NATIONAL INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of National Insurance Company
Public Shareholding Company

Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

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

Revenue recognition	**How the key audit matter was addressed in the audit**
Revenue is an important determinant of the Group's profitability. In addition, there is a risk of improper revenue recognition, particularly with regards to revenue recognition at the cut-off date. Gross written premiums amounted to JD 24,042,025 for the year ended 31 December 2022.	Our audit procedures included evaluating the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards (IFRSs). We tested the Group's controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested premiums written at either side of the revenue cutoff date to, assess whether the revenue was recognized in the correct period. Analytical procedures were performed on income accounts by lines of business. We independently re-performed the revenue calculation of each line of business using data extracted from the Group's system. In order to rely on the data extracted, we tested a sample of transactions to their related policies to assess the accuracy of the data extracted. Disclosures of accounting policies for revenue recognition are detailed in note (2-4) to the consolidated financial statements.

Estimates used in calculation and completeness of insurance liabilities	**How the key audit matter was addressed in the audit**
The Group has significant insurance liabilities of JD 15,739,883 representing 77% of the Group's total liabilities as of 31 December 2022. The measurement of insurance liabilities (the outstanding claims reserve, unearned premiums revenue and mathematical reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long-term policyholders' liabilities.	Our audit procedures included, amongst others, assessing the Group's methodology for calculating the insurance liabilities and their analysis of the movements in insurance liabilities during the year, including consideration of whether the movements are in line with the accounting policy adopted by the Group. We tested management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. We evaluated the competence, capabilities and objectivity of the management's specialist. Our audit procedures on the liability adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Group and industry experience and specific product features. We also assessed the adequacy of the disclosures regarding these liabilities. Disclosures of assumptions and accounting policies related to insurance contracts liabilities are detailed in note (2-4) to the consolidated financial statements.

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Other information included in the Group's 2022 annual report

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The partner in charge of the audit resulting in this auditor's report was Bishr Ibrahim Baker; license number 592.

ERNST & YOUNG
Amman - Jordan

Amman – Jordan
28 February 2023

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Assets			
Investments-			
Deposits at banks	3	10,400,357	8,411,140
Financial assets at fair value through other comprehensive income	4	4,703,273	4,163,377
Financial assets at amortized cost	5	6,169,255	5,155,368
Investment properties	6	346,410	421,228
Total Investments		21,619,295	18,151,113
Other assets-			
Cash on hands and at banks	7	218,021	171,259
Notes receivable and checks under collection	9	1,668,982	1,860,578
Accounts receivable, net	10	5,164,808	5,467,718
Reinsurance receivables, net	11	1,476,879	1,194,766
Deferred tax assets	12	658,152	513,788
Property and equipment, net	13	543,541	562,419
Intangible assets	14	55,379	41,957
Other assets	15	1,355,669	962,259
Total other assets		11,141,431	10,774,744
Total Assets		32,760,726	28,925,857
Liabilities and Equity			
Technical Reserves-			
Unearned premiums reserve, net		7,687,636	5,352,573
Outstanding claims reserve, net		8,023,869	7,302,719
Mathematical reserve, net	16	28,378	34,935
Total Technical Reserves		15,739,883	12,690,227
Other liabilities-			
Accounts payable	17	1,932,543	1,857,066
Accrued expenses		101,852	102,660
Reinsurance payables	18	738,325	994,223
Other provisions	19	33,196	14,406
Income tax and national contribution provision	12	313,565	313,057
Other liabilities	20	1,604,739	1,541,109
Total other liabilities		4,724,220	4,822,521
Total Liabilities		20,464,103	17,512,748
Equity			
Paid in capital	21	8,000,000	8,000,000
Statutory reserve	22	1,718,918	1,572,025
Voluntary reserve	22	800,000	311,000
Fair value reserve	23	146,704	(321,619)
Retained earnings	24	1,631,001	1,851,703
Total Shareholder's Equity		12,296,623	11,413,109
Total Liabilities and Shareholders' Equity		32,760,726	28,925,857

The attached notes from 1 to 42 form part of these consolidated financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Revenues –			
Gross written premiums		24,042,025	19,832,668
Less: reinsurance share		(7,820,597)	(8,024,207)
Net written premiums		16,221,428	11,808,461
Net change in unearned premiums reserve		(2,335,063)	(355,170)
Net change in mathematical reserve		6,557	15,383
Net earned premiums		13,892,922	11,468,674
Commissions income		505,129	470,632
Insurance policies issuance fees		824,443	775,275
Interest income	26	702,237	636,911
Dividend distribution of financial assets at fair value through other comprehensive income		238,951	199,898
Gain from sale of investment properties		107,114	-
Other income related to written premiums		651,819	578,158
Other income		11,134	10,291
Total revenues		16,933,749	14,139,839
Claims, losses and related expenses -			
Paid claims		18,070,218	15,929,524
Less: recoveries		(2,904,179)	(2,001,865)
Less: reinsurance share		(4,233,565)	(4,610,381)
Paid claims, net		10,932,474	9,317,278
Net change in claims reserve		721,150	122,597
Policies acquisition costs		970,366	877,526
Excess of loss premiums		281,967	384,233
Allocated employees' expenses	27	907,216	949,881
Allocated administrative and general expenses	28	594,161	458,881
Other expenses related to written premiums		599,437	455,409
Net Claims Cost		15,006,771	12,565,805
Unallocated employees' expenses	27	106,498	111,108
Depreciation and amortization		57,725	62,346
Unallocated administrative and general expenses	28	155,176	135,939
Provision for expected credit losses	5,10	92,500	70,000
Board of directors renumeration		30,000	30,000
Other expenses		16,157	40,822
Total expenses		458,056	450,215
Profit for the year before tax		1,468,922	1,123,819
Income tax expenses and national contribution	12	(366,441)	(203,439)
Profit for the year		1,102,481	920,380
		JD/Fils	JD/Fils
Basic and diluted earnings per share	8	0.138	0.115

The attached notes from 1 to 42 form part of these consolidated financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 JD	2021 JD
Profit for the year		1,102,481	920,380
Add: Other comprehensive income items after tax which will not to be reclassified to profit and loss in subsequent periods			
Change in fair value of financial assets at fair value through other comprehensive income, net	23	581,033	1,108,199
Total comprehensive income for the year		1,683,514	2,028,579

The attached notes from 1 to 42 form part of these consolidated financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
2022 -						
Balance at 1 January 2022	8,000,000	1,572,025	311,000	(321,619)	1,851,703	11,413,109
Profit for the year	-	-	-	-	1,102,481	1,102,481
Other comprehensive income items	-	-	-	581,033	-	581,033
Total comprehensive income	-	-	-	581,033	1,102,481	1,683,514
Gain on sale of financial assets at fair value through other comprehensive income	-	-	-	(112,710)	112,710	-
Statutory reserve	-	146,893	-	-	(146,893)	-
Voluntary reserve (Note 22)	-	-	489,000	-	(489,000)	-
Dividends (Note 25)	-	-	-	-	(800,000)	(800,000)
Balance at 31 December 2022	8,000,000	1,718,918	800,000	146,704	1,631,001	12,296,623
2021 -						
Balance at 1 January 2021	8,000,000	1,459,643	311,000	(1,596,234)	1,210,121	9,384,530
Profit for the year	-	-	-	-	920,380	920,380
Other comprehensive income items	-	-	-	1,108,199	-	1,108,199
Total comprehensive income	-	-	-	1,108,199	920,380	2,028,579
Losses on sale of financial assets through other comprehensive income	-	-	-	166,416	(166,416)	-
Statutory reserve	-	112,382	-	-	(112,382)	-
Balance at 31 December 2021	8,000,000	1,572,025	311,000	(321,619)	1,851,703	11,413,109

Included in the retained earnings a restricted amount amounting to JD 648,918 in accordance with the Jordan securities commission regulations representing deferred tax assets as of 31 December 2022 (31 December 2021: JD 513,788).

The attached notes from 1 to 42 form part of these consolidated financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
OPERATING ACTIVITIES			
Profit for the year before tax		1,468,922	1,123,819
Adjustment for non-cash items			
Depreciation and amortization		57,725	62,346
Provision for expected credit losses	5,10	92,500	70,000
Profit on sale of investment properties		(107,114)	-
Interest income		(702,237)	(636,911)
Dividends from financial assets through other comprehensive income		(238,951)	(199,898)
Net change in unearned premiums reserve		2,335,063	355,170
Net change in outstanding claims reserve		721,150	122,597
Net change in mathematical reserve		(6,557)	(15,383)
Insurance department fees provision		99,175	85,866
Amortization of discount on financial assets at amortized cost		5,601	9,085
Group/ life insurance fees' provision		3,266	7,310
Cash flows from operating activities before changes in working capital		3,728,543	984,001
Notes receivable and checks under collection		191,596	13,881
Accounts receivable		227,910	(399,063)
Reinsurance receivables		(282,113)	216,955
Other assets		(393,410)	79,969
Accounts payable		75,477	(833,204)
Accrued expenses		(808)	23,501
Reinsurance payables		(255,898)	230,892
Other provisions paid		(83,651)	(106,414)
Other payables		(18,948)	126,294
Net cash flows from operating activities before tax		3,188,698	336,812
Income tax paid	12	(399,847)	(207,629)
Interest related tax paid	12	(27,872)	(84,796)
Net cash flows from operating activities		2,760,979	44,387
INVESTING ACTIVITIES			
Term deposits mature after three months		(3,932,187)	1,467,693
Interest income received		702,237	636,911
Dividends from other comprehensive income financial assets		238,951	199,898
Purchases of other comprehensive income financial assets		(261,477)	(1,720,748)
Proceeds from sale of other comprehensive income financial assets at fair value		302,614	1,536,977
Purchases of financial assets at amortized cost		(1,036,988)	-
Proceeds from sale of investment properties		163,300	-
Proceeds from financial assets at amortized cost		-	1,024,462
Purchases of intangible assets		(24,400)	(51,750)
Purchases of property and equipment		(9,237)	(10,735)
Net cash flows (used in) from investing activities		(3,857,187)	3,082,708
FINANCING ACTIVITIES			
Cash Dividends		(800,000)	-
Net cash flows used in financing activities		(800,000)	-
Net (decrease) increase in cash and cash equivalent		(1,896,208)	3,127,095
Cash and cash equivalents at beginning of the year		6,470,785	3,343,690
Cash and cash equivalents at the end of the year	29	4,574,577	6,470,785

The attached notes from 1 to 42 form part of these consolidated financial statements

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life insurance business	
	2022	2021
	JD	JD
Written Premiums –		
Direct insurance	316,423	308,211
Reinsurance inward business	109,578	103,447
Total written premiums	426,001	411,658
Less:		
Local reinsurance share	70,607	78,411
Foreign reinsurance share	191,654	176,587
Net premiums	163,740	156,660
Add:		
Balance at the beginning of the year	85,218	124,901
Less: reinsurance share	50,283	74,583
Net mathematical reserve at the beginning of the year	34,935	50,318
Less:		
Balance at the end of the year	63,741	85,218
Less: reinsurance share	35,363	50,283
Net mathematical reserve at the end of the year	28,378	34,935
Net earned revenue from written premiums-net	170,297	172,043

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life insurance business	
	2022	2021
	JD	JD
Paid claims	344,343	378,052
Less:		
Foreign reinsurance share	232,524	288,510
Net paid claims	111,819	89,542
Add:		
Claims reserve at the end of the year	145,158	140,418
Reported	40,000	24,699
Not reported		
Less:		
Reinsurance share	132,566	75,784
Net claims reserve at the end of the year	52,592	89,333
Reported	42,592	79,934
Not reported	10,000	9,399
Less:		
Claims reserve at the beginning of the year		
Reported	140,418	185,748
Not reported	24,699	28,347
Less:		
Reinsurance share	75,784	122,929
Net claims reserve at the beginning of the year	89,333	91,166
Net claims cost	75,078	87,709

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING RESULTS FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Life insurance business	
	2022	2021
	JD	JD
Net earned revenue from written premiums	170,297	172,043
Less:		
Net claims cost	75,078	87,709
Add:		
Commissions received	1,474	1,919
Insurance policies issuance fees	2,621	3,107
Other income related to written premiums	-	1,908
Total revenues	4,095	6,934
Less:		
Policy acquisition cost	6,377	8,027
Allocated general and administrative expenses	39,677	43,693
Other expenses	849	4,237
Total expenses	46,903	55,957
Underwriting profit	52,411	35,311

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums												
Direct insurance	11,973,820	8,731,182	1,104,907	846,576	2,117,276	2,189,202	101,712	84,497	5,640,721	5,383,745	20,938,436	17,235,202
Optional reinsurance inward business	1,365,645	1,173,399	83,318	55,645	1,228,525	956,664	100	100	-	-	2,677,588	2,185,808
Total Premiums	13,339,465	9,904,581	1,188,225	902,221	3,345,801	3,145,866	101,812	84,597	5,640,721	5,383,745	23,616,024	19,421,010
Less:												
Local reinsurance share	689,564	967,686	205,567	103,709	1,188,588	628,438	167	201	-	-	2,083,886	1,700,034
Foreign reinsurance share	200,642	143,120	742,296	614,499	1,807,227	2,056,134	73,200	62,938	2,651,085	3,192,484	5,474,450	6,069,175
Net written premiums	12,449,259	8,793,775	240,362	184,013	349,986	461,294	28,445	21,458	2,989,636	2,191,261	16,057,688	11,651,801
Add:												
Balance at the beginning of the year												
Unearned premiums reserve	5,330,603	4,839,287	93,888	92,671	1,178,742	1,162,380	30,560	31,290	1,311,273	630,979	7,945,066	6,756,607
Less: reinsurance share	612,046	258,249	80,301	73,860	1,057,530	1,063,000	22,969	21,911	819,647	342,184	2,592,493	1,759,204
Net unearned premiums reserve	4,718,557	4,581,038	13,587	18,811	121,212	99,380	7,591	9,379	491,626	288,795	5,352,573	4,997,403
Less:												
Balance at the end of the year												
Unearned premiums reserve	7,126,339	5,330,603	106,683	93,888	1,289,518	1,178,742	41,744	30,560	1,660,414	1,311,273	10,224,698	7,945,066
Less: reinsurance share	490,260	612,046	91,413	80,301	1,139,290	1,057,530	28,861	22,969	787,238	819,647	2,537,062	2,592,493
Unearned premiums reserve- net	6,636,079	4,718,557	15,270	13,587	150,228	121,212	12,883	7,591	873,176	491,626	7,687,636	5,352,573
Earned revenue from written Premiums- net	10,531,737	8,656,256	238,679	189,237	320,970	439,462	23,153	23,246	2,608,086	1,988,430	13,722,625	11,296,631

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	11,594,752	9,313,737	60,349	146,977	429,734	1,245,230	4,939	65,893	5,636,101	4,779,635	17,725,875	15,551,472
Less:												
Recoveries	2,814,098	1,767,306	2,811	54,207	9,281	118,903	-	2,000	77,989	59,449	2,904,179	2,001,865
Local reinsurance share	24,274	8,774	3,211	689	180,728	100,454	1,381	9,535	-	-	209,594	119,452
Foreign reinsurance share	328,276	252,964	44,743	83,347	217,914	985,935	-	21,986	3,200,514	2,858,187	3,791,447	4,202,419
Net Paid Claims	8,428,104	7,284,693	9,584	8,734	21,811	39,938	3,558	32,372	2,357,598	1,861,999	10,820,655	9,227,736
Add:												
Outstanding claims reserve at the end of the year												
Reported	6,293,808	6,313,199	149,905	138,466	1,402,397	1,362,049	138,244	147,309	464,901	565,643	8,449,255	8,526,666
Not reported	2,493,730	1,986,107	11,882	9,022	33,458	31,459	1,018	846	175,058	79,238	2,715,146	2,106,672
Less:												
Reinsurance share	641,055	879,195	148,821	126,056	1,330,297	1,335,587	102,728	107,103	368,900	429,607	2,591,801	2,877,548
Recoveries	601,323	542,404	-	-	-	-	-	-	-	-	601,323	542,404
Net outstanding claims reserve at the end of the year	7,545,160	6,877,707	12,966	21,432	105,558	57,921	36,534	41,052	271,059	215,274	7,971,277	7,213,386
Reported	5,141,430	4,981,600	10,563	19,592	102,058	53,308	36,250	40,837	197,264	188,737	5,487,565	5,284,074
Not reported	2,403,730	1,896,107	2,403	1,840	3,500	4,613	284	215	73,795	26,537	2,483,712	1,929,312
Less:												
Net outstanding claims reserve at the beginning of the year												
Reported	6,313,199	6,345,170	138,466	217,755	1,362,049	2,214,795	147,309	232,911	565,643	329,862	8,526,666	9,340,493
Not reported	1,986,107	1,458,035	9,022	6,934	31,459	29,067	846	745	79,238	75,536	2,106,672	1,570,317
Less:												
Reinsurance share	879,195	710,751	126,056	188,542	1,335,587	2,160,886	107,103	138,640	429,607	264,199	2,877,548	3,463,018
Recoveries	542,404	358,836	-	-	-	-	-	-	-	-	542,404	358,836
Net outstanding claims reserve at the beginning of the year	6,877,707	6,733,618	21,432	36,147	57,921	82,976	41,052	95,016	215,274	141,199	7,213,386	7,088,956
Net claims cost	9,095,557	7,428,782	1,118	(5,981)	69,448	14,883	(960)	(21,592)	2,413,383	1,936,074	11,578,546	9,352,166

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING RESULTS FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2022

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	10,531,737	8,656,256	238,679	189,237	320,970	439,462	23,153	23,246	2,608,086	1,988,430	13,722,625	11,296,631
Less:												
Net claims cost	9,095,557	7,428,782	1,118	(5,981)	69,448	14,883	(960)	(21,592)	2,413,383	1,936,074	11,578,546	9,352,166
Add:												
Commissions received	44,545	47,356	168,984	154,453	290,109	266,883	17	21	-	-	503,655	468,713
Insurance policies issuance fees	591,001	548,699	23,165	18,440	40,278	35,181	2,135	1,680	165,243	168,168	821,822	772,168
Other income related to written premiums	75,375	49,163	-	-	-	-	-	-	576,444	527,087	651,819	576,250
Total revenues	710,921	645,218	192,149	172,893	330,387	302,064	2,152	1,701	741,687	695,255	1,977,296	1,817,131
Less:												
Policies acquisition cost	690,239	648,990	15,876	20,173	131,141	78,849	1,270	382	125,463	121,105	963,989	869,499
Excess of loss premiums	165,110	262,423	27,411	24,405	89,446	97,405	-	-	-	-	281,967	384,233
Allocated general and administrative expenses	824,335	680,929	126,162	122,964	209,740	243,867	9,383	19,365	292,080	297,944	1,461,700	1,365,069
Other expenses	211,318	150,746	702	14,075	3,254	2,619	-	-	383,314	283,732	598,588	451,172
Total expenses	1,891,002	1,743,088	170,151	181,617	433,581	422,740	10,653	19,747	800,857	702,781	3,306,244	3,069,973
Underwriting profit	256,099	129,604	259,559	186,494	148,328	303,903	15,612	26,792	135,533	44,8[illegible]	815,131	691,623

(1) General

National Insurance Company ("Company") was established after the merger between Al-Watania Insurance Company (established in 1965) and Al-Ahlia Insurance Company established in 1986 according to the companies' law number 1964 for insurance practice. The Company was registered in the ministry of industry and trade as a public shareholding Company, under the registration number (199) on 9 December 1986. The Company obtained the life insurance license on 6 August 1995. The Company's authorized and paid in capital is JD 8,000,000 divided into 8,000,000 shares with as par value of JD 1 each.

The Company's name was modified to become National Insurance Company (public shareholding Company), instead of National Ahlia Insurance Company (public shareholding Company) based on the Company's General Assembly decision at its extraordinary meeting on 25 April 2007.

The Company is engaged in all kinds of insurance, such as motor, marine, transportation, fire and property risk, liability, medical, personal accident and life through its head quarter, located in Shmeisani – Sayed Qutb Street - next to the embassy of the Kingdom of Bahrain. PO Box 6156 - Amman 11118 - Tel: 5681979 - Fax: 5684900 and its agencies distributed across the Hashemite Kingdom of Jordan.

The consolidated financial statements were approved by the board of directors on their meeting No. (2) on 27 February 2023 and it is subject to approval by the general assembly of the shareholders.

(2) Significant Accounting Policies

(2-1) Basis of preparation the consolidated financial statements

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

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

The Jordanian Dinar is the functional currency for the Group and the reporting currency of the consolidated financial statements.

(2-2) Basis of consolidation

The consolidated financial statements comprise the financial statements of National Insurance Company (the "Company"), and its subsidiary (referred to together as the "Group") as of the 31 December 2022:

Company's Name	Legal form	Country of Origin	Ownership Percentage	
			2022	2021
Nai for Real Estate Investments Co.*	Limited Liability Company	Jordan	100%	100%

* Nai Real Estate Investment Company Ltd. was established with a full paid in capital of JD 60,000. The Company is registered with the Ministry of Industry and Trade on 16 December 2008, and it is wholly owned by the National Insurance Company. On the 1st of June 2022, the Company's capital was increased to become JD 1,250,000 through the capitalization of JD 1,190,000 of the accounts payable related to the Parent Company (National Insurance Company).

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

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

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's

accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

(2-3) Changes in accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IAS 41 Agriculture – Taxation in fair value measurements

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

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

(2-4) Summary of significant accounting policies

Following is a summary of the significant accounting policies:

Segments information

Business segments represent distinguishable components of the Group that are engaged in providing products or services which are subject to risks and rewards that are different from those of other segments and are reported based on the reports that are used by the chief executive decision maker.

Geographical segments are associated to products and services provided within a particular economic environment, which are subject to risks and rewards that are different from those of other economic environments.

Financial assets trade date

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

Fair value measurement

The Group measures financial instruments such as derivatives and financial assets at fair value at the financial statements date as well as the fair value of the financial assets at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

In case of unavailable main market, the principal or the most advantageous market for assets or liabilities must be accessible to by the Group.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of the fair value disclosure, the Group has determined classes of assets and liabilities based on nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy.

(A) Financial assets at amortized cost

- Financial assets that the Group's management aims, according to its business model to hold the assets to collect their contractual cash flows and that the contractual terms of the financial asset give rise, on specified dates, to cash flows constituting solely principal and profit on the outstanding principal amounts.
- Debt instruments meeting these criteria are initially measured at amortized cost plus transaction costs. Subsequently they are amortized using the effective profit rate method less allowance for impairment. The losses arising from impairment are recognized in the income statement.
- The amount of the impairment for the financial assets at amortized cost is calculated in accordance with IFRS (9) requirements.

(B) Financial assets at fair value through profit or loss

- Financial instruments at fair value through profit or loss are initially measured at fair value, transaction costs are recorded in the income statement at the date of transaction. Subsequently, these assets are revalued at fair value. Gains or losses arising on subsequent measurement of these financial assets including the change in fair value arising from non-monetary assets in foreign currencies are recognized in the income statement. Where these assets or portion of these assets are sold, the gain or loss arising are recorded in the consolidated income statement.
- Dividend and interest income are recorded in the consolidated income statement.

(C) Financial assets at fair value through other comprehensive income

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

Impairments of Financial Assets

The adoption of IFRS 9 has changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments measured at amortized cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

To determine the expected credit losses for the portfolio, the Group uses a provision matrix. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rate is updated and changes in the forward-looking estimates are analyzed.

Investment property

Investment property is stated at cost less accumulated depreciation (except land) and its depreciation over its useful life at a rate of 4%. Impairment loss is recorded in the consolidated income statement. Any profit or operating expense arising from these assets is recognized in the consolidated income statement.

Investment property is revalued in accordance with Insurance Department related regulations, and its fair value is disclosed in the investment property note (note 6).

Cash and Cash equivalents

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

Reinsurance Accounts

Reinsurers shares of insurance premiums, paid claims, technical provisions, and all other resulting rights and obligations are calculated based on the agreements signed between the Group and reinsurance companies and are accounted for using the accrual basis.

Reinsurance

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

Impairment in Reinsurance Assets

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

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

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

Insurance policy acquisition cost

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

Property and equipment

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

	%
Buildings	2
Furniture	15
Tools and equipment	20-35
Vehicles	15
Decoration	15

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

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

The useful life and depreciation method are reviewed periodically. If the expected useful life of the assets does not reflect the expected pattern of economic benefits from items of property and equipment, changes are recognized as changes in estimates for future period.

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

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

Pledged financial assets

These are the financial assets that are pledged for other parties, and the other parties have the right to control the asset (sell or re-pledge). These financial assets continue to be valued using the same accounting policies and classification.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the 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, it carrying amount is the present value of these cash flow.

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

(A) Technical Reserves

Technical reserves are provided for in accordance to the Insurance Department instructions, as follows:

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.

2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.

3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Group.

4. Provision for unearned premiums for life insurance is calculated based on the Group's experience and estimates.

5. The mathematical reserve of life insurance policies is calculated in accordance with the Insurance Department regulations.

6. Reports reviewed by the actuary.

(B) Provision for expected credit loss

The provision for expected credit loss on receivables is reviewed by the Group's management, in accordance with the international financial reporting standards.

(C) End of service indemnity provision

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

The end of service benefits for the resigned employees are recorded on settlement. Provision against obligation for the end of service is charged to the consolidated income statement.

Liability adequacy test

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

Income Tax

Income tax expense represents current and deferred income tax.

A) Accrued Income Tax

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

The taxes are calculated based on tax rates in the country in where it conducts its business.

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 all or part of the deferred tax assets will be utilized or settle a tax liability or when no longer needed.

Offsetting

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

Revenue recognition

A) Insurance policies

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

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

B) Dividends and interest revenue

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

Interest revenues are recorded using the accrual basis based for the related period, principle amount and interest rate.

Expenditures' recognition

All commissions and other costs related to the new insurance contracts or renewed are recorded in the consolidated income statement during the period it was incurred in and all other expenditures are recorded 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 include payments for the current or prior years. Outstanding claims represent the highest estimated amount to settle the claims resulting from events occurred 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

Estimated recoverable amounts from scraped value and waiver are considered when measuring the outstanding claim liability.

General and administrative expenses

The traceable general and administrative expenses are allocated to each insurance division separately. Moreover, 80% of the un-allocated general and administrative expenses are allocated to different insurance departments based on earned premiums per department to total premiums.

Employees' expenses

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

Foreign currencies

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

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

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

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

(2-5) Use of Estimates

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

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

- A provision of expected credit loss 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.
- The management periodically reviews tangible useful life in order to calculate the depreciation amount depending on the status of these assets and future benefit. The impairment loss (if any) appears on the consolidated statement of income.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance regulations and record actuarial reports.
- A provision on lawsuit against the Group is made based on the Group's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- The management periodically reviews financial assets at amortized cost for impairment, if impairment existed, it is charged to the consolidated income statement.

(3) DEPOSITS AT BANKS

This item consists of the following:

	2022				2021
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	4,356,556	-	6,043,801	10,400,357	8,411,140

Interest rates on bank deposit balances in Jordanian Dinar ranges from 2.5% to 6.2% during the year 2022. (During 2021: from 2% to 4.6%)

Restricted deposits, pledged on behalf of the central bank governor amounted to JD 800,000 in the Ahli Bank as of 31 December 2022.

(4) Financial Assets at Fair Value Through other Comprehensive income

This item consists of the following:

	2022	2021
	JD	JD
Inside Jordan -		
Quoted Shares	3,496,263	3,145,363
Outside of Jordan -		
Quoted Shares	1,174,246	985,250
Unquoted shares	32,764	32,764
Total	4,703,273	4,163,377

The details of the financial assets at fair value through other comprehensive income (unquoted) outside of Jordan are as follows:

	2022	2021
	JD	JD
Outside of Jordan -		
Arab Reinsurance Company/ Lebanon	32,331	32,331
Arab Insurance Institute/ Syria	433	433
Total	32,764	32,764

(5) Financial Assets at Amortized Cost

This item consists of the following:

	2022	2021
	JD	JD
Inside Jordan -		
Jordanian Treasury Bonds (1)	1,015,896	1,022,504
Jordanian Treasury Bonds (2)	720,176	720,604
Jordanian Treasury Bonds (3)	641,500	642,334
Jordanian Treasury Bonds (4)	1,065,695	1,065,926
Capital Bank Loans (5)	1,704,000	1,704,000
Jordanian Treasury Bonds (6)	684,988	-
Capital Bank Bonds (7)	354,500	-
	6,186,755	5,155,368
Less: Provision for credit losses – Financial assets at amortized cost*	17,500	-
Total	6,169,255	5,155,368

Below is a summary of bonds owned by the Company as of 31 of December 2022:

	Purchase Date	Face Value	Maturity Date	Interest Rate	Currency
(1)	21 March 2016	1,049,675	29 January 2026	6.125%	USD
(2)	30 November 2017	721,033	10 October 2047	7.375%	USD
(3)	16 April 2021	640,493	29 January 2026	6.125%	USD
(4)	7 May 2021	1,060,841	29 January 2026	6.125%	USD
(5)	19 March 2019	1,701,600	15 March 2026	7%	USD
(6)	23 June 2022	710,000	15 January 2028	7.750%	USD
(7)	20 February 2022	354,500	24 February 2027	7%	USD

*The movement on the expected credit loss provision is as follows:

	2022	2021
	JD	JD
Beginning balance	-	-
Additions	17,500	-
Ending balance	17,500	-

(6) INVESTMENTS IN PROPERTY

This item consists of the following:

2022 -	Land	Jabal Amman Medical Clinics Building	Total
	JD	JD	JD
Cost:			
Beginning balance	54,547	482,475	537,022
Disposals	(7,535)	(66,645)	(74,180)
Ending balance	47,012	415,830	462,842
Accumulated Depreciation:			
Beginning balance	-	115,794	115,794
Additions	-	18,632	18,632
Disposals	-	(17,994)	(17,994)
Ending balance	-	116,432	116,432
Net Book Value	47,012	299,398	346,410

	Land	Jabal Amman Medical Clinics Building	Total
	JD	JD	JD
2021 -			
Cost:			
Beginning balance	54,547	482,475	537,022
Ending balance	54,547	482,475	537,022
Accumulated Depreciation:			
Beginning balance	-	96,495	96,495
Additions	-	19,299	19,299
Ending balance	-	115,794	115,794
Net Book Value	54,547	366,681	421,228

- The Medical clinic building consists of 7 clinics with varying areas.
- Investments in properties' fair value was estimated in accordance with the instructions and regulations of the central bank by three valuators by an average of JD 957,533

(7) CASH ON HAND AND AT BANKS

This item consists of the following:

	2022	2021
	JD	JD
Cash on hand	3,741	9,491
Current accounts at banks	214,280	161,768
	218,021	171,259

(8) EARNINGS PER SHARE

	2022	2021
	JD	JD
Profit for the year (JD)	1,102,481	920,380
Weighted average number of shares (Share)	8,000,000	8,000,000
	Fils/ JD	Fils/ JD
Earnings per share for the year	0.138	0.115

(9) NOTES RECEIVABLE AND CHEQUES UNDER COLLECTION

This item consists of the following:

	2022	2021
	JD	JD
Cheques under collection*	1,672,952	1,864,548
	1,672,952	1,864,548
Less: Provision for expected credit losses**	(3,970)	(3,970)
	1,668,982	1,860,578

* The maturity dates of the cheques under collection extend till December 2023.

** The following represents the movement on the provision of expected credit losses:

	2022	2021
	JD	JD
Balance at the beginning of the year	3,970	23,724
Write-offs	-	(19,754)
Balance at the end of the year	3,970	3,970

(10) ACCOUNT RECEIVABLES, NET

This item consists of the following:

	2022	2021
	JD	JD
Policy holders' receivables	4,772,869	4,711,141
Governmental receivables	623,661	769,800
Agents' receivables	515,276	420,679
Brokers receivables	583,420	812,346
Employees' receivables	69,525	90,692
Other receivables	52,372	40,375
	6,617,123	6,845,033
Less: Provision for expected credit losses*	(1,452,315)	(1,377,315)
	5,164,808	5,467,718

Below is the aging schedule for unimpaired receivables:

		Due but not impaired				
	Not due	1-90 day	91-180 day	181-360 day	More than 360 day	Total
	JD	JD	JD	JD	JD	JD
2022	2,229,653	1,348,595	570,205	563,483	452,872	5,164,808
2021	2,050,058	1,505,600	80,181	848,944	982,935	5,467,718

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

	2022	2021
	JD	JD
Balance at the beginning of the year	1,377,315	1,307,315
Additions	75,000	70,000
Balance at the end of the year	1,452,315	1,377,315

(11) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	2022	2021
	JD	JD
Local insurance companies	573,518	534,712
Foreign reinsurance companies	1,027,703	784,396
Less: Provision for expected credit losses*	(124,342)	(124,342)
Net reinsurance receivables	1,476,879	1,194,766

Below is the aging of the unimpaired reinsurance receivables:

		Due but not impaired				
	Not due	1-90 day	91-180 day	181-360 day	More than 360 day	Total
	JD	JD	JD	JD	JD	JD
2022	458,268	602,301	103,309	77,503	235,498	1,476,879
2021	451,322	388,986	76,626	115,509	162,323	1,194,766

* Movement on the Provision for expected credit loss is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	124,342	124,342
Balance at the end of the year	124,342	124,342

(12) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	313,057	238,601
Income tax paid	(399,847)	(207,629)
Income tax expense for the year	428,227	366,881
Income tax paid on interest income	(27,872)	(84,796)
Balance at end of the year	313,565	313,057

Income tax expense included in the consolidated income statement represents the following:

	2022	2021
	JD	JD
Income tax provision for the year	428,227	366,881
Deferred tax assets additions	(649,214)	(513,505)
Deferred tax assets amortization	504,850	372,048
Refundable income tax	82,578	(21,985)
Income tax expense	366,441	203,439

Summary of reconciliation between accounting profit and taxable profit is as follows:

	2022	2021
Accounting profit	1,468,922	1,123,819
Net non-taxable income	(2,632,895)	(40,258)
Net non-deductible expenses	2,687,969	196,525
Taxable profit	1,523,996	1,280,086
Income tax rate and national contribution	26%	26%
Income tax for the year from local income	396,239	332,823
Foreign investments income	319,882	340,577
Income tax for the year	31,988	34,058
Income tax for the year	428,227	366,881

A final settlement has been reached with the Income and Sales Tax Department up to 31 December 2020. The Group has submitted its tax returns for the year 2021 and it has not been reviewed up to the date of the consolidated financial statements.

Income tax for the year 2022 was computed in accordance with income tax law (38) of the year 2018.

In the opinion of the Group's management and the tax advisor, the income tax provision as of 31 December 2022 is sufficient to meet any tax exposure.

B- Deferred tax assets

This item consists of the following:

Included accounts	2022					2021
	Beginning balance	Released	Additions	Ending balance	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets:						
Provisions for outstanding claims	1,938,711	1,938,711	2,493,712	2,493,712	648,365	504,065
Provision for end of service indemnity	515	-	-	515	134	134
Group insurance fees provision/ life	7,880	3,019	3,266	8,127	2,113	2,049
Future urgent provision	29,000	-	-	29,000	7,540	7,540
Total	1,976,106	1,941,730	2,496,978	2,531,324	658,152	513,788

Movement on deferred tax assets/liabilities is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	513,788	372,331
Additions	649,214	513,505
Disposals	(504,850)	(372,048)
Balance at the end of the year	658,152	513,788

The tax rate used to calculate the deferred tax is 26% and the management is certain that 100% will be recoverable in the future. The items that resulted in deferred tax assets are included in the income tax law and are included in the tax base when calculating Group's income tax.

(13) PROPERTY AND EQUIPMENT - NET

This item consists of the following:

	Land	Buildings	Equipment, tools and furniture	Decoration	Vehicles	Total
2022 -	JD	JD	JD	JD	JD	JD
Cost:						
Balance at the beginning of the year	170,000	533,961	364,035	53,335	67,264	1,188,595
Additions	-	-	9,237	-	-	9,237
Balance at the end of the year	170,000	533,961	373,272	53,335	67,264	1,197,832
Accumulated depreciation:						
Balance at the beginning of the year	-	185,652	342,846	53,326	44,352	626,176
Depreciation for the year	-	10,679	8,186	-	9,250	28,115
Balance at the end of the year	-	196,331	351,032	53,326	53,602	654,291
Net book value at the end of the year	170,000	337,630	22,240	9	13,662	543,541
2021 -						
Cost:						
Balance at the beginning of the year	170,000	533,961	353,300	53,335	67,264	1,177,860
Additions	-	-	10,735	-	-	10,735
Balance at the end of the year	170,000	533,961	364,035	53,335	67,264	1,188,595
Accumulated depreciation:						
Balance at the beginning of the year	-	174,973	329,521	53,326	35,102	592,922
Depreciation for the year	-	10,679	13,325	-	9,250	33,254
Balance at the end of the year	-	185,652	342,846	53,326	44,352	626,176
Net book value at the end of the year	170,000	348,309	21,189	9	22,912	562,419

Property and equipment includes fully depreciated items of JD 386,796 as 31 December 2022 (2021: JD 355,380), that are still in use.

(14) INTANGIBLE ASSETS

This item consists of the following:

	2022	2021
	JD	JD
Cost:		
Balance at the beginning of the year	51,750	-
Additions	24,400	51,750
Balance at the end of the year	76,150	51,750
Accumulated depreciation:		
Balance at the beginning of the year	9,793	-
Amortization during the year	10,978	9,793
Balance at the end of the year	20,771	9,793
Net book value at the end of the year	55,379	41,957

(15) OTHER ASSETS

This item consists of the following:

	2022	2021
	JD	JD
Paid claims recoveries, net	880,439	562,832
Accrued revenues	198,073	143,253
Prepaid expenses	141,783	101,909
Refundable deposits	2,931	2,931
Advance payments to suppliers	85,226	48,084
Withholding tax on shares and interest	-	1,242
Advance payments on Income tax	47,217	102,008
Total	1,355,669	962,259

(16) MATHEMATICAL RESERVE, NET

This item consists of the following:

	2022	2021
	JD	JD
Mathematical reserve, net	28,378	34,935

(17) ACCOUNTS PAYABLE

This item consists of the following:

	2022	2021
	JD	JD
Policy holder payables	487,872	354,263
Agents' payables	141,416	137,134
Brokers' payables	159,367	151,837
Employees' payables	1,878	811
Garages and suppliers' payables	167,270	136,082
Unpaid dividends to shareholders	203,423	156,848
Medical network payables	599,004	787,991
Other payables	172,313	132,100
Total	1,932,543	1,857,066

(18) REINSURANCE PAYABLE

This item consists of the following:

	2022	2021
	JD	JD
Local insurance companies	143,030	170,677
Foreign reinsurance companies	595,295	823,546
Total	738,325	994,223

(19) OTHER PROVISIONS

This item consists of the following:

	2022	2021
	JD	JD
End of service indemnity	515	515
Insurance department fees	24,554	6,011
Commission from group/ life policies	8,127	7,880
Total	33,196	14,406

The below schedule represents the movement on the above mentioned provisions:

	Beginning balance	Additions	Paid during the year	Ending balance
	JD	JD	JD	JD
End of service indemnity	515	-	-	515
Insurance department fees	6,011	99,175	(80,632)	24,554
Commission from group / life policies	7,880	3,266	(3,019)	8,127
Total	14,406	102.441	(83,651)	33,196

(20) OTHER LIABILITIES

This item consists of the following:

	2022	2021
	JD	JD
Reinsurance companies' withholdings	1,165,602	1,223,890
Sales tax withholdings	121,221	86,280
Stamps withholdings	8,312	8,843
Motor Accident Fund – refunds withholdings	20,015	11,900
Social security withholdings	13,062	12,689
Income tax withholdings	228,915	146,337
Contingent liabilities provision	29,000	29,000
Other	18,612	22,170
Total	1,604,739	1,541,109

(21) PAID IN CAPITAL

Authorized and paid in capital amounted to JD 8,000,000 divided into 8,000,000 shares at par value of JD 1 for each as of 31 December 2022 and 2021.

(22) RESERVES

A. Statutory reserve:

This amount represents appropriation of 10% of net income before income tax during this year and prior years. This reserve is not available for distribution to shareholders.

B. Voluntary reserve:

The Group's general assembly has approved in their meeting on the 22 February 2022 on distributing JD 89,000 for the reserve to equal JD 400,000 from the retained earnings to the voluntary reserve in order to support the Group's future operations. Additionally, the general assembly also approved distributing JD 400,000 from retained earnings to the reserve to become JD 800,000 in their meeting on 14 February 2023.

(23) FAIR VALUE RESERVE

This item consists of the following:

	2022	2021
	JD	JD
Balance at the beginning of the year	(321,619)	(1,596,234)
Net change during the year	581,033	1,108,199
Gain (loss) from sale of financial assets at fair value through other comprehensive income	(112,710)	166,416
Balance at the end of the year	146,704	(321,619)

(24) RETAINED EARNINGS

This item consists of the following:

	2022	2021
	JD	JD
Balance at the beginning of the year	1,851,703	1,210,121
Transferred to voluntary reserve	(489,000)	-
Profit of the year	1,102,481	920,380
Gains (Losses) of sale from financial assets at fair value through other comprehensive income	112,710	(166,416)
Dividends distributions	(800,000)	-
Transferred to statutory reserve	(146,893)	(112,382)
Balance at the end if the year	1,631,001	1,851,703

(25) DIVIDENDS

The Group's general assembly approved in their meeting on the 20 April 2022 on distributing cash dividends by JD 800,000 which represents 10% of the paid in capital as of 31 December 2021.

(26) INTEREST INCOME

	2022	2021
	JD	JD
Bank deposits interest	310,633	283,513
Interest on financial assets at amortized cost	391,604	353,398
Total	702,237	636,911

(27) EMPLOYEES EXPENSES

This item consists of the following:

	2022	2021
	JD	JD
Salaries and bonuses	855,568	894,113
Social security contribution	104,161	116,916
Employees' insurance expenses	49,322	49,160
Employees' training and development	4,663	800
Total	1,013,714	1,060,989
Allocated employees' expenses to the underwriting accounts	907,216	949,881
Unallocated employees' expenses to the underwriting accounts	106,498	111,108

(28) ADMINISTRATIVE AND GENERAL EXPENSES

This item consists of the following:

	2022	2021
	JD	JD
Rent expense	7,050	7,050
Stationery and printing	22,642	21,857
Advertisements	36,528	15,781
Bank commission	38,895	37,447
Water, electricity and heating	28,619	27,071
Maintenance expense	42,481	23,909
Postage and telecommunications	11,977	11,306
Hospitality	12,378	8,590
Legal fees and expenses	103,033	59,000
Subscriptions	40,088	33,172
Tenders' expenses	25,407	20,641
Insurance department fees	99,175	85,866
Governmental and other fees	13,310	6,671
Donations	3,500	-
Transportation and travel	34,075	27,708
Professional fees	82,191	80,822
Board members transportation	42,000	42,000
Non-refundable sales tax	33,324	26,572
Cleaning	16,279	18,562
Security	8,431	10,117
Collection commission	25,076	19,195
Company's assets insurance	5,326	2,547
Others	17,552	8,936
Total	749,337	594,820
Allocated administrative and general expenses to the underwriting accounts	594,161	458,881
Unallocated administrative and general expenses to the underwriting accounts	155,176	135,939

(29) CASH AND CASH EQUIVALENTS

The cash and cash equivalents presented in the consolidated statement of cash flows is compromised from the following:

	2022	2021
	JD	JD
Cash in hands and at banks (Note7)	218,021	171,259
Add: deposits at banks (Note 3)	10,400,357	8,411,140
Less: deposits at banks maturing in more than three months (Note 3)	(6,043,801)	(2,111,614)
Net cash and cash equivalent	4,574,577	6,470,785

(30) RELATED PARTY TRANSACTIONS

Related parties include subsidiaries, board of directors, executive management and the Companies which they own. pricing policies and terms of transactions with those related parties are approved by the Group's managements.

During the year, the Group has entered into transactions with major shareholders, board members and the higher management in the normal course of business. All insurance receivables granted to related parties are considered to be performing and no provision is required for them.

The pricing policies and terms with related parties are approved by the Group`s management.

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

	2022	2021
Consolidated Statement of financial position items:	JD	JD
Account Receivables (Companies related to members of the board of directors)	1,282,684	1,215,977
Consolidated Income statement items:		
Written premiums (Companies related to members of the board of directors)	2,421,126	2,644,607
Paid compensations (Companies related to members of the board of directors)	1,083,362	1,038,823

Compensations of key management personnel of the Group (salaries, bonuses, and other benefits) are as follows:

	2022	2021
	JD	JD
Salaries and bonuses	363,033	387,386

(31) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Level 2: other techniques where all the inputs that have a significant impact on the fair value can be observed directly or indirectly from market information.

Level 3: other techniques which use inputs that have a significant effect on the fair value but are not based on information that can be observed from the market.

The following table provides an analysis of financial instruments recorded at fair value, according to the hierarchy mentioned:

	Level 1	Level 2	Level 3	Total
2022-	JD	JD	JD	JD
Financial assets				
Financial assets at fair value through other comprehensive income	4,670,509	-	32,764	4,703,273
2021-				
Financial assets				
Financial assets at fair value through other comprehensive income	4,130,613	-	32,764	4,163,377

(32) FAIR VALUE OF FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

Financial assets consist of cash on hand and at banks, cheques under collection and notes receivable, accounts receivables, reinsurance receivables, financial assets at amortized cost and other assets. Financial liabilities consist of accounts payables, accrued expenses, reinsurance payables and other liabilities.

Fair value for these financial instruments does not materially differ from their book value.

(33) RISK MANAGEMENT

The Group is exposed to various kinds of risks such as the insurance contract, insurance type, compensation for risk and disasters, political and economic factors, regulations, legislation and laws imposed on the insurance companies in Jordan.

The Group manages risk through its strategy as follows:

Focusing on quality in selecting risks and ensuring that the insurance risk is consistent with the risk type and value.

The Group monitors through its technical management the claims and their development on a quarterly basis in order to mitigate the risks surrounding them to reflect the actual information for the Group in its financial statements and to mitigate risks that may result from unexpected developments.

The Investment Committee of the Board of Directors monitors the investments to ensure diversification in the investment portfolio through the purchase of preferred shares and investing in good real estate. The Committee also reviews hedging, risk reduction and controls in accordance with the instructions of the Insurance Authorities.

The Group's management holds reinsurance agreements with major international reinsurers to protect the Company in case of these risks.

Maintaining effective internal control system through the department heads, the internal audit, and Group's management.

Regarding the motor insurance department, the Group has a special insurance policy where it does not insure any car with a date of manufacturing prior to 2000. Also, it avoids insurances that may result in a large number of claims such as insurance of rental cars. Additionally, the Group has a policy is to pay the claims within a month after the claim, sign the settlements, and obtain a final reconciliation.

The Group mitigates risks by diversifying its insurance policies and by carefully selecting the type of risk in consistence with the reinsurance agreements.

(A) Insurance Risk

1. Insurance risk

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

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

The Group mitigates the above risks by diversifying its insurance policies, in addition, change of risk improves through carefully selecting and implementing insurance strategies and guidelines, and utilizing reinsurance agreements.

Duplicate Claims

Claims can be duplicated, and their amounts can be affected due to multiple factors. The Group's main insurance business is fire, general accidents, motor and marine risks. These insurance policies are considered short term and are usually paid within one year from the date of the accident which contributes in reducing the insurance risk.

2. Claims Development

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

Total - Motor Insurance:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	37,505,564	3,837,551	2,602,761	3,643,161	4,711,873	-
After one year	39,083,170	5,750,618	3,921,664	4,865,607	-	-
After two years	39,294,099	5,409,445	3,571,472	-	-	-
After three years	38,914,570	5,095,770	-	-	-	-
After four years	38,466,532	-	-	-	-	-
Present expectation for the accumulated claims	38,466,532	5,095,770	3,571,472	4,865,607	4,711,873	56,711,254
Accumulated payments	37,259,549	4,585,873	2,862,797	3,215,497	-	47,923,716
Liability as stated in the statement of financial position						
Reported claims	1,206,983	509,897	708,675	1,650,110	2,218,143	6,293,808
Unreported claims	-	-	-	-	2,493,730	2,493,730
Deficit in the preliminary estimate for the reserve	(960,968)	(1,258,219)	(968,711)	(1,222,446)	-	(4,410,344)

Total – Marine and Transportation:

The accident year	2018 and before	2019	2020	2021	2022	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	1,919,525	282,323	64,068	49,519	106,737	-
After one year	1,937,896	62,883	97,424	19,806	-	-
After two years	1,925,490	110,703	71,087	-	-	-
After three years	1,796,307	102,099	-	-	-	-
After four years	1,789,666	-	-	-	-	-
Present expectation for the accumulated claims	1,789,666	102,099	71,087	19,806	106,737	2,089,395
Accumulated payments	1,776,841	100,098	32,487	18,182	-	1,927,608
Liability as stated in the statement of financial position:						
Reported claims	12,825	2,001	38,600	1,624	94,855	149,905
Unreported claims	-	-	-	-	11,882	11,882
Surplus (deficit) in the preliminary estimate for reserve	129,859	180,224	(7,019)	29,713	-	332,777

Total - Fire and Properties:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	8,468,974	190,144	405,048	420,072	563,378	-
After one year	8,744,733	362,747	887,443	347,093	-	-
After two years	7,750,931	146,372	709,911	-	-	-
After three years	7,391,709	124,986	-	-	-	-
After four years	7,495,953	-	-	-	-	-
Present expectation for the accumulated claims	7,495,953	124,986	709,911	347,093	563,378	9,241,321
Accumulated payments	7,255,819	118,236	416,068	15,343	-	7,805,466
Liability as stated in the statement of financial position						
Reported claims	240,134	6,750	293,843	331,750	529,920	1,402,397
Unreported claims	-	-	-	-	33,458	33,458
Surplus (deficit) in the preliminary estimate for reserve	973,021	65,158	(304,863)	72,979	-	806,295

Total – Liability:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	503,475	5,286	12,245	21,246	1,018	-
After one year	542,634	4,743	11,736	20,092	-	-
After two years	545,589	6,572	10,406	-	-	-
After three years	498,812	4,572	-	-	-	-
After four years	498,324	-	-	-	-	-
Present expectation for the accumulated claims	498,324	4,572	10,406	20,092	1,018	534,412
Accumulated payments	390,080	4,572	406	92	-	395,150
Liability as stated in the statement of financial position						
Reported claims	108,244	-	10,000	20,000	-	138,244
Unreported claims	-	-	-	-	1,018	1,018
Surplus in the preliminary estimate for reserve	5,151	714	1,839	1,154	-	8,858

Total – Medical:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	3,513,685	729,313	405,398	644,881	639,959	-
After one year	3,727,772	729,313	405,398	644,881	-	-
After two years	3,727,772	729,313	405,398	-	-	-
After three years	3,727,772	729,313	-	-	-	-
After four years	3,727,772	-	-	-	-	-
Present expectation for the accumulated claims	3,727,772	729,313	405,398	644,881	639,959	5,410,751
Accumulated payments	3,727,772	729,313	405,398	644,881	-	5,507,364
Liability as stated in the statement of financial position:						
Reported claims	-	-	-	-	464,901	464,901
Unreported claims	-	-	-	-	175,058	175,058
(Deficit) in the preliminary estimate for reserve	(214,087)	-	-	-	-	(214,087)

Total – Life:

The accident year	2018 and before JD	2019 JD	2020 JD	2021 JD	2022 JD	Total JD
At the end of the year	359,272	67,447	191,362	89,069	123,537	-
After one year	377,146	40,170	177,374	101,689	-	-
After two years	380,997	49,860	186,512	-	-	-
After three years	382,757	47,198	-	-	-	-
After four years	382,685	-	-	-	-	-
Present expectation for the accumulated claims	382,685	47,198	186,512	101,689	123,537	841,621
Accumulated payments	364,620	45,510	160,012	86,321	-	656,463
Liability as stated in the statement of financial position						
Reported claims	18,065	1,688	26,500	15,368	83,537	145,158
Unreported claims	-	-	-	-	40,000	40,000
Surplus (deficit) in the preliminary estimate for reserve	(23,413)	20,249	4,850	(12,620)	-	(10,934)

3. INSURANCE RISK CONCENTRATIONS

A- The Group distributes insurance based on the technical provisions for each insurance type as presented in the schedule below:

	2022		2021	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Insurance types				
Motor	14,181,239	15,913,877	11,596,264	13,629,909
Marine and transportation	28,236	268,470	35,019	241,376
Fire and properties	255,786	2,725,373	179,133	2,572,250
Liabilities	49,417	181,006	48,643	178,715
Medical	1,144,235	2,300,373	706,900	1,956,154
Life	80,970	248,899	124,268	250,335
Total	15,739,883	21,637,998	12,690,227	18,828,739

B- All assets, liabilities, and off-statement of financial position are concentrated based on geographical and sector distribution as follows:

*Excluding Middle East countries:

	2022			2021		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
According to sector:						
Public	1,544,952	5,655,383	-	1,607,922	4,921,145	-
Private						
Corporate	3,624,196	12,795,742	-	3,771,912	11,134,472	-
Individuals	728,967	3,186,873	-	758,678	2,773,122	-
Total	5,898,115	21,637,998	-	6,138,512	18,828,739	-

Assets represent the reinsurance portion of the provision, whereas, liabilities represent the total of provisions.

4. RISK OF REINSURANCE

As with other insurance companies, and in order to reduce exposure to financial losses that may arise from large insurance claims, the Group enters into reinsurance agreements in the ordinary course of business with third parties.

In order to reduce the exposure to large losses as a result of the reinsurance companies' insolvency, the Group evaluates the financial condition of its reinsurers and monitors the credit risk arising from geographical regions and similar economic activities or components. Reinsurance policies do not exempt the Group from its obligations towards the policyholders, and as a result, the Group remains committed to the balance of reinsured claims if reinsurers were unable to meet their obligations under reinsurance policies.

5. INSURANCE RISK SENSITIVITY

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

Insurance activities	Change	Effects on the underwriting premiums	Effects on the current year pre-tax profit	Effects on the equity*
	%	JD	JD	JD
Motor	10	1,333,947	1,053,174	779,349
Marine and transportation	10	118,823	23,868	17,662
Fire and property	10	334,580	32,097	23,752
Liabilities	10	10,181	2,315	1,713
Medical	10	564,072	260,809	192,998
Life	10	42,600	17,030	12,602
Total		2,404,203	1,389,293	1,028,076

* Net after deducting income tax effect.

In case of negative change, the effect equals the change above with opposite sign.

The table below shows the possible reasonable effects of change in the claims cost on the statement of income and equity, keeping all other affecting valuables fixed.

Insurance activities	Change	Effects on the paid claims	Effects on the current year pre-tax profit	Effects on the equity*
	%	JD	JD	JD
Motor	10	1,159,475	909,556	673,071
Marine and transportation	10	6,035	112	83
Fire and property	10	42,973	6,945	5,139
Liabilities	10	494	(96)	(71)
Medical	10	563,610	241,338	178,590
Life	10	34,434	7,508	5,556
Total		1,807,021	1,165,363	862,368

* Net after deducting income tax effect.

In case of negative change, the effect equals the change above with opposite the sign.

(B) FINANCIAL RISKS

The Group applies financial policies to manage several risks within a predetermined strategy. The Group's management administers overlooking and controlling risks and determines the most suitable strategic risk distribution procedures for each of the financial assets and liabilities. These risks include interest rate risk, credit risk, foreign currency risk, and market risk.

The Group follows a hedging policy for each of its financial assets and liabilities when needed, the hedging policy is related to expected future 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. Such market risks occur due to the presence of open centers in interest rates, currencies, and investments in stocks. These risks are monitored in accordance with specific policies and procedures and through specialized committees, and business units. These market risks include interest rates risks, exchange rates, and stock prices changes.

Market risks and related controls are measured through sensitivity analysis.

- ***Interest Rate Risk***

The Group is exposed to interest rate risks on its assets and liabilities which hold interest such as banks deposits.

Interest rates on bank deposits balances in Jordanian Dinars range from 2.5% to 6.2% during the year ended 2022.

The following table shows the sensitivity of the income statement to possible reasonable changes on interest rates as at 31 December 2022, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed reasonable changes of interest rates on the Group's profit for one year, and is calculated for financial assets and liabilities which hold a variable interest rate price as of 31 December.

2022-

	Increase in interest rate	Effect on the current year pre-tax profit
	(Percentage)	JD
Currency		
Jordanian Dinar	1%	104,004

In case of negative change, the effect is equal to the above change with an opposite sign.

2021-

	Increase in interest rate	Effect on the current year pre-tax profit
	(Percentage)	JD
Currency		
Jordanian Dinar	1%	84,111

In case of negative change, the effect is equal to the above change with an opposite sign.

Share price risk

The table below shows the sensitivity of the accumulated change in the fair value as a result of the reasonable changes of stock prices, with all other variables fixed:

2022-

	Increase in indicator	Effect on equity after tax
Indicator	(Percentage)	JD
Amman Stock Exchange	5%	174,813

2021-

	Increase in indicator	Effect on equity after tax
Indicator	(Percentage)	JD
Amman Stock Exchange	5%	157,268

In case of negative change, the effect is equal to the above change with an opposite sign.

Foreign Currencies Risks

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Jordanian Dinar is the base currency of the Company. The Board of Directors sets limits on the financial position of each currency in the Company. The Forex Center is monitored on a daily basis and appropriate strategies are adopted to ensure that the foreign currencies position is maintained within the approved limits.

Most of the Group's transactions are in Jordanian Dinars and US Dollars. The Jordanian Dinar's exchange rate is pegged against the US Dollar (US$ 1/141 for 1 JD). Accordingly, the Group is not exposed to significant currency risk, that would materially change the financial statements.

2) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to provide the necessary funding to meet its obligations at maturity. To prevent these risks, management diversifies its sources of finance, manages and diversifies assets and liabilities maturities, and maintains sufficient cash and cash equivalents and trading securities.

The Group monitors its liquidity requirements on a monthly basis and management ensures that sufficient funds are available to meet liabilities as they arise. Significant amounts of the Group's funds are invested in locally traded shares.

The table below summarizes the maturity profile of the Group's financial liabilities (based on the remaining year's maturity from the date of the financial statements):

	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
	JD	JD	JD	JD	JD	JD	JD	JD
2022 -								
Uneamed premium revenue, net	640,611	1,281,298	1,921,909	3,843,818	-	-	-	7,687,636
Outstanding claims, net	668,629	1,337,338	2,005,967	4,011,935	-	-	-	8,023,869
Mathematical reserve, net	2,365	4,730	7,095	14,188	-	-	-	28,378
Accounts payable	-	1,932,543	-	-	-	-	-	1,932,543
Accrued expenses	101,852	-	-	-	-	-	-	101,852
Reinsurance payables	-	184,581	553,744	-	-	-	-	738,325
Other provisions	3,984	15,934	13,278	-	-	-	-	33,196
Income tax provision	-	-	313,565	-	-	-	-	313,565
Other payables	128,379	465,374	385,137	625,849	-	-	-	1,604,739
Total liabilities	1,545,820	5,221,798	5,200,695	8,495,790	-	-	-	20,464,103
Total Assets based on expected maturating	5,569,323	5,241,716	13,104,290	5,896,931	1,965,644	982,822	-	32,760,726
2021 -								
Uneamed premium revenue, net	446,030	892,113	1,338,143	2,676,287	-	-	-	5,352,573
Outstanding claims, net	608,536	1,217,143	1,825,680	3,651,360	-	-	-	7,302,719
Mathematical reserve, net	2,911	5,822	8,734	17,468	-	-	-	34,935
Accounts payable	-	1,857,066	-	-	-	-	-	1,857,066
Accrued expenses	102,660	-	-	-	-	-	-	102,660
Reinsurance payables	-	248,556	745,667	-	-	-	-	994,223
Other provisions	1,729	6,915	5,762	-	-	-	-	14,406
Income tax provision	-	-	313,057	-	-	-	-	313,057
Other payables	123,288	446,922	369,866	601,033	-	-	-	1,541,109
Total liabilities	1,285,154	4,674,537	4,606,909	6,946,148	-	-	-	17,512,748
Total Assets based on expected maturating	4,917,396	4,628,137	11,570,343	5,206,654	1,735,551	867,776	-	28,925,857

3) Credit Risk

Credit risk is the risk that may arise from the default or inability of debtors and other parties to meet their obligations to the Group.

The Group sees that it is not significantly exposed to credit risk as it has established a credit ceiling for customers in addition to monitoring outstanding receivables on a continuous basis. The Group also maintains balances and deposits with reputable financial institutions.

10 biggest clients compose more than 36% of trade receivables as of 31 December 2022 (33% in 2021).

The Group categorizes their trade receivables by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group does not grant long term or significant financing for customers receivables. The Group uses a provision matrix to determine the expected credit losses for the portfolio. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The historical default rates are updated and changes in the forward-looking estimates are analyzed at every reporting date.

The schedule below shows information related to credit risk on accounts receivable using the provision matrix:

Receivables

	Account receivables balance	Provision for expected credit loss	Expected credit loss rate
2022-	JD	JD	
Not due	1,166,275	23,326	2%
1-30 days	587,830	11,757	2%
31-60 days	875,023	17,500	2%
61-90 days	227,777	4,556	2%
91-365 days	2,012,811	100,641	5%
365 days and more	1,747,407	1,294,535	74%
Total	6,617,123	1,452,315	

	Account receivables balance	Provision for expected credit loss	Expected credit loss rate
2021-	JD	JD	
Not due	1,049,244	20,985	2%
1-30 days	461,972	9,239	2%
31-60 days	721,665	14,433	2%
61-90 days	264,227	5,285	2%
91-365 days	2,144,861	107,243	5%
365 days and more	2,203,064	1,220,130	55%
Total	6,845,033	1,377,315	

(34) ANALYSIS OF MAJOR SEGMENTS INFORMATION

A- Business segments

For administrative purposes, the Group has been organized into two segments of business, the general insurance segment which include (fire and property, medical, marine, transportation, motor, liability), and life which includes (life insurance and investment). These two key segments that are used by the Group to show information related to segment reporting. The above two segments also include investments and cash management for the Group's own account. Transactions between business segments are carried out on the basis of estimated market prices and on the same terms as those dealt with for others.

B- Geographical segment

This note represents the geographical distribution of the Group's business. The Group mainly conduct operations in Jordan.

The Group's revenues, assets and capital expenditures are distributed by geographical segment as follows:

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total revenues	16,933,749	14,139,839	-	-	16,933,749	14,139,839
Total assets	30,713,415	27,247,789	2,047,311	1,678,068	32,760,726	28,925,857
Capital expenditure	9,237	10,735	-	-	9,237	10,735

(35) MANAGEMENT OF CAPITAL

The capital requirements are regulated by the insurance authority. These requirements have been established to ensure an appropriate margin. Additional objectives were set by the Group to maintain strong credit ratings and high capital ratios in order to support its business and maximize shareholders' equity.

The Group manages the capital structure and makes the necessary adjustments in light of changes in working conditions. The Group has made no changes to the objectives, policies and procedures relating to capital structure during the current year and the previous year.

The capital structure includes paid in capital, statutory reserve, voluntary reserve, fair value reserve, and, retained earnings as of 31 December 2022 totaling to JD 12,296,623 (2021: JD 11,413,109).

In the opinion of the management, regulatory capital is sufficient to meet future risks or liabilities.

The schedule below shows what the Group considers the capital and the solvency margin:

	2022	2021
	JD	JD
Total available capital	12,703,386	12,126,198
Capital Required:		
Capital required against asset risks	4,407,805	4,049,223
Capital required against underwriting liabilities	2,256,935	1,913,605
Capital required against the reinsurance risk	39,831	22,077
Capital required against life insurance risk	145,262	166,775
Total required capital	6,849,833	6,151,680
Solvency margin ratio	185%	197%

(36) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

2022 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets:			
Deposits at banks	10,400,357	-	10,400,357
Financial assets at fair value through other comprehensive income	4,703,273	-	4,703,273
Financial assets at amortized cost	-	6,169,255	6,169,255
Investment property	346,410	-	346,410
Cash on hand and at banks	218,021	-	218,021
Cheques under collection and notes receivables	1,668,982	-	1,668,982
Accounts receivables, net	5,164,808	-	5,164,808
Reinsurance receivables, net	1,476,879	-	1,476,879
Deferred tax assets	658,152	-	658,152
Property and equipment, net	34,654	508,887	543,541
Intangible assets	-	55,379	55,379
Other assets	931,678	423,991	1,355,669
Total Assets	25,603,214	7,157,512	32,760,726
Liabilities:			
Unearned premiums reserve, net	7,687,636	-	7,687,636
Outstanding claims reserve, net	8,023,869	-	8,023,869
Mathematical reserve, net	28,378	-	28,378
Account payables	1,932,543	-	1,932,543
Accrued expenses	101,852	-	101,852
Reinsurance payables	738,325	-	738,325
Other provisions	33,196	-	33,196
Income tax provision	313,565	-	313,565
Other liabilities	1,604,739	-	1,604,739
Total Liabilities	20,464,103	-	20,464,103
Net Assets	5,139,111	7,157,512	12,296,623

2021 -	Within1 year	More than 1 year	Total
	JD	JD	JD
Assets:			
Deposits at banks	8,411,140	-	8,411,140
Financial assets at fair value through other comprehensive income	-	4,163,377	4,163,377
Financial assets at amortized cost	-	5,155,368	5,155,368
Investment property	-	421,228	421,228
Cash on hand and at banks	171,259	-	171,259
Cheques under collection and notes receivables	1,860,578	-	1,860,578
Accounts receivables, net	5,467,718	-	5,467,718
Reinsurance receivables, net	1,194,766	-	1,194,766
Deferred tax assets	513,788	-	513,788
Property and equipment, net	34,654	527,765	562,419
Intangible assets	-	41,957	41,957
Other assets	538,268	423,991	962,259
Total Assets	18,192,171	10,733,686	28,925,857
Liabilities:			
Unearned premiums reserve, net	5,352,573	-	5,352,573
Outstanding claims reserve, net	7,302,719	-	7,302,719
Mathematical reserve, net	34,935	-	34,935
Account payables	1,857,066	-	1,857,066
Accrued expenses	102,660	-	102,660
Reinsurance payables	994,223	-	994,223
Other provisions	14,406	-	14,406
Income tax provision	313,057	-	313,057
Other liabilities	1,541,109	-	1,541,109
Total Liabilities	17,512,748	-	17,512,748
Net Assets	679,423	10,733,686	11,413,109

(37) LAWSUITS AGAINST THE GROUP

The Group is defendant in a number of lawsuits of JD 2,244,078 as of 31 December 2022 (2021: JD 2,447,215). And in the lawyer and management opinion the provision booked by the Company is sufficient to meet the obligations that may arise from these lawsuits.

(38) CONTINGENT LIABILITIES

As at 31 December 2022, the Company has contingent liabilities represented by bank guarantees amounting to JD 1,080,864 (2021: JD 1,191,064).

(39) SUBSEQUENT EVENTS

There are no subsequent events that have a material impact on the Group`s business results or continuity.

(40) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The implementation of the standard is supervised by an audit committee, which monitors and oversees the project. The audit committee, consisting of independent members in addition to senior management from all relevant departments, reviews the project's implementation of the standard in collaboration with the external consultant appointed by the Company to manage the project. The external consultant's work includes preparing policies for the Company in accordance with the requirements of the standard, identifying the actuarial methodologies that will be used, reviewing contracts and classifying them according to the requirements of the standard, and preparing additional disclosures in accordance with the requirements of the standard.

The Company has completed the preparation of several requirements of the standard and is currently working on the following requirements to complete the implementation project:

- Completing the preparation of trial balance sheets in accordance with the standard requirements as of December 31, 2021, and 2022.
- Ensuring that the system linked to the Company's systems is compatible with the policies that have been prepared and approved by management, in addition to reviewing the control procedures that will be put in place to ensure the system's effectiveness.
- Obtaining management approval, including technical departments, as well as external auditor approval, for opening balances after implementation.
- Preparing all disclosures to be included in the financial statements in accordance with the standard requirements.
- Preparing a model for management reports and key performance indicators that will be used later to implement the standard.
- Conducting training courses for relevant employees and senior management on implementing the standard.

Measurement models
Insurance contracts are not measured individually, but they are grouped together for measurement purposes. To determine the group that a contract belongs to, the Company defines portfolios of insurance contracts where the contracts in each portfolio have similar risks and are managed together. These portfolios are then divided into groups based on their profitability and year of issue. International Financial Reporting Standard (IFRS) 17 includes three measurement models: the premium allocation approach, the general measurement approach, and the variable fee approach.

General Measurement Model
According to the General Measurement Model, the measurement of insurance contracts consists of the cash flows due under the contract plus the contractual service margin. The cash flows due under the insurance contract represent the present value adjusted for risks of the Company's rights and obligations towards the policyholders and include estimates of expected cash flows, discounting, and adjustments for non-financial risks.

Risk adjustment is made to cover the uncertainty regarding the amount and timing of cash flows arising from non-financial risks. The unearned profit margin represents the profit not yet realized from the current contracts that the Company will recognize during the coverage period.

At the start of the contract, the unearned profit margin cannot be negative. If calculating the due cash flows results in a negative unearned profit margin, it is considered as zero, and the negative amount is immediately recorded in the statement of profit or loss.

The book value of the insurance contracts portfolio at the end of each period represents the sum of remaining coverage obligations and obligations for incurred claims. The remaining coverage obligations include the due cash flows related to future services and the unearned profit margin, while obligations for incurred claims include the due cash flows related to past services.

The unearned profit margin is adjusted for changes in cash flows related to future services and the accrual of interest at the fixed interest rates upon initial recognition of the contract portfolio. Revenue is recognized by releasing a portion of the unearned profit margin in the profit or loss for each period based on the value of services provided in that period on the basis of "coverage units." International Financial Reporting Standard (IFRS) 17 provides guidance based on principles only on how to determine coverage units

Installment Allocation Model
The installment allocation model is an optional simplified model used to measure the liability of the remaining coverage. The Company is allowed to use this model when the measurement according to this model does not differ essentially from the measurement under the general model or if the coverage period for each contract in the insurance contracts group does not exceed one year. Under the installment allocation model, the liability is measured based on the remaining coverage by taking the net installment amount received from the amounts paid to acquire the insurance contract, subtracting from it the net installment amount and the amounts paid to acquire the insurance contract recognized in the profit or loss statement relating to the part of the insurance contract that has elapsed over time.

Insurance revenue and insurance service expenses are recognized in the profit or loss statement based on the concept of services provided during the period. The standard requires recognition of losses on contracts expected to be immediately loss-making in the profit or loss statement. For insurance contracts measured under the installment allocation model, the Company assumes, upon initial recognition of those contracts, that the contracts are not loss-making unless the facts and circumstances indicate otherwise. The Company focuses on developing profitable and sustainable business and does not expect to recognize loss-making contracts unless the following are identified:

- Relevant pricing decisions
- The initial stages of new contracts where these contracts are loss-making.
- Any other strategic decisions deemed appropriate by management.

The Company will apply the installment allocation model to groups of insurance contracts it issues and to groups of reinsurance contracts it holds when the coverage period is 12 months or less. The Group has evaluated the possibility of using the installment allocation model for groups of contracts where the coverage period exceeds 12 months. Based on this evaluation, the Group expects a significant proportion of its contracts to be measurable under the installment allocation model, except for individual life insurance contracts with long-term coverage.

The Variable Fee Approach
The Variable Fee Approach is a required modification to the General Measurement Model regarding the treatment of the contractual service margin to accommodate direct participation contracts. Insurance contracts have the feature of direct participation.

It is determined whether a contract contains the direct participation feature when it satisfies the following three requirements:

- The contractual terms include a provision that specifies that the policyholder participates in a defined and identifiable share of the items.
- The Company expects to pay the policyholder an amount that represents a substantial share of the fair value returns on the items.
- The Company expects any significant difference in the amounts it owes the policyholder to change with changes in the fair value of the items.

The standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the entity's share of the fair value of the items and changes in the estimated future cash flows relating to the future services. A cumulative adjustment for some or all of the adjustments may be determined.

Under the Variable Fee Approach, adjustments to the contractual service margin are determined using current discount rates, whereas under the General Measurement Model, adjustments are determined using fixed discount rates at the inception of a group of insurance contracts.

Unlike insurance contracts measured under the General Measurement Model, the contractual service margin of contracts that explicitly include direct participation features is not adjusted for changes in the entity's share of the fair value of the items because adjusting the contractual service margin for changes in the policyholder's share of the fair value of the items already includes an implicit adjustment for financial risk using current market-based interest rates and other financial risks.

Transition
Upon the application of Standard 1 January 2023, which is considered the initial application date, the standard must be applied retrospectively unless it is impracticable to do so. When full retrospective application of the standard is impracticable, International Financial Reporting Standard 17 allows alternative transition methods as follows:

- The application of the standard with a modified retrospective effect, which includes adjustments to the full retrospective application. According to this method, insurance companies that lack some information can obtain opening transitional balances as close as possible to the retrospective application. This depends on the reasonable and supporting information available to the insurance Company. Each adjustment will lead to an increase in the difference in results between the modified retrospective application of the standard and the results that could have been obtained if the standard had been fully retrospectively applied.
- The application of the standard using the fair value method, in which the fair value of the contracts at the transition date is used to determine the contractual service margin. This method allows the Company to determine opening balances, even if it does not have reasonable and supporting information about the contracts existing at the application date.

The Impact of Transitioning to IFRS 17

Management expects that the application of IFRS 17 will have an impact on the amounts and disclosures in the financial statements related to insurance contracts and reinsurance contracts held. It is expected that the opening property rights will be significantly affected based on the preliminary assessments the Company has conducted so far due to:

- Assumptions related to risk adjustments.
- The impact of onerous contracts (if any).
- The impact of cash flow discounting.
- Risks of non-fulfillment of expected obligations from reinsurance companies.

The Company has not yet completed the study related to assessing the impact of applying this standard on the financial statements of the Company. It is expected that this study will be completed during the first quarter of 2023.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
The amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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

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

(41) STATEMENT OF FINANCIAL POSITION FOR LIFE ASSURANCE BUSINESS

	2022	2021
	JD	JD
Assets		
Accounts receivable	100,407	233,923
Total Assets	100,407	233,923
Liabilities and Equity		
Outstanding claims reserve, net	52,592	89,333
Mathematical reserve, net	28,378	34,935
Total Technical Reserves	80,970	124,268
Accounts payable	7,570	9,835
Head Office current account	11,867	99,820
Total Liabilities and equity	100,407	233,923

(42) COMPARATIVE FIGURES

Some of 2021 balances were reclassified to correspond with those of 2022 presentation. The reclassification has no effect on the loss and equity of the year 2021.