the year 2021 financial assets totaling JOD (28,936,111), as the provision for expected credit loss of these financial assets are dependent on the management's estimates of different variables, the adequacy of the provision is considered a key audit matter. The audit procedures performed by us to address this key audit matter included inquiring from management about the methodology used in calculating the provision and assessing the reasonableness of estimates and assumptions used by the management in calculating the provision amount. We have also inquired about the management's collection procedures and the amounts collected post year end.

(2) Deferred Tax Assets

Included in the accompanying financial statements at the end of the year 2021 deferred tax assets totaling JOD (1,104,898). As the expected benefits of these assets is primarily dependent on the Company's ability to generate adequate future profits, and since forecasting future profits is based on the Company's assumptions and estimates, determining the future benefits of the deferred tax assets is considered a key audit matter. The audit procedures performed by us to address this key audit matter included discussing the recoverability of the deferred tax assets with the Company's tax advisors and testing of the Company's budgeting procedures upon which the forecasts are based. We have also considered the appropriateness of its calculation and disclosure in the financial statements.

(3) Provision for Outstanding Claims and Actuarial Reserve

Included in the accompanying financial statements at the end of the year 2021 provision for outstanding claims totaling JOD (9,241,573) and actuarial reserve totaling JOD (350,000). As the calculation of these provisions is dependent on several assumptions and estimates, the assessment of its adequacy is considered a key audit matter. The audit procedures performed by us to address this key audit matter included challenging the appropriateness of the estimates and assumptions used by management to determine these provisions. Our challenge was based on the assessment of the historical accuracy of the Company's estimates on previous periods, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions. We have also obtained formal confirmation from the Company's external Actuary regarding the adequacy of these provisions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 financial statements.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records and the accompanying financial statements are in agreement therewith and with the financial data presented in the Board of Director's report, and we recommend the general assembly to approve it.

9 February 2022
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

Jerusalem Insurance Company
Public Shareholding Company
Statement of Financial Position as at 31 December 2021

(In Jordanian Dinar)

	Notes	2021	2020
Assets			
Bank deposits	3	14,423,607	17,927,344
Financial assets measured at fair value through profit or loss	4	1,965,215	2,156,468
Financial assets measured at fair value through other comprehensive income	5	1,333,526	-
Financial assets measured at amortized cost	6	4,924,627	4,922,847
Investment properties	7	951,899	952,431
Loans for life insurance policies holders and others	8	6,246	14,338
Total Investments		23,605,120	25,973,428
Cash on hand and at banks	9	603,659	1,125,947
Checks under collection	10	809,121	675,474
Accounts receivables - net	11	5,130,834	5,716,264
Reinsurers receivables - net	12	937,548	885,849
Deferred tax assets	13	1,104,898	1,133,765
Property and equipment - net	14	747,781	800,898
Intangible assets - net	15	133,685	122,775
Other assets	16	3,570,991	465,051
Total Assets		36,643,637	36,899,451
Liabilities and Equity			
Liabilities			
Unearned premium reserve - net		7,995,745	7,281,240
Outstanding claims reserve - net		9,241,573	9,652,703
Actuarial reserve - net	17	350,000	350,000
Total Technical Reserves		17,587,318	17,283,943
Accounts payables	18	1,992,941	1,755,021
Accrued expenses		72,354	23,610
Reinsurers payables	19	1,716,673	2,935,440
Other provisions	20	99,978	185,102
Income and National Contribution tax provision	13	210,570	170,299
Other liabilities	21	368,033	222,704
Total Liabilities		22,047,867	22,576,119
Equity			
Paid - in capital	22	8,000,000	8,000,000
Statutory reserve	23	2,089,651	2,089,651
Voluntary reserve	23	1,668,538	1,668,538
Cumulative change in fair value	24	(82,438)	-
Retained earnings	25	2,920,019	2,565,143
Total Equity		14,595,770	14,323,332
Total Liabilities and Equity		36,643,637	36,899,451

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Profit or Loss for the Year Ended 31 December 2021
(In Jordanian Dinar)

	Notes	2021	2020
Revenues			
Gross written premiums		24,765,671	21,673,263
Less: Reinsurers' share		7,979,893	6,377,668
Net written premiums		16,785,778	15,295,595
Net changes in unearned premiums reserve		(714,505)	930,236
Net earned premiums		16,071,273	16,225,831
Commissions revenues		1,037,207	1,250,725
Insurance policies issuance fees		1,126,671	907,451
Interest income	27	953,389	1,227,076
Net gains (losses) from financial assets and investments	28	433,304	(241,860)
Investment revenues related to underwriting	27	7,950	3,775
Other revenues related to underwriting		302,912	313,085
Other revenues	29	22,717	16,108
Total Revenues		19,955,423	19,702,191
Claims, losses and expenses			
Paid claims		23,084,856	15,332,678
Matured and liquidated insurance policies		7,192	-
Less : Recoveries		2,813,219	2,160,863
Less : Reinsurers' share		6,351,919	803,594
Net paid claims		13,926,910	12,368,221
Net change in claims reserves		(411,130)	581,144
Policies acquisition cost		800,564	731,512
Excess of loss premiums		108,615	178,587
Allocated employees expenses	30	1,780,494	1,870,279
Allocated administrative expenses	31	946,076	841,734
Other expenses related to underwriting		423,678	401,540
Net Claims		17,575,207	16,973,017
Unallocated employees expenses	30	279,988	282,683
Depreciation and amortization	14-15	143,434	193,390
Unallocated administrative expenses	31	166,455	140,948
Provision for expected credit losses-accounts receivables	11	-	147,986
Provision for expected credit losses-reinsurers receivables	12	-	54,972
(Unneeded) provision for expected credit losses - bank deposits	3	218	(519)
Provision for expected credit losses- Financial assets measured at fair value through other comprehensive income	5	2,813	-
Unneeded provision for expected credit losses - financial assets measured at amortized cost	6	-	(49)
Unneeded provision for expected credit losses - loans for life insurance policies holders	8	(41)	(170)
(Unneeded) provision for expected credit losses - checks under collection	10	672	(2,889)
Other expenses	32	45,000	200,133
Total Expenses		638,539	1,016,485
Profit for the year before tax		1,741,677	1,712,689
Income and National Contribution tax expense	13	(426,801)	(516,548)
Profit for the year		1,314,876	1,196,141
Basic and diluted earnings per share	33	0.164	0.149

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Comprehensive Income for the Year Ended 31 December 2021
(In Jordanian Dinar)

	<u>2021</u>	<u>2020</u>
Profit for the year	1,314,876	1,196,141
Other comprehensive income:		
Changes in fair value of financial assets through other comprehensive income	<u>(82,438)</u>	<u>-</u>
Total comprehensive income for the year	<u>1,232,438</u>	<u>1,196,141</u>

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Changes in Equity for the Year Ended 31 December 2021

(In Jordanian Dinar)

	Paid - In Capital	Reserves	Cumulative Change in Fair Value	Retained *	Total Equity
		Statutory	Voluntary	Earnings	
Balance at 1 January 2021	8,000,000	2,089,651	1,668,538	2,565,143	14,323,332
Paid dividends	-	-	-	(960,000)	(960,000)
Total comprehensive income for the year	-	-	-	1,314,876	1,232,438
Balance at 31 December 2021	8,000,000	2,089,651	1,668,538	2,920,019	14,595,770
Balance at 1 January 2020	8,000,000	2,089,651	1,668,538	2,329,002	14,087,191
Paid dividends	-	-	-	(960,000)	(960,000)
Total comprehensive income for the year	-	-	-	1,196,141	1,196,141
Balance at 31 December 2020	8,000,000	2,089,651	1,668,538	2,565,143	14,323,332

* The retained earnings as at 31 December 2021 include an amount of JOD (233,893) that represents losses from revaluation of financial assets measured at fair value through profit or loss.

* The retained earnings as at 31 December 2021 include an amount of JOD (1,104,898) restricted against deferred tax assets.

* According to Jordan Securities Commission, it's forbidden to use of an amount of JOD (82,438) that presents the negative investment revaluation reserve balance.

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Cash Flows for the Year Ended 31 December 2021
(In Jordanian Dinar)

	Notes	2021	2020
Operating activities			
Profit before tax		1,741,677	1,712,689
Depreciation and amortization		143,966	193,921
(Gains) losses on sale of financial assets measured at fair value through profit or loss		(116,675)	16,966
Gain on sale of property and equipment		(13,475)	-
Net change in unearned premium reserves		714,505	(930,236)
Net change in claims reserves		(411,130)	581,144
Provision for vacations and end of service indemnity		1,130	9,207
Lawsuit provision		-	155,133
Provision for expected credit losses-accounts receivables		-	147,986
Provision for expected credit losses-reinsurers receivables		-	54,972
(Unneeded) provision for expected credit losses - bank deposits		218	(519)
Provision for expected credit losses- financial assets at fair value through other comprehensive income		2,813	-
Unneeded Provision for expected credit losses - financial assets measured at amortized cost		-	(49)
Unneeded provision for expected credit losses - loans for life insurance policies holders		(41)	(170)
(Unneeded) provision for expected credit losses - checks under collection		672	(2,889)
Changes in fair value of financial assets measured at fair value through statement of profit or loss		(260,424)	267,454
Changes In working capital			
Checks under collection		(134,319)	577,721
Accounts receivables		585,430	(1,267,451)
Reinsurers receivables		(51,699)	(893)
Other assets		(3,105,940)	220,928
Accounts payables		237,920	437,302
Accrued expenses		48,744	(540)
Reinsurers payables		(1,218,767)	900,288
Other provisions		(86,254)	(309,171)
Other liabilities		145,329	(41,395)
Paid income tax	13	(357,663)	(578,997)
Net cash flows (used in) from operating activities		(2,133,983)	2,143,401
Investing activities			
Bank deposits		2,802,897	(828,285)
Purchase of financial assets measured at fair value through profit or loss		(3,045,172)	(1,580,702)
Sale of financial assets measured at fair value through profit or loss		3,613,524	584,084
Purchase of financial assets measured at fair value through other comprehensive income		(1,418,777)	-
Purchase of financial asset measured at amortized cost		(1,780)	(1,475,914)
Loans for life insurance policies holders and others		8,133	34,036
Purchase of property and equipment and intangible assets	14 - 15	(109,094)	(153,716)
Sale of property and equipment		21,342	-
Net cash flows from (used in) investing activities		1,871,073	(3,420,497)
Financing activities			
Paid dividends		(960,000)	(960,000)
Net changes in cash and cash equivalents		(1,222,910)	(2,237,096)
Cash and cash equivalents, beginning of year		2,756,949	4,994,045
Cash and cash equivalents, end of year	34	1,534,039	2,756,949

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting Revenues for the Life Insurance for the Year Ended 31 December 2021
(In Jordanian Dinar)

	2021	2020
Written premiums		
Direct insurance	4,101,111	837,974
Reinsurance inward business	172	217
Total premiums	4,101,283	838,191
Less		
Foreign reinsurance share	3,236,467	554,541
Net premiums	864,816	283,650
Add:		
Balance at beginning of the year		
Actuarial reserve	350,000	350,000
Less : reinsurer's share	-	-
Actuarial reserves, at beginning of the year	350,000	350,000
Less:		
Balance at ending of the year		
Actuarial reserve	350,000	350,000
Less: reinsurer's share	-	-
Actuarial reserves, at end of the year	350,000	350,000
Net earned revenues from written premiums	864,816	283,650

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Cost of Claims for the Life Insurance for the Year Ended 31 December 2021
(In Jordanian Dinar)

	<u>2021</u>	<u>2020</u>
Paid claims	6,278,685	286,342
Matured and liquidated insurance policies	7,192	-
Less:		
Foreign reinsurer's share	<u>5,507,172</u>	<u>242,798</u>
Net paid claims	<u>778,705</u>	<u>43,544</u>
Add:		
Outstanding claims reserve at end of the year		
Reported claims	2,310,443	2,250,701
Incurred but not reported claims	10,000	10,000
Less : reinsurer's share	<u>2,071,184</u>	<u>1,924,304</u>
Net outstanding claims reserve at end of the year	<u>249,259</u>	<u>336,397</u>
Reported claims	<u>239,259</u>	<u>326,397</u>
Incurred but not reported claims	<u>10,000</u>	<u>10,000</u>
Less:		
Outstanding claims reserve at beginning of the year		
Reported	2,250,701	340,437
Incurred but not reported claims	10,000	10,000
Less : reinsurer's share	<u>1,924,304</u>	<u>130,475</u>
Net outstanding claims reserve at beginning of the year	<u>336,397</u>	<u>219,962</u>
Net claims cost	<u>691,567</u>	<u>159,979</u>

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting losses for the Life Insurance for the Year Ended 31 December 2021
(In Jordanian Dinar)

	<u>2021</u>	<u>2020</u>
Net earned revenues from written premiums	864,816	283,650
Less:		
Net claims cost	691,567	159,979
Add:		
Commissions received	14	607
Insurance policies issuance fees	83,128	18,031
Investment revenue related to underwriting	<u>7,950</u>	<u>3,775</u>
Total revenues	<u>91,092</u>	<u>22,413</u>
Less:		
Policies acquisition costs	45,230	36,242
Allocated administrative expenses	<u>432,017</u>	<u>239,010</u>
Total expenses	<u>477,247</u>	<u>275,252</u>
Underwriting loss	<u><u>(212,906)</u></u>	<u><u>(129,168)</u></u>

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting Revenues for the General Insurance for the Year Ended 31 December 2021
(In Jordanian Dinar)

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Written Premiums														
Direct insurance	10,398,540	9,875,787	1,073,827	940,746	2,909,782	4,397,398	574,661	352,010	5,055,248	4,730,864	44,621	26,700	20,056,679	20,323,505
Facultative inward reinsurance	374,901	334,201	55,511	10,173	177,216	166,396	81	797	-	-	-	-	607,709	511,567
Total Premiums	10,773,441	10,209,988	1,129,338	950,919	3,086,998	4,563,794	574,742	352,807	5,055,248	4,730,864	44,621	26,700	20,664,388	20,835,072
Less														
Local reinsurance share	69,873	63,906	91,551	33,769	92,400	277,594	-	-	-	-	-	-	253,824	375,269
Foreign reinsurance share	13,187	20,543	822,325	726,307	2,886,162	4,212,058	498,843	268,967	228,892	197,484	40,193	22,499	4,489,602	5,447,858
Net written premiums	10,690,381	10,125,539	215,462	190,843	108,436	74,142	75,899	83,840	4,826,356	4,533,380	4,428	4,201	15,920,962	15,011,945
Add														
Balance at beginning of the year														
Unearned premiums reserve	5,361,725	6,161,927	313,585	302,457	2,151,496	618,343	167,389	148,286	1,798,035	1,921,197	16,142	15,192	9,808,372	9,167,402
Less: reinsurers' share	-	-	260,837	238,367	2,108,604	576,042	133,149	117,548	11,744	10,145	12,798	13,824	2,527,132	955,926
Net unearned premiums reserve at the beginning of the year	5,361,725	6,161,927	52,748	64,090	42,892	42,301	34,240	30,738	1,786,291	1,911,052	3,344	1,368	7,281,240	8,211,476
Less														
Balance at end of the year														
Unearned premiums reserve	5,818,597	5,361,725	334,918	313,585	1,583,312	2,151,496	293,679	167,389	2,049,891	1,798,035	29,085	16,142	10,109,482	9,808,372
Less : reinsurers' share	-	-	270,502	260,837	1,537,301	2,108,604	262,682	133,149	17,655	11,744	25,597	12,798	2,113,737	2,527,132
Net unearned premiums reserve at end of the year	5,818,597	5,361,725	64,416	52,748	46,011	42,892	30,997	34,240	2,032,236	1,786,291	3,488	3,344	7,995,745	7,281,240
Net earned revenues from written premiums	10,233,509	10,925,741	203,794	202,185	105,317	73,551	79,142	80,338	4,580,411	4,658,141	4,284	2,225	15,206,457	15,942,181

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Claims Cost for the General Insurance for the Year Ended 31 December 2021
(In Jordanian Dinar)

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Paid claims	11,861,037	10,348,539	97,203	286,810	612,836	175,080	23,382	10,768	4,202,183	4,214,614	9,530	10,525	16,806,171	15,046,336
Less:														
Recoveries	2,608,507	1,995,748	51,639	10,184	4,444	2,766	1,617	1,458	147,012	150,528	-	179	2,813,219	2,160,863
Local reinsurance share	-	-	2,332	277	3,708	228	-	-	-	-	-	-	6,040	505
Foreign reinsurance share	44,997	13,553	33,270	216,491	584,322	161,271	5,071	-	161,789	159,937	9,258	9,039	838,707	560,291
Net Paid Claims	9,207,533	8,339,238	9,962	59,858	20,362	10,815	16,694	9,310	3,893,382	3,904,149	272	1,307	13,148,205	12,324,677
Add:														
Outstanding claims reserve at end of the year														
Reported claims	6,469,512	6,925,495	19,906	19,850	150,249	666,130	18,400	27,568	463,087	416,122	31,131	25,299	7,152,285	8,080,464
Incurred but not reported claims	2,550,000	2,550,000	75,000	75,000	45,000	45,000	-	-	103,008	127,606	-	-	2,773,008	2,797,606
Less:														
Reinsurers' share	322,199	412,194	10,953	10,969	143,417	650,267	1,295	6,364	23,310	20,607	20,669	15,000	521,843	1,115,401
Recoveries	411,136	446,363	-	-	-	-	-	-	-	-	-	-	411,136	446,363
Net outstanding claims reserve at end of the year	8,286,177	8,616,938	83,953	83,881	51,832	60,863	17,105	21,204	542,785	523,121	10,462	10,299	8,992,314	9,316,306
Reported claims	5,736,177	6,066,938	8,953	8,881	6,832	15,863	17,105	21,204	443,756	400,170	10,462	10,299	6,223,285	6,523,355
Incurred but not reported claims	2,550,000	2,550,000	75,000	75,000	45,000	45,000	-	-	99,029	122,951	-	-	2,769,029	2,792,951
Less:														
Outstanding claims reserve at beginning of the year														
Reported claims	6,925,495	6,316,162	19,850	163,434	666,130	686,504	27,568	24,310	416,122	102,902	25,299	28,776	8,080,464	7,322,088
Incurred but not reported claims	2,550,000	2,550,000	75,000	75,000	45,000	45,000	-	-	127,606	484,106	-	-	2,797,606	3,154,106
Less: reinsurers' share	412,194	395,946	10,969	103,674	650,267	673,119	6,364	650	20,607	17,095	15,000	15,000	1,115,401	1,205,484
Recoveries	446,363	419,113	-	-	-	-	-	-	-	-	-	-	446,363	419,113
Net outstanding claims reserve at beginning of the year	8,616,938	8,051,103	83,881	134,760	60,863	58,385	21,204	23,660	523,121	569,913	10,299	13,776	9,316,306	8,851,597
Net claims cost	8,876,772	8,905,073	10,034	8,979	11,331	13,293	12,595	6,854	3,913,046	3,857,357	435	(2,170)	12,824,213	12,789,386

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Statement of Underwriting Profit for the General Insurance for the Year Ended 31 December 2021
(In Jordanian Dinar)

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net earned revenues from written premiums	10,233,509	10,925,741	203,794	202,185	105,317	73,551	79,142	80,338	4,580,411	4,658,141	4,284	2,225	15,206,457	15,942,181
Less:														
Net claims cost	8,876,772	8,905,073	10,034	8,979	11,331	13,293	12,595	6,854	3,913,046	3,857,357	435	(2,170)	12,824,213	12,789,386
Add:														
Commissions received	2,369	4,383	447,467	419,275	444,199	718,587	98,482	63,997	30,986	35,566	13,690	8,310	1,037,193	1,250,118
Insurance policies issuance fees	613,281	539,457	32,309	27,257	90,323	100,790	14,496	10,698	290,522	209,514	2,612	1,704	1,043,543	889,420
Other revenues	14,686	12,120	38,170	37,630	-	-	-	-	250,056	263,335	-	-	302,912	313,085
Total revenues	630,336	555,960	517,946	484,162	534,522	819,377	112,978	74,695	571,564	508,415	16,302	10,014	2,383,648	2,452,623
Less:														
Policies acquisition costs	511,005	504,796	50,434	28,209	89,093	90,191	29,820	17,000	71,825	53,231	3,157	1,843	755,334	695,270
Excess of loss premiums	33,615	103,587	16,000	16,000	59,000	59,000	-	-	-	-	-	-	108,615	178,587
Allocated administrative expenses	1,230,121	1,275,105	152,948	138,425	342,435	502,430	59,994	38,118	505,610	516,355	3,445	2,570	2,294,553	2,473,003
Other expenses	53,435	38,855	-	-	-	340	-	-	370,243	362,345	-	-	423,678	401,540
Total expenses	1,828,176	1,922,343	219,382	182,634	490,528	651,961	89,814	55,118	947,678	931,931	6,602	4,413	3,582,180	3,748,400
Underwriting profit	158,897	654,285	492,324	494,734	137,980	227,674	89,711	93,061	291,251	377,268	13,549	9,996	1,183,712	1,857,018

“The attached notes from (1) to (44) are an integral part of these financial statements”

Jerusalem Insurance Company
Public Shareholding Company
Notes to the Financial Statements
31 December 2021

(In Jordanian Dinar)

1 . General

Jerusalem Insurance Company was established during 1975 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (93) with an authorized paid-in capital amounted to JOD (160,000) / share that have been increased several times until reached to JOD (8) Million /share. The Company head office is in the Hashemite Kingdom of Jordan. The Company is engaged in insurance activity including accidents, fire, marine, transportation, motors, public liability and medical insurance.

The accompanying financial statements were authorized for issue by the Company's Board of Directors in their meeting held on 9 February 2022 and it is subject to the General Assembly approval.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis except for financial assets measured at fair value.

The financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous year, except for the adoption of new and amended standards effective as at the beginning of the year.

Adoption of new IFRS standard

The following standard has been published that are mandatory for accounting periods after 31 December 2021.

Standard No.	Title of Standard	Effective Date
IFRS 17	Insurance Contracts	1 January 2023

The Company's management is performing a separate evaluation of IFRS 17 impact on the Company's financial statements

Business Sector

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

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

Use of Estimates

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

Management believes that the estimates are reasonable and are as follows:

- A provision of doubtful debts is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial year is charged with its related income tax in accordance with regulations.
- Management reviews periodically the tangible and intangible assets in order to assess the depreciation and amortization for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to Insurance Administration regulation and actuarial studies.
- A provision on lawsuits against the Company is made based on the Company's lawyers' studies in which contingent risk is determined; review of such study is performed periodically.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

Recognition of financial assets

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

Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

In the absence of quoted prices or the absence of active market of some financial instruments or non-market activity, fair value is estimated in a number of ways including:

- Compare them to the current market value of a similar instrument to a large extent.
- Analysis of future cash flows and discounting the expected cash flows using a similar financial instrument.
- Options pricing models.

The valuation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors and any anticipated risks or rewards when estimating the value of financial instruments. If there are financial instruments that cannot be reliably measured, they are stated at cost after any impairment in value.

Financial Assets at Amortized Cost

They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.

Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the statement of profit or loss.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

It is not allowed to reclassify any financial assets from / to this category except for certain cases specified in the International Financial Reporting Standards (in the case of selling any of these assets before its maturity date, the result should be recorded in a separate line item in the statement of profit or loss, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

Reclassification

Financial assets may be reclassified from the amortized cost to financial assets at fair value through statement of profit or loss and vice versa only when the entity changes the business model on which it was classified as stated above, taking into account the following:

- Any previously recognized profits, losses or benefits may not be recovered.
- When financial assets are reclassified at fair value, their fair value is determined at the date of reclassification. Any gain or loss arising from differences between the previously recorded value and the fair value is recognized in the statement of profit or loss.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value at the date of reclassification.

Financial Assets measured at Fair Value through Statement of Profit or Loss

It is the financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of profit or loss.

Dividends and interests from these financial assets are recorded in the statement of profit or loss.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within owner's equity, and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings and not to the statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the statement of profit or loss on a separate line item.

Impairments in Financial Assets Value

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

Investment Properties

Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. Any revenue, operational expenses or impairment related to the investment properties is recorded in the statement of profit or loss. Investment properties are depreciated over its useful life by an annual percentage of 2%. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the assets

Short-term-leases and leases of low-value assets

The company applies the short-term lease recognition exemption to some of its short-term leases (I.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the financial statement at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise of cash on hand, deposits held at call with banks, other short - term highly liquid investments.

Reinsurers Accounts

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

Impairment in Reinsurance Assets

In case there is any indication of impairment in the reinsurance assets of the Company, which possesses the reinsured contract, the Company has to reduce the present value of the contracts and record the impairment in the statement of profit or loss.

The impairment is recognized in the following cases only:

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

Insurance policy acquisition cost

Acquisition costs represent the cost incurred by the Company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in statement of profit or loss.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Furniture and equipment	20-30%
Vehicles	15-30%
Others	24%

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

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

When the expected recoverable amount of any property and equipment is less than its net book value, the net book value is reduced to the expected recoverable amount, and the impairment loss is recorded in the statement of profit or loss.

Pledged financial assets

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, re-pledge). A periodic review is performed for those properties.

Intangible assets

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

Intangible assets with finite lives are amortized over the useful economic lives with percentages of 20-30%, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset maybe impaired.

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

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

Provisions

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

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

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

A. Technical Reserves

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

- Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
- Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
- Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Company.
- Provision for the unearned life insurance policies is measured and calculated based on the estimates and the experience of the company.
- Actuarial reserves for life insurance premiums in accordance with laws regulations and Instructions.

B. Receivables Impairment

The receivables impairment is provided when there is objective evidence that the Company will not be able to collect all or part of the due amounts, and this allowance is calculated based on the difference between book value and recoverable amount. The allowance is measured after monitoring the receivables in details and all receivables aging one year and above is provided for provision.

C. End of service indemnity reserve

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

The paid amounts as end of service for resigned employees are debited to this account. The Company obligation for the end of service is recorded in the statement of profit or loss.

Liability adequacy test

At each statement of financial position date the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the statement of profit or loss.

Income Tax

Income tax represents accrued and deferred income tax.

A. Accrued Income Tax

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

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

B. Deferred Tax

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

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

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

Issuance or Purchase Insurance Company Shares

Any costs arise from issuance or purchase the insurance company share is recorded in the retained earnings account (Net of tax effect), if the purchase / issuance not completed and related expenses are charged to the statement of profit or loss.

Offsetting

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

Revenue Recognition

A. Insurance policies

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

B. Dividend and interest revenue

The Dividends revenues are realized when the company has the right to receive the payment once declared by the general assembly of the company.

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

C. Lease revenue

Lease revenue is recognized on a time proportion bases that reflects the effective yield on the lease agreement.

Expenditures recognition

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

Insurance compensations

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

Insurance compensations payments during the year even for the current or prior years. Outstanding claims represent the highest estimated amount to settle the claims resulting from events occurring before the date of financial statements but not settled yet.

Outstanding claim reserve is recorded based on the best available information at the date of financial statements and includes the IBNR.

Recoverable scraped value

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

Administrative expenses

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

Employees' expenses

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

Short-term-leases and leases of low-value assets

The company applies the short-term lease recognition exemption to some of its short-term leases (I.e., those leases that have a lease terms of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the statement of comprehensive income.

3 . Bank Deposits

	2021					2020
	Deposits mature within (1) month	Deposits mature after (1) to (3) months	Deposits mature after (3) months to (1) year	Deposits mature after (1) year	Total	Total
Inside Jordan	10,000	920,380	13,512,955	-	14,443,335	17,946,854
Outside Jordan	-	-	-	-	-	-
Less: provision for expected credit losses *	(2)	(173)	(19,553)	-	(19,728)	(19,510)
Total	9,998	920,207	13,493,402	-	14,423,607	17,927,344

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

	2021	2020
Balance at beginning of the year	19,510	20,029
Additions	218	-
Unneeded provision	-	(519)
Balance at end of the year	19,728	19,510

- The annual interest rate on the deposits in Jordanian Dinar ranged between (2%) to (4,5%) during 2021.
- There are deposits pledged to the favor of the Secretary General of the Ministry of Trade and Industry amounted to JOD (325,000) as at 31 December 2021 and 2020, at the following bank:

	2021	2020
Jordan Commercial Bank	325,000	325,000

- There are restricted cash balances against bank guarantees amounted to JOD (20,700) as at 31 December 2021 (2020: JOD 32,281).

4 . Financial Assets Measured at Fair Value through Profit or Loss

	2021	2020
<u>Inside Jordan:</u>		
Investments in quoted shares	1,237,610	1,696,207
Investments in unquoted shares	124,003	134,350
Total	1,361,613	1,830,557
<u>Outside Jordan:</u>		
Investments in quoted shares	119,608	165,803
Investments in unquoted shares	163,588	160,108
Convertible bonds	320,406	-
Total	603,602	325,911
Grand total	1,965,215	2,156,468

The financial assets measured at fair value through statement of profit or loss include unquoted financial assets amounting to (287,591) as at 31/12/2021 and are presented in fair value estimated by management.

The details of the unquoted financial assets measured at fair value through statement of profit or loss are as follow:

	2021	2020
<u>Inside Jordan:</u>		
Saraya Aqaba for Real Estate Development Company*	124,000	134,250
Arab Engineering Industries Company	1	98
Modern Company for Vegetable Oil and Food Industries	1	1
United Integrated Company for Multiple Industries and Investment	1	1
Total	124,003	134,350
<u>Outside Jordan:</u>		
Arab Reinsurance Company / Lebanon	163,588	160,108
Total	287,591	294,458

* The last valuation of the stock is based on the financial statements for the year 2019, since the financial statements for the year 2021 were not issued until the date of these financial statements.

5 . Financial Assets Measured at Fair Value through Other Comprehensive Income

	2021	2020
<u>Outside Jordan:</u>		
Investment certificates in listed bonds	1,268,262	-
Investment in mutual funds units	68,077	-
Total	1,336,339	-
Less: provision for expected credit losses*	(2,813)	-
Net financial assets at fair value through other comprehensive income	1,333,526	-

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

	2021	2020
Balance at beginning of the year	-	-
Additions	2,813	-
Balance at end of the year	2,813	-

6 . Financial Assets Measured at Amortized Cost

	2021	2020
<u>Inside Jordan</u>		
Treasury Bonds – Government of Jordan – JOD (1)	200,000	200,000
Treasury Bonds – Government of Jordan – JOD (2)	300,000	300,000
Bonds – Jordan Ahli Bank - JOD	2,100,000	2,100,000
Bonds – Capital Bank - USD	355,000	355,000
Total	2,955,000	2,955,000
	2021	2020
<u>Outside Jordan</u>		
Treasury Bonds – Government of Jordan – USD (1)	355,000	355,000
Treasury Bonds – Government of Jordan – USD (2)	1,477,694	1,475,914
Bonds – GAZ PROM	142,000	142,000
	1,974,694	1,972,914
Grand total	4,929,694	4,927,914
Less :		
Provision for expected credit losses *	(5,067)	(5,067)
Net financial assets measured at amortized cost	4,924,627	4,922,847

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

	2021	2020
Balance at beginning of the year	5,067	5,116
Unneeded provision	-	(49)
Balance at end of the year	5,067	5,067

- Jordanian treasury bonds (1) are denominated in Jordanian Dinar and mature at 8/9/2026 and bear an interest rate of (6.099%) per annum. The interest is paid in two equal installments per year on 8 March and 8 September until the maturity date of the bonds.
- Jordanian treasury bonds (2) are denominated in Jordanian Dinar and mature at 26/9/2026 and bear an interest rate of (6.198%) per annum. The Interest is paid in two equal installments per year on 26 March and 26 September until the maturity date of the bonds.
- The Jordan Ahli Bank bonds are denominated in Jordanian Dinar and mature at 12/10/2023 and carries a variable interest rate of (6.75%) per annum on the issue date and is recalculated every 6 months. The interest is paid in two equal installments per year on 12 April and 12 October until the maturity date of the bonds.
- The Capital Bank bonds are denominated in US Dollar and mature at 15/3/2026 and bear an interest rate of (7%) per annum. The interest is paid in two equal installments per year on 15 September and 15 March until the maturity date of the bonds.
- The Jordanian government treasury bonds (1) are denominated in US Dollar and mature at 31/1/2027 and bear an interest rate of (5.75%) per annum. The interest is paid in two equal installments per year on 31 January and 31 July until the maturity date of the bonds.
- The Jordanian government treasury bonds (2) are denominated in US Dollar and mature at 29/1/2026 and bear an interest rate of (6.125%) per annum. The interest is paid in two equal installments per year on 29 January and 29 July until the maturity date of the bonds.
- The GAZ PROM-bonds are mature at 7/3/2022 and bears interest rate of (6.51%) per annum and the interest is paid in two equal installments per year on 7 September and 7 March until the maturity date of the bonds.

7 . Investment Properties

	2021	2020
Lands	940,911	940,911
Buildings	26,572	26,572
Accumulated depreciation	(15,584)	(15,052)
Net	951,899	952,431

The fair value of the investment properties was valued by real estate estimators and according to insurance authority's instructions at an amount of JOD (2,802,233) as at 31 December 2021 and 2020.

8 . Loans for Life Insurance Policies Holders and Others

	2021	2020
Loans to Companies and individuals without guarantees	6,277	14,410
Provision for expected credit losses *	(31)	(72)
Net loans for life insurance policies holders and others	6,246	14,338

Loans for life insurance policy holders and others mature as follows:

	Loans Maturity Date					Total
	From (1) to (3) months	From (3) to (6) months	From (6) to (9) months	From (9) to (12) months	More than one year	
Loans to companies and individuals without guarantees	1,680	1,505	1,457	1,339	296	6,277
Provision for expected credit losses *	(8)	(8)	(7)	(7)	(1)	(31)
Net Loans for life insurance policies holders and others	1,672	1,497	1,450	1,332	295	6,246

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

	2021	2020
Balance at beginning of the year	72	242
Unneeded provision	(41)	(170)
Balance at end of the year	31	72

9 . Cash on Hand and at Banks

	2021	2020
Cash on hand	13,732	13,400
Current banks accounts	589,927	1,112,547
	603,659	1,125,947

10 . Checks Under Collection

	2021	2020
Checks under collection **	813,187	678,868
Provision for expected credit losses *	(4,066)	(3,394)
	809,121	675,474

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

	2021	2020
Balance at beginning of the year	3,394	6,283
Additions	672	-
Unneeded provision	-	(2,889)
Balance at end of the year	4,066	3,394

** Checks under collection maturity extended to June 2023.

11. Accounts Receivables - Net

	2021	2020
Policies holders	6,227,559	6,814,821
Agents receivables	262	901
Brokers receivables	51	94
Employees receivables	47,411	45,857
Others	10,566	9,606
Total	6,285,849	6,871,279
Less: provision for expected credit losses *	(1,155,015)	(1,155,015)
Net Accounts Receivable	5,130,834	5,716,264

- The table below shows the aging of performing receivables:

	Performing Accounts Receivables					
	Not - matured	Up to 90 days	From 91- 180 days	From 181- 360 days	More than 360 days	Total
31 December 2021	1,965,335	2,374,959	537,232	222,633	30,675	5,130,834
31 December 2020	2,622,151	2,167,789	558,698	367,626	-	5,716,264

* Movements on provision for expected credit losses are as follows:

	2021	2020
Balance at beginning of the year	1,155,015	1,007,029
Additions	-	147,986
Balance at end of the year	1,155,015	1,155,015

12. Reinsurers Receivables - Net

	2021	2020
Local insurance companies	925,120	881,944
Foreign reinsurance companies	196,310	187,787
Total	1,121,430	1,069,731
Less: provision for expected credit losses *	(183,882)	(183,882)
Net reinsurers receivables	937,548	885,849

- The table below shows the aging of performing reinsurers receivables:

	Performing Reinsurers Receivables					
	Not - matured	Up to 90 days	From 91- 180 days	From 181- 360 days	More than 360 days	Total
31 December 2021	46,503	543,437	187,815	159,793	-	937,548
31 December 2020	48,259	655,408	158,441	23,741	-	885,849

* Movement on provision for expected credit losses is as follows:

	2021	2020
Balance at beginning of the year	183,882	128,910
Additions	-	54,972
Balance at end of the year	183,882	183,882

13. Income and National Contribution Tax

A- Income and National Contribution tax provision:

The movement on Income and National Contribution tax provision is as follows:

	2021	2020
Balance at beginning of the year	170,299	307,780
Paid income tax	(357,663)	(578,997)
Income and National Contribution tax expense for the year *	350,332	441,516
Prior years income tax expense**	47,602	-
Balance at end of the year	210,570	170,299

* This item includes a decrease in the deferred taxes amounting to JOD (28,867) as at 31 December 2021.

** This item represents the difference in income tax paid related to the years 2017 and 2019 after the final review from the Income Tax Department.

Income and National Contribution tax expense for the year represents:

	2021	2020
Income and National Contribution tax of the year	350,332	441,516
Income and National Contribution tax of prior years	47,602	-
Deferred tax assets	(723,804)	(825,731)
Amortization of deferred tax assets	752,671	900,763
	426,801	516,548

The following is the reconciliation between declared profit and taxable profit:

	2021	2020
Declared profit	1,741,677	1,712,689
Nontaxable income	(399,079)	(661,523)
Nondeductible expenses	4,833	646,974
Taxable profit	1,347,431	1,698,140
Income and National Contribution tax of the year	350,332	441,516
Effective income tax rate	20.1%	25.8%
Income and National Contribution tax rate according to Law	26%	26%

- The Company has settled its tax liabilities with the Income Tax Department up to the year ended 2019.
- The income tax return for the year 2020 has been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The Income and National Contribution tax provision for the year 2021 was calculated in accordance with the Income Tax Law.
- According to the management and tax advisor of the Company the provision of Income and National Contribution tax is sufficient and there is no need for additional provisions.

B - Deferred Tax Assets

This item consists of the following:

	2021			2020		
	Beginning Balance	Released	Additions	Ending Balance	Deferred Tax	Deferred Tax
Deferred tax assets						
Provision for incurred but not reported claims	2,802,951	(2,802,951)	2,779,029	2,779,029	722,548	728,767
Provision for doubtful debts	1,338,897	-	-	1,338,897	348,113	348,113
Provision for expected credit losses	28,043	(41)	3,703	31,705	8,243	7,291
Provision for end of service indemnity	65,275	(66,405)	1,130	-	-	16,972
Provision for employees vacations	119,827	(19,849)	-	99,978	25,994	31,155
Net losses for foreign investment	12,221	(12,221)	-	-	-	1,467
	4,367,214	(2,901,467)	2,783,862	4,249,609	1,104,898	1,133,765

- Movement on deferred tax assets is as follows:

	2021	2020
Beginning balance	1,133,765	1,208,797
Additions	723,804	825,731
Released	(752,671)	(900,763)
Ending balance	1,104,898	1,133,765

The Deferred tax assets is calculated using 26% (24% Income Tax and 2% National Contribution Tax) starting from the year 2019, and according to the Company's management and it's tax advisor these deferred tax assets will be collectable in the future.

14. Property and Equipment - Net

	Lands	Buildings	Devices & furniture	Vehicles	Others	Total
Cost:						
Balance at 1/1/2021	505,836	684,856	435,920	161,312	8,582	1,796,506
Additions	-	-	17,958	9,250	-	27,208
Disposals	-	-	(40,237)	(64,000)	-	(104,237)
Balance at 31/12/2021	505,836	684,856	413,641	106,562	8,582	1,719,477
Accumulated depreciation:						
Balance at 1/1/2021	-	573,275	351,312	71,021	-	995,608
Depreciation	-	13,697	38,830	19,931	-	72,458
Disposals	-	-	(39,933)	(56,437)	-	(96,370)
Balance at 31/12/2021	-	586,972	350,209	34,515	-	971,696
Net book value at 31/12/2021	505,836	97,884	63,432	72,047	8,582	747,781
Cost:						
Balance at 1/1/2020	505,836	684,856	390,172	102,892	8,582	1,692,338
Additions	-	-	45,748	58,420	-	104,168
Balance at 31/12/2020	505,836	684,856	435,920	161,312	8,582	1,796,506
Accumulated depreciation:						
Balance at 1/1/2020	-	559,578	307,256	56,926	-	923,760
Depreciation	-	13,697	44,056	14,095	-	71,848
Balance at 31/12/2020	-	573,275	351,312	71,021	-	995,608
Net book value at 31/12/2020	505,836	111,581	84,608	90,291	8,582	800,898

Property and equipment include fully depreciated items amounting to JOD (280,734) as at 31 December 2021 (JOD 256,134 as at 31 December 2020).

15 . Intangible Assets - Net

	2021	2020
Balance at beginning of the year	122,775	194,769
Additions	81,886	49,548
Amortization	(70,976)	(121,542)
Balance at end of the year	133,685	122,775

16 . Other Assets

	2021	2020
Advance payments against building purchase	3,203,658	-
Accrued revenues	279,617	370,592
Prepaid expenses	46,032	33,257
Stationary and advertising materials	24,809	20,071
Refundable deposits	13,087	24,668
Miscellaneous	3,788	16,463
	3,570,991	465,051

17 . Actuarial Reserve - Net

	2021	2020
Actuarial Reserve - net	350,000	350,000

18 . Accounts Payables

	2021	2020
Agents payables	115,957	107,288
Brokers payables	108,934	82,804
Employees payables	6,016	5,712
Other payables*	1,762,034	1,559,217
	1,992,941	1,755,021

* This item includes:

	2021	2020
Uncleared paid claims checks	621,964	1,004,716
Uncleared compensations for customers and suppliers	1,140,070	554,501
	1,762,034	1,559,217

19 . Reinsurers Payables

	2021	2020
Local insurance companies	101,464	274,986
Foreign reinsurance companies	1,615,209	2,660,454
	1,716,673	2,935,440

20 . Other Provisions

	2021	2020
Provision for employees vacations	99,978	119,827
Provision for end of service indemnity	-	65,275
	<u>99,978</u>	<u>185,102</u>

The schedule below shows the movements on other provisions:

	Beginning Balance	Additions	Paid	Ending Balance
Provision for employees vacations	119,827	-	(19,849)	99,978
Provision for end of service indemnity	65,275	1,130	(66,405)	-
	<u>185,102</u>	<u>1,130</u>	<u>(86,254)</u>	<u>99,978</u>

21 . Other Liabilities

	2021	2020
Income and sales tax withholdings	185,644	61,129
Shareholders' withholdings	42,013	41,818
Board of directors remuneration	45,000	45,000
Social security withholdings	29,782	28,637
Unearned revenues	16,667	14,583
The Ministry of Industry and Trade withholdings	18,944	12,975
The Ministry of Finance withholdings	23,073	9,675
Agents' withholdings	1,000	1,000
Others	5,910	7,887
	<u>368,033</u>	<u>222,704</u>

22 . Paid- in Capital

The Company's authorized and paid-in capital is JOD (8) Million divided equally into (8) Million shares with par value of JOD (1) each as at 31 December 2021 and 2020.

23 . Reserves

A- Statutory reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders. Board of directors has decided to stop transferring any amounts to this item according to law.

B- Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income. This reserve is available for distribution to shareholders.

24 . Cumulative Change in Fair Value

This item represents the change in fair value of financial assets measured at fair value through other comprehensive income, as follow:

	2021	2020
Balance at beginning of the year	-	-
Change during the year	(82,438)	-
Balance at end of the year	<u>(82,438)</u>	<u>-</u>

25 . Retained Earnings

	2021	2020
Balance at beginning of the year	2,565,143	2,329,002
Profit for the year attributed to the Company's shareholders	1,314,876	1,196,141
Cash dividends	(960,000)	(960,000)
Balance at end of the year	2,920,019	2,565,143

- The retained earnings as at the end of the year 2021 include JOD (233,893) that represents losses from revaluation of financial assets through profit or loss.
- The retained earnings as at the end of the year 2021 include JOD (1,104,898) restricted against of deferred tax assets.
- According to Jordan Securities Commission, it's forbidden to use of an amount of JOD (82,438) that presents the negative investment revaluation reserve balance. Accordingly, the amount of the available profit for distribution is JOD (1,732,683).

26 . Proposed Dividends to Shareholders

- The Board of Director will propose to the General Assembly in its meeting which will be held during 2022 to distribute (11%) of the Company's capital as cash dividends to the shareholders, where (12%) were distributed to the shareholders in the prior year.

27 . Interest Income

	2021	2020
Interest on time deposits	664,319	942,108
Interest from financial assets measured at amortized cost	296,407	287,083
Interest on loans	613	1,660
Total	961,339	1,230,851
Amount transferred to underwriting accounts	7,950	3,775
Amount transferred to statement of profit or loss	953,389	1,227,076

28 . Net gains (losses) from Financial Assets and Investments

	2021	2020
Net change in fair value of financial assets measured at fair value through profit or loss	260,424	(267,454)
Cash dividends from financial assets measured at fair value through profit or loss	50,396	37,310
Cash dividends from financial assets measured at fair value through other comprehensive income	767	-
Net gains (losses) from sale of financial assets through statement of profit or loss	116,675	(16,966)
Acquisition cost of financial assets through statement of profit or loss	(4,715)	(8,802)
Foreign portfolio management fees - Julius Bar	(7,628)	-
Rent revenues - Net	17,385	14,052
	433,304	(241,860)

29 . Other Revenues

	2021	2020
Gains on sale of property and equipment	13,475	-
Unneeded vacation provision	9,242	2,929
Unneeded end of service provision	-	11,528
Currency exchange difference revenues	-	1,445
Other revenues	-	206
	22,717	16,108

30 . Employees Expenses

	2021	2020
Salaries and rewards	1,698,451	1,831,006
Company's share in social security	206,324	172,014
Employees insurance expenses - Medical	111,324	100,352
End of service indemnity and vacations	1,130	9,207
Employees insurance - Life	22,163	24,389
Travel and transportation	14,629	13,960
Training and development	6,461	2,034
	2,060,482	2,152,962
Allocated employees expenses to underwriting accounts	1,780,494	1,870,279
Unallocated employees expenses to underwriting accounts	279,988	282,683

* Employee expenses which related to technical departments are allocated over the revenues and expenses of each department.

* 80% of the Management and other departments' expenses are allocated over the technical department based on their premiums.

31 . Administrative Expenses

	2021	2020
Insurance management fees	185,491	192,426
Maintenance	107,911	98,858
Governmental and other fees	94,228	87,639
Professional fees - consultancy and development	88,818	49,720
Advertisements	71,145	67,525
Rents	56,569	45,957
Security and protection agreement - Public security	52,500	52,500
Water, electricity and heating	45,573	47,633
Subscriptions	41,103	41,618
Stationery and printings	40,195	34,028
Postage and telecommunications	37,681	26,659
Bank charges	34,658	24,086
Cleaning	33,937	35,581
Board of Directors transportation fees	26,750	27,000
Unrefundable sales tax expense	22,873	19,960
Medical tests	21,250	5,498
Donations	18,154	12,970
Hospitality	16,710	14,240
Vehicles expenses	15,171	8,167
Professional fees - internal audit	15,000	10,000
Board of Directors committees rewards	14,600	14,400
Professional fees - external audit	14,500	14,500
Security fees	13,225	13,800
Production expenses and inspections	11,503	13,170
Insurance of company's assets	3,815	2,200
Board of Directors secretary fees	3,000	3,000
Tuition grants	2,832	1,647
Tenders expenses	2,676	16,776
Orange cards fees	250	488
Other expenses	20,413	636
	1,112,531	982,682
Allocated administrative expenses to the underwriting accounts	946,076	841,734
Unallocated administrative expense to the underwriting accounts	166,455	140,948

32. Other Expenses

	2021	2020
Lawsuits provision	-	155,133
Board of Directors' remunerations	45,000	45,000
	45,000	200,133

33. Basic and Diluted Earnings Per Share

	2021	2020
Profit for the year after tax	1,314,876	1,196,141
Weighted average number of shares *	8,000,000	8,000,000
Net profit per share for the year	0.164	0.149
Basic	0.164	0.149
Diluted	0.164	0.149

* The diluted share of the profit for the year is equal to the basic share of the profit of the year.

34. Cash and Cash Equivalents

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

	2021	2020
Cash on hand and at banks (Note 9)	603,659	1,125,947
Add : Deposits at banks (Note 3)	14,443,335	17,946,854
Deduct : Deposits at banks maturing from 3 months to one year	(13,187,955)	(15,990,852)
Deduct : Deposits pledged to the favor of the secretary of The Ministry of Trade and Industry maturing after 3 months	(325,000)	(325,000)
	1,534,039	2,756,949

35. Related Party Transactions

- During the year, the Company engaged into transactions with major shareholders, board members and directors in the Company within the normal activities of business using insurance prices and commercial commission.
- All debts given to related parties are considered performing and no provision has been taken for them, except for the provision calculated related to all accounts receivable balances according to International Financial Reporting Standard number (9).

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

<u>Statement</u>	2021	2020
<u>Statement of Financial Position Items</u>		
Policy holders receivables	518,369	604,649
<u>Statement of Profit or Loss Items</u>		
Written premiums	1,564,491	1,251,892
Paid claims	730,044	462,907

- The remunerations of key management (salaries, bonuses, and other benefits) are as follows:

	2021	2020
Salaries and bonuses	311,414	304,555
Membership of the Risk Management Committee	2,200	2,400
End of Service indemnity	66,405	-
Travel expenses	-	1,894
	380,019	308,849

36. Fair Value of Financial Instruments that are not Presented at Fair Value

There are no differences between the book values and the fair values of the financial assets and liabilities which don't appear in fair values, except the difference related to the building which is located in Al Shmaisani and designated for the Company's use. The book value for this building is JOD (940,911) whereas its estimated fair value is (2,421,700) with a difference of JOD (1,480,789) from its book value.

37. Risk Management

First: Descriptive Disclosures

The risk management policy considers one of the most important policies in which the Company had set for mitigating risk surrounded around its activities in order to safeguard the Company's assets, shareholders equity and its financial position.

Risk management process

The risk management process and its policy are mainly concerned with risk control by reducing the frequency of occurrence and reducing the expected losses on the other hand at the lowest possible cost. Therefore, the risk management responsibility is to discover the potential risks first and then analyze and classify these risks for the purpose of calculating the probability the risk and magnitude of the expected losses in the event of danger are examined in order to quantify the risk. Based on the above, the best and most effective means of coping with these risks were selected and their effects were reduced with a focus on the concept of reducing the costs associated with the risk.

Second: Quantitative Disclosures

A. Insurance Risk

Insurance Risk:

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

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

The Company has developed its insurance placement plan to ensure that insurance risks are diversified and distributed to different types of insurance, thus reducing the losses that may result from insurance claims if a particular insurance category is focused.

The Company manages risk through an insurance subscription plan, adequate reinsurance coverage and efficient handling of claims. The IPO plan aims to diversify in terms of the quality of the insurance coverage, the expected loss, the type of activity, and the geographical location. The IPO plan also depends on the existence of certain limits when accepting the insurance in accordance with the appropriate choices of the Company.

2 - Claims Development

The schedules below show the actual claims (based on management's estimates at year - end) compared to the expectations for the past four years based on the year in which the accident occurred:

Motor The accident year	2017 and before	2018	2019	2020	2021	Total
At the end of the year	102,923,110	10,031,921	10,808,123	8,027,574	9,762,413	141,553,141
After one year	106,046,424	11,766,620	12,797,263	9,670,183	-	140,280,490
After two years	106,589,224	12,274,016	13,292,742	-	-	132,155,982
After three years	107,022,986	12,416,119	-	-	-	119,439,105
After four years	106,385,436	-	-	-	-	106,385,436
Present expectation for the accumulated claims	106,385,436	12,416,119	13,292,742	9,670,183	9,762,413	151,526,893
Accumulated payments	104,966,685	11,871,249	12,510,310	8,536,867	7,172,270	145,057,381
Liability as in the statement of financial position	1,418,751	544,870	782,432	1,133,316	2,590,143	6,469,512
Deficit in the preliminary estimate for reserve	(3,462,326)	(2,384,198)	(2,484,619)	(1,642,609)	-	(9,973,752)

Marine The accident year	2017 and before	2018	2019	2020	2021	Total
At the end of the year	8,298,590	319,535	225,514	73,064	74,648	8,991,351
After one year	8,423,551	341,279	219,382	73,617	-	9,057,829
After two years	9,236,012	348,175	240,060	-	-	9,824,247
After three years	9,305,410	348,315	-	-	-	9,653,725
After four years	9,306,650	-	-	-	-	9,306,650
Present expectation for the accumulated claims	9,306,650	348,315	240,060	73,617	74,648	10,043,290
Accumulated payments	9,296,650	348,315	240,060	72,317	66,042	10,023,384
Liability as in the statement of financial position	10,000	-	-	1,300	8,606	19,906
Deficit in the preliminary estimate for reserve	(1,008,060)	(28,780)	(14,546)	(553)	-	(1,051,939)

Fire and other property damage The accident year	2017 and before	2018	2019	2020	2021	Total
At the end of the year	9,174,682	486,274	258,488	158,923	97,655	10,176,022
After one year	9,034,366	490,572	624,298	175,686	-	10,324,922
After two years	9,039,911	494,433	623,487	-	-	10,157,831
After three years	8,666,023	486,669	-	-	-	9,152,692
After four years	8,657,135	-	-	-	-	8,657,135
Present expectation for the accumulated claims	8,657,135	486,669	623,487	175,686	97,655	10,040,632
Accumulated payments	8,596,959	479,666	613,229	114,829	85,700	9,890,383
Liability as in the statement of financial position	60,176	7,003	10,258	60,857	11,955	150,249
Surplus (deficit) in the preliminary estimate for reserve	517,547	(395)	(364,999)	(16,763)	-	135,390

Jerusalem Insurance Company PLC
Notes to the Financial Statements (Continued)
31 December 2021

Liability insurance The accident year	2017 and before	2018	2019	2020	2021	Total
At the end of the year	325,962	16,346	17,102	8,190	15,362	382,962
After one year	329,402	16,288	17,330	8,149	-	371,169
After two years	330,152	20,895	16,953	-	-	368,000
After three years	331,152	21,413	-	-	-	352,565
After four years	329,904	-	-	-	-	329,904
Present expectation for the accumulated claims	329,904	21,413	16,953	8,149	15,362	391,781
Accumulated payments	320,128	19,662	16,951	7,857	8,783	373,381
Liability as in the statement of financial position	9,776	1,751	2	292	6,579	18,400
(Deficit) surplus in the preliminary estimate for reserve	(3,942)	(5,067)	149	41	-	(8,819)

Medical The accident year	2017 and before	2018	2019	2020	2021	Total
At the end of the year	5,998,531	2,724,626	2,706,626	4,180,396	4,249,148	19,859,327
After one year	6,142,977	2,921,896	3,055,264	4,182,446	-	16,302,583
After two years	6,140,927	2,920,696	3,053,214	-	-	12,114,837
After three years	6,140,927	2,920,696	-	-	-	9,061,623
After four years	6,140,927	-	-	-	-	6,140,927
Present expectation for the accumulated claims	6,140,927	2,920,696	3,053,214	4,182,446	4,249,148	20,546,431
Accumulated payments	6,140,927	2,920,696	3,053,214	4,182,446	3,786,061	20,083,344
Liability as in the statement of financial position	-	-	-	-	463,087	463,087
Deficit in the preliminary estimate for reserve	(142,396)	(196,070)	(346,588)	(2,050)	-	(687,104)

Other branches The accident year	2017 and before	2018	2019	2020	2021	Total
At the end of the year	1,463,392	14,174	30,031	5,165	15,362	1,528,124
After one year	1,463,391	21,444	34,350	5,165	-	1,524,350
After two years	1,463,392	21,444	34,350	-	-	1,519,186
After three years	1,460,956	21,444	-	-	-	1,482,400
After four years	1,460,956	-	-	-	-	1,460,956
Present expectation for the accumulated claims	1,460,956	21,444	34,350	5,165	15,362	1,537,277
Accumulated payments	1,435,657	21,444	34,350	5,165	9,530	1,506,146
Liability as in the statement of financial position	25,299	-	-	-	5,832	31,131
(Deficit) surplus in the preliminary estimate for reserve	2,436	(7,270)	(4,319)	-	-	(9,153)

Life insurance The accident year	2017 and before	2018	2019	2020	2021	Total
At the end of the year	884,827	147,846	697,331	2,268,651	6,181,573	10,180,228
After one year	788,962	233,566	640,586	2,529,528	-	4,192,642
After two years	790,086	228,741	665,863	-	-	1,684,690
After three years	779,611	228,741	-	-	-	1,008,352
After four years	650,311	-	-	-	-	650,311
Present expectation for the accumulated claims	650,311	228,741	665,863	2,529,528	6,181,573	10,256,016
Accumulated payments	585,141	227,293	635,476	2,520,628	3,977,035	7,945,573
Liability as in the statement of financial position	65,170	1,448	30,387	8,900	2,204,538	2,310,443
(Deficit) surplus in the preliminary estimate for reserve	234,516	(80,895)	31,468	(260,877)	-	(75,788)

3- Insurance Risk Concentrations:

Below are schedules demonstrate risk concentration based on insurance type:

	2021		2020	
	Net	Total	Net	Total
Motor	14,104,774	14,838,109	13,978,663	14,837,220
Marine	148,369	429,824	136,629	408,435
Fire and other property damage	97,843	1,778,561	103,755	2,862,626
Liabilities	48,102	312,079	55,444	194,957
Medical	2,575,021	2,615,986	2,309,412	2,341,763
Other branches	13,950	60,216	13,643	41,441
Life	599,259	2,670,443	686,397	2,610,701
Total	17,587,318	22,705,218	17,283,943	23,297,143

Below are schedules demonstrate the distribution of the insurance contracts assets and liabilities based on risk concentration based on geographical area and sector:

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
A- According to geographical area				
Inside Jordan	34,297,309	20,432,658	36,297,754	19,915,665
Other Middle East Countries	261,009	456,922	406,761	151,844
Europe	2,085,319	1,158,287	194,936	2,508,610
	36,643,637	22,047,867	36,899,451	22,576,119

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
B- According to sector				
Public sector	1,563,937	73,166	1,574,855	74,919
Companies and corporations	34,346,672	21,535,609	34,586,451	22,051,588
Individuals	733,028	439,092	738,145	449,612
	36,643,637	22,047,867	36,899,451	22,576,119

4 - Reinsurance Risk

As with other Insurance Companies and for the purpose of reducing the exposure to financial risks that may arise from major insurance claims, the Company, within the normal course of its operations, enters into reinsurance contracts with other parties.

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

5 - Insurance Risk Sensitivity

The analysis of the insurance risk sensitivity was under the assumption of:

The table below shows the possible reasonable effect of the change in earned revenues from written premiums on the statement of profit or loss and equity keeping all other affecting variables fixed:

Insurance type	Change	Effects on the earned revenues from written premiums	Effects on the current year profit before tax	Effects on the equity*
Motor	10%	1,023,351	1,182,248	874,863
Marine	10%	20,379	512,703	379,401
Fire and other property damage	10%	10,532	148,512	109,899
Liabilities	10%	7,914	97,625	72,243
Medical	10%	458,041	749,292	554,476
Other branches	10%	428	13,977	10,343
Life	10%	86,482	(126,424)	(93,554)
Total		1,607,127	2,577,933	1,907,671

* Net after deducting income tax effect.

If there is a negative change the effect equals the change above with changing the sign.

The table below shows the possible reasonable effects of the change in claims cost on the statement of profit or loss and equity keeping all other affecting variables fixed:

Insurance type	Change	Effects on the claims cost	Effects on the current year profit before tax	Effects on the equity*
Motor	10%	887,677	(728,780)	(539,297)
Marine	10%	1,003	491,321	363,577
Fire and other property damage	10%	1,133	136,847	101,267
Liabilities	10%	1,260	88,452	65,454
Medical	10%	391,305	(100,054)	(74,040)
Other branches	10%	43	13,505	9,994
Life	10%	69,157	(282,063)	(208,726)
Total		1,351,578	(380,772)	(281,771)

* Net after deducting income tax effect.

If there is a negative change the effect equals the change above with changing the sign.

B- Financial Risks

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

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

1. Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices such as interest rates, currency prices and stock prices.

Interest Rate Risk

Interest rate risks relate to bank deposits. Moreover, the Company always aims to mitigate these risks through monitoring the changes in interest rates in the market, suitability of maturities between assets and liabilities and interest rate re-pricing gap. The interest rate on bank deposits ranged from (%2) to (%4.5) annually on Jordanian Dinar deposits as at 31 December 2021 (2020: 2% – 6.1%) annually, if interest rates had increased or decreased by 0.5% annually the net result for the year would have been reduced / increased by JOD (72,118) during 2021 (2020: JOD 89,637).

Foreign Currencies Risk

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

Most of the Company's assets and liabilities are funded in Jordanian Dinar or US Dollar. The exchange rate of the US Dollar to Jordanian Dinar is fixed at (0.709) and the probability of this risk is very minimal.

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

Currency type	Foreign Currency		Equivalent in Jordanian dinar	
	2021	2020	2021	2020
US Dollar	5,845,108	3,278,752	4,150,027	2,327,914

Equity Price Risk

The equity price risk result from the change in the fair value of equity securities. The Company manages these risks through the diversification of investments in several geographical areas and economic sectors. If the quoted market price of listed equity securities had increased or decreased by 10%, the comprehensive income for the year would be increased / reduced by JOD (135,722) during 2021 (2020 :JOD 186,201).

2- Credit Risk

Credit risks are those risks resulting from the default of counterparties to the financial instrument to repay their commitment to the Company. The Company limits its credit risk by only dealing with reputable banks and by setting credit limits for individual customers and monitoring outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

The balance of the largest client amounted to JOD (545,841) for the year ended 2021 against JOD (1,309,519) for the year ended 2020.

3- Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated as they fall due. To limit this risk, management has arranged diversified funding sources, manages assets and liabilities, and monitors liquidity on a daily basis and maintains sufficient amount of cash and cash equivalents and quoted securities.

The Company applies a suitable system to manage its short and long term funding risk and maintains sufficient reserves through monitoring the expected cash flows and comparing the matures of assets with to the matures of liabilities and technical obligations.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

31 December 2021	Less than month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	More than 3 years	Without maturity	Total
Liabilities								
Accounts payables	1,123,003	568,088	291,325	10,525	-	-	-	1,992,941
Reinsurers payables	102,659	403,165	402,002	712,147	96,700	-	-	1,716,673
Other liabilities	306,755	2,778	49,167	8,333	-	-	1,000	368,033
Total	1,532,417	974,031	742,494	731,005	96,700	-	1,000	4,077,647
Total Assets (According to it's expected maturity)	2,865,856	2,353,784	15,191,524	4,135,250	4,686,191	3,255,475	4,155,557	36,643,637

31 December 2020	Less than month	1 month to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	More than 3 years	Without maturity	Total
Liabilities								
Accounts payables	988,937	500,269	256,546	9,269	-	-	-	1,755,021
Reinsurers payables	175,542	689,396	687,407	1,217,742	165,353	-	-	2,935,440
Other liabilities	163,579	2,916	49,374	5,835	-	-	1,000	222,704
Total	1,328,058	1,192,581	993,327	1,232,846	165,353	-	1,000	4,913,165
Total Assets (According to it's expected maturity)	4,848,074	2,316,312	18,256,905	3,734,899	3,526,758	2,761,706	1,454,797	36,899,451

38. Analysis of Main Sectors

A- Background information on the Company business segments

For management purposes the Company measures its insurance segments to include general insurance sector which comprise of insurance on motor, marine, fire and property, Liability, medical and others and life insurance sector, the mentioned sectors also include investments and cash management for the Company account. The activities between the business sectors are performed based on commercial basis.

	2021	2020
Net revenues generated from general insurance activities	1,183,712	1,857,018
Net revenues generated from life insurance activities	(212,906)	(129,168)
Net revenues generated from investment	1,386,693	985,216
Other revenues	22,717	16,108
	2,380,216	2,729,174

B – Geographical distribution

The Company mainly operates in Jordan, which represents domestic operations. Also, the Company exercises international activities through its allies in the Middle East, Europe, Asia, America and the Far East, which represents international business.

The table below illustrates the distribution of revenues, assets and capital expenditure according to the geographical sectors.

	Inside Kingdom		Outside Kingdom		Total	
	2021	2020	2021	2020	2021	2020
Total revenues	19,962,058	19,714,412	(6,635)	(12,221)	19,955,423	19,702,191
Total assets	34,297,309	36,297,754	2,346,328	601,697	36,643,637	36,899,451
Capital expenditures	109,094	153,716	-	-	109,094	153,716

39 . Management of Capital

- The paid in capital, statutory reserve, voluntary reserves, and retained earnings are the Company's regulatory capital.
- The company's management represented by the Board of Directors works to maintain the minimum regulatory capital of the Company in addition to increasing the Company's profits, both the compulsory and voluntary reserve, and strengthening the Company's financial position, taking in consideration the instructions of the Insurance Department related to investing the Company's funds and setting the necessary policies for this and following up their implementation and reviewing them periodically.
- The Board of Directors believes that the regulatory capital is sufficient to meet the subscription obligations and additional burdens and no need to increase it at present.

	2021	2020
Core capital items		
Paid in Capital	8,000,000	8,000,000
Statutory reserve	2,089,651	2,089,651
Voluntary reserve	1,668,538	1,668,538
Retained earnings	2,920,019	2,565,143
Supplementary capital		
Supplementary capital	1,850,201	1,849,802
Cumulative change in fair value of financial assets through other comprehensive income	(82,438)	-
Total regulatory capital (A)	16,445,971	16,173,134
Total required capital (B)	7,209,246	7,123,482
Solvency margin (A)/(B)	228%	227%

40 . Maturity Analysis of Assets and Liabilities:

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

2021	Up to one year	More than one year	Total
Assets:			
Bank deposits	14,423,607	-	14,423,607
Financial assets measured at fair value through profit or loss	1,965,215	-	1,965,215
Financial assets measured at fair value through other comprehensive income	68,077	1,265,449	1,333,526
Financial assets measured at amortized cost	142,000	4,782,627	4,924,627
Investment properties	-	951,899	951,899
Loans for life insurance policies holders and others	5,951	295	6,246
Cash on hand and at banks	603,659	-	603,659
Checks under collection	795,191	13,930	809,121
Accounts receivables - net	5,130,834	-	5,130,834
Reinsurers receivables - net	937,548	-	937,548
Deferred tax assets	-	1,104,898	1,104,898
Property and equipment - net	60,000	687,781	747,781
Intangible assets - net	46,999	86,686	133,685
Other assets	367,333	3,203,658	3,570,991
Total Assets	24,546,414	12,097,223	36,643,637
Liabilities:			
Unearned premiums reserve - net	7,995,745	-	7,995,745
Outstanding claims reserve - net	9,241,573	-	9,241,573
Actuarial reserve - net	350,000	-	350,000
Accounts payables	1,992,941	-	1,992,941
Accrued expenses	72,354	-	72,354
Reinsurers payables	1,619,973	96,700	1,716,673
Other provisions	-	99,978	99,978
Income and National Contribution tax provision	210,570	-	210,570
Other liabilities	367,033	1,000	368,033
Total Liabilities	21,850,189	197,678	22,047,867
Net Assets	2,696,225	11,899,545	14,595,770

2020	Up to one year	More than one year	Total
Assets:			
Bank deposits	17,927,344	-	17,927,344
Financial assets measured at fair value through profit or loss	2,156,468	-	2,156,468
Financial assets measured at amortized cost	-	4,922,847	4,922,847
Investment properties	532	951,899	952,431
Loans for life insurance policies holders and others	8,637	5,701	14,338
Cash on hand and at banks	1,125,947	-	1,125,947
Checks under collection	675,474	-	675,474
Accounts receivable - net	5,716,264	-	5,716,264
Reinsurers receivables - net	885,849	-	885,849
Deferred tax assets	-	1,133,765	1,133,765
Property and equipment - net	71,848	729,050	800,898
Intangible assets - net	122,775	-	122,775
Other assets	465,051	-	465,051
Total Assets	29,156,189	7,743,262	36,899,451
Liabilities:			
Unearned premiums reserve - net	7,281,240	-	7,281,240
Outstanding claims reserve - net	9,652,703	-	9,652,703
Actuarial reserve - net	350,000	-	350,000
Accounts payable	1,755,021	-	1,755,021
Accrued expenses	23,610	-	23,610
Reinsurers payables	2,770,087	165,353	2,935,440
Other provisions	-	185,102	185,102
Income and National Contribution tax provision	170,299	-	170,299
Other liabilities	221,704	1,000	222,704
Total Liabilities	22,224,664	351,455	22,576,119
Net Assets	6,931,525	7,391,807	14,323,332

41 . Lawsuits against the Company

There are lawsuits filed against the Company amounting to JOD (2,029,675) pertaining motors accidents for which a full reserve has been taken against in the outstanding claims reserve.

In the opinion of the Company's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

42 . Contingent Liabilities

The Company has bank guarantees of JOD (92,923) as at 31 December 2021.

43 . Subsequent events

No subsequent events have a material impact on the financial statement as at 31 December 2021.

44 . Life Insurance Statement of Financial Position

	2021	2020
Assets		
Bank deposits	628,286	635,360
Total Investments	628,286	635,360
Cash at hands and at banks	-	1,186
Account receivable - net	272,374	292,953
Reinsurers receivables - net	120,433	86,679
Property and equipment - net	14,301	9,697
Other assets	9,458	3,775
Total Assets	1,044,852	1,029,650
Liabilities and Shareholders' Equity		
Technical reserves		
Outstanding claims reserve - net	249,259	336,397
Actuarial reserve - net	350,000	350,000
Total Technical Reserves	599,259	686,397
Accounts payable	418,025	90,712
Reinsurers payables	59,581	404,633
Other liabilities	11,214	2,339
Total Liabilities	1,088,079	1,184,081
Equity		
Head office account	(43,227)	(154,431)
Total Equity	(43,227)	(154,431)
Total Liabilities and Equity	1,044,852	1,029,650