

ARABIA INSURANCE – JORDAN

PUBLIC SHAREHOLDING COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Arabia Insurance -Jordan
Public Shareholding Company
Amman - Jordan**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arabia Insurance Company – Jordan Public Shareholding Company (the Company), which comprise the statement of financial position as at 31 December 2024, statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note (42) to the financial statements, the company's solvency margin was 144% as of 31 December 2024, which is below the minimum solvency margin required by Insurance Administrations' regulations of 150%.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the 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 financial statements.

1. Recognition of insurance contracts revenue	How the key audit matter was addressed in the audit
<p>Revenue is an important determinant of the company's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to the procedures for recognizing revenues in the correct period. The total insurance contracts revenues amounted to JD 29,706,372 for the year ended 31 December 2024.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> - Evaluating the accounting policies used to recognize the Company's revenues and evaluate whether the policies followed are in accordance with International Financial Reporting Standard No. (17). - We examined the Company's controls over revenue recognition, in addition to the main controls for these revenues. - We selected and reviewed a sample of insurance contracts before and after the date of the financial statements to ensure that revenues were recognized in the correct periods. - We performed analytical procedures on revenues accounts based on business activities. - We recalculated revenues for each business activity using data extracted from the Company's systems and acquisition costs based on the earning pattern of contracts. We also examined a sample of transactions and linked them with relevant policies to assess the accuracy of the extracted data. In addition, we tested and reviewed a sample of the entries recorded on the closing date of the financial statements. <p>The disclosures related to accounting policies for revenue recognition are disclosed in note (2-3).</p>

2- Measurement and completeness of insurance contracts liabilities in accordance with International Financial Reporting Standard No. (17)

The insurance contracts liabilities amounted to JD 20,672,748 representing 95% of the total liabilities as at 31 December 2024.

Measuring the amount of insurance contracts liabilities involves assumptions and management's use of estimates to calculate and measure Insurance and reinsurance contracts liabilities through measuring the present value of cash flows, risk adjustments, measuring onerous contracts and measuring the discount rate and contract service margin.

Based on the above, measurement and completeness of insurance contract liabilities were considered a key audit matter.

How the key audit matter was addressed in the audit

Our audit procedures included, amongst others:

- We obtained an understanding of the company's procedures related to measuring insurance contract liabilities, including the entity-level control procedures that the company has adopted for the accounting process in accordance with the standard.
- Evaluating the Company's methodology for calculating insurance contracts liabilities and evaluating the policies in accordance with International Financial Reporting Standard No. (17).
- We tested the accuracy and completeness of the historical data used to measure insurance contracts liabilities by tracking a sample of data for the contracts and reconciling the data to previous accounting records.
- Test samples of claims reserves by comparing the estimated amount of the case reserve with the appropriate documentation and amounts paid in subsequent periods.
- We performed analytical procedures on the liability accounts according to the business activity, and recalculated the unearned revenues and issuance costs that constitute the liability provision for the remaining coverage for each business activity using data extracted from the company's systems.
- We evaluated the competence and objectivity of the actuary appointed by the management.
- We assessed the adequacy of the financial statement disclosures in relation to these liabilities.

	<p>- In addition, with the assistance of our internal actuarial we performed the below:</p> <ul style="list-style-type: none"> • Determine whether the calculation methods and the model used are appropriate or not. • Assess the following key assumptions: <ul style="list-style-type: none"> - Loss ratios. - Claims development factors. - Discount rates. • Determine if the estimates applied in the current period and prior period were consistent. <p>The disclosure related to accounting policies for insurance contract liabilities and disclosures related to insurance contract liabilities are disclosed in note (2 -3) and note (9) the financial statements.</p>
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Other information included in the Company's 2024 annual report

Other information consists of the information included in the Company's 2024 Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.

Amman – Jordan
24 April 2025

ERNST & YOUNG
Amman - Jordan

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 JD	2023 JD
<u>Assets</u>			
Investments-			
Bank deposits	3	10,978,205	10,501,452
Financial assets at fair value through other comprehensive income	4	3,565,339	2,562,106
Financial assets at fair value through profit and loss	5	3,209,090	2,972,726
Financial assets at amortized cost	6	2,230,389	1,601,281
Investment properties	7	1,872,391	1,912,463
Total Investments		21,855,414	19,550,028
Cash on hand and balances at banks	8	1,085,432	1,623,778
Insurance contracts assets	9	139,335	199,915
Reinsurance contracts assets	9	4,660,766	6,887,172
Deferred tax assets	10	1,753,258	1,734,682
Property and equipment	11	1,997,517	2,050,895
Intangible assets	12	61,801	82,400
Other assets	13	520,175	496,039
		10,218,284	13,074,881
Total Assets		32,073,698	32,624,909
<u>Liabilities and Equity</u>			
Liabilities –			
Insurance contracts liabilities:			
Insurance contracts liabilities	9	20,672,748	20,912,863
Total Insurance contract liabilities		20,672,748	20,912,863
Accrued expenses		139,493	201,447
Reinsurance contracts liabilities	9	10,002	38,362
Other provisions	14	20,494	17,050
Deferred tax liabilities	10	641,514	792,965
Income tax provision	10	-	177,654
Other liabilities	15	277,912	117,977
		1,089,415	1,345,455
Total Liabilities		21,762,163	22,258,318
Equity -			
Authorized and paid-in capital	16	8,000,000	8,000,000
Statutory reserves	17	1,494,212	1,494,212
Voluntary Reserve	17	174,717	174,717
Fair value reserve	18	(402,539)	(401,691)
Retained earnings	19	1,045,145	1,099,353
Net Equity		10,311,535	10,366,591
Total Liabilities and Equity		32,073,698	32,624,909

The attached notes 1 to 47 form part of these financial statements

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 JD	2023 JD
Revenues –			
Insurance contracts revenues	21	29,706,372	28,569,581
Less: Insurance contracts expenses	22	(25,504,158)	(23,282,933)
Insurance contracts services results		4,202,214	5,286,648
Reinsurance contracts expenses	24	(9,720,447)	(10,075,357)
Reinsurance contracts revenues	23	4,123,596	5,145,511
Reinsurance contracts services results		(5,596,851)	(4,929,846)
Net insurance and re-insurance contracts results		(1,394,637)	356,802
Finance expense– insurance contracts	25	(262,382)	(534,544)
Finance income– re-insurance contracts	26	165,655	311,959
Net insurance and re-insurance contracts results		(1,491,364)	134,217
Interest income	20	886,729	735,086
Net gain from financial assets and investments	30	625,930	461,689
Other revenues	29	184,772	36,599
Total revenues		206,067	1,367,591
Unallocated expenses	27	(192,245)	(201,729)
Provision for expected credit losses	6,3	(10,537)	(4,391)
Write – offs		-	(36,998)
Total expenses		(202,782)	243,118
Profit for the year before income tax		3,285	1,124,473
Less: income tax expense	10	57,493	292,738
(Loss) Profit for the year		(54,208)	831,735
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the (loss) profit of the year	31	(0.007)	0.104

The attached notes 1 to 47 form part of these financial statements

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
LIFE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 JD	2023 JD
Revenues		
Insurance contracts revenues	87,065	69,018
Insurance contract expenses	(37,710)	(36,030)
Insurance contracts services results	49,355	32,988
Re-insurance contracts expenses	(46,060)	(41,245)
Re-insurance contracts revenues	(1,671)	(1,684)
Net insurance and re-insurance contracts results	1,624	(9,941)
Finance expenses – insurance contracts	(4,652)	(21,168)
Finance income (expenses) – re-insurance contracts	2,752	(1,307)
Net insurance and re-insurance contracts financing results	(276)	(32,416)
Interest income	82,704	-
Net gain from financial assets and investments	6,001	87,902
Total revenues	88,429	55,486
Unallocated General and administrative expenses	395	-
Total expenses	395	-
Profit for the year before income tax	88,034	55,486
income tax	-	-
Profit for the year after tax	88,034	55,486
	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit of the year	0.011	0.007

The attached notes 1 to 47 form part of these financial statements

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
		JD	JD
(Loss) Profit for the year		(54,208)	831,735
Add: Other comprehensive income not to be reclassified to statement of income in subsequent periods			
Change in fair value of financial assets through other comprehensive income	18	<u>(848)</u>	<u>2,841</u>
Total comprehensive income for the year		<u><u>(55,056)</u></u>	<u><u>834,576</u></u>

The attached notes 1 to 47 form part of these financial statements

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Authorized and paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings*	Total equity
	JD	JD	JD	JD	JD	JD
2024-						
Balance as at 1 January	8,000,000	1,494,212	174,717	(401,691)	1,099,353	10,366,591
Total comprehensive income	-	-	-	(848)	(54,208)	(55,056)
Balance at 31 December 2024	<u>8,000,000</u>	<u>1,494,212</u>	<u>174,717</u>	<u>(402,539)</u>	<u>1,045,145</u>	<u>10,311,535</u>
2023-						
Balance as at 1 January	8,000,000	1,381,765	174,717	(404,532)	380,065	9,532,015
Total comprehensive income	-	-	-	2,841	831,735	834,576
Transferred to the statutory reserve	-	112,447	-	-	(112,447)	-
Balance at 31 December 2024	<u>8,000,000</u>	<u>1,494,212</u>	<u>174,717</u>	<u>(401,691)</u>	<u>1,099,353</u>	<u>10,366,591</u>

* Included in retained earnings an amount of JD 1,753,258 as of 31 December 2024 (31 December 2023: JD 1,734,682) deferred tax assets that is restricted from us in accordance with Jordan Securities Commission instructions. Furthermore, an amount of JD 402,539 as of 31 December 2024 (31 December 2023: JD 401,691) of the retained earnings is restricted from use which represents the negative balance for the fair value reserve. An amount of JD 218,408 (Note 30) as of 31 December 2024 (31 December 2023: JD 101,837) is restricted from use which represents the unrealized gains from financial assets at fair value through profit or loss.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	<u>Notes</u>	<u>2024</u> JD	<u>2023</u> JD
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Profit for the year before tax		3,285	1,124,473
Adjustments-			
Interest income		(886,729)	(735,086)
Depreciation and amortization	7,11,12	127,750	152,758
Provision for expected credit losses	3,6	10,537	4,391
Change in fair value of financial assets at fair value through profit or loss	30	(218,408)	(101,837)
Provision for end-of-service benefits	14	23,622	16,488
Cash flows (used in) from operating activities before changes in working capital		<u>(939,943)</u>	<u>461,187</u>
Insurance contract assets		60,580	(805,626)
Reinsurance contract assets		2,226,406	(173,544)
Insurance contract liabilities		(240,115)	2,448,797
Reinsurance contract liabilities		(28,360)	(34,452)
Other assets		5,440	(161,719)
Accrued expenses		(61,954)	25,195
Other liabilities		159,935	(80,846)
Payments from end-of-service benefit provision	14	(20,178)	(14,384)
Income tax paid	10	(408,711)	(58,361)
Net cash flows from operating activities		<u>753,100</u>	<u>1,606,247</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
Deposits maturing in more than three months		(849,036)	(1,500,756)
Interest received		860,987	735,086
Purchase of property and equipment	11	(10,567)	(9,532)
Purchase of financial assets at fair value through profit or loss		(17,955)	-
Purchase of financial assets at amortized cost		(639,000)	(283,600)
Purchase of intangible assets	12	(3,134)	(883)
Purchase of financial assets at fair value through other comprehensive income		(1,004,379)	(503,273)
Net cash flows used in investing activities		<u>(1,663,084)</u>	<u>(1,562,958)</u>
Net (Decrease) increase in cash and cash equivalent		<u>(909,984)</u>	<u>43,289</u>
Cash and cash equivalents at the beginning of the year		7,006,474	6,963,185
Cash and cash equivalents at the end of the year	8	<u>6,096,490</u>	<u>7,006,474</u>

The attached notes 1 to 47 form part of these financial statements

(1) GENERAL

Arabia Insurance Company - Jordan was established in 1975 and registered as a Jordanian Public Shareholding Company with headquarters in Amman - Jordan with an authorized capital of JD 2,000,000 divided into 2,000,000 shares, with a par value of JD 1 per share. The Company's capital was increased on several occasions, the last of which was on February of 2008 to become JD 8,000,000 divided into 8,000,000 shares.

The Company is engaged in insurance and re-insurance business including life and general insurance (motors insurance, transport insurance, fire insurance, other damage to property and liability insurance, and the life insurance sector).

According to the resolution of the General Assembly of the shareholders on 30 April 2012, the name of the Company was changed on 31 May 2012 to "Arabia Insurance Company - Jordan" instead of "Arabia General Insurance Company".

Arabia Insurance Company - Jordan is 51% owned by Arabia Company (Holding Company - Lebanon).

The financial statements are consolidated with parent Company – Arabia Company (Holding Company - Lebanon).

The financial statements were approved for issuance by the Board of Directors on 23 April 2025, and are subject to the approval of the General Assembly of Shareholders and the Central Bank of Jordan.

(2) BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(2-1) THE BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated with the International Accounting Standards Board.

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

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

(2-2) Changes in accounting policies

The accounting policies used in the preparation of the financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024 shown below:

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's financial statements.

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

The amendments to IAS 1 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

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Company's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Company's financial statements.

(2-3) Material accounting policies information

The following are the major material accounting policies applied:

Business Sector

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

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

Date of Recognition of Financial Assets

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

IFRS 17 Insurance Contracts

Insurance Contract Definition

The definition of an insurance contract in IFRS 17 is 'a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, groups of insurance contracts issued are initially recognized from the earliest of the following:

- The beginning of the coverage period;
- The date of the first payment
- The date when the contract is considered onerous.

As for insurance contracts that contain the direct participation feature and that have economic characteristics similar to the insurance contract (long coverage period, recurring premiums and the amount or timing of the return at the discretion of the issuer) and are linked to the same assets or participation in the performance of insurance contracts, contracts that contain that feature at the beginning of the contracts is as follows:

- Participation of the insured/beneficiaries with a share of the insurance contract portfolio.
- The possibility that the Company will pay the insureds/beneficiaries a significant share of the fair value proceeds of the investments associated with the group of insurance contracts.
- There is a high possibility that the amounts paid to the insured/beneficiaries will change by changing the fair value of the investments associated with the group of insurance contracts.

As for contracts that are not classified as an insurance contract, they are, for example, the following:

- Investment contracts that have a legal form similar to an insurance contract, but they do not transfer material insurance risks to the insurance Company and include financial risks such as implicit derivatives, change in the fair value of a financial instrument, change in interest rates, change in currency exchange rates, or credit rating, so that they are classified as investment contracts in accordance with IFRS 9.
- Investment contracts that contain the optional participation feature, which are investment contracts with a legal form similar to an insurance contract, except that they do not transfer substantial insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified according to IFRS 17.

- Self-insurance (i.e. maintaining the risks that could have been covered by the insurance contract within the Company, i.e. there is no other party to the contract), such as the Company issuing an insurance contract in the name of the Company, a subsidiary or an associate Company, classified in accordance with IFRS 15

Insurance Contract Liabilities

Insurance contract liabilities are recognized when the Company has liabilities at the date of the financial statements arising from past events related to insurance contracts, and repayment of obligations is probable and reliably measurable.

The amounts recognized as insurance contract liabilities represent the best estimate of the amounts required to settle the obligation as at the date of the financial statements, taking into account the risks and uncertainties associated with insurance contract liabilities. When liabilities are valued on the basis of the estimated cash flows to settle the current obligation, the carrying amount represents the present value of those cash flows.

When some or all of the economic benefits required from third parties to settle liabilities are expected to be recovered, the receivable is recognized as an asset if the actual receipt of compensation is certain and its value can be reliably measured.

Retained reinsurance contracts

They are contracts concluded with reinsurers to compensate the insurance Company for claims arising from insurance contracts issued by it.

Reinsurance contracts held are recognized:

- The beginning of the coverage period of the reinsurance contract or upon the initial recognition of the insurance contract issued by the Company if the reinsurance contract is proportional with the set of insurance contracts.
- From the beginning of the coverage period for the set of reinsurance contracts held for other cases.

Liabilities for remaining coverage

The amount that the Company must monitor upon recognition of insurance contracts, which pertains to subsequent financial periods as a result of valid insurance contracts.

Liabilities for incurred claims

It is the total value of the expected costs incurred by the Company as a result of insurance contract covered notices that were signed before the end of the financial period and include those reported and unreported claims, in addition to related expenses.

Contractual Service Margin

It is the unearned profit from the remaining coverage that is expected to be profitable, which is recognized in conjunction with the provision of insurance contract services.

Initial Recognition of Insurance Contracts / General Measurement Model

The group of insurance contracts at initial recognition is measured according to the following:

1. Cash flows to meet obligations arising from contracts which include:
 - Estimates of future cash flows
 - Adjustments to the time value of money and financial risks associated with future cash flows by not including such financial risks in future cash flow estimates.
 - Non-financial risk adjustments
2. Contractual Service Margin

Post-measurement of insurance contracts / General measurement model

The Company shall recognize the book value of any of the insurance contract groups at the end of each period and the sum of the following shall be:

1. Liabilities for remaining coverage, which includes the net value of cash inflows and outflows after applying the discount rate plus adjustments for non-financial risks and contractual service margin.
2. Liabilities for incurred claims, which is calculated according to the best estimate of future cash flows for payment of claims plus adjustments for non-financial risks, taking into account the application of the discount rate on claims expected to be paid after more than one year.

Initial recognition of insurance contracts / Premiums allocation approach

The group of insurance contracts at initial recognition is measured according to the following:

- Insurance premiums received upon initial recognition.
- Minus any costs paid for the acquisition of insurance contracts on that date.
- Plus or minus any amount arising from cash flows related to the costs of acquiring insurance contracts.

Subsequent measurement / Premium allocation approach

1. At the end of each subsequent period, the Company shall recognize the book value of the obligation, taking into account the following adjustments to the balance of the obligation:
 - Add insurance premiums received for the period.
 - Minus the cash flows to acquire insurance contracts.
 - Add any amounts related to the amortization of cash flows to acquire insurance contracts recognized as an expense.
 - Adding amendments to the financing component.
 - Minus the amount recognized as insurance income for coverage provided in that period.
 - Minus any paid investment component or transfer of liabilities related to claims incurred.

2. Liabilities for incurred claims, which is calculated according to the best estimate of future cash flows for the payment of claims plus adjustments for non-financial risks, taking into account the application of the discount rate on claims.

Amendment of insurance contracts

The Company amends insurance contracts by addressing anticipated changes in future cash flows as a result of changes in estimates of cash flows for the fulfillment of contracts unless the conditions for the cancellation of recognition of insurance contracts apply.

De-recognition of insurance contracts

The Company derocognise the recognition of insurance contracts in the following cases:

- Termination of the contract (expiry, fulfillment or cancellation of the obligation specified in the insurance contract)
- In the event that the insurance contract is amended and this amendment does not meet the conditions of the amendment according to the requirements of the standard, the Company cancels the contract and recognizes a new contract.

Insurance contracts expected to be lost

The Company recognizes insurance contracts as contracts expected to lose if the contract is expected to be lost on the date of initial recognition and the loss component is measured by comparing the expected cash flows to meet the requirements of the contract or group of contracts with the cash flows obtained from this contract or group of contracts. The Company shall disclose the loss component if the contractual service margin is zero (applicable only to the general measurement model and variable fee approach).

Summary of Measurement Approach

1. The Company classifies insurance and reinsurance contracts according to the following:

Insurance contract		Reinsurance contract	
Type	Measurement approach	Type	Measurement approach
Vehicles	Premium allocation approach	Vehicles	Premium allocation approach
Marine and transport	Premium allocation approach	Marine and transport	Premium allocation approach
Fire and other property damage	Premium allocation approach	Fire and other property damage	Premium allocation approach
Medical	Premium allocation approach	Medical	Premium allocation approach
Life - group	Premium allocation approach	Life - group	Premium allocation approach
Life - individual	General approach	Life - individual	General approach
Other branches	Premium allocation approach	Other branches	Premium allocation approach

Level of Aggregation

IFRS 17 requires the Company to determine the level of aggregation for applying its requirements. Insurance contract portfolios are divided into groups by underwriting year so that they group portfolios of insurance contracts with similar risks and managed together.

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Company adopted the method of full retrospective application of the transition to IFRS 17 under the approach of premium allocation. Portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, the portfolios of contracts during each year of issue are divided into three groups, as follows:

- Any onerous contracts upon initial recognition.
- Any contracts that, upon initial recognition, do not have a substantial probability of becoming onerous later;
- Any remaining contracts in the portfolio.

The level of profitability

The groups of contracts referred to in the previous level are classified into the classifications shown below, according to the expected net cash flows from the contract and the accounting approach used in processing the groups of contracts:

- Contracts for which there is no probability of becoming onerous upon initial recognition.
- Contracts expected to be onerous.
- Other contracts-if any -.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Historical information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of re-insurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of re-insurance contracts held. (However, the Company delays the recognition of a group of re-insurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of re-insurance contracts held.
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related re-insurance contract held in the group of re-insurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Unit of account

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- Contracts that are onerous at initial recognition
- Contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- A group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For life risk and savings product lines, sets of contracts usually correspond to policyholder pricing groups that the Company determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Company monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing groups with no information available at a more granular level.

Contracts issued within participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous at the time of initial recognition.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of

- Contracts for which there is a net gain at initial recognition, if any;
- Contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- Remaining contracts in the portfolio, if any.

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

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (A) Are based on a probability weighted mean of the full range of possible outcomes.
- (B) Are determined from the perspective of the Company, provided the estimates are consistent with observable market prices for market variables; and
- (C) Reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- A) The Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b) Both of the following criteria are satisfied:
 - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Liabilities or assets related to expected premiums or compensation outside the boundaries of the insurance contract are not recognized. These amounts relate to future insurance contracts.

Measurement Model Application

The Company applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds for which the coverage period is less than one year. For other contracts issued and held where the coverage period is more than one year, the Company performs PAA Eligibility testing as disclosed in Note 2.3 to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Company applied PAA on contract issued and reinsurance contracts held that pass the testing. As per the recent testing performed the following could not pass the testing hence, General Measurement Model (GMM) has been applied.

When measuring liabilities for remaining coverage (LRC), the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Initial measurement – Groups of contracts not measured under the PAA -contractual service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- A) The initial recognition of the FCF;
- B) The derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
- C) Cash flows arising from the contracts in the Company at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in the statement of income immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognizes the net cost immediately in the statement of income. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognize as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired through business combination, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- A) The initial recognition of the FCF; and
- B) Cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

Subsequent measurement – Groups of contracts not measured under the PAA

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

- A) The LRC, comprising:
 - i. The FCF related to future service allocated to the group at that date; and
 - ii. The CSM of the group at that date; and
- B) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

A) The remaining coverage, comprising:

- i. the FCF related to future service allocated to the Company at that date; and
- ii. the CSM of the Company at that date; and

B) The incurred claims, comprising the FCF related to past service allocated to the Company at the reporting date.

Changes in fulfilment cash flows

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

A) Changes that relate to current or past service are recognized in the statement of income; and

B) Changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

A) Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;

B) Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;

C) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and

D) Changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a, b and c above are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- A) The effect of any new contracts added to the Company.
- B) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- C) Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- D) The effect of any currency exchange differences.
- E) The amount recognized as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognized in the insurance service result.

Onerous contracts – Loss component on GMM

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous, and the Company recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- A) Expected incurred claims and expenses for the period;
- B) Changes in the risk adjustment for non-financial risk for the risk expired; and
- C) Finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in a. , b. and c. above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Initial and subsequent measurement – Groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing as stated above.

The excess of loss reinsurance contracts held provide coverage on the insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

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

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

- A) The LRC; and
- B) The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

- A) The remaining coverage; and
- B) The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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

- A) Increased for premiums received in the period;
- B) Decreased for insurance acquisition cash flows paid in the period;
- C) Decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
- D) Increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.

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

- A) Increased for ceding premiums paid in the period; and
- B) Decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since motor insurance contracts issued by the Company and measured under the PAA typically have a settlement period of over one year.

Onerous contracts – Loss component on PAA

For all contracts measured under PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

In addition, if facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. Once a group of contracts is determined as onerous on initial or subsequent assessment, loss is recognized immediately in the statement of income in insurance service expense.

The loss component is then amortized to the statement of income over the coverage period to offset incurred claims in insurance service expense. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Company remeasures the same and adjusts the loss component as required until the loss component is reduced to zero. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Insurance acquisition costs

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- A) costs directly attributable to individual contracts and groups of contracts; and
- B) costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognized, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognized.

The acquisition costs are generally capitalized and recognized in the statement of income over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Company incurs those costs. The Company has elected not to choose the option except for ----- insurance contracts and has capitalized the costs which would then be recognized over the life of contracts. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Insurance revenue

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
 - A. Insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - i. Amounts related to the loss component;
 - ii. Repayments of investment components;
 - iii. Amounts of transaction-based taxes collected in a fiduciary capacity; and
 - iv. Insurance acquisition expenses;
 - B. Changes in the risk adjustment for non-financial risk, excluding:
 - i. Changes included in insurance finance income (expenses);
 - ii. Changes that relate to future coverage (which adjust the CSM); and
 - iii. Amounts allocated to the loss component;
 - C. Amounts of the CSM recognized in statement of income for the services provided in the period; and
 - D. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

- A) Incurred claims and benefits excluding investment components;
- B) Other incurred directly attributable insurance service expenses;
- C) Insurance acquisitions costs incurred and amortization of insurance acquisition cash flows;
- D) Changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- E) Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of income.

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis between the amounts recoverable from reinsurers and allocation of the premiums for reinsurance contracts held, comprising the following amounts:

- A) Reinsurance expenses;
- B) Incurred claims recovery;
- C) Other incurred directly attributable insurance service expenses;
- D) Effect of changes in risk of reinsurer non-performance;
- E) For contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
- F) Changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- A) Insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components.
- B) Changes in the risk adjustment for non-financial risk, excluding:
 - Changes included in finance income (expenses) from reinsurance contracts held; and
 - Changes that relate to future coverage (which adjust the CSM);
- C) Amounts of the CSM recognized in statement of income for the services received in the period; and
- D) Ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

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

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- A) The effect of the time value of money and changes in the time value of money; and
- B) The effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- A) Interest accreted on the FCF and the CSM;
- B) The effect of changes in interest rates and other financial assumptions; and
- C) Foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- A) Changes in the fair value of underlying items;
- B) Interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- C) The effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- A) interest accreted on the LIC; and
- B) the effect of changes in interest rates and other financial assumptions.

Discount rates

The Company adopt a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves– taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the European Insurance and Occupational Pensions Authority curve, and the relevant country specific credit risk premium will be loaded as required.

Risk adjustments

IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure.
- Risk Adjustment (RA) for non-financial risk.
- Contractual Service Margin (CSM).

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

Derivation of the risk adjustment

The Company has determined that the derivation of the risk adjustment shall be performed at the operating group level using an appropriate methodology that is in line with IFRS 17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based the quantile approach performed on Company's triangles with consideration to market benchmarks.

The Company will a set confidence level in the range of the 60th to 75th percentile, on a diversified basis. The Company applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance contracts to determine the desired Risk Adjustment.

Fair Value

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

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

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

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

A- Financial assets at amortized cost

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

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

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

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

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

B- Financial assets at fair value through other comprehensive income

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

C- Financial assets at fair value through profit or loss

These assets represent investments in shares of companies for trading purposes and that their purpose is to generate profits from short-term market price fluctuations or trading profit margin.

These assets are recognized at fair value upon purchase (acquisition expenses are charged to the Statement of income and expenses upon purchase) and subsequently revalued at fair value. The change in fair value is reflected in the Statement of income and expenses, including the change in fair value resulting from the differences in the conversion of items of non-cash assets in foreign currencies. in the event of the sale of these assets or part of them, the resulting profit or loss is taken into account in the Statement of income.

Dividends or accrued interest are recorded in the statement of income.

Impairment in Financial Assets Value

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

Impairment amounts are determined by the following:

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

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

Investment Properties

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

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

Cash and Cash equivalents

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

Property and equipment

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

	%
Buildings	2
Office devices and equipment	10
Computer devices	12
Vehicles	15
Furniture and interior fittings	6
Air conditioning devices	10
Decorations	15
Signages	20
Elevators	10
Public safety and security systems	10
Transformers and electricity generators	10

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

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

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

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

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

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

Intangible assets

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

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

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

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight-line basis at 20% amortization rate.

Provisions

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

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

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

Provision for expected credit losses

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

End of service provision

The plans liability is determined actuarial expert. The obligation provision and pension costs are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Past service costs are recognized in statement of income on the earlier of the date of plan amendment or the date that the Company recognizes related costs. Actuarial gains or losses are recognized in OCI in the period in which they occur. Gain or loss is realized from amendment or payment of the benefits when it occurs. The end of service obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.

Income Tax

Income tax represents accrued and deferred tax.

A- Accrued Income Tax

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

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

B- Deferred Tax

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

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

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

Offsetting

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

Dividend and interest revenues

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

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

Expenses recognition

Expenses are recognized using the accrual basis.

Foreign currencies

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

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

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

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

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

Use of Estimates

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

The details of significant estimates made by management as follows:

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial year is charged with its related income tax in accordance with laws and regulations.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit, The impairment loss (if any) appears on the statement of income.
- A provision on lawsuit against the Company is made based on the Company's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- The management periodically reviews whether a financial asset or group of financial assets is impaired, if so, this impairment is taken to the statement of income for the year.
- The management performs periodic reviews of financial assets carried at cost to assess any impairment in their value, and any such impairment is recognized in the income statement for the year.

Insurance and reinsurance contracts

A. PAA Eligibility Assessment

The Company has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year. After calculating the liabilities/assets applying PAA and GMM approach respectively, the Company then checks for any material differences for the contracts with coverage period of more than one year. In case the Company notes any material differences, it follows the GMM approach, and where there is no material difference, the Company has opted for PAA approach. The calculation was performed under both simplified approaches i.e., Premium Allocation Approach (PAA) and General Measurement Model (GMM).

Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the group's initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference, this difference compounds over longer contract durations.

B. Liability for incurred claims

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

C. Onerousness determination

For contracts measured under GMM a group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense.

For contracts measured under PAA, the Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratios.
- Historical combined ratio of similar and comparable sets of contracts.
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Company also relies on the same group of contracts' weighted actual emerging experience.

D. Expense attribution

The Company identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Company has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses and overheads are recognized in the statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(3) BANK DEPOSITS

	2024				2023
	Deposits maturing in 1 month	Deposits maturing between 1 to 3 months	Deposits maturing after 3 months	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan					
Jordan Ahli Bank	1,671,058	690,000	851,988	3,213,046	3,735,648
Arab Jordan Investment Bank	-	-	2,200,000	2,200,000	2,055,000
ABC Bank	-	-	2,000,000	2,000,000	1,870,000
Bank of Jordan	-	-	930,000	930,000	864,000
Egyptian Arab Land Bank	-	2,650,000	-	2,650,000	1,991,000
	1,671,058	3,340,000	5,981,988	10,993,046	10,515,648
Provision for expected credit losses *	(2,256)	(4,509)	(8,076)	(14,841)	(14,196)
	<u>1,668,802</u>	<u>3,335,491</u>	<u>5,973,912</u>	<u>10,978,205</u>	<u>10,501,452</u>

- Interest rates on bank deposits balances in Jordanian Dinars ranged from 4% to 6.8% for the year 2024 (2023: from 3.053 % to 4.50 %).

- Deposits pledged in favor of the Insurance Supervision Department / Central Bank amounted to JD 851,986 as of 31 December 2024 (as of 31 December 2023: JD 803,952) in Ahli Jordan Bank Due within one year.

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

	2024 JD	2023 JD
Balance at the beginning of the year	14,196	12,872
Additions	645	-
Transferred from provision for expected credit losses for trade receivable	-	1,324
Balance at the end of the year	<u>14,841</u>	<u>14,196</u>

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

This item represents the Company's investments in the shares of listed companies for the purpose of holding them for a long-term, rather than for trading purposes. The details of these investments as of 31 December 2024 and 2023 are as follows:

	2024	2023
	JD	JD
Shares		
Inside Jordan-		
Arab International Hotels Company (Marriott)	188,241	188,241
Ahli Jordan Bank	784,553	830,704
Jordan Worsted Mills Company	242,400	259,200
International Hotels and Commercial Markets Company	36,192	38,976
Arab Bank	1,800,063	756,285
Bank of Jordan	199,290	209,300
Jordan Telecommunications Company	314,600	279,400
Total Financial assets at fair value through other comprehensive income	<u>3,565,339</u>	<u>2,562,106</u>

(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	2024	2023
	JD	JD
Shares		
Inside Jordan-		
Shares listed in the Amman Stocks Exchange	<u>3,079,292</u>	<u>2,838,856</u>
Outside Jordan-		
Shares listed in Palestine Stocks Exchange	<u>8,075</u>	<u>7,845</u>
Bonds		
Outside Jordan-		
Jordanian government bonds and treasury bills *	<u>121,723</u>	<u>126,025</u>
Total financial assets at fair value through profit or loss	<u>3,209,090</u>	<u>2,972,726</u>

* This item represents the Jordanian government loan bonds, which are listed on the London market and are due on 10 October 2047.

(6) FINANCIAL ASSETS AT AMORTIZED COST

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Inside Jordan -		
Listed bonds in financial markets		
Corporate bonds and debentures	1,922,600	1,283,600
Less: Provision for expected credit losses *	(29,762)	(19,870)
Total	<u>1,892,838</u>	<u>1,263,730</u>
Outside Jordan -		
Corporate bonds and debentures	408,769	408,769
Foreign government bonds and debentures	71,699	71,699
Less: Provision for expected credit losses *	(142,917)	(142,917)
Total	<u>337,551</u>	<u>337,551</u>
Total financial assets at amortized cost	<u><u>2,230,389</u></u>	<u><u>1,601,281</u></u>

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

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance at the beginning of the year	162,787	158,396
Provision for expected credit losses for the year	9,892	4,391
Balance at the end of the year	<u>172,679</u>	<u>162,787</u>

- A bond issued by Jordan Ahli Bank in the amount of JD 1,000,000, maturing on 13 November 2029, bearing an annual interest rate of 7.5%, payable semi-annually throughout the bond's life. This bond is listed.
- A bond issued by the Jordan Kuwait Bank in the amount of JD 170,000, maturing on 8 June 2027, bearing an annual interest rate of 8.5%, payable quarterly throughout the bond's life. This bond is listed.
- A bond issued by Bank al Etihad in the amount of USD 160,000 (JD 113,600) with no maturity date, bearing an annual interest rate of 8.5%, payable quarterly throughout the bond's life. This bond is listed.
- A bond issued by Jordan Ahli Bank in the amount of USD 900,000 (JD 639,000) with no maturity date, bearing an annual interest rate of 8.5%, payable quarterly throughout the bond's life. This bond is listed.

- A bond issued by Capital Bank in the amount of USD 300,000 (JD 212,700), maturing on 24 February 2027, bearing an annual interest rate of 7%, payable semi-annually throughout the bond's life. This bond is listed.
- A bond issued by SBER Bank in the amount of USD 200,000 (JD 142,000), matured on 29 October 2022, bearing an annual interest rate of 5.125%. Its book value amounted to JD 128,673.
- A bond issued by the Republic of Lebanon in the amount of USD 100,000 (JD 70,900), matured on 9 March 2020, bearing an annual interest rate of 6.375%. A full provision has been recorded. Its book value amounted to JD 71,700.
- A bond issued by Telemar Company in the amount of USD 100,000 (JD 70,900), matured on 23 October 2020, bearing an annual interest rate of 5.5%. A full provision has been recorded. Its book value amounted to JD 67,397.

The interest rates on bonds and loan notes in Jordanian Dinars range from 6.38% to 8.50%, and on foreign currency bonds from 5.13% to 8.5% during the year 2024 (2023: interest rates on JD bonds and loan notes ranged from 6.38 % to 8.50%, and on foreign currency bonds from 5.13% to 8.5%).

(7) INVESTMENT PROPERTIES

This item consists of the following:

	Land	Building	Total
	JD	JD	JD
2024 -			
Cost:			
Balance at the beginning of the year	316,146	2,135,649	2,451,795
Balance at the end of the year	316,146	2,135,649	2,451,795
Accumulated Depreciation:			
Balance at the beginning of the year	-	539,332	539,332
Depreciation for the year	-	40,072	40,072
Balance at the end of the year	-	579,404	579,404
Net book value at the end of the year	316,146	1,556,245	1,872,391
2023 -			
Cost:			
Balance at the beginning of the year	316,146	2,135,649	2,451,795
Balance at the end of the year	316,146	2,135,649	2,451,795
Accumulated Depreciation:			
Balance at the beginning of the year	-	488,223	488,223
Depreciation for the year	-	51,109	51,109
Balance at the end of the year	-	539,332	539,332
Net book value at the end of the year	316,146	1,596,317	1,912,463

The fair value of the investment properties was estimated by 3 licensed and independent valuers amounting to JD 2,395,269 as of 31 December 2023. In management opinion, the fair value of the investment properties as of 31 December 2024 is higher than the book value and that the results of the management evaluation as of 31 December 2023 is still applicable.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(8) CASH ON HAND AND BALANCES AT BANKS

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash on hand	1,980	158
Bank balances	<u>1,083,452</u>	<u>1,623,620</u>
	<u>1,085,432</u>	<u>1,623,778</u>

Cash and cash equivalents as of 31 December 2024 and 2023, as presented in the statement of cash flows, represent cash on hand, bank balances, and bank deposits maturing within three months, net of restricted deposits.

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash on hand and balances at banks	1,085,432	1,623,778
Add: Deposits at banks with original maturity date less than three months (Note 3)	<u>5,011,058</u>	<u>5,382,696</u>
Net cash and cash equivalents at the end of the year	<u>6,096,490</u>	<u>7,006,474</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(9) INSURANCE CONTRACTS ASSETS/LIABILITIES

(9 - A) INSURANCE CONTRACT ASSETS/LIABILITIES – PREMIUM ALLOCATION APPROACH

	Liabilities for remaining coverage				Liabilities for incurred claims				Total	
	2024	2024	2023	2023	2024	2023	2024	2023	2024	2023
	Excluding Loss Component	Loss Component	Excluding Loss Component	Loss Component	Present Value of Cash Flows	Present Value of Cash Flows	Non-financial Risk Adjustments	Non-financial Risk Adjustments	Total	Total
Insurance contract liabilities – beginning of the period	(8,626,919)	(876,528)	(6,961,446)	(636,811)	(10,226,463)	(9,549,899)	(808,117)	(903,252)	(20,538,027)	(18,051,408)
Insurance contract Assets – beginning of the period	242,634	-	30,437	-	(37,825)	(4,066)	(4,894)	-	199,915	26,371
Net insurance contract liabilities (assets) – beginning of the period	(8,384,285)	(876,528)	(6,931,009)	(636,811)	(10,264,288)	(9,553,965)	(813,011)	(903,252)	(20,338,112)	(18,025,037)
Insurance Contract Revenues	29,619,307	-	28,500,563	-	-	-	-	-	29,619,307	28,500,563
Insurance Contract Expenses										
• Claims incurred during the period	-	-	-	-	22,261,223	20,885,576	514,209	481,769	22,775,432	21,367,345
• Changes related to past service – adjustments to LfIC	-	-	-	-	301,177	(31,263)	(551,057)	(572,010)	(249,880)	(603,273)
• Amortization of acquisition costs and expenses	2,611,009	-	2,243,115	-	-	-	-	-	2,611,009	2,243,115
• Losses from onerous contracts and reversals of such losses	-	329,887	-	239,717	-	-	-	-	329,887	239,717
Insurance service result	27,008,298	(329,887)	26,257,448	(239,717)	(22,562,400)	(20,854,313)	36,848	90,241	4,152,859	5,253,659
Finance expenses – from insurance contracts	-	-	-	-	(257,730)	(513,375)	-	-	(257,730)	(513,375)
Investment Components	-	-	-	-	-	-	-	-	-	-
Net Change – Other Comprehensive Income (OCI)	27,008,298	(329,887)	26,257,448	(239,717)	(22,820,130)	(21,367,688)	36,848	90,241	3,895,129	4,740,284
Cash received from written contracts	(29,193,292)	-	(28,632,723)	-	-	-	-	-	(29,193,292)	(28,632,723)
Claims incurred	-	-	-	-	22,840,621	20,657,365	-	-	22,840,621	20,657,365
Paid acquisition costs	2,619,187	-	2,094,193	-	-	-	-	-	2,619,187	2,094,193
Total cash flows	(26,574,105)	-	(26,538,530)	-	22,840,621	20,657,365	-	-	(3,733,484)	(5,881,165)
Insurance contract liabilities – end of the period	(8,239,012)	(1,206,415)	(8,626,919)	(876,528)	(10,116,690)	(10,226,463)	(753,685)	(808,117)	(20,315,802)	(20,538,027)
Insurance contract assets – end of the period	288,920	-	242,634	-	(127,107)	(37,825)	(22,478)	(4,894)	139,335	199,915
Insurance contract assets – end of the period	(7,950,092)	(1,206,415)	(8,384,285)	(876,528)	(10,243,797)	(10,264,288)	(776,163)	(813,011)	(20,176,467)	(20,338,112)

RECEIVABLES RELATED TO INSURANCE OPERATIONS

This item represents receivables related to insurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

	<u>2024</u>	<u>2023</u>
	JD	JD
Policyholders' Receivables	5,146,557	4,274,082
Agents' Receivables	1,303	1,085
Brokers' Receivables	401	-
Employees' Receivables	5,528	2,380
Other Receivables	829	550
Total Receivables Related to Insurance Operations	<u>5,154,618</u>	<u>4,278,097</u>
Less: Expected Credit Loss	<u>(74,066)</u>	<u>(106,638)</u>
Net Receivables Related to Insurance Operations	<u>5,080,552</u>	<u>4,171,459</u>

The aging details of the receivables are as follows:

Analysis of receivables based on their aging periods:

	<u>2024</u>	<u>2023</u>
	JD	JD
Not Yet Due	4,351,295	3,328,799
Due for 0–90 Days	578,102	545,846
Due for 91–180 Days	153,190	275,296
Due for 181–361 Days	72,031	128,156
Total	<u>5,154,618</u>	<u>4,278,097</u>

Cheques under collection

	2024	2023
	JD	JD
Total Amount of Checks Under Collection Related to Insurance Operations	1,645,864	1,192,805
Expected Credit Loss *	(16,459)	(11,928)
Net Value of Checks Under Collection Related to Insurance Operations	1,629,405	1,180,877

*This item represents checks under collection related to insurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

Analysis of Checks Based on Their Aging Periods:

	2024	2023
	JD	JD
Due Within 0–6 Months	1,472,186	1,061,596
Due Within 6–12 Months	173,678	131,209
	1,645,864	1,192,805

Accounts Payable

This item represents payables related to insurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

	2024	2023
	JD	JD
Total Amount of Payables Related to Insurance Operation	502,709	1,812,808
	502,709	1,812,808

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(9-B) INSURANCE CONTRACTS ASSETS/LIABILITIES – GENERAL APPROACH

	Liabilities for remaining coverage				Liabilities for incurred claims		Total	
	2024	2024	2023	2023	2024	2023	2024	2023
	Excluding Loss Component	Loss Component	Excluding Loss Component	Loss Component	Present Value of Cash Flows	Present Value of Cash Flows	Total	Total
Insurance contract liabilities – beginning of the period	(323,557)	(1,632)	(363,284)	-	(49,647)	(49,374)	(374,836)	(412,658)
Insurance contract Assets – beginning of the period	-	-	-	-	-	-	-	-
Net insurance contract liabilities (assets) – beginning of the period	(323,557)	(1,632)	(363,284)	-	(49,647)	(49,374)	(374,836)	(412,658)
Insurance Contract Revenues	87,065	-	69,018	-	-	-	87,065	69,018
Claims incurred during the period	-	-	-	-	-	-	-	-
Changes related to past service – adjustments to LfIC	-	-	-	-	(17,668)	67,524	(17,668)	67,524
Change in risk adjustments	-	-	-	-	3,833	(85,336)	3,833	(85,336)
Employee expenses	-	-	-	-	-	-	-	-
Amortization of acquisition costs and expenses	(25,210)	-	(16,671)	-	-	-	(25,210)	(16,671)
Change in onerous contracts (contracts expected to be loss-making)	-	1,335	-	(1,547)	-	-	1,335	(1,547)
Insurance service result	61,855	1,335	52,347	(1,547)	(13,835)	(17,812)	49,355	32,988
Finance expenses – from insurance contracts	991	(1,302)	(21,084)	(85)	(4,342)	-	(4,653)	(21,169)
Effect of foreign exchange movements	-	-	-	-	-	-	-	-
Investment components	-	-	-	-	-	-	-	-
Net change – other comprehensive income (OCI)	62,846	33	31,263	(1,632)	(18,177)	(17,812)	44,702	11,819
Cash received from written contracts	(102,810)	-	(103,332)	-	-	-	(102,810)	(103,332)
Claims incurred	32,368	-	129,235	-	-	-	32,368	129,235
Paid acquisition costs	27,982	-	-	-	-	-	27,982	-
Other expenses	-	-	-	-	15,648	17,539	15,648	17,539
Total cash flows	(42,460)	-	25,903	-	15,648	17,539	(26,812)	43,442
Insurance contract liabilities – end of the period	(303,171)	(1,599)	(323,557)	(1,632)	(52,176)	(49,647)	(356,946)	(374,836)
Insurance contract assets – end of the period	-	-	-	-	-	-	-	-
Net insurance contract liabilities – end of the period	(303,171)	(1,599)	(323,557)	(1,632)	(52,176)	(49,647)	(356,946)	(374,836)

Accounts Payable*

	2024	2023
	JD	JD
Total Amount of Payables Related to Insurance Operation	2,490	-
	2,490	-

*This item represents payables related to insurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

INSURANCE CONTRACTS ASSETS/LIABILITIES

	2024	2023	2024	2023	2024	2023	2024	2023
	Present Value of Cash Flows	Present Value of Cash Flows	Non-financial risk adjustments	Non-financial risk adjustments	Contractual service margin	Contractual service margin	Total	Total
Insurance contract liabilities – beginning of the period	(212,096)	(244,747)	(35,511)	(38,773)	(127,229)	(129,138)	(374,836)	(412,658)
Insurance contract assets – beginning of the period	-	-	-	-	-	-	-	-
Net insurance contract liabilities (assets) – beginning of the period	(212,096)	(244,747)	(35,511)	(38,773)	(127,229)	(129,138)	(374,836)	(412,658)
Changes related to current services								
Release of contractual service margin (+/-)	-	-	-	-	-	60,836	-	60,836
Experience adjustments	(26,711)	54,705	2,502	4,329	68,921	-	44,712	59,034
Effect of contracts initially recognized during the period	3,532	51,628	6,766	(7,988)	(10,298)	(43,640)	-	-
Effect of changes in contractual service margin assumptions	54,917	(2,671)	(4,699)	7,194	(49,409)	(4,523)	809	-
Effect of changes leading to onerous contracts or reversals of onerous contracts	-	(1,547)	-	-	-	-	-	(1,547)
Changes related to past services	-	-	-	-	-	-	-	-
Changes in liabilities for incurred claims	1,629	(85,063)	2,204	(273)	-	-	3,833	(85,336)
Insurance service result	33,367	17,052	6,773	3,262	9,214	12,673	49,354	32,987
Finance expenses – from insurance contracts	(4,652)	(10,404)	-	-	-	(10,764)	(4,652)	(21,168)
Net change – other comprehensive income (OCI)	28,715	6,648	6,773	3,262	9,214	1,909	44,702	11,819
Cash received from written contracts	(102,810)	(103,332)	-	-	-	-	(102,810)	(103,332)
Claims incurred (-)	75,998	129,335	-	-	-	-	75,998	129,335
Other expenses (-)	(26,812)	26,003	-	-	-	-	(26,812)	26,003
Net cash flows								
Insurance contract liabilities – end of the period	(210,193)	(212,096)	(28,738)	(35,511)	(118,015)	(127,229)	(356,946)	(374,836)
Insurance contract Assets – end of the period	-	-	-	-	-	-	-	-
Net insurance contract liabilities – end of the period	(210,193)	(212,096)	(28,738)	(35,511)	(118,015)	(127,229)	(356,946)	(374,836)

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(9-C) RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – PREMIUM ALLOCATION APPROACH

Reinsurance Contracts	(ARC) Assets for Remaining Coverage				(AIC) Assets for Incurred Claims		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Excluding Loss Recovery Component	Loss Recovery Component	Present Value of Cash Flows	Present Value of Cash Flows	Non-financial risk adjustments	Non-financial risk adjustments	Total	Total
Reinsurance contract liabilities – beginning of the period	(38,161)	(89,412)	-	15,264	-	1,334	(38,161)	(72,814)
Reinsurance contract assets – beginning of the period	(1,200,293)	58,260	7,747,705	5,567,880	280,435	394,266	6,827,847	6,020,406
Net reinsurance contract liabilities (assets) – beginning of the period	(1,238,454)	(31,152)	7,747,705	5,583,144	280,435	395,600	6,789,686	5,947,592
Reinsurance expenses	9,674,388	10,034,112	-	-	-	-	9,674,388	10,034,112
Reinsurance revenues	-	-	(4,760,271)	(9,496,013)	(109,344)	(46,492)	(4,869,615)	(9,542,505)
Differences due to variations in accounting treatments	-	-	601,609	4,237,021	142,739	161,657	744,348	4,398,678
Reinsurance service result	9,674,388	10,034,112	(4,158,662)	(5,258,992)	33,395	115,165	5,549,121	4,890,285
Finance expenses – from reinsurance contracts	-	-	162,903	313,266	-	-	162,903	313,266
Effect of foreign exchange movements	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Net change – other comprehensive income (OCI)	9,674,388	10,034,112	(4,321,565)	(5,572,258)	33,395	115,165	5,386,218	4,577,019
Cash paid to reinsurers for written contracts	(7,760,069)	(8,826,810)	-	-	-	-	(7,760,069)	(8,826,810)
Claims recovered from reinsurers	-	-	4,565,744	3,407,697	-	-	4,565,744	3,407,697
Total cash flows	(7,760,069)	(8,826,810)	4,565,744	3,407,697	-	-	(3,194,325)	(5,419,113)
Reinsurance contract liabilities – end of the period	(10,002.00)	(38,161)	-	-	-	-	(10,002)	(38,161)
Reinsurance contract assets – end of the period	(3,142,771)	(1,200,293)	7,503,526	7,747,705	247,040	280,435	4,607,795	6,827,847
Net reinsurance contract liabilities (assets) – end of the period	(3,152,773)	(1,238,454)	7,503,526	7,747,705	247,040	280,435	4,597,793	6,789,686

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Account Receivables

	2024	2023
	JD	JD
Reinsurance Contract Assets (Local)	40,963	5,289,202
Reinsurance Contract Assets (Foreign)	5,840,972	-
Total Receivables Related to Reinsurance Operations	<u>5,881,935</u>	<u>5,289,202</u>
Less: Expected Credit Losses	-	-
Net Receivables Related to Reinsurance Operations	<u>5,881,935</u>	<u>5,289,202</u>

* This item represents receivables related to reinsurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

Analysis of receivables based on their aging periods:

	2024	2023
	JD	JD
0-30	4,628,092	4,161,711
Due for 31–90 Days	832,004	748,162
Due for 91–180 Days	421,839	379,329
Total	<u>5,881,935</u>	<u>5,289,202</u>

This item represents receivables related to reinsurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

Accounts Payable

	2024	2023
	JD	JD
Reinsurance Contract Assets (Local)	31,390	26,495
Reinsurance Contract Assets (Foreign)	7,088,869	4,578,922
Total Amount of Payables Related to Reinsurance Operations	<u>7,120,259</u>	<u>4,605,417</u>

*This item represents payables related to reinsurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – GENERAL APPROACH

	(ARC) Assets for Remaining Coverage				(AIC) Assets for Incurred Claims		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Excluding Loss Recovery Component	Loss Recovery Component	Present Value of Cash Flows	Present Value of Cash Flows	Non-financial risk adjustments	Non-financial risk adjustments	Total	Total
Reinsurance contract liabilities – beginning of the period	(4,435)	-	2,811	-	1,423	-	(201)	-
Reinsurance contract assets – beginning of the period	15,960	27,787	32,940	23,285	10,425	10,068	59,325	61,140
Net reinsurance contract liabilities (assets) – beginning of the period	11,525	27,787	35,751	23,285	11,848	10,068	59,124	61,140
Reinsurance expenses	(28,752)	(27,520)	(14,753)	(10,788)	(2,555)	(2,937)	(46,060)	(41,245)
Reinsurance revenues	(1,499)	(1,701)	-	-	(172)	17	(1,671)	(1,684)
Differences arising from variations in accounting methods	(10,409)	(27,954)	8,243	23,254	2,166	4,700	-	-
Investment components	-	-	-	-	-	-	-	-
Reinsurance service result	(40,660)	(57,175)	(6,510)	12,466	(561)	1,780	(47,731)	(42,929)
Finance expenses – from reinsurance contracts	2,752	(1,307)	-	-	-	-	2,752	(1,307)
Effect of foreign exchange movements	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-
Net change – other comprehensive income (OCI)	(37,908)	(58,482)	(6,510)	12,466	(561)	1,780	(44,979)	(44,236)
Cash paid to reinsurer for written contracts	38,826	42,220	-	-	-	-	38,826	42,220
Claims recovered from reinsurer	-	-	-	-	-	-	-	-
Profit commission recovered from reinsurer	-	-	-	-	-	-	-	-
Other amounts recovered	-	-	-	-	-	-	-	-
Total cash flows	38,826	42,220	-	-	-	-	38,826	42,220
Reinsurance contract liabilities – end of the period	-	(4,435)	-	2,811	-	1,423	-	(201)
Reinsurance contract assets – end of the period	12,443	15,960	29,241	32,940	11,287	10,425	52,971	59,325
Net reinsurance contract assets – end of the period	12,443	11,525	29,241	35,751	11,287	11,848	52,971	59,124

Accounts Payable

	2024	2023
	JD	JD
Total Amount of Payables Related to Insurance Operation	213,397	-
	<u>213,397</u>	<u>-</u>

*This item represents payables related to insurance operations, which have been taken into account in the measurement of insurance contract assets and liabilities.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(10) INCOME TAX

Movements on the income tax provision were as follows:

	2024 JD	2023 JD
Balance at the beginning of the year	177,654	72,269
National contribution tax	(37,524)	9,999
Income tax paid	(321,879)	18,899
Income tax on bank interests	(49,308)	29,463
Income tax expense for the year	227,223	(308,284)
Balance at the end of the year	<u>(3,834)</u>	<u>(177,654)</u>

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

	2024 JD	2023 JD
Income tax expense for the year	(227,223)	(524,671)
Effect of deferred tax liabilities	151,451	(18,943)
Effect of deferred tax assets	18,279	250,876
Tax Expense	<u>(57,493)</u>	<u>(292,738)</u>

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

	2024 JD	2023 JD
Accounting profit	3,285	1,124,473
Non-taxable profits	(5,196,810)	(5,395,047)
Non-deductible expenses	6,067,458	6,288,538
Taxable profit	<u>873,933</u>	<u>2,017,964</u>
Income tax expense	<u>227,223</u>	<u>524,671</u>
Effective income tax and national contribution rate	<u>24%</u>	<u>24%</u>
Statutory Income tax rate and legal national contribution	<u>26%</u>	<u>26%</u>

The Company submitted income tax returns for the year 2023 on time. The Income Tax Department has not reviewed the Company's records up to the date of these financial statements. In the opinion of the Company's management and tax advisor, there are no tax liabilities.

A final settlement was reached with the Income Tax Department up to the end of the year 2020, resulting in a deficit of 29,976, which was recorded in the income statement.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Deferred tax assets

	2024			2023	
	Balance at the beginning of the year	Released Amounts	Additions	Balance at the end of the year	Deferred Tax
	JD	JD	JD	JD	JD
Deferred tax assets:					
Provision for credit losses	1,321,742	207,978	3,819	1,117,583	290,572
Provision for end of service	17,050	20,178	23,622	20,494	5,328
Unrealized losses - financial assets portfolio at fair value through other comprehensive income	542,824	-	1,146	543,970	141,432
Insurance contract liabilities	4,790,239	407,673	678,689	5,061,255	1,315,926
	<u>6,671,855</u>	<u>635,829</u>	<u>707,276</u>	<u>6,743,302</u>	<u>1,753,258</u>
Deferred tax liabilities					
Unrealized gains - financial assets portfolio at fair value through profit or loss	696,537	-	218,408	914,945	237,886
Claim recoveries	2,353,327	800,912	-	1,552,415	403,628
	<u>3,049,864</u>	<u>800,912</u>	<u>218,408</u>	<u>2,467,360</u>	<u>641,514</u>

The movement on the deferred tax assets/liabilities account during the year is as follows:

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	1,734,682	792,965	1,701,191	774,022
Addition	183,892	56,786	124,433	26,478
Released	(165,316)	(208,237)	(90,942)	(7,535)
Balance at the end of the year	<u>1,753,258</u>	<u>641,514</u>	<u>1,734,682</u>	<u>792,965</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(11) PROPERTY AND EQUIPMENT

	Land	Buildings	Office equipment and machinery	Computer devices	Vehicles	Furniture and interior fittings	Air conditioning units	Decorations	Banners	Elevators	Public Safety Systems	Transformers and Electric Generators	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2024-													
Cost:													
Balance at the beginning of the year	316,146	2,011,828	53,005	155,626	55,994	179,481	86,151	323,365	12,587	45,000	38,090	10,613	3,287,886
Additions	-	-	2,293	3,074	-	3,468	-	1,732	-	-	-	-	10,567
Balance at the end of the year	316,146	2,011,828	55,298	158,700	55,994	182,949	86,151	325,097	12,587	45,000	38,090	10,613	3,298,453
Accumulated depreciation:													
Balance at the beginning of the year	-	408,648	35,269	123,547	55,351	104,265	82,775	321,039	12,587	45,000	37,897	10,613	1,236,991
Depreciation for the year	-	40,237	3,326	7,572	643	10,643	258	1,168	-	-	98	-	63,945
Balance at the end of the year	-	448,885	38,595	131,119	55,994	114,908	83,033	322,207	12,587	45,000	37,995	10,613	1,300,936
Net book value at the end of the year	<u>316,146</u>	<u>1,562,943</u>	<u>16,703</u>	<u>27,581</u>	<u>-</u>	<u>68,041</u>	<u>3,118</u>	<u>2,890</u>	<u>-</u>	<u>-</u>	<u>95</u>	<u>-</u>	<u>1,997,517</u>
2023-													
Cost:													
Balance at the beginning of the year	316,146	2,011,828	47,998	152,279	55,994	178,303	86,151	323,365	12,587	45,000	38,090	10,613	3,278,354
Additions	-	-	5,007	3,347	-	1,178	-	-	-	-	-	-	9,532
Balance at the end of the year	316,146	2,011,828	53,005	155,626	55,994	179,481	86,151	323,365	12,587	45,000	38,090	10,613	3,287,886
Accumulated depreciation:													
Balance at the beginning of the year	-	368,412	31,055	115,112	53,566	93,725	75,715	319,441	12,587	41,240	37,676	9,724	1,158,253
Depreciation for the year	-	40,236	4,214	8,435	1,785	10,540	7,060	1,598	-	3,760	221	889	78,738
Balance at the end of the year	-	408,648	35,269	123,547	55,351	104,265	82,775	321,039	12,587	45,000	37,897	10,613	1,236,991
Net book value at the end of the year	<u>316,146</u>	<u>1,603,180</u>	<u>17,736</u>	<u>32,079</u>	<u>643</u>	<u>75,216</u>	<u>3,376</u>	<u>2,326</u>	<u>-</u>	<u>-</u>	<u>193</u>	<u>-</u>	<u>2,050,895</u>

Property and equipment include fully depreciated assets of JD 806,067 as at 31 December 2024. (31 December 2023: JD 647,080).

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(12) INTANGIBLE ASSETS

This item consists of the following:

	Computers Software	
	2024	2023
	JD	JD
Balance at the beginning of the year	82,400	104,428
Additions	3,134	883
Amortizations	(23,733)	(22,911)
Balance at the end of the year	61,801	82,400

(13) OTHER ASSETS

	2024	2023
	JD	JD
Interest income receivable not collected	308,333	282,591
Recoverable insurances	24,044	13,121
Expropriated lands against bonds - net	35,722	37,574
Prepaid expenses	133,855	123,262
Stamps deposits	1,156	161
Income tax deposits (Note 10)	3,834	-
Municipality check deposits	13,231	39,330
	520,175	496,039

Aging analysis of receivables:

	2024	2023
	JD	JD
Overdue 0–30 days	66,742	86,516
Overdue 30–60 days	83,875	46,926
Overdue 60–90 days	2,953	56,845
Overdue > 90 days	366,605	305,752
Total	520,175	496,039

(14) OTHER PROVISIONS

	2024	2023
	JD	JD
End of service provision *	20,494	17,050
	20,494	17,050

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

	2024	2023
	JD	JD
Balance at the beginning of the year	17,050	14,946
Provision for the year	23,622	16,488
Paid during the year	(20,178)	(14,384)
Balance at the end of the year	20,494	17,050

(15) OTHER LIABILITIES

	2024	2023
	JD	JD
Sales tax deposits	180,173	29,518
Shareholders' profit deposits	65,491	65,624
Stamp deposits	15,073	11,304
Unearned revenues	8,250	8,250
Others	8,925	3,281
	277,912	117,977

(16) AUTHORIZED AND PAID IN CAPITAL

The authorized and paid-up capital amounts to JD 8,000,000, divided into 8,000,000 shares with a nominal value of JD 1 per share as of 31 December 2024 and 2023.

(17) LEGAL RESERVES

Statutory reserve -

The accumulated amounts in this account represent what has been transferred from the net annual profits before income tax at a rate of 10% during the year and previous years of the Company in accordance with the Companies Law, up to a maximum of 25% of the Company's authorized and paid-up capital, and it is not distributable to shareholders.

Voluntary Reserve –

The accumulated amounts in this account represent what has been transferred from the net annual profits before income tax up to a maximum of 20% of the paid-up capital during the previous years. The optional reserve is used for purposes decided by the Board of Directors, and the General Assembly has the right to distribute it in full or any part of it as dividends to shareholders.

(18) FAIR VALUE RESERVE

Movements on the fair value reserve were as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance at the beginning of the year	(401,691)	(404,532)
Change in fair value of financial assets through other comprehensive income	(848)	2,841
Balance at the end of the year	<u>(402,539)</u>	<u>(401,691)</u>

(19) RETAINED EARNINGS

Movements on retained earnings during the year were as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balances at the beginning of the year	1,099,353	380,065
(Loss) Profit for the year	(54,208)	831,735
Transfer to statutory reserve	-	(112,447)
Balance at the end of the year	<u>1,045,145</u>	<u>1,099,353</u>

(20) INTEREST INCOME

	<u>2024</u>	<u>2023</u>
	JD	JD
Bank interest on deposits with banks	717,447	606,920
Interest on financial assets at amortized cost	168,547	127,659
Interest on loans to life insurance policyholders	735	507
	<u>886,729</u>	<u>735,086</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(21) INSURANCE CONTRACTS REVENUES

2024 –

	Motors	Fire	Engineering	Travel	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contract revenues	16,818,626	2,675,242	231,537	326,786	954,447	5,231,929	1,042,620	1,206,838	28,488,025
Insurance contract issuance fees	330,609	51,010	9,082	1	27,890	251,016	23,605	25,555	718,768
Other revenues	346,566	11,144	-	12,135	-	-	42,669	-	412,514
Expected incurred claims	-	-	-	-	-	-	-	60,138	60,138
Allocation of premiums related to the recovery of cash flows for insurance acquisition	-	-	-	-	-	-	-	25,210	25,210
Expected incurred expenses	-	-	-	-	-	-	-	14,612	14,612
Change in non-financial risk adjustments	-	-	-	-	-	-	-	4,518	4,518
Earned contractual service margin	-	-	-	-	-	-	-	68,920	68,920
Experience adjustments	-	-	-	-	-	-	-	(86,333)	(86,333)
	<u>17,495,801</u>	<u>2,737,396</u>	<u>240,619</u>	<u>338,922</u>	<u>982,337</u>	<u>5,482,945</u>	<u>1,108,894</u>	<u>1,319,458</u>	<u>29,706,372</u>

2023 -

	Motors	Fire	Engineering	Travel	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contract revenues	14,995,732	3,387,116	453,878	364,803	733,042	5,231,261	990,406	1,322,389	27,478,627
Insurance contract issuance fees	329,237	47,584	11,190	-	20,597	238,080	21,625	20,144	688,457
Other revenues	333,478	-	-	-	-	-	-	-	333,478
Expected incurred claims	-	-	-	-	-	-	-	51,455	51,455
Allocation of premiums related to the recovery of cash flows for insurance acquisition	-	-	-	-	-	-	-	16,671	16,671
Expected incurred expenses	-	-	-	-	-	-	-	20,564	20,564
Change in non-financial risk adjustments	-	-	-	-	-	-	-	4,072	4,072
Earned contractual service margin	-	-	-	-	-	-	-	60,838	60,838
Experience adjustments	-	-	-	-	-	-	-	(84,581)	(84,581)
	<u>15,658,447</u>	<u>3,434,700</u>	<u>465,068</u>	<u>364,803</u>	<u>753,639</u>	<u>5,469,341</u>	<u>1,012,031</u>	<u>1,411,552</u>	<u>28,569,581</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(22) INSURANCE CONTRACTS EXPENSES

2024 –							General		
	Motors	Fire	Engineering	Travel	Marine	Medical	accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurred claims	15,364,219	123,397	29,452	6,916	77,635	3,710,317	(584,926)	1,155,086	19,882,096
Amortization of acquisition costs	811,716	110,016	20,315	87,966	67,426	137,303	19,316	34,850	1,288,908
Administrative and general expenses (Note 27 ,28)	1,852,506	202,919	14,531	96,438	200,947	817,856	96,302	208,894	3,490,393
Loss from onerous contracts	329,887	-	-	-	-	-	-	(1,335)	328,552
Risk adjustments - Non-financial	352,392	93,409	3,734	314	12,159	32,392	8,252	11,557	514,209
	<u>18,710,720</u>	<u>529,741</u>	<u>68,032</u>	<u>191,634</u>	<u>358,167</u>	<u>4,697,868</u>	<u>(461,056)</u>	<u>1,409,052</u>	<u>25,504,158</u>
2023 -							General		
	Motors	Fire	Engineering	Travel	Marine	Medical	accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurred claims	12,214,050	926,519	23,018	9,088	35,578	4,301,040	(73,736)	834,122	18,269,679
Amortization of acquisition costs	1,014,105	100,952	146,361	221,730	198,276	324,151	99,858	154,353	2,259,786
Administrative and general expenses (Note 27 ,28)	1,280,645	63,321	4,214	5,538	35,774	527,789	25,848	87,307	2,030,436
Loss from onerous contracts	239,717	-	-	-	-	-	-	1,547	241,264
Risk adjustments - Non-financial	406,371	27,344	3,977	662	853	32,268	2,172	8,121	481,768
	<u>15,154,888</u>	<u>1,118,136</u>	<u>177,570</u>	<u>237,018</u>	<u>270,481</u>	<u>5,185,248</u>	<u>54,142</u>	<u>1,085,450</u>	<u>23,282,933</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(23) REINSURANCE CONTRACT REVENUES

	<u>Motors</u>		<u>General Accident</u>		<u>Marine</u>		<u>Life</u>		<u>Engineering</u>		<u>Fire</u>		<u>Medical</u>		<u>Total</u>	<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Change in Reinsurance Contract Liabilities – for Remaining Coverage																
Expected Incurred Claims	671,401	728,626	(449,122)	(125,315)	70,501	36,119	1,030,559	738,263	26,570	43,293	123,452	859,491	2,740,825	2,859,370	4,214,186	5,139,847
Change in Risk Adjustments – Non-Financial	(3,619)	-	(122,320)	-	9,701	-	(4,587)	-	3,365	-	83,782	-	283	-	(33,395)	-
Allocation of a Portion of Premiums Related to the Recovery of Cash Flows for Insurance Acquisition	(10,563)	-	13,422	-	(1,684)	-	(14,255)	-	(1,337)	-	(26,447)	-	(23,269)	-	(64,133)	-
Other Income	10,214	(10,285)	(2,854)	3,432	10	125	(691)	1,810	98	224	161	8,824	-	1,534	6,938	5,664
	<u>667,433</u>	<u>718,341</u>	<u>(560,874)</u>	<u>(121,883)</u>	<u>78,528</u>	<u>36,244</u>	<u>1,011,026</u>	<u>740,073</u>	<u>28,696</u>	<u>43,517</u>	<u>180,948</u>	<u>868,315</u>	<u>2,717,839</u>	<u>2,860,904</u>	<u>4,123,596</u>	<u>5,145,511</u>

(24) REINSURANCE CONTRACT EXPENSES

	<u>Motors</u>		<u>General Accident</u>		<u>Marine</u>		<u>Life</u>		<u>Engineering</u>		<u>Fire</u>		<u>Medical</u>		<u>Total</u>	<u>Total</u>
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Incurred Insurance Claims																
Amortization of Acquisition Costs	1,886,379	1,695,447	789,967	704,733	496,941	441,773	990,976	1,113,636	134,711	295,806	2,031,082	2,858,991	3,116,692	2,977,008	9,446,748	10,087,394
Excess of loss	164,626	-	-	-	14,437	-	-	-	-	-	113,183	-	-	-	292,246	-
Risk Adjustments – Non-Financial	-	-	-	-	-	-	(33,300)	(22,825)	-	-	-	-	-	-	(33,300)	(22,825)
Contractual Service Margin	-	-	-	-	-	-	14,753	10,788	-	-	-	-	-	-	14,753	10,788
	<u>2,051,005</u>	<u>1,695,447</u>	<u>789,967</u>	<u>704,733</u>	<u>511,378</u>	<u>441,773</u>	<u>972,429</u>	<u>1,101,599</u>	<u>134,711</u>	<u>295,806</u>	<u>2,144,265</u>	<u>2,858,991</u>	<u>3,116,692</u>	<u>2,977,008</u>	<u>9,720,447</u>	<u>10,075,357</u>

(25) FINANCE EXPENSE – INSURANCE CONTRACTS

	<u>2024</u>	<u>2023</u>
	JD	JD
Finance expense	<u>(262,382)</u>	<u>(534,544)</u>
	<u>(262,382)</u>	<u>(534,544)</u>

The Company used discount rates that ranged between 5.27% and 5.68% as at 31 December 2024 (31 December 2023: 4.53% and 6.23%).

(26) FINANCE INCOME – RE-INSURANCE CONTRACTS

	<u>2024</u>	<u>2023</u>
	JD	JD
Finance income	<u>165,655</u>	<u>311,959</u>
	<u>165,655</u>	<u>311,959</u>

The Company used discount rates that ranged between 5.27% and 5.68% as at 31 December 2024 (31 December 2023: 4.53% and 6.23%).

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(27) GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2024</u>	<u>2023</u>
	JD	JD
Professional fees	81,156	217,109
Advertising and promotion	3,717	7,878
Mail, telegraph, and telephone	14,071	13,549
Stationery and printing	33,265	37,872
Fees and subscriptions	53,426	48,114
Maintenance	46,444	39,936
Donations	500	10,500
Water, electricity, and heating	40,267	41,993
Travel and board members' allowances	74,700	38,027
Credit rating expenses	16,000	16,000
General sales tax expenses	90,097	74,651
Rental expenses	7,738	7,244
Bank charges	29,324	28,856
Hospitality	19,441	18,145
Company car expenses	4,555	3,848
Education and roofing tax expenses	30,641	24,821
Tender and guarantee expenses	20,845	15,010
Depreciation and amortization	87,678	101,649
Other expenses	120,854	121,417
Expenses Related to Insurance Branches	407,702	342,919
Medical expense management commissions	387,389	358,697
	<u>1,569,810</u>	<u>1,568,235</u>

(28) EMPLOYEE EXPENSES

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries and bonuses	1,706,375	1,566,983
End-of-service indemnity provision	25,136	16,488
Company's share of social security	186,995	180,499
Employee training and development	6,651	1,800
Others (Medical expenses)	187,671	162,096
Total	<u>2,112,828</u>	<u>1,927,866</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(29) OTHER REVENUES

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Revenues	184,772	36,599
	<u>184,772</u>	<u>36,599</u>

(30) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Dividend income from financial assets at fair value through profit or loss	216,260	195,352
Dividend income from financial assets at fair value through other comprehensive income	179,170	130,453
Depreciation of investment properties (Note 7)	(40,072)	(51,109)
Net change in fair value of financial assets at fair value through profit or loss	218,408	101,837
Rental income from investment properties	52,164	85,156
	<u>625,930</u>	<u>461,689</u>

(31) BASIC AND DILUTED EARNINGS PER SHARE FROM (LOSS) PROFIT FOR THE YEAR

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

	<u>2024</u>	<u>2023</u>
(Loss) Profit for the year (JD)	(54,208)	831,735
Weighted average number of shares (shares)	8,000,000	8,000,000
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from the(loss) profit for the year	<u>(0.007)</u>	<u>0.104</u>

(32) RELATED PARTY TRANSACTIONS AND BALANCES

The Company engaged in transactions with major shareholders, board members, and senior management within the ordinary business activities of the Company, using insurance premiums and commercial commissions. All related party receivables are considered performing, and no provisions have been made against them as of 31 December 2024.

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

	Related parties		Total	
	Major Shareholders	Board Members (Al Ahli Bank)	2024	2023
	JD	JD	JD	JD
<u>Items within the Statement of Financial Position:</u>				
Insurance Contract Assets	1,771	-	1,771	1,721
Insurance Contract Liabilities	-	4,195	4,195	5,150
<u>Items within the Income Statement</u>				
Insurance Revenues	122,483	316,984	439,467	445,617
Travel and Transportation Expenses for Board Members	-	74,400	74,400	33,600
			2024	2023
			JD	JD
<u>Income Statement Items:</u>				
Salaries			363,956	373,261
Board members' transportation allowance			74,400	33,600
Board members' accommodation allowance			-	4,427

Below is a summary of the benefits (salaries, bonuses, and other benefits) of the Company's senior executive management:

	2024	2023
	JD	JD
Salaries and bonuses	363,956	373,261

(33) THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES THAT ARE NOT SHOWN AT FAIR VALUE IN THE FINANCIAL STATEMENTS

There are no material differences between the book value and fair value of the financial assets and financial liabilities at the end of 2024 and 2023.

(34) CONTRACTS EXPECTED TO BE LOST

The reasons that led the company to underwrite the contracts expected to be lost are disclosed.

(35) RISK MANAGEMENT

First: Explanatory Disclosures:

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

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

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

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

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

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

Risk Management Policy

First: Planning and Preparation

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

Second: Identification of Risks

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

Third: Risk Treatment Method

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

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

Fourth: Plan

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

Fifth: Execution

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

Sixth: Plan Review and Evaluation

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

Risk Management Arrangements

Determinants

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

Risks Management Responsibilities

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

Risk Treatment Strategy

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

Second: Quantitative Disclosures:

A - Insurance Risk

1. Insurance Risk

The risks of any insurance contract are represented by the possibility of the insured event occurring and the uncertainty of the claim amount related to that event, due to the nature of the insurance contract where risks are volatile and unpredictable for insurance contracts related to a specific insurance class. When applying probability theory to pricing and reserves, the primary risks faced by the Company are that incurred claims and related payments may exceed the book value of insurance obligations. This may occur if the probability and risk of claims are higher than expected, and since insurance events are unstable and vary from year to year, estimates may differ from related statistics.

Studies have shown that the more similar the insurance contracts are, the closer the expectations are to the actual loss. Additionally, diversifying the types of insurance risks covered reduces the probability of overall insurance loss.

The Company, through its cadre of professional and administrative employees, works to provide the best service to its clients. A plan has been established to protect it from potential risks, whether natural or unnatural. This necessitates the provision of necessary reserves and the availability of the required technical equipment to maintain the Company's continuity and sustainability. Hence, the pressing need to establish a risk management strategy.

Steps in Determining Assumptions

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

- The insurance risks mentioned in the annual report and financial statements include market risk, claims development risk, insurance concentration risk, reinsurance risk, interest rate risk, foreign currency risk, credit risk, liquidity risk, operational risk, and legal risk.

Quantitative data related to insurance risks are disclosed using the following methods:

- Probability models
- Quantitative Analysis
- Actuarial assessment

Strengths:

- Reliability
- Data availability
- Comprehensive analysis

Limitations:

- Policy changes
- Economic and market challenges

Assumptions are made through technical and financial assessments.

The impact of reinsurance is achieved by reducing risk exposure and enhancing the company's financial sustainability.

- Policyholder participation and other mitigating factors are considered through the effect of the policyholder's share and co-insurance in risk distribution.
- General disclosures are made, indicating that reinsurance includes sharing insurance contract risks with other insurance companies, whether locally or internationally, to reduce risks.
- There are no contingent liabilities on the company that involve government participation or other guarantee funds.

2. Claims Development

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

Motor insurance:

Gross :

	2024	2023	2022	2021	2020 and before	Total
	JD	JD	JD	JD	JD	JD
As at year-end	14,749,040	10,398,838	9,402,499	9,169,725	8,362,606	52,082,708
After one year	-	12,535,092	11,247,214	10,996,105	16,903,079	51,681,490
After two years	-	-	11,892,959	11,609,085	26,834,369	50,336,413
After three years	-	-	-	11,834,673	36,482,760	48,317,433
After four years	-	-	-	-	46,666,730	46,666,730
After five years	-	-	-	-	55,343,254	55,343,254
After six years	-	-	-	-	56,873,422	56,873,422
After seven years	-	-	-	-	57,299,179	57,299,179
After eight years	-	-	-	-	57,197,658	57,197,658
After nine years	-	-	-	-	56,987,576	56,987,576
Total accumulated claims paid	9,091,528	10,661,670	10,673,915	11,130,402	56,681,932	98,239,447
Total liabilities for accident years over the last ten years	14,749,040	12,535,092	11,892,959	11,834,673	56,987,576	107,999,340
Total liabilities for prior accident years	-	-	-	-	-	4,028
Discounting effect	-	-	-	-	-	519,847
Total liabilities for incurred claims	5,657,512	1,873,422	1,219,044	704,271	305,644	9,244,074

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Net

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	14,327,948	9,948,853	8,966,075	8,738,306	8,362,605	50,343,787
After one year	-	11,905,157	10,640,683	10,467,919	16,495,933	49,509,692
After two years	-	-	11,261,868	11,043,135	26,183,712	48,488,715
After three years	-	-	-	11,175,037	35,455,793	46,630,830
After four years	-	-	-	-	45,166,994	45,166,994
After five years	-	-	-	-	53,474,246	53,474,246
After six years	-	-	-	-	54,751,406	54,751,406
After seven years	-	-	-	-	55,166,204	55,166,204
After eight years	-	-	-	-	55,004,282	55,004,282
After nine years	-	-	-	-	54,749,072	54,749,072
Total accumulated claims paid	8,749,663	10,095,786	10,107,568	10,544,507	54,498,910	93,996,434
Total liabilities for accident years over the last ten years	14,327,948	11,905,157	11,261,868	11,175,037	54,749,072	103,419,082
Liability for incurred claims	-	-	-	-	-	4,028
Discounting effect	-	-	-	-	-	498,475
Total liabilities for incurred claims	5,578,285	1,809,371	1,154,300	630,530	250,162	8,928,201

Marine Insurance and Transport:

Gross:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	88,459	41,229	16,906	5,881	28,406	180,881
After one year	-	41,067	14,147	5,881	159,534	220,629
After two years	-	-	12,688	5,881	218,611	237,180
After three years	-	-	-	5,881	447,794	453,675
After four years	-	-	-	-	570,025	570,025
After five years	-	-	-	-	543,546	543,546
After six years	-	-	-	-	521,914	521,914
After seven years	-	-	-	-	518,113	518,113
After eight years	-	-	-	-	515,922	515,922
After nine years	-	-	-	-	512,899	512,899
Total accumulated claims paid	25,170	36,980	9,874	5,881	512,899	590,804
Total liabilities for accident years over the last ten years	88,459	41,067	12,688	5,881	512,899	660,994
Liability for incurred claims	63,289	4,087	2,814	-	-	70,190
Discounting effect	-	-	-	-	-	1,269
Total liabilities for incurred claims	63,289	4,087	2,814	-	-	68,921

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Net:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	14,058	5,839	5,298	1,165	24,293	50,653
After one year	-	5,763	2,829	1,083	52,918	62,593
After two years	-	-	2,504	1,083	65,908	69,495
After three years	-	-	-	1,083	111,255	112,338
After four years	-	-	-	-	125,924	125,924
After five years	-	-	-	-	116,536	116,536
After six years	-	-	-	-	111,699	111,699
After seven years	-	-	-	-	111,308	111,308
After eight years	-	-	-	-	109,797	109,797
After nine years	-	-	-	-	109,474	109,474
Total accumulated claims paid	4,901	5,302	1,935	1,083	109,474	122,695
Total liabilities for accident years over the last ten years	14,058	5,763	2,504	1,083	109,474	132,882
Liability for incurred claims	-	-	-	-	-	119
Discounting effect	4,902	462	569	-	-	10,115
Total liabilities for incurred claims	14,058	5,839	5,298	1,165	24,293	47,066

Fire Insurance and Other Property Damage:

Gross:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	500,082	401,614	1,581,678	1,002,371	320,324	3,806,069
After one year	-	525,195	2,273,747	1,098,815	379,983	4,277,740
After two years	-	-	2,303,414	1,085,844	1,549,647	4,938,905
After three years	-	-	-	1,088,443	2,845,959	3,934,402
After four years	-	-	-	-	3,480,900	3,480,900
After five years	-	-	-	-	3,775,697	3,775,697
After six years	-	-	-	-	3,809,810	3,809,810
After seven years	-	-	-	-	3,805,772	3,805,772
After eight years	-	-	-	-	3,806,912	3,806,912
After nine years	-	-	-	-	3,838,019	3,838,019
Total accumulated claims paid	51,047	293,643	1,970,537	1,048,929	3,790,865	7,155,021
Total liabilities for accident years over the last ten years	500,082	525,195	2,303,414	1,088,443	3,838,019	8,255,153
Liability for incurred claims	449,035	231,552	332,877	39,514	47,154	1,100,132
Discounting effect	-	-	-	-	-	24,345
Total liabilities for incurred claims	449,035	231,552	332,877	39,514	47,154	1,075,787

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Net:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	79,739	38,789	91,264	169,384	300,110	679,286
After one year	-	70,397	92,379	170,879	313,645	647,300
After two years	-	-	96,324	169,410	378,237	643,971
After three years	-	-	-	169,468	486,573	656,041
After four years	-	-	-	-	566,025	566,025
After five years	-	-	-	-	580,262	580,262
After six years	-	-	-	-	575,143	575,143
After seven years	-	-	-	-	574,105	574,105
After eight years	-	-	-	-	574,258	574,258
After nine years	-	-	-	-	579,506	579,506
Total accumulated claims paid	2,672	27,047	52,321	164,191	571,025	817,256
Total liabilities for accident years over the last ten years	79,739	70,397	96,324	169,468	579,506	995,434
Liability for incurred claims	77,067	43,350	44,003	5,277	8,481	178,178
Discounting effect	-	-	-	-	-	3,950
Total liabilities for incurred claims	77,067	43,350	44,003	5,277	8,481	174,228

Credit Insurance:

Gross:

	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	-	-	-	66,788	515,273	582,061
After one year	-	-	-	66,844	624,372	691,216
After two years	-	-	-	66,898	1,311,551	1,378,449
After three years	-	-	-	66,898	1,764,887	1,831,785
After four years	-	-	-	-	1,925,638	1,925,638
After five years	-	-	-	-	2,292,149	2,292,149
After six years	-	-	-	-	2,287,019	2,287,019
After seven years	-	-	-	-	2,303,928	2,303,928
After eight years	-	-	-	-	2,126,486	2,126,486
After nine years	-	-	-	-	2,130,932	2,130,932
Total accumulated claims paid	-	-	-	66,898	2,130,932	2,197,830
Total liabilities for accident years over the last ten years	-	-	-	66,898	2,130,932	2,197,830
Total liabilities for incurred claims	-	-	-	66,788	515,273	582,061

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Net:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	-	-	-	66,788	96,598	163,386
After one year	-	-	-	66,844	105,188	172,032
After two years	-	-	-	66,898	143,537	210,435
After three years	-	-	-	66,898	159,079	225,977
After four years	-	-	-	-	137,362	137,362
After five years	-	-	-	-	137,453	137,453
After six years	-	-	-	-	66,104	66,104
After seven years	-	-	-	-	80,266	80,266
After eight years	-	-	-	-	106,139	106,139
After nine years	-	-	-	-	106,362	106,362
Total accumulated claims paid	-	-	-	66,898	106,362	173,260
Total liabilities for accident years over the last ten years	-	-	-	66,898	106,362	173,260
Total liabilities for incurred claims	-	-	-	-	-	-

Medical Insurance:

Gross:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	3,999,972	4,377,272	4,297,100	3,991,527	2,549,187	19,215,058
After one year	-	4,377,272	4,297,100	3,991,527	2,549,187	15,215,086
After two years	-	-	4,297,100	3,991,527	2,549,187	10,837,814
After three years	-	-	-	3,991,527	2,549,187	6,540,714
After four years	-	-	-	-	2,549,187	2,549,187
After five years	-	-	-	-	-	-
After six years	-	-	-	-	-	-
After seven years	-	-	-	-	-	-
After eight years	-	-	-	-	-	-
After nine years	-	-	-	-	-	-
Total accumulated claims paid	3,492,721	4,377,272	4,297,100	3,991,527	2,549,187	18,707,807
Total liabilities for accident years over the last ten years	3,999,972	4,377,272	4,297,100	3,991,527	2,549,187	19,215,058
Discounting effect	-	-	-	-	-	2,482
Total liabilities for incurred claims	507,251	-	-	-	-	504,769

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Net:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	1,207,683	1,508,567	2,316,119	1,891,600	746,767	7,670,736
After one year	-	1,508,567	2,316,119	1,891,600	746,767	6,463,053
After two years	-	-	2,316,119	1,891,600	746,767	4,954,486
After three years	-	-	-	1,891,600	746,767	2,638,367
After four years	-	-	-	-	746,767	746,767
After five years	-	-	-	-	-	-
After six years	-	-	-	-	-	-
After seven years	-	-	-	-	-	-
After eight years	-	-	-	-	-	-
After nine years	-	-	-	-	-	-
Total accumulated claims paid	799,925	1,508,567	2,316,119	1,891,600	746,767	7,262,978
Total liabilities for accident years over the last ten years	-	-	-	-	-	995,434
Discounting effect	-	-	-	-	-	1,996
Total liabilities for incurred claims	407,758	-	-	-	-	405,762

Others Insurance:

Gross:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	130,202	41,685	23,473	18,309	115,558	329,227
After one year	-	42,260	23,266	17,047	116,046	198,619
After two years	-	-	25,006	18,014	3,207,802	3,250,822
After three years	-	-	-	17,511	1,290,431	1,307,942
After four years	-	-	-	-	1,367,602	1,367,602
After five years	-	-	-	-	2,864,546	2,864,546
After six years	-	-	-	-	2,805,260	2,805,260
After seven years	-	-	-	-	2,805,900	2,805,900
After eight years	-	-	-	-	2,831,308	2,831,308
After nine years	-	-	-	-	2,577,726	2,577,726
Total accumulated claims paid	64,567	27,491	18,343	17,511	2,493,468	2,621,380
Total liabilities for accident years over the last ten years	130,202	42,260	25,006	17,511	2,577,726	2,792,705
Liability for incurred claims	-	-	-	-	-	29,860
Discounting effect	-	-	-	-	-	3,850
Total liabilities for incurred claims	65,635	14,769	6,663	-	84,258	167,474

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Net:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	17,526	16,873	10,918	14,122	56,657	116,096
After one year	-	16,702	7,332	6,083	48,141	78,258
After two years	-	-	5,467	7,050	118,525	131,042
After three years	-	-	-	6,546	109,362	115,908
After four years	-	-	-	-	102,415	102,415
After five years	-	-	-	-	124,821	124,821
After six years	-	-	-	-	110,274	110,274
After seven years	-	-	-	-	110,914	110,914
After eight years	-	-	-	-	136,322	136,322
After nine years	-	-	-	-	127,761	127,761
Total accumulated claims paid	6,626	9,604	3,312	6,546	98,630	124,718
Total liabilities for accident years over the last ten years	17,526	16,702	5,467	6,546	127,761	174,002
Liability for incurred claims	-	-	-	-	-	14,510
Discounting effect	-	-	-	-	-	1,435
Total liabilities for incurred claims	10,900	7,098	2,155	-	29,131	64,669

Life Insurance:

Gross:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	1,224,981	1,006,230	1,168,326	1,290,998	3,447,945	8,138,480
After one year	-	1,006,230	1,168,326	1,290,998	3,447,946	6,913,500
After two years	-	-	1,168,326	1,290,998	3,447,946	5,907,270
After three years	-	-	-	1,290,998	3,447,946	4,738,944
After four years	-	-	-	-	3,447,945	3,447,945
After five years	-	-	-	-	-	-
After six years	-	-	-	-	-	-
After seven years	-	-	-	-	-	-
After eight years	-	-	-	-	-	-
After nine years	-	-	-	-	-	-
Total accumulated claims paid	612,386	1,006,230	1,168,326	1,290,998	3,447,945	7,525,885
Total liabilities for accident years over the last ten years	1,224,981	1,006,230	1,168,326	1,290,998	3,447,945	8,138,480
Discounting effect	-	-	-	-	-	10,256
Total liabilities for incurred claims	612,595	-	-	-	-	602,339

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

Net:

The accident year	2024 JD	2023 JD	2022 JD	2021 JD	2020 and before JD	Total JD
At the end of the year	192,751	188,359	288,995	417,595	443,932	1,531,632
After one year	-	188,359	288,995	417,595	443,932	1,338,881
After two years	-	-	288,995	417,595	443,932	1,150,522
After three years	-	-	-	417,595	443,931	861,526
After four years	-	-	-	-	443,931	443,931
After five years	-	-	-	-	-	-
After six years	-	-	-	-	-	-
After seven years	-	-	-	-	-	-
After eight years	-	-	-	-	-	-
After nine years	-	-	-	-	-	-
Total accumulated claims paid	93,369	188,359	288,995	417,595	443,931	1,432,249
Total liabilities for accident years over the last ten years	192,751	188,359	288,995	417,595	443,931	1,531,631
Discounting effect	-	-	-	-	-	1,739
Total liabilities for incurred claims	99,382	-	-	-	-	97,643

3. INSURANCE RISK CONCENTRATIONS

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

Insurance liabilities are concentrated based on insurance type as follows:

	2024		2023	
	Net JD	Gross JD	Net JD	Gross JD
<u>Insurance types</u>				
Motor	17,661,309	15,313,767	15,858,715	12,561,511
Marine and Transport	435,531	28,315	203,957	20,911
Fire and Other Property Damage	2,111,104	274,621	1,621,166	150,098
Medical	2,872,625	1,337,208	2,659,541	1,275,507
Life	1,073,863	511,243	1,315,174	553,384
Others	1,016,333	194,982	1,822,603	180,171
Total	25,170,765	17,660,136	23,481,156	14,741,582

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

Assets, liabilities, and off-balance sheet items are concentrated according to the geographical and sectoral distribution as follows:

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

	2024			
	Assets	Liabilities	Re-insurance assets	Re-insurance liabilities
	JD	JD	JD	JD
A- According to geographical area				
Inside Jordan	26,909,583	21,752,161	4,643,466	-
Other Middle East Countries	339,201	-	13,465	10,002
Europe	164,148	-	3,835	-
Total	<u>27,412,932</u>	<u>21,752,161</u>	<u>4,660,766</u>	<u>10,002</u>

	2023			
	Assets	Liabilities	Re-insurance assets	Re-insurance liabilities
	JD	JD	JD	JD
Inside Jordan	25,392,337	22,219,956	5,666,944	1,090
Other Middle East Countries	217,252	-	1,023,946	16,121
Europe	128,148	-	196,281	21,151
Total	<u>25,737,738</u>	<u>22,219,956</u>	<u>6,887,171</u>	<u>38,362</u>

	2024			2023		
	Assets	Liabilities	Off-balance sheet items	Assets	Liabilities	Off-balance sheet items
	JD	JD	JD	JD	JD	JD
B- According to Sector						
Public Sector	27,135	746	-	171,203	31,272	-
Companies and Institutions	5,773,375	3,635,162	-	6,017,664	4,161,095	299,724
Individuals	660,500	283,993	528,856	568,171	123,841	-
Total	<u>6,461,010</u>	<u>3,919,901</u>	<u>528,856</u>	<u>6,757,038</u>	<u>4,316,208</u>	<u>299,724</u>

REINSURANCE RISK

As is the case with other insurance companies, and in order to reduce exposure to potential financial losses resulting from large insurance claims, the Company, as part of its normal operations, enters into reinsurance agreements with other parties.

To minimize its exposure to significant losses due to the insolvency of reinsurers, the Company assesses the financial position of the reinsurance companies it deals with and monitors concentrations of credit risk arising from geographical areas, activities, or economic components similar to those of such companies. Reinsurance contracts do not relieve the Company of its obligations toward policyholders. As a result, the Company remains liable for the reinsured claims in the event that the reinsurers are unable to meet their obligations under the reinsurance agreements.

The Company applies the terms of treaty and facultative reinsurance agreements when underwriting all insurance risks, regardless of their size.

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

For large policies that exceed the limits of proportional agreements, the Company completes the necessary reinsurance coverage for each risk before issuing the insurance contract.

If the Company decides to cede more than 30% of any insurance contract, it must obtain facultative reinsurance coverage of no less than 60% of the ceded amount from a reinsurer rated as first- or second-class according to the solvency margin regulations.

The Company cedes 100% of risks excluded from treaty agreements to one or more reinsurers rated as first- or second-class according to the solvency margin regulations.

The Company monitors the ratings of facultative and treaty reinsurers on a monthly basis to ensure that their ratings do not fall below the first- or second-class level.

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.

<u>2024</u>	<u>Change</u> %	<u>CSM</u>		<u>Effect on the current year pre-tax profit</u>		<u>Effect on equity*</u>	
		<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
		JD	JD	JD	JD	JD	JD
Mortality rate	5	(272)	35	(8,827)	429	(6,532)	(317)
Expenses	5	(72)	(72)	(1,753)	(1,753)	(1,297)	(1,297)
Expiration rate	5	(2,420)	(2,376)	(2,989)	(2,670)	(2,212)	(1,976)

<u>2023</u>	<u>Change</u> %	<u>CSM</u>		<u>Effect on the current year pre-tax profit</u>		<u>Effect on equity*</u>	
		<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
		JD	JD	JD	JD	JD	JD
Mortality rate	5	(4,241)	(3,049)	(7,062)	(4,031)	(5,226)	(2,983)
Expenses	5	(1,854)	(1,854)	(2,896)	(2,896)	(2,143)	(2,143)
Expiration rate	5	(6,050)	(4,350)	(7,999)	(5,940)	(5,919)	(4,395)

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

* Net after deducting income tax effect.

* The company adopted the single – factor approach.

B- FINANCIAL RISKS

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

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

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

1- Market Risks

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

2- Interest Rate Risk

Interest rate risks relate to long term bank deposits, development bonds, and other deposits, Moreover, the Company always aims to mitigate these risks through monitoring the changes in interest rates in the market. Interest rate risks relate to fixed deposits at banks and overdraft accounts, as of 31 December 2024. The interest rate on bank deposits range between 4% to 6.7% annually on Jordanian Dinar deposits.

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

	+ 0.5%		- 0.5%	
	For the Year Ended 31 December			
	2024	2023	2024	2023
	JD	JD	JD	JD
Increase (decrease) in profit for the year	548,910	525,073	(548,910)	(525,073)

The table below shows the sensitivity of exposure to interest rates related to insurance contract liabilities and reinsurance contract liabilities as at 31 December 2024. An increase or decrease of 0.05 (five basis points) is used, representing the Company management's assessment of the probable and acceptable change in interest rates.

	+ 0.5%		- 0.5%	
	For the Year Ended 31 December			
	2024	2023	2024	2023
	JD	JD	JD	JD
Insurance Contract Assets	6,967	9,996	(6,967)	(9,996)
Insurance Contract Liabilities	1,043,035	1,045,643	(1,043,035)	(1,045,643)
Re-insurance Contract Assets	233,038	344,359	(233,038)	(344,359)
Re-insurance Contract Liabilities	500	1,918	(500)	(1,918)

3- Foreign Currencies Risks

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

- The US Dollar exchange rate is fixed within a range from 0.708 to 0.710 selling and buying by the Central Bank of Jordan.
- All of the Company's accounts with the various parties including reinsurers are in Jordanian Dinar.
- There are no other foreign currencies denominated accounts. However, the Company monitors the fluctuation in the foreign currency exchange rate continuously.

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

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

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

Currency	In foreign currencies		Equivalent in JD	
	2024	2023	2024	2023
USD	1,729,794	961,979	1,228,154	683,005

4- Liquidity Risk

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

Liquidity risk is the risk that the Company will not be able to meet its obligations associated as they fall due. To limit this risk, management arranges diversified funding sources, manages assets and liabilities, and monitors liquidity daily and maintains sufficient amount of cash and cash equivalents and these traded instruments. The table below summarizes the maturity profile of financial liabilities (based on the remaining maturity period from the date of the financial statements).

	Less than month JD	1 month to 3 months JD	3-6 months JD	6 months to 1 year JD	1-3 years JD	Without maturity JD	Total JD
2024 -							
Liabilities							
Insurance contracts liabilities	341,357	6,347,591	2,918,458	3,879,793	7,185,549	-	20,672,748
Re-insurance contracts liabilities	252	3,043	1,400	1,861	3,446	-	10,002
Accrued expenses	34,874	34,873	34,873	34,873	-	-	139,493
Income tax provision	-	-	-	-	-	-	-
Other provisions	20,494	-	-	-	-	-	20,494
Other liabilities	277,912	-	-	-	-	-	277,912
Deferred tax liabilities	-	-	-	-	-	641,514	641,514
Total	674,889	6,385,507	2,954,731	3,916,527	7,188,995	641,514	21,762,163
Total Assets	9,419,902	4,441,207	5,574,669	333,184	1,473,135	10,831,601	32,073,698
2023 -							
Liabilities							
Insurance contracts liabilities	2,825,129	5,241,519	3,999,869	3,013,441	5,832,905	-	20,912,863
Re-insurance contracts liabilities	5,182	9,615	7,337	5,528	10,700	-	38,362
Accrued expenses	50,362	50,362	50,362	50,361	-	-	201,447
Income tax provision	-	-	177,654	-	-	-	177,654
Other provisions	17,050	-	-	-	-	-	17,050
Deferred tax liabilities	-	-	-	-	-	792,965	792,965
Other liabilities	52,353	-	-	-	-	65,624	117,977
Total	2,950,076	5,301,496	4,235,222	3,069,330	5,843,605	858,589	22,258,318
Total Assets	9,419,902	4,441,207	5,574,669	333,184	1,473,135	11,382,812	32,624,909

5- Credit Risk

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

- Reinsurers.
- Policyholders.
- Insurance agents.

To mitigate insurance risks, the Company performs the following:

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

6- Reinsurance Risk

As with other insurance companies, to reduce exposure to significant financial losses that may result from large insurance claims, the Company enters into reinsurance agreements with other parties as part of its ordinary business activities.

To minimize exposure to significant losses due to the insolvency of reinsurance companies, the Company assesses the financial condition of the reinsurance companies it deals with and monitors credit risk concentrations arising from geographic regions and activities or economic components similar to those companies. The issued reinsurance contracts do not relieve the Company of its obligations towards insurance policyholders. Consequently, the Company remains liable for the balance of reinsured claims if the reinsurers fail to meet their obligations under the reinsurance contracts.

The Company enters into reinsurance agreements with other parties to reduce exposure to significant financial losses that may result from large insurance claims.

The Company applies the terms of treaty and facultative reinsurance agreements when underwriting all insurance risks, regardless of their size.

The Company completes reinsurance coverage for each risk assigned to it before issuing the insurance policy for large contracts that exceed the limits of the relative agreements.

If the Company decides to assign more than 30% of any insurance contract, it provides facultative reinsurance coverage of at least 60% of that assignment to a reinsurance company classified as first or second class according to solvency margin instructions.

The Company facultatively reinsures 100% of risks excluded from treaties to a reinsurance company or companies classified as 1st or 2nd class according to solvency margin instructions.

The Company monitors the classification of treaty and facultative reinsurance companies monthly to ensure that the classification is not downgraded below 1st and 2nd class.

7- Operational Risks

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

8- Legal Risks

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

(36) ANALYSIS OF MAIN SECTORS

A- Background for the Company business sectors

For administrative purposes the Company is organized to include the general insurance sector, which encompasses (motor insurance, marine and transport insurance, fire and other property damage insurance, liability insurance, medical insurance, life insurance, and other branches). This sector forms the basis that the Company uses to present information related to the main sectors. The aforementioned segment also includes investments and cash management for the Company's own account. Transactions between business sectors are conducted based on estimated market prices and under the same terms as those with third parties.

B- Geographic concentration of risk

This disclosure represents the geographic distribution of the Company's operations. The Company primarily operates in the Kingdom, representing domestic business. Additionally, the Company engages in international activities through its partners in the Middle East, Europe, Asia, America, and the Near East, which constitute international operations.

Below is the distribution of the Company's revenues, assets, and capital expenditures by geographic region:

	<u>Inside the Kingdom</u>		<u>Outside the Kingdom</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Total assets	26,986,546	31,059,284	5,087,152	1,565,625	32,073,698	32,624,909
Insurance contracts						
revenues	29,696,370	28,531,219	10,002	38,362	29,706,372	28,569,581
Capital expenditures	13,699	10,415	-	-	13,699	10,415

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(37) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	Within 1 year	More than 1 year	Total
	JD	JD	JD
2024 -			
Assets-			
Banks deposits	10,978,205	-	10,978,205
Financial assets at fair value through profit or loss	3,209,090	-	3,209,090
Financial assets at fair value through other comprehensive income	-	3,565,339	3,565,339
Financial assets at amortized cost	128,146	2,102,243	2,230,389
Investment property	-	1,872,391	1,872,391
Cash on hand and balances at banks	1,085,432	-	1,085,432
Insurance contracts assets	139,335	-	139,335
Re-insurance contracts assets	4,660,766	-	4,660,766
Deferred tax assets	-	1,753,258	1,753,258
Property and equipment	-	1,997,517	1,997,517
Intangible assets	-	61,801	61,801
Other assets	-	520,175	520,175
Total Assets	20,200,974	11,872,724	32,073,698
Liabilities-			
Re-insurance contracts liabilities	10,002	-	10,002
Insurance contracts liabilities	20,672,748	-	20,672,748
Accrued expenses	139,493	-	139,493
Other provisions	19,548	946	20,494
Deferred tax liabilities	-	641,514	641,514
Other liabilities	277,912	-	277,912
Total Liabilities	21,119,703	642,460	21,762,163
Net	(918,729)	11,230,264	10,311,535

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

	Within 1 year JD	More than 1 year JD	Total JD
2023 -			
Assets-			
Banks deposits	10,501,452	-	10,501,452
Financial assets at fair value through other comprehensive income	-	2,562,106	2,562,106
Financial assets at fair value through profit or loss	2,972,726	-	2,972,726
Financial assets at amortized cost	128,146	1,473,135	1,601,281
Investment property	-	1,912,463	1,912,463
Cash on hand and balances at banks	1,623,778	-	1,623,778
Insurance contracts assets	199,915	-	199,915
Re-insurance contracts assets	6,887,172	-	6,887,172
Deferred tax assets	-	1,734,682	1,734,682
Property and equipment	-	2,050,895	2,050,895
Intangible assets	-	82,400	82,400
Other assets	-	496,039	496,039
Total Assets	22,313,189	10,311,720	32,624,909
Liabilities-			
Insurance contracts liabilities	20,912,863	-	20,912,863
Accrued expenses	201,447	-	201,447
Re-insurance contracts liabilities	38,362	-	38,362
Other provisions	16,104	946	17,050
Income tax provision	177,654	-	177,654
Deferred tax liabilities	-	792,965	792,965
Other liabilities	117,977	-	117,977
Total Liabilities	21,464,407	793,911	22,258,318
Net	848,782	9,517,809	10,366,591

(38) LAWSUITS AGAINST THE COMPANY

The Company appears as a defendant in a number of lawsuits, which amounted to JD 485,107 as of 31 December 2024 (31 December 2023: JD 464,607). The Company has calculated sufficient provisions to meet the obligations for these lawsuits. In the opinion of the Company's management and its legal advisor, the provisions calculated for the cases are sufficient to meet the obligations for these lawsuits.

The total value of the cases filed by the Company against others is JD 2,520,159 as of 31 December 2024 (31 December 2023: JD 2,233,769).

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(39) FINANCIAL STATEMENTS DISAGGREGATED BY PRODUCT TYPE

Statement of Financial Position Items

	Motor		Marine and Transport		Fire and Other Property Damage		Engineering		Travel		Medical		Life		General Accident		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Assets																		
Insurance contracts assets	-	-	24,790	5,728	-	-	114,545	194,187	-	-	-	-	-	-	-	-	139,335	199,915
Re-Insurance contracts assets	711,235	841,701	152,941	85,339	1,459,480	2,456,858	97,960	128,198	46,313	79,754	1,157,380	1,163,375	486,595	503,243	548,862	1,628,704	4,660,766	6,887,172
Total assets	<u>711,235</u>	<u>841,701</u>	<u>177,731</u>	<u>91,067</u>	<u>1,459,480</u>	<u>2,456,858</u>	<u>212,505</u>	<u>322,385</u>	<u>46,313</u>	<u>79,754</u>	<u>1,157,380</u>	<u>1,163,375</u>	<u>486,595</u>	<u>503,243</u>	<u>548,862</u>	<u>1,628,704</u>	<u>4,800,101</u>	<u>7,087,087</u>
Liabilities																		
Insurance contracts liabilities	(15,349,597)	(14,073,703)	(6,961)	(4,541)	(1,743,785)	(2,221,394)	-	-	(77,720)	(152,611)	(108,346)	(149,159)	(1,097,536)	(1,014,576)	(869,947)	(1,788,830)	(19,253,892)	(19,404,814)
Re-insurance contracts Liabilities	-	-	(240)	(4,841)	(9,762)	(33,320)	-	-	-	-	-	-	-	(201)	-	-	(10,002)	(38,362)
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,408,854)	(1,508,049)
Total liabilities	<u>(15,349,597)</u>	<u>(14,073,703)</u>	<u>(7,201)</u>	<u>(9,382)</u>	<u>(1,753,547)</u>	<u>(2,254,714)</u>	<u>-</u>	<u>-</u>	<u>(77,720)</u>	<u>(152,611)</u>	<u>(108,346)</u>	<u>(149,159)</u>	<u>(1,097,536)</u>	<u>(1,014,777)</u>	<u>(869,947)</u>	<u>(1,788,830)</u>	<u>(20,672,748)</u>	<u>(20,951,225)</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

The following is the distribution of the statement of income items of the Company by product type:

	Motor		Marine and Transport		Fire and Other Property Damage		Engineering		Travel		Medical		Life		General Accident		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Revenues																		
Insurance contracts revenues	17,495,802	15,658,448	982,337	753,639	2,737,395	3,434,700	240,619	465,068	338,922	364,803	5,482,943	5,469,341	1,298,676	1,411,551	1,129,678	1,012,031	29,706,372	28,569,581
Less: insurance contracts expenses	18,710,720	15,154,887	358,167	270,481	529,741	1,118,136	68,032	177,570	191,633	237,018	4,697,869	5,185,248	1,402,050	1,085,452	(454,054)	54,141	25,504,158	23,282,933
Insurance contracts services results	(1,214,918)	503,561	624,170	483,158	2,207,654	2,316,564	172,587	287,498	147,289	127,785	785,074	284,093	(103,374)	326,099	1,583,732	957,890	4,202,214	5,286,648
Re-insurance contracts expenses	(2,051,005)	(1,695,446)	(511,377)	(441,773)	(2,144,265)	(2,858,991)	(134,711)	(295,806)	(146,241)	(164,468)	(2,970,451)	(2,812,542)	(972,429)	(1,101,599)	(789,968)	(704,732)	(9,720,447)	(10,075,357)
Re-insurance contracts revenues	667,433	718,341	78,528	36,244	180,948	868,315	28,696	43,517	7,232	7,480	2,710,606	2,853,423	1,011,026	740,074	(560,873)	(121,883)	4,123,596	5,145,511
Re-insurance contracts services results	(1,383,572)	(977,105)	(432,849)	(405,529)	(1,963,317)	(1,990,676)	(106,015)	(252,289)	(139,009)	(156,988)	(259,845)	40,881	38,597	(361,525)	(1,350,841)	(826,615)	(5,596,851)	(4,929,846)
Net insurance and re-insurance contracts results	(2,598,490)	(473,544)	191,321	77,629	244,337	325,888	66,572	35,209	8,280	(29,203)	525,229	324,974	(64,777)	(35,426)	232,891	131,275	(1,394,637)	356,802
Finance (expense) income – insurance contracts	(93,436)	(212,121)	(1,289)	(2,805)	(49,796)	(52,078)	(2,841)	(15,521)	(113)	(275)	(10,521)	(36,070)	(56,780)	(50,076)	(47,606)	(165,598)	(262,382)	(534,544)
Finance income (expense) – re-insurance contracts	13,762	13,839	1,172	1,734	44,400	47,181	2,760	13,737	108	281	13,268	20,502	47,287	57,444	42,898	157,241	165,655	311,959
Net insurance and re-insurance contracts results	(79,674)	(198,282)	(117)	(1,071)	(5,396)	(4,897)	(81)	(1,784)	(5)	6	2,747	(15,568)	(9,493)	7,368	(4,708)	(8,357)	(96,727)	(222,585)

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(40) WRITTEN PREMIUMS BY INSURANCE BRANCH

	Motor		Marine and Transport		Fire and Other Property Damage		Travel		Medical		Life		General Accident		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums																
Direct premiums	15,024,677	14,290,362	1,072,080	715,149	2,438,395	2,340,806	297,635	298,475	5,416,616	5,393,605	1,209,777	1,382,502	1,317,304	743,386	26,776,484	25,164,285
Indirect premiums	1,773,508	1,603,568	75,095	59,763	648,456	1,375,050	-	-	-	1,559	-	9,471	(43)	1,882	2,497,016	3,051,293
Total written premiums	16,798,185	15,893,930	1,147,175	774,912	3,086,851	3,715,856	297,635	298,475	5,416,616	5,395,164	1,209,777	1,391,973	1,317,261	745,268	29,273,500	28,215,578
Less:																
Re-insurance premiums - local	1,549,106	1,417,105	429,902	186,619	693,613	1,312,729	-	24,167	-	-	-	-	578,342	8,211	3,250,963	2,948,831
Re-insurance premiums - foreign	256,950	356,648	657,691	529,193	2,164,058	2,221,266	297,515	233,601	3,142,139	3,146,621	913,540	1,097,837	588,632	643,978	8,020,525	8,229,144
Net re-insurance premiums	14,992,129	14,120,177	59,582	59,100	229,180	181,861	120	40,707	2,274,477	2,248,543	296,237	294,136	150,287	93,079	18,002,012	17,037,603

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(41) ANALYSIS OF ACCOUNTS RECEIVABLE

	2024			2023		
	Accounts receivable	Provision for expected credit losses	Total	Accounts receivable	Provision for expected credit losses	Total
	JD	JD	JD	JD	JD	JD
Motor	1,634,205	34,012	1,600,193	1,207,016	303,252	903,764
Marine	301,158	3,613	297,545	195,835	20,315	175,520
Engineering	215,332	1,535	213,797	115,097	66,813	48,284
Fire	365,024	6,641	358,383	349,648	45,340	304,308
General Accident	206,158	1,989	204,169	290,810	15,755	275,055
Life	85,785	485	85,300	2,371,361	354,858	2,016,503
Medical	2,311,609	25,362	2,286,247	166,932	27,857	139,075
Travel	35,347	429	34,918	-	-	-
Total	<u>5,154,618</u>	<u>74,066</u>	<u>5,080,552</u>	<u>4,696,699</u>	<u>834,190</u>	<u>3,862,509</u>

(42) CAPITAL MANAGEMENT

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

- A. To adhere to the Company's minimum capital issued by the Insurance Law. Moreover, the Company's minimum capital prior to the enforcement of the law according to which it was licensed to practice general insurance in all of its branches, jointly and severally, is JD 4 million.
- B. To secure the continuity of the Company, and consequently, the Company's ability to provide the shareholders with good returns on capital.
- C. To make available the proper return to shareholders through pricing insurance policies in a manner compatible with the risks associated with those policies.
- D. To comply with the Insurance Commission instructions associated with the solvency margin.

E. The below table shows the summary of the Company's capital and the minimum required capital:

	<u>2024</u>	<u>2023</u>
	JD	JD
Paid in Capital	8,000,000	8,000,000

F. The following table shows the amount contributed to capital by the Company and the net solvency margin ratio as of 31 December 2024 and 2023:

	<u>2024</u>	<u>2023</u>
	JD	JD
Core capital:		
Paid-in capital	8,000,000	8,000,000
Statutory reserve	1,542,214	1,494,212
Voluntary reserve	174,717	174,717
Retained earnings	1,671,862	2,075,787
Total core capital	<u>11,388,793</u>	<u>11,744,716</u>
Supplementary capital:		
Cumulative change in fair value	(402,539)	(401,691)
Increase in the value of real estate investments	522,878	482,806
Total Supplementary Capital	<u>120,339</u>	<u>81,115</u>
Total regulatory capital (a)	<u>11,509,132</u>	<u>11,825,831</u>
Total required capital (b)	<u>7,978,734</u>	<u>7,167,676</u>
Solvency margin (a) / (b)	<u>144%</u>	<u>165%</u>

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

(43) CONTINGENT LIABILITIES

As of the date of the financial statements, the Company has potential obligations represented by bank guarantees amounting to JOD 528,856 as of 31 December 2024 without cash collaterals (31 December 2023: JOD 299,724).

(44) FAIR VALUE HIERARCHY

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

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

	Level (1)	Level (2)	Level (3)	Total
	JD	JD	JD	JD
2024-				
Financial assets at fair value through other comprehensive income	3,565,339	-	-	3,565,339
Financial assets at fair value through profit or loss	3,209,090	-	-	3,209,090
	<u>6,774,429</u>	<u>-</u>	<u>-</u>	<u>6,774,429</u>
2023-				
Financial assets at fair value through other comprehensive income	2,562,106	-	-	2,562,106
Financial assets at fair value through profit or loss	2,972,726	-	-	2,972,726
	<u>5,534,832</u>	<u>-</u>	<u>-</u>	<u>5,534,832</u>

ARABIA INSURANCE - JORDAN
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2024

(45) EXPECTED RECOGNITION IN THE CSM OF THE GENERAL APPROACH MODEL

	Issued insurance contracts		Reinsurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
Expected years of CSM recognition				
One year	38,022	38,022	8,301	8,301
Two years or more	79,993	79,993	20,940	20,940
Total	<u>118,015</u>	<u>118,015</u>	<u>29,241</u>	<u>29,241</u>

	Issued insurance contracts		Reinsurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
Expected years of CSM recognition				
One year	50,392	50,392	10,143	10,143
Two years or more	76,837	76,837	35,537	35,537
Total	<u>127,229</u>	<u>127,229</u>	<u>45,680</u>	<u>45,680</u>

(46) AMORTIZATION OF ACQUISITION EXPENSES FOR INSURANCE CONTRACTS ASSETS

	2024						
	Motor	Fire	Travel	Marine	Medical	Life	Other
	JD	JD	JD	JD	JD	JD	JD
Expected years for the amortization of acquisition expenses for insurance contracts assets							
One year	-	-	-	-	-	16,021	-
Two years	-	-	-	-	-	33,707	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,728</u>	<u>-</u>

	2023						
	Motor	Fire	Travel	Marine	Medical	Life	Other
	JD	JD	JD	JD	JD	JD	JD
Expected years for the amortization of acquisition expenses for insurance contracts assets							
One year	-	-	-	-	-	13,674	-
Two years	-	-	-	-	-	34,523	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,197</u>	<u>-</u>

(47) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only.

The Company is currently not intending to early adopt the Amendments.

Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to address the accounting and disclosure requirements for contracts referencing nature-dependent electricity, such as wind, solar, and hydro power. These amendments aim to provide clearer guidance on the classification, measurement, and recognition of these contracts, which are inherently variable due to their dependence on natural conditions. The changes seek to improve the consistency and comparability of financial statements by clarifying whether such contracts should be treated as financial instruments or executory contracts and how they should be measured. Additionally, the amendments enhance disclosure requirements to provide greater transparency about the risks and financial impacts associated with these contracts, thereby offering users more relevant and reliable information. This initiative supports the global transition to renewable energy by addressing the unique accounting challenges posed by nature-dependent electricity contracts.

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed.

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

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

This standard will result in new presentation of the income statement with some new required totals, in addition to the disclosure of management-defined performance measures.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

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