

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

**THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2023
WITH INDEPENDENT AUDITORS' REVIEW REPORT**

**FIRST INSURANCE COMPANY
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-JORDAN
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

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Review Report on Condensed Consolidated Interim Financial Statements

To the Shareholders of,
First Insurance Company
(Public Shareholding Limited Company)
Amman – Jordan
For the Period Ended September 30, 2023

Introduction

We have reviewed the condensed consolidated interim statement of financial position of **First Insurance Company – Public Shareholding Company** – (“the Company”) and its subsidiary (“the Group”) as of September 30, 2023, and the related condensed consolidated interim statements of policyholders’ revenue and expenses, profit or loss, other comprehensive income for the three-month and nine-month periods then ended, and the condensed consolidated interim financial statements changes in shareholders’ equity and cash flows for the nine-month period then ended, and the notes to the condensed consolidated interim financial statements. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 ‘Interim Financial Reporting’. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as of September 30, 2023 for First Insurance Company and its subsidiary are not prepared, in all material respects, in accordance with International Accounting Standard number (34) “Interim Financial Reporting”.

Emphasis of Matter – Comparative Information

We draw attention to Note (20) to the condensed consolidated interim financial statements which indicates that the comparative information presented as of December 31, 2022, January 1, 2022 and for the three-month and nine-month periods ended September 30, 2022 has been restated. Our conclusion is not modified in respect of this matter.



Review Report on Condensed Consolidated Interim Financial Statements

To the Shareholders of,
First Insurance Company
(Public Shareholding Limited Company)
Amman – Jordan
For the Period Ended September 30, 2023

Other Matter Relating to Comparative Information

The condensed consolidated interim financial statements of the Group for the three-month and nine-month periods ended September 30, 2022, excluding the adjustment related to the implementation of IFRS 17 described in note (3) were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on October 25, 2022. The consolidated financial statements of the Group for the years ended December 31, 2022 and December 31, 2021 (from which the statement of financial position as at January 1st 2022 has been derived), excluding the adjustments described in note (20) and the adjustments related to the implementation of IFRS 17 described in note (3) to the condensed consolidated interim financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on February 28, 2023 and February 27, 2022 respectively.

As part of our review of the condensed consolidated interim financial statements as at and for the period ended September 30, 2023, we reviewed the adjustments described in notes (3) and (20) that were applied to restate the comparative information presented as of December 31, 2022, for the three-month and nine-month periods ended September 30, 2022 and the statement of financial position as of January 1st, 2022. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements for the years ended December 31, 2022 or December 31, 2021, or for the condensed consolidated interim financial statements for the three-month and nine-month periods ended September 30, 2022, other than with respect to the adjustments described in notes (3) and (20) to the condensed consolidated interim financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective consolidated financial statements taken as a whole. However, in our conclusion, nothing has come to our attention that causes us to believe that the adjustments described in notes (3) and (20) are not appropriate and have not been properly applied.

Kawasmy and Partners
KPMG

Hatem Kawasmy
License no. (656.)

Amman – Jordan
October 31, 2023



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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>Jordanian Dinar</i>	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited) (Restated – Notes 3 & 20)	January 1, 2022 (Unaudited) (Restated – Notes 3 & 20)
Assets				
Investments				
Bank deposits	5	13,105,331	15,704,155	14,357,318
Financial assets at fair value through other comprehensive income	6	5,781,670	4,580,130	2,934,983
Financial assets at amortized cost – net	7	8,263,494	3,255,426	2,617,744
Investment properties	8	5,305,204	6,674,713	6,665,787
Total Investments		32,455,699	30,214,424	26,575,832
Cash on hand and at banks	9	3,040,955	3,820,279	1,735,700
Insurance contract assets	10.1	116,045	123,662	30,906
Reinsurance contract assets	10.2	9,939,897	11,585,828	12,483,125
Deferred tax assets	11	1,906,021	1,770,082	1,029,200
Property and equipment		9,658,529	9,897,162	10,334,975
Intangible assets		726,896	777,458	856,118
Right of use assets		498,248	-	-
Other assets		1,091,092	2,059,311	582,799
Total Assets		59,433,382	60,248,206	53,628,655
Liabilities, Shareholders and Policyholders Equities				
Liabilities				
Insurance contract liabilities	10.1	21,915,967	25,373,393	18,804,206
Reinsurance contract liabilities	10.2	579,408	4,635	-
Total Contract Liabilities		22,495,375	25,378,028	18,804,206
Payables		116,681	84,458	102,448
Accrued expenses		84,683	113,316	23,419
Other reserves		175,000	45,000	45,000
Income tax reserve	11	405,900	669,981	44,500
Deferred tax liabilities		16,232	23,470	14,151
Liabilities against lease contracts		496,392	-	-
Other liabilities		2,138,552	1,095,924	840,137
Total Liabilities		25,928,815	27,410,177	19,873,861
Policyholders Equities				
Deficit reserve (convincingness provision)		-	23,151	14,160
Total Policyholders Equities		-	23,151	14,160
Shareholder Equities				
Paid-up capital		28,000,000	28,000,000	28,000,000
Statutory reserve		3,810,741	3,810,741	3,561,202
Fair value reserve		(473,335)	(146,307)	(214,596)
Retained earnings		2,167,161	1,150,444	2,394,028
Total Shareholder Equities		33,504,567	32,814,878	33,740,634
Total Policyholders and Shareholders Equities		33,504,567	32,838,029	33,754,794
Total Liabilities and Equities		59,433,382	60,248,206	53,628,655

The accompanying notes from 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES

	Note	For The Three-Month Period Ended September 30,		For The Nine-Month Period Ended September 30,	
		2022 (Unaudited) (Restated – Notes 3 and 20)	2022 (Unaudited) (Restated – Notes 3 and 20)	2023 (Unaudited)	2023 (Unaudited) (Restated – Notes 3 and 20)
<i>Jordanian Dinar</i>					
Insurance revenue	13	15,469,132	14,138,601	44,123,450	40,030,714
Insurance service expenses	13	(9,735,572)	(9,452,558)	(28,423,623)	(25,931,742)
Results of insurance contracts		5,733,560	4,686,043	15,699,827	14,098,972
Reinsurance contracts held	13	(6,618,780)	(5,917,175)	(18,321,358)	(17,333,860)
Recoveries from reinsurance contracts held	13	3,055,081	3,321,076	9,034,723	8,915,052
Net expense from reinsurance contracts held		(3,563,699)	(2,596,099)	(9,286,635)	(8,418,808)
Insurance Service Result		2,169,861	2,089,944	6,413,192	5,680,164
Net finance expense from insurance contract	14	(287,023)	(151,663)	(815,805)	(444,198)
Net finance income from reinsurance contract held	14	122,435	80,397	339,619	240,923
Net Insurance Finance Expense		(164,588)	(71,266)	(476,186)	(203,275)
Policyholders share of investments income		40,665	20,590	110,080	78,286
Shareholders' equity shares for managing takaful insurance operations		(1,514,562)	(1,455,974)	(6,287,072)	(5,756,563)
Depreciation and amortization		(13,257)	(19,416)	(40,853)	(57,360)
Other expenses		(97,348)	(76,510)	(265,662)	(242,993)
Policyholders' surplus (deficit) before tax		420,771	487,368	(546,501)	(501,741)
Income tax surplus for the period		(116,259)	(133,179)	145,898	146,415
Policyholders' surplus (deficit) from Takaful Insurance Operations		304,512	354,189	(400,603)	(355,326)

The accompanying notes from 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	For The Three-Month Period		For The Nine-Month Period	
		Ended September 30,		Ended September 30,	
		2023	2022	2023	2022
		(Unaudited)	(Unaudited) (Restated – Notes 3 and 20)	(Unaudited)	(Unaudited) (Restated – Notes 3 and 20)
<i>Jordanian Dinar</i>					
Shareholders' equity shares for managing takaful insurance operations		1,514,562	1,455,974	6,287,072	5,756,563
Shareholders' equity shares of Murabaha income		130,686	122,494	433,492	354,626
Shareholders' equity shares of financial assets and investments income		53,534	200,025	246,747	326,616
Shareholders' equity shares for managing the investments portfolio		21,897	14,002	59,274	42,153
Other revenues (expenses)		694,017	(143,396)	876,906	16,082
Total shareholders' equity revenue from Takaful Insurance Operations		2,414,696	1,649,099	7,903,491	6,496,040
General and administrative expenses		(609,748)	(361,231)	(1,457,635)	(1,032,558)
Unallocated employees' expenses		(1,016,060)	(971,746)	(3,084,467)	(2,831,351)
Depreciation and amortization		(111,999)	(116,188)	(336,226)	(345,298)
Al-Qard Al-Hassan		304,512	354,189	(377,452)	(341,166)
Total expenses		(1,433,295)	(1,094,976)	(5,255,780)	(4,550,373)
Profit for the period before income tax		981,401	554,123	2,647,711	1,945,667
Income tax expense for the period	11	(37,164)	(39,866)	(573,268)	(520,522)
Profit for the Period attributable to the shareholders		944,237	514,257	2,074,443	1,425,145
Basic and Diluted Earnings per Share from Profit for the Period	12	0.034	0.018	0.074	0.051

The accompanying notes from 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME

	For The Three-Month Period Ended September 30,		For The Nine-Month Period Ended September 30,	
	2023 (Unaudited)	2022 (Unaudited) (Restated – Notes 3 and 20)	2023 (Unaudited)	2022 (Unaudited) (Restated – Notes 3 and 20)
<i>Jordanian Dinar</i>				
Profit for the Period	944,237	514,257	2,074,443	1,425,145
Items that will not be reclassified subsequently to profit or loss:				
Shareholders' equity shares from the change in fair value of financial assets at fair value through other comprehensive income	(79,492)	(42,055)	(327,028)	80,076
Gain from sale of financial assets at fair value through other comprehensive income	-	-	62,274	-
Total comprehensive income items	(79,492)	(42,055)	(264,754)	80,076
Total Other Comprehensive Income for the Period	864,745	472,202	1,809,689	1,505,221

The accompanying notes from 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>Jordanian Dinar</i>	Note	Paid-up Capital	Statutory Reserve	Fair Value Reserve	Retained Earnings	Total
For the Nine-Month Period Ended September 30, 2023						
Balance as of January 1, 2023 (audited)		28,000,000	3,810,741	(66,719)	2,985,853	34,729,875
Impact of application of IFRS 17, net of tax Adjustments	3 20	- -	- -	(79,588)	(1,532,009) (303,400)	(1,532,009) (382,988)
Balance as of January 1, 2023 (unaudited-restated)		28,000,000	3,810,741	(146,307)	1,150,444	32,814,878
Profit for the period		-	-	-	2,074,443	2,074,443
Total comprehensive income items for the period		-	-	(327,028)	62,274	(264,754)
Total comprehensive income for the period		-	-	(327,028)	2,136,717	1,809,689
Distributed dividends		-	-	-	(1,120,000)	(1,120,000)
Balance as of September 30, 2023 (Unaudited)		28,000,000	3,810,741	(473,335)	2,167,161	33,504,567
For the Nine-Month Period Ended September 30, 2022						
Balance as of December 31, 2021 (audited)		28,000,000	3,561,202	(239,071)	2,726,966	34,049,097
Impact of application of IFRS 17, net of tax Adjustments	3 20	- -	- -	24,475	(332,938) -	(332,938) 24,475
Adjusted Balance as of January 1, 2022 (unaudited-restated)		28,000,000	3,561,202	(214,596)	2,394,028	33,740,634
Profit for the period		-	-	-	1,425,145	1,425,145
Total comprehensive income items for the period		-	-	80,076	-	80,076
Total comprehensive income for the period		-	-	80,076	1,425,145	1,505,221
Distributed dividends		-	-	-	(1,120,000)	(1,120,000)
Adjusted Balance on September 30, 2022 (Unaudited-restated)		28,000,000	3,561,202	(134,520)	2,699,173	34,125,855

The accompanying notes from 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

<i>Jordanian Dinar</i>	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Cash Flow from Operating Activities			
Profit (Loss) for the period before income tax		2,101,210	1,443,926
Adjustments:			
Depreciation and amortization		377,079	402,658
Murabaha income on deposits		(543,572)	(432,912)
Return on financial assets at fair value through other comprehensive income – sukuk		(266,607)	-
Returns from financial assets at amortized cost	7	(145,446)	(121,995)
Cash dividends from financial assets at fair value through other comprehensive income		(101,281)	(76,178)
Al-Qard Al-Hassan		377,452	341,166
Gain on sale of investment property	8	(654,175)	-
Expected credit loss		150,000	150,000
Net insurance finance expense		476,186	203,275
Change in fair value of financial assets at fair value through profit or loss		-	(48,925)
Gain from sale of financial assets at fair value through profit or loss		-	(55,126)
		1,770,846	1,805,889
Change in working capital items:			
Other assets		968,220	(367,855)
Other liabilities		1,019,274	926,520
Accrued expenses		(28,633)	102,742
Payables		32,223	1,056
Other reserves		130,000	(45,000)
Insurance contracts assets		7,617	30,906
Reinsurance contracts assets		1,645,931	1,899,760
Insurance contract liabilities		(3,607,426)	(944,818)
Reinsurance contract liabilities		574,772	-
Cash flows generated from operating activities before income tax paid		2,512,824	3,409,200
Income tax paid	11	(818,103)	(142,883)
Net cash flow generated from operating activities		1,694,721	3,266,317
Cash Flow from Investing Activities			
Change in bank deposits (mature after three months)		11,748,415	6,834,740
Murabaha income		543,572	432,912
Return on financial assets at fair value through other comprehensive income - sukuk		266,607	-
Purchases of property and equipment		(42,180)	39,884
Purchases of intangible assets		(48,219)	(56,360)
Proceed from sale investment property		1,983,800	-
Purchases of financial assets at fair value through other comprehensive income		(1,936,896)	(323,744)
Proceed from sale of financial assets at fair value through other comprehensive income		62,247	-
Cash dividends from financial assets at fair value through other comprehensive income		101,281	76,178
Purchases of financial assets at fair value through profit or loss		-	(481,337)
Proceed from sale of financial assets at fair value through profit or loss		-	214,248
Purchases of financial assets at amortized cost		(5,003,527)	(482,404)
Returns received from financial assets at amortized cost		145,446	121,995
Net cash flow generated from investing activities		7,820,546	6,376,112
Cash Flow from Financing Activities			
Payment of Lease Liability		(25,000)	-
Dividends		(1,120,000)	(1,120,000)
Net cash flow (used in) financing activities		(1,145,000)	(1,120,000)
Net change in cash and cash equivalents		8,370,267	8,522,429
Cash and cash equivalents at the beginning of the period		4,443,618	2,657,561
Cash and cash equivalents at the end of the period	9	12,813,885	11,179,990

The accompanying notes from 1 to 20 form an integral part of these condensed consolidated interim financial statements.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE- MONTH PERIOD ENDED SEPTEMBER 30, 2023**

1) GENERAL

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

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

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

The accompanying condensed consolidated interim financial statements were approved by the Board of Directors on October 30, 2023.

2) BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(a) Basis of preparation

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

This is the first set of the Group's condensed consolidated interim financial statements for the nine-month period ended September 30, 2023 in which IFRS (17) - Insurance Contracts have been applied and the resultant changes to the significant judgments, estimates and accounting policies are described in Notes (3 and 4), comparative information was restated due to the adoption of IFRS (17) along with other matters which described in note (20). the Group maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues, and expenses clearly attributable to either operation, are recorded in the respective accounts.

In preparing the Group's condensed consolidated interim financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances and unrealized gains and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances. The condensed consolidated interim financial statements may not be considered indicative of the expected results for the full year.

These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, comparative information was restated due to adoption of IFRS (17) – Insurance contract along with other matters. Therefore, comparative information was restated accordingly to maintain comparability, refer to notes (3 and 20) for more details.

BASIS OF CONSOLIDATION OF FINANCIAL STATEMENTS

The condensed consolidated interim financial statements include the financial statements of the Group and the wholly owned subsidiary Company controlled by it, together referred as "the Group". Control exists when the Group has the ability to control the financial and operating policies of the subsidiary Company in order to achieve financial benefits out of their operations, all inter- Company transactions, balances, revenues and expenses between the Company and its subsidiary are eliminated.

**FIRST INSURANCE COMPANY
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AMMAN – JORDAN**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE- MONTH PERIOD ENDED SEPTEMBER 30, 2023**

The following are the details of its subsidiary as of September 30, 2023:

<u>Company Name</u>	<u>Authorized Capital</u>	<u>Company's Ownership</u>	<u>Nature of Activity</u>	<u>Operation Country</u>	<u>Date of Acquisition</u>
<i>In Jordanian Dinar</i>					
Mulkyat Investment and Trade Company	50,000	100%	Investment	Amman	2010

The condensed interim financial statements of the subsidiary for the same fiscal period are prepared using the same accounting policies adopted by the Group, changes are made to the accounting policies of the subsidiary, when necessary, to align them with accounting policies adopted by the Group.

(b) Basis of measurement

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

(c) Functional and presentation currency

The condensed consolidated interim financial statements are shown in Jordanian dinar, which represents the Group's functional currency.

(d) Seasonality of operations

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

3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022, except for the new and amended standards or Standards amendments that become effective after January 1, 2023, and are as follows:

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

a) IFRS 17 Insurance contracts ("IFRS 17").

The new accounting policy and the impact of the adoption of this new standard are disclosed in Note 3.

A number of other amendments became applicable for the current reporting period i.e., for reporting periods beginning on or after January 01, 2023. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

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

Certain new interpretations issued but not yet effective up to the date of issuance of the Group's condensed consolidated interim financial statements are listed below. The listing is of interpretations issued, which the Group reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new interpretations on its financial statements. The Group intends to adopt these interpretations when they are effective.

**FIRST INSURANCE COMPANY
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE- MONTH PERIOD ENDED SEPTEMBER 30, 2023**

<u>Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 16	Lease liability in a sale and leaseback – Amendments to IFRS 16	January 01, 2024
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / Effective date deferred indefinitely

B. IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Group has restated comparative information for 2022 applying the full retrospective transition approach prescribed in the standard. The nature of the changes in accounting policies can be summarized, as follows:

• **Changes in accounting policies:**

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

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

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

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

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

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

ii. **Level of aggregation**

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

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

The portfolios are further divided by year of issue.

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

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

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

iii. Recognition

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

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

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

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

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

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

iv. Contract boundaries

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

Insurance Contract

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

A substantive obligation to provide services ends when:

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

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Reinsurance contracts:

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

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

v. Measurement

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

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

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

• **Insurance Contracts:**

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

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

• **Reinsurance contracts:**

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

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

Measurement on initial recognition under PAA:

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

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

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

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

Subsequent measurement under PAA:

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

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

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

- a. the remaining coverage; and
 - b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.
- For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
- a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC.
 - b. decreased for insurance acquisition cash flows paid in the period.
 - c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.
 - d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and
 - e. increased for any adjustment to the financing component, where applicable.
- For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
- a. increased for ceding premiums paid in the period; and
 - b. decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

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

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

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

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

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Onerous contract assessment:

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

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

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

vi. De-recognition and contract modification

The Group derecognises a contract when it is extinguished i.e., when the specified obligations in the contract expire or are discharged or cancelled. The Group also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Group treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified during the nine-month period ended September 30, 2023.

vii. Acquisition & Attributable Cost

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

viii. Presentation

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

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

Insurance revenue:

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

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Insurance service expenses:

Insurance service expenses include the following:

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

Net expenses from reinsurance contracts:

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

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

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

Insurance finance income and expenses:

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

Changes to classification, recognition, and measurement

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

- **Discount rate** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Group has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. The changes in discounting methodology did not have a significant impact on transition. Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- **Risk Adjustment** -Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned. As a result, the changes in methodology did not have a significant impact on transition.
- **Onerous contracts** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4. Onerous contracts did not have a significant impact on transition to IFRS 17.

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Changes to presentation and disclosure

Statement of financial position

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

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

Line items under IFRS 17 Line items under IFRS 4, now combined under one line item under IFRS 17

Insurance contract liabilities	<ul style="list-style-type: none"> - Premiums receivable - Outstanding claims - Claims incurred but not reported - Premium deficiency reserve - Due to agents, brokers and third-party administrator - Policyholders payable - Salvage recoverable, within prepaid expenses and other assets - Fee payables, within accrued expenses and other liabilities - Reinsurers' share of unearned premiums - Reinsurers' share of outstanding claims - Reinsurers' share of claims incurred but not reported - Reinsurers' share of mathematical reserve - Payable to reinsurers, within due to reinsurers, agents, brokers and third-party administrator - Due from reinsurers
Reinsurance contract assets	<ul style="list-style-type: none"> - Unearned reinsurance commission

Statement of comprehensive income

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

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

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

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

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

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

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

Transition

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

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

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

	<u>January 1, 2023</u>	<u>January 1, 2022</u>
(Reduction) / increase in the Group's total equity		
Change in measurement of reinsurance contract assets	266,957	623,092
Change in measurement of insurance contract liabilities	(2,110,724)	(1,042,594)
Deferred tax assets	311,758	86,564
Impact of adoption of IFRS 17 before and income tax	<u>(1,532,009)</u>	<u>(332,938)</u>
Increase / (reduction) in the Group's total assets		
Risk adjustment	487,264	724,670
Recovery component	-	-
Discounting	(176,206)	(145,605)
Change in methodology	(44,101)	44,027
Impact of adoption of IFRS 17 on total assets	<u>266,957</u>	<u>623,092</u>
(Increase) / reduction in the Group's total liabilities		
Risk adjustment	(863,013)	(1,102,988)
Discounting	728,435	361,854
Loss component	41,161	(139,185)
Change in methodology	14,845	(71,168)
Change in assumption	(2,032,152)	(91,107)
Impact of adoption of IFRS 17 on total liabilities	<u>(2,110,724)</u>	<u>(1,042,594)</u>

The impact on the net loss for the nine-month period ended September 30, 2022 attributable to the policyholders, arising from actuarial risk adjustment, discounting, loss component adjustment and net impairment allowance recomputed for premiums receivable, reinsurers' receivable, reinsurers' share of outstanding claims and claims incurred but not reported, in line with the requirements of IFRS 17, is as follows:

	<u>September 30, 2022</u>
Net loss after income tax as previously reported	<u>(394,174)</u>
Estimated (increase) / reduction in the Group's net loss	
Loss component	295,778
Risk adjustment, net	39,125
Discounting, net	(218,892)
Change in methodology	(77,163)
Estimated impact of adoption of IFRS 17 on net loss	<u>38,848</u>
Adjusted loss after income tax - restated	<u>(355,326)</u>

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The impact on the profit for the nine-month period ended September 30,2022 attributable to the shareholder's equity is as follows:

	<u>September 30, 2022</u>
Net loss after income tax as previously reported	1,386,297
Change in Al-Qard Al-Hassan	38,848
	<u>1,425,145</u>

The impact on the condensed consolidated interim cash flow for the nine-month period ended September 30, 2022 as a result of implementing IFRS 17 is not material to the condensed consolidated interim financial statements.

4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

The significant accounting judgments and estimates in preparing these condensed consolidated interim financial statements are set out below:

a) Estimates of future cash flows to fulfill insurance contracts

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

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

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

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

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

b) Discounting Methodology

Discount rates are used primarily to adjust estimates of future cash flows to reflect the time value of money and other financial risks of accruing interest on the liability for claims incurred.

The bottom-up approach was used to derive the discount rate. Under this approach, risk-free discount rates based on US dollars were used by the European Insurance and Occupational Pensions Authority (EIOPA) as a starting point for preparing the yield curve. An adjustment percentage is added to the base risk-free rate, and it calls "country risk premium". This rate is provided by country from New York University Website An illiquidity rate is estimated to be equal to 5% and for all countries. This is applied multiplicatively.

c) Risk Adjustment for Non-Financial Risks

The Group shall adjust the estimate of the present value of future cash flows to reflect the compensation required by the entity for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risks. Therefore, the purpose of risk adjustment for non-financial risks is to measure the impact of uncertainty in cash flows that arise from insurance contracts, other than the uncertainty arising from financial risks. The risks covered by the risk adjustment for non-financial risks are insurance risks and other non-financial risks such as outage risk and expense risk.

The Group does not consider the effect of reinsurance in the risk adjustment for non-financial risks of the underlying insurance contracts. The Group has adopted the PAA simplification to calculate liability for remaining coverage. Therefore, the liability risk adjustment for residual coverage will only be estimated if a group of contracts is recognized as risky.

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

d) Onerosity Determination

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

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

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e) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

5) BANK DEPOSIT

<i>Jordanian Dinar</i>	As of September 30, 2023 (Unaudited)			As of 31 December 2022 (Unaudited)		
	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total
Inside Jordan	2,495,566	10,219,843	12,715,409	2,357,830	10,724,392	13,082,222
Outside Jordan	-	428,415	428,415	-	2,660,426	2,660,426
(Less): ECL	(3,647)	(34,846)	(38,493)	(3,647)	(34,846)	(38,493)
	2,491,919	10,613,412	13,105,331	2,354,183	13,349,972	15,704,155

- Deposits subject to the order of the Central Bank amounted to JOD 800,000 as of September 30, 2023 (December 31, 2022: JOD 800,000).
- The rates of return on deposits with banks in Jordanian dinars range from 2% to 4.5% as on September 30, 2023 (2022: from 2% to 4%), and the return on deposit balances outside Jordan in US dollars ranges from 3.5% to 4% as on September 30, 2023 (2022: from 3.1% to 4%). Deposits mature in period ranged from October 31, 2023 to September 6, 2024. The bank deposits inside Jordan are denominated in JOD.
- The Company has deposit outside Jordan from Al Salam Bank as of September 30, 2023 amounted to JOD 428,415 and mature on November 16, 2023.
- Balances with banks are evaluated as having a low credit risk of default because these banks are subject to high supervision by the Central Bank of Jordan and the central banks of every country that has accounts with the Group.

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6) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As of September 30, 2023 (Unaudited)			As of 31 December 2022 (Unaudited – Restated)			As of 1 January 2022 (Unaudited – Restated)		
	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total
<i>Jordanian Dinar</i>									
Inside Jordan									
Quoted shares	-	2,504,846	2,504,846	-	2,342,765	2,342,765	-	1,121,538	1,121,538
Unquoted Shares *	-	20,000	20,000	-	20,000	20,000	-	16,280	16,280
Outside Jordan:									
Quoted shares	-	285,450	285,450	-	369,182	369,182	-	309,650	309,650
Unquoted shares *	-	1	1	-	33,930	33,930	-	33,930	33,930
Sukuk**	-	2,971,373	2,971,373	-	1,814,253	1,814,253	-	1,453,585	1,453,585
	-	5,781,670	5,781,670	-	4,580,130	4,580,130	-	2,934,983	2,934,983

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

** This represents the Group investment outside Jordan in perpetual (Islamic) Sukuks at a face value of JOD 3,102,796 as of September 30, 2023 (JOD 1,907,684 as of December 31, 2022 and JOD 1,434,551 as of January 1st, 2022) with coupon rate ranged from 3.9% to 6.5% per annum with no specific maturity date, the repayment of principle and commission under the discretion of the issuer. The Group has earned a commission income of JOD 266,607 during the period (September 30, 2022: JOD Zero).

7) FINANCIAL ASSETS AT AMORTIZED COST - NET

	As of September 30, 2023 (Unaudited)			As of 31 December 2022 (Unaudited - Restated)			As of 1 January 2022 (Unaudited - Restated)		
	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total
<i>Jordanian Dinar</i>									
Sukuk	994,777	7,305,071	8,299,848	993,574	2,298,206	3,291,780	992,436	1,631,662	2,624,098
(Less): ECL	(790)	(35,564)	(36,354)	(790)	(35,564)	(36,354)	(790)	(5,564)	(6,354)
	993,987	7,269,507	8,263,494	992,784	2,262,642	3,255,426	991,646	1,626,098	2,617,744

This represents the Group investment in outside Jordan (Islamic) Sukuks with coupon rate ranged from 4.5% to 6.5% per annum. These Sukuks have a maturity duration of 6 month commencing from issued date. The Group has earned commission income of JOD 145,446 during the period (September 30, 2022: JOD 121,995).

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8) INVESTMENTS PROPERTIES

<i>Jordanian Dinar</i>	As of September 30, 2023 (Unaudited)	As of 31 December 2022 (Unaudited)
Land	3,674,900	5,004,525
Net buildings after depreciation	1,630,304	1,670,188
Net real estate investments	5,305,204	6,674,713

- The fair value of the real estate investments was estimated by three real estate valuers at an amount of JOD 5,617,017.
- A plot of land from the company's lands was sold for 1,983,800 JOD, as the book value as of December 31, 2022 was 1,329,625 JOD, generating a gain of JOD 654,175.
- Buildings include an amount of JOD 737,562 owned by policyholders and intended for investment in rental activities.
- Depreciation on real estate investments amounted to JOD 39,884 for the September 30, 2023 (JOD 39,125 as of September 30, 2022).

9) CASH ON HAND AND AT BANK

<i>Jordanian Dinar</i>	As of September 30, 2023 (Unaudited)			As of 31 December 2022 (Unaudited)		
	Policyholder	Shareholder	Total	Policyholder	Shareholder	Total
Cash on hand	181,849	1,217	183,066	336,583	3,149	339,732
Cash at banks	1,967,163	890,726	2,857,889	3,324,792	155,755	3,480,547
	2,149,012	891,943	3,040,955	3,661,375	158,904	3,820,279

The cash and cash equivalent for cash flow purposes consist of the following:

<i>Jordanian Dinar</i>	As of September 30, 2023 (Unaudited)	As of December 31, 2022 (Unaudited)
Cash on hand and at bank	3,040,955	3,820,279
Bank deposits mature within three months	10,572,930	1,423,339
Less: Deposits to the order of Central Bank of Jordan	(800,000)	(800,000)
	12,813,885	4,443,618

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10) INSURANCE CONTRACT ASSETS AND LIABILITIES

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

<i>In Jordanian Dinar</i>	Motor Comprehensive	Motor Pools- Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
As of September 30, 2023 – (unaudited)										
Insurance contracts										
Insurance contract liabilities	3,571,023	183,039	8,448,348	3,312,079	-	591,522	720,284	2,390,039	2,699,633	21,915,967
Insurance contract assets	-	-	-	-	(116,045)	-	-	-	-	(116,045)
Net insurance contract	3,571,023	183,039	8,448,348	3,312,079	(116,045)	591,522	720,284	2,390,039	2,699,633	21,799,922
Reinsurance contracts										
Reinsurance contract assets	663,508	220,783	247,465	-	-	219,238	3,517,467	2,465,158	2,606,278	9,939,897
Reinsurance contract liability	-	-	-	(387,308)	(192,100)	-	-	-	-	(579,408)
Net reinsurance contract	663,508	220,783	247,465	(387,308)	(192,100)	219,238	3,517,467	2,465,158	2,606,278	9,360,489
As of December 31, 2022 – (unaudited - restated)										
Insurance Contracts										
Insurance contract liabilities	3,621,728	329,395	8,743,788	3,844,661	-	840,650	3,976,253	2,028,337	1,988,581	25,373,393
Insurance contract assets	-	-	-	-	(123,662)	-	-	-	-	(123,662)
Net insurance contract	3,621,728	329,395	8,743,788	3,844,661	(123,662)	840,650	3,976,253	2,028,337	1,988,581	25,249,731
Reinsurance contracts										
Reinsurance contract assets	1,191,361	568,322	46,307	1,455,473	-	860,440	4,127,106	1,815,072	1,521,747	11,585,828
Reinsurance contract liability	-	-	-	-	(4,635)	-	-	-	-	(4,635)
Net reinsurance contract	1,191,361	568,322	46,307	1,455,473	(4,635)	860,440	4,127,106	1,815,072	1,521,747	11,581,193

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10.1 Analysis by remaining coverage and incurred claims Insurance contracts:

Insurance contracts:

	As of September 30, 2023 (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding Loss Component	Loss Component	Estimates of present value of FCF	Risk adjustment for non- financial risk	
<i>In Jordanian Dinar</i>					
Insurance contracts					
Insurance contract liabilities – opening	9,552,088	278,014	14,694,574	848,717	25,373,393
Insurance contract assets – opening	(239,444)	-	101,485	14,297	(123,662)
Opening balance – net (unaudited)	9,312,644	278,014	14,796,059	863,014	25,249,731
Insurance revenue	(44,123,450)	-	-	-	(44,123,450)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	27,768,687	(1,180,636)	26,588,051
Onerous contracts recognized	-	1,071,722	-	-	1,071,722
Changes that relate to past service - adjustments to the LIC	-	-	395,151	1,341,412	1,736,563
Reversal of losses on onerous contracts	-	(972,713)	-	-	(972,713)
Insurance service expenses	-	99,009	28,163,838	160,776	28,423,623
Finance expense from insurance contracts	-	-	815,805	-	815,805
Total changes in the statement of profit and loss	(44,123,450)	99,009	28,979,643	160,776	(14,884,022)
Cashflows					
Premiums received	39,770,632	-	-	-	39,770,632
Claims and other directly attributable expenses paid	-	-	(28,336,419)	-	(28,336,419)
Total cash inflows / (outflows)	39,770,632	-	(28,336,419)	-	11,434,213
Insurance contracts					
Insurance contract liabilities – closing	5,152,110	377,023	15,375,750	1,011,084	21,915,967
Insurance contract assets – closing	(192,284)	-	63,532	12,707	(116,045)
Closing balance – net (unaudited)	4,959,826	377,023	15,439,282	1,023,791	21,799,922

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	As of December 31, 2022 (Unaudited - Restated)				
	Liability For Remaining Coverage		Liability For Incurred Claims		
	Excluding Loss Component	Loss Component	Estimates of Present Value Of FCF	Risk Adjustment for Non- Financial Risk	Total
<i>Jordanian Dinar</i>					
Insurance contracts					
Insurance contract liabilities – opening	4,753,840	417,218	12,540,928	1,092,220	18,804,206
Insurance contract assets – opening	(125,516)	-	83,842	10,768	(30,906)
Opening balance – net (unaudited)	4,628,324	417,218	12,624,770	1,102,988	18,773,300
Insurance revenue	(54,723,511)	-	-	-	(54,723,511)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	37,448,505	(1,706,683)	35,741,822
Onerous contracts recognized	-	1,951,859		-	1,951,859
Changes that relate to past service - adjustments to the LIC	-	-	1,319,721	1,466,709	2,786,430
Reversal of losses on onerous contracts	-	(2,091,063)	-	-	(2,091,063)
Insurance service expenses	-	(139,204)	38,768,226	(239,974)	38,389,048
Finance income from insurance contracts	-	-	625,143	-	625,143
Total changes in the statement of profit or loss	(54,723,511)	(139,204)	39,393,369	(239,974)	(15,709,320)
Cashflows					
Premiums received	59,407,831	-	-	-	59,407,831
Claims and other directly attributable expenses paid	-	-	(37,222,080)	-	(37,222,080)
Total cash inflows / (outflows)	59,407,831	-	(37,222,080)	-	22,185,751
Insurance contracts					
Insurance contract liabilities – closing	9,552,088	278,014	14,694,574	848,717	25,373,393
Insurance contract assets – closing	(239,444)	-	101,485	14,297	(123,662)
Closing balance – net (unaudited)	9,312,644	278,014	14,796,059	863,014	25,249,731

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10.2 Analysis by remaining coverage and incurred claims reinsurance contracts:

Reinsurance contracts held:

	As of September 30, 2023 (Unaudited)				
	Asset For Remaining Coverage		Asset For Incurred Claims		Total
	Excluding Loss- Recovery Component	Loss- Recovery Component	Estimates Of Present Value of FCF	Risk Adjustment for Non- Financial Risk	
<i>In Jordanian Dinar</i>					
Reinsurance contracts					
Reinsurance contract assets – opening	5,582,720	25,178	5,500,120	477,810	11,585,828
Reinsurance contract liabilities – opening	(73,175)	-	59,086	9,454	(4,635)
Opening balance – net (unaudited)	5,509,545	25,178	5,559,206	487,264	11,581,193
Allocation of reinsurance premium paid	(18,321,358)	-	-	-	(18,321,358)
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	261,886	8,264,107	761,428	9,287,421
Changes that relate to past service – adjustments to the LIC	-	(301,572)	715,502	(666,628)	(252,698)
Amounts recoverable from reinsurers –	-	(39,686)	8,979,609	94,800	9,034,723
Finance income from reinsurance contracts	-	-	339,619	-	339,619
Total changes in the statement of profit and loss	(18,321,358)	(39,686)	9,319,228	94,800	(8,947,016)
Cashflows					
Premiums ceded and acquisition cashflows paid	16,222,606	-	-	-	16,222,606
Recoveries from reinsurance	-	-	(9,496,294)	-	(9,496,294)
Total cash (outflows) / inflows	16,222,606	-	(9,496,294)	-	6,726,312
Reinsurance contracts					
Reinsurance contract assets – closing	5,086,349	(14,508)	4,330,750	537,306	9,939,897
Reinsurance contract liabilities – closing	(1,675,556)	-	1,051,391	44,757	(579,408)
Closing balance – net (unaudited)	3,410,793	(14,508)	5,382,141	582,063	9,360,489

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	As of December 31, 2022 (Unaudited - restated)				
	Asset For Remaining Coverage		Asset For Incurred Claims		
	Excluding Loss- Recovery Component	Loss- Recovery Component	Estimates Of Present Value Of FCF	Risk Adjustment for Non- Financial Risk	Total
<i>Jordanian Dinar</i>					
Reinsurance contracts					
Reinsurance contract assets – opening	5,540,288	45,036	6,173,131	724,670	12,483,125
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net (unaudited)	5,540,288	45,036	6,173,131	724,670	12,483,125
Allocation of reinsurance premium paid	(23,521,796)	-	-	-	(23,521,796)
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	(831,782)	10,990,471	(1,013,621)	9,145,068
Changes that relate to past service - adjustments to the LIC	-	811,924	2,693,830	776,215	4,281,969
Amounts recoverable from reinsurers – net	-	(19,858)	13,684,301	(237,406)	13,427,037
Finance expense from reinsurance contracts	-	-	333,973	-	333,973
Total changes in the statement of profit or loss	(23,521,796)	(19,858)	14,018,274	(237,406)	(9,760,786)
Cashflows					
Premiums ceded and acquisition cashflows paid	23,491,053	-	-	-	23,491,053
Recoveries from reinsurance	-	-	(14,632,199)	-	(14,632,199)
Total cash (outflows) / inflows	23,491,053	-	(14,632,199)	-	8,858,854
Reinsurance contracts					
Reinsurance contract assets – closing	5,582,720	25,178	5,500,120	477,810	11,585,828
Reinsurance contract liabilities – closing	(73,175)	-	59,086	9,454	(4,635)
Closing balance – net (unaudited)	5,509,545	25,178	5,559,206	487,264	11,581,193

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11) INCOME TAX

a- Income Tax:

The following is the movement on income tax provision:

<i>In Jordanian Dinar</i>	For the Nine-Month Period Ended September 30, 2023 (Unaudited)	For the Year Ended December 31, 2022 (Unaudited)
Balances beginning of the period / year	669,981	44,500
Income tax expense for the period / year	554,022	777,339
Payments during the period / year	(818,103)	(151,858)
Balance Ending of the Period / Year	405,900	669,981

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

<i>Jordanian Dinar</i>	For the Nine-Month Period Ended September 30,			
	2023		2022	
	(Unaudited)		(Unaudited)	
	Policyholder	Shareholder	Policyholder	Shareholder
Current tax expense for the period	(19,246)	573,268	(36,236)	520,522
Deferred tax assets – net	(126,652)	-	(110,179)	-
Income tax expense for the period	(145,898)	573,268	(146,415)	520,522

- The Company has reached to a final settlement with the Income and Sales Tax Department until the end of 2018. Moreover, the Company has submitted its tax returns for the years 2019, 2020, 2021 and 2022 and it has not been reviewed by the Income and Sales Tax Department yet. According to the opinion of the management and the tax consultant, the income tax provision is sufficient as of September 30, 2023.
- The income tax provision for the period ending on September 30, 2023 and 2022 for the Company was calculated according to the income tax law at a rate of 26% for balances inside the Kingdom and a rate of 10% for balances outside the Kingdom, according to the amended income tax law (38/2018).
- Income tax provision for the subsidiary was calculated in accordance with the Income Tax Law (38/2018) at 20%.
- The subsidiary has reached to a final settlement for the subsidiary with the Income and Sales Tax Department until the end of 2018. Moreover, the subsidiary has submitted its tax returns for the years 2019, 2020, 2021 and 2022 and it has not been reviewed by the Income and Sales Tax Department yet. According to the opinion of the management and the tax consultant, the income tax provision is sufficient as of September 30, 2023.

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b- Deferred Tax Assets:

	For the Nine-Month Period Ended September 30, 2023 (unaudited)				As of December	As of January
	Year Beginning Balance	Amounts added	Amounts released	Balance at the End of the Year	31, 2022 (Unaudited- Restated)	1 st , 2022 (Unaudited- Restated)
Deferred Tax Assets:					Deferred Tax	Deferred Tax
Expected Credit Losses – Receivables	2,418,001	150,000	-	2,568,001	667,680	455,260
Expected Credit Losses – Reinsurance	559,090	-	-	559,090	145,363	44,200
Expected Credit Losses – Banks deposits	38,493	-	-	38,493	10,008	22,228
Expected Credit Losses – Sukuk	36,354	-	-	36,354	9,452	1,652
Expected Credit Losses – Checks under collection	22,500	-	-	22,500	5,850	16,250
Cumulative change in fair value of financial assets through other comprehensive income	417,519	515,380	417,519	515,380	51,538	32,085
Insurance contract liabilities	3,571,068	337,121	-	3,908,189	1,016,129	457,525
	7,063,025	1,002,501	417,519	7,648,007	1,906,021	1,029,200
Deferred Tax Liabilities:						
Cumulative change in fair value of financial assets through comprehensive income	128,906	62,431	128,906	62,431	16,232	14,151
	128,906	62,431	128,906	62,431	16,232	14,151

12) BASIC AND DILUTED EARNINGS PER SHARE

	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2023 (Unaudited)	2022 (Unaudited - restated)	2023 (Unaudited)	2022 (Unaudited - restated)
Profit for the year	944,237	514,257	2,074,443	1,425,145
Weighted average of number of shares	28,000,000	28,000,000	28,000,000	28,000,000
Basic earnings per share of current period profit	0.034	0.018	0.074	0.051
Diluted earnings per share of current period profit	0.034	0.018	0.074	0.051

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13) INSURANCE REVENUE AND EXPENSES

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for September 30, 2023 and September 30, 2022 is included in following tables. Additional information on amounts recognized in condensed consolidated interim statement of profit or loss is included in the insurance contract balances reconciliation.

<i>In Jordanian Dinar</i>	Motor Comprehensive	Motor Pools - Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
September 30, 2023 – (unaudited)										
Insurance revenue from contracts measured under PAA	7,271,144	1,974,952	6,344,397	13,578,620	850,602	627,463	5,961,390	2,640,510	4,874,372	44,123,450
Insurance revenue – total	7,271,144	1,974,952	6,344,397	13,578,620	850,602	627,463	5,961,390	2,640,510	4,874,372	44,123,450
Incurred claims and other directly attributable expenses – net	(5,584,031)	(212,741)	(6,297,231)	(11,268,287)	(311,677)	(37,755)	(267,123)	(19,159)	(2,590,047)	(26,588,051)
Changes that relate to past service - adjustments to the LIC	(887,208)	58,566	603,994	(71,487)	(18,108)	(28,821)	(199,831)	(14,898)	(1,178,770)	(1,736,563)
(Losses) reversal of losses on onerous contracts – net	(65,529)	-	(36,150)	(13,095)	-	-	-	15,765	-	(99,009)
Insurance service expenses	(6,536,768)	(154,175)	(5,729,387)	(11,352,869)	(329,785)	(66,576)	(466,954)	(18,292)	(3,768,817)	(28,423,623)
Net income/(expense) from insurance contracts	734,376	1,820,777	615,010	2,225,751	520,817	560,887	5,494,436	2,622,218	1,105,555	15,699,827
Allocation of reinsurance premium paid - contracts measured under the PAA	(644,109)	(970,228)	(7,125)	(5,940,546)	(386,858)	(453,906)	(4,287,189)	(2,147,388)	(3,484,009)	(18,321,358)
Amounts recoverable from reinsurers – net	93,158	(22,410)	279,470	5,629,181	55,078	45,759	302,196	(55,648)	2,707,939	9,034,723
Net income/(expenses) from reinsurance contracts held	(550,951)	(992,638)	272,345	(311,365)	(331,780)	(408,147)	(3,984,993)	(2,203,036)	(776,070)	(9,286,635)
Insurance service result *	183,425	828,139	887,355	1,914,386	189,037	152,740	1,509,443	419,182	329,485	6,413,192

* This amount does not include the expenses related to shareholders' equity share for managing takaful insurance operations with an amount of JD 6,287,072.

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<i>In Jordanian Dinar</i>	Motor Comprehensive	Motor Pools - Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
September 30, 2022										
(Unaudited - restated)										
Insurance revenue from contracts measured under PAA	6,635,761	1,678,566	4,614,835	12,429,974	1,081,031	547,744	6,107,983	2,347,119	4,587,701	40,030,714
Insurance revenue – total	6,635,761	1,678,566	4,614,835	12,429,974	1,081,031	547,744	6,107,983	2,347,119	4,587,701	40,030,714
Incurred claims and other directly attributable expenses	(5,197,990)	(249,172)	(5,115,259)	(11,313,698)	(62,612)	(43,630)	(1,123,453)	(114,808)	(3,270,098)	(26,490,720)
Changes that relate to past service - adjustments to the LIC	(878,465)	(78,901)	987,303	76,372	(138,449)	(2,156)	807,224	10,940	(553,848)	230,020
(Losses) / reversal of losses on onerous contracts – net	(20,708)	-	268,215	-	1,579	-	-	79,872	-	328,958
Insurance service expenses – total	(6,097,163)	(328,073)	(3,859,741)	(11,237,326)	(199,482)	(45,786)	(316,229)	(23,996)	(3,823,946)	(25,931,742)
Net income/(expense) from insurance contracts	538,598	1,350,493	755,094	1,192,648	881,549	501,958	5,791,754	2,323,123	763,755	14,098,972
Allocation of reinsurance premium paid - contracts measured under the PAA	(665,238)	(867,583)	(39,285)	(5,204,774)	(510,763)	(294,504)	(4,521,077)	(1,934,585)	(3,296,051)	(17,333,860)
Amounts recoverable from reinsurers – net	361,101	241,151	9,585	4,941,654	132,829	14,693	251,229	91,108	2,871,702	8,915,052
Net income/(expenses) from reinsurance contracts held	(304,137)	(626,432)	(29,700)	(263,120)	(377,934)	(279,811)	(4,269,848)	(1,843,477)	(424,349)	(8,418,808)
Insurance service result **	234,461	724,061	725,394	929,528	503,615	222,147	1,521,906	479,646	339,406	5,680,164

** This amount does not include the expenses related to shareholders' equity share for managing takaful insurance operations with an amount of JD 4,300,589.

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14) NET FINANCE REVENUE (EXPENSE) FROM INSURANCE CONTRACTS & REINSURANCE CONTRACTS HELD

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

	Motor Comprehensive	Motor Pools - Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
September 30, 2023 – (unaudited)										
Finance expense from insurance contracts issued	(99,665)	(8,731)	(293,668)	(163,629)	(6,353)	(43,783)	(4,986)	(54,868)	(121,848)	(797,531)
Accretion of interest on LIC claims best estimate	(3,065)	(269)	(9,030)	(4,909)	(33)	(111)	(8)	(193)	(656)	(18,274)
Net finance expense from insurance contracts	(102,730)	(9,000)	(302,698)	(168,538)	(6,386)	(43,894)	(4,994)	(55,061)	(122,504)	(815,805)
Finance expense from reinsurance contracts held										
Accretion of interest on LIC claims best estimate, reinsurance share	40,045	11,837	8,422	79,590	5,210	40,173	4,785	49,474	100,083	339,619
Net finance expense from reinsurance contracts held	40,045	11,837	8,422	79,590	5,210	40,173	4,785	49,474	100,083	339,619
Finance (expense) / income – net	(62,685)	2,837	(294,276)	(88,948)	(1,176)	(3,721)	(209)	(5,587)	(22,421)	(476,186)

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	Motor Comprehensive	Motor Pools - Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
September 30, 2022 – (unaudited - restated)										
Finance expense from insurance contracts issued	(31,342)	(7,459)	(154,410)	(68,705)	(2,139)	(522)	(79,130)	(40,579)	(51,544)	(435,830)
Accretion of interest on LIC claims best estimate	(940)	(224)	(4,632)	(2,061)	(18)	(4)	(49)	(135)	(305)	(8,368)
Accretion of interest on LIC attributable expenses best estimate	<u>(32,282)</u>	<u>(7,683)</u>	<u>(159,042)</u>	<u>(70,766)</u>	<u>(2,157)</u>	<u>(526)</u>	<u>(79,179)</u>	<u>(40,714)</u>	<u>(51,849)</u>	<u>(444,198)</u>
Net finance expense from insurance contracts										
Finance expense from reinsurance contracts held	26,988	18,519		38,302	1,540	382	77,332	36,507	41,353	240,923
Accretion of interest on LIC claims best estimate, reinsurance share	26,988	18,519		38,302	1,540	382	77,332	36,507	41,353	240,923
Net finance expense from reinsurance contracts held	<u>(5,294)</u>	<u>10,836</u>	<u>(159,042)</u>	<u>(32,464)</u>	<u>(617)</u>	<u>(144)</u>	<u>(1,847)</u>	<u>(4,207)</u>	<u>(10,496)</u>	<u>(203,275)</u>
Finance (expense) / income – net										

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15) FINANCIAL RISK MANAGEMENT

The Group generally has exposure to the financial risks, credit risk, liquidity risk, market risk and capital management. Generally, the Group's objectives, policies and processes for managing risk are the same as those disclosed in its consolidated financial statements for the year ended December 31, 2022.

16) FAIR VALUE LEVELS

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

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

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

	Fair value through other comprehensive income (FVOCI)	Fair value		
		Level 1	Level 2	Level 3
Jordanian Dinar				
September 30, 2023 - unaudited				
Shares with quoted prices	2,790,296	2,790,296	-	-
Shares with un-quoted prices	20,001	-	-	20,001
Sukuk	2,971,373	-	2,971,373	-
	5,781,670	2,790,296	2,971,373	20,001
Fair value				
	Fair value through other comprehensive income (FVOCI)	Level 1	Level 2	Level 3
In Jordanian Dinar				
December 31, 2022 – unaudited- restated				
Shares with quoted prices	2,711,947	2,711,947	-	-
Shares with un-quoted prices	53,930	-	-	53,930
Sukuk	1,814,253	-	1,814,253	-
	4,580,130	2,706,947	1,819,253	53,930

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	Fair value through other comprehensive income (FVOCI)	Fair value		
		Level 1	Level 2	Level 3
<i>In Jordanian Dinar</i>				
January 1st, 2022 – unaudited- restated				
Shares with quoted prices	1,431,188	1,431,188	-	-
Shares with un-quoted prices	49,670	-	-	49,670
Sukuk	1,453,585	-	1,453,585	-
	2,934,983	1,431,188	1,453,585	49,670

The fair value of investments in sukuk at level 2 is based on the value of similar quoted sukuk communicated by the investment manager. The fair value of investments in equity securities at level 1 is based on quoted prices available in the market. There were no transfers between levels of the fair value hierarchy during the period ended September 30, 2023 and the year ended December 31, 2022. Additionally, there were no changes in the valuation techniques. Investments measured at amortised cost include corporate sukuk.

The Group believes that the fair values of the Group's financial assets and liabilities that are not measured at fair value are not materially different from their carrying values.

17) OPERATING SEGMENTS

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

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

Information about the Group's operating sectors

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

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	Motor Comprehensive	Motor Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
Nine-month period ended										
September 30, 2023 - (unaudited)										
Insurance revenue	7,271,144	1,974,952	6,344,397	13,578,620	850,602	627,463	5,961,390	2,640,510	4,874,372	44,123,450
Insurance service expenses	(6,536,768)	(154,175)	(5,729,387)	(11,352,869)	(329,785)	(66,576)	(466,954)	(18,292)	(3,768,817)	(28,423,623)
Results of insurance contracts	734,376	1,820,777	615,010	2,225,751	520,817	560,887	5,494,436	2,622,218	1,105,555	15,699,827
Reinsurance contracts held	(644,109)	(970,228)	(7,125)	(5,940,546)	(386,858)	(453,906)	(4,287,189)	(2,147,388)	(3,484,009)	(18,321,358)
Recoveries from reinsurance contracts held	93,158	(22,410)	279,470	5,629,181	55,078	45,759	302,196	(55,648)	2,707,939	9,034,723
Net expense from reinsurance contracts held	(550,951)	(992,638)	272,345	(311,365)	(331,780)	(408,147)	(3,984,993)	(2,203,036)	(776,070)	(9,286,635)
Insurance service results	183,425	828,139	887,355	1,914,386	189,037	152,740	1,509,443	419,182	329,485	6,413,192
Net Insurance Finance Expense	(62,685)	2,837	(294,276)	(88,948)	(1,176)	(3,721)	(209)	(5,587)	(22,421)	(476,186)
Unallocated revenue and expenses for policy holders										(6,483,507)
Policyholders (deficit) before tax										(546,501)
Income tax Surplus for the period										145,898
Policyholders (deficit) from Takaful Operations										(400,603)
Unallocated revenue for shareholders equity share										7,903,491
General and administrative expenses										(1,457,635)
Unallocated employees' expenses										(3,084,467)
Depreciation and amortization										(336,226)
Al-Qard Al-Hassan										(377,452)
Profit for the period before tax										2,647,711
Income tax expense for the period										(573,268)
Profit for the period attributable to the shareholders										2,074,443

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	Motor Comprehensive	Motor Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire	G & A	Life	Total
Nine-month period ended September 30, 2022 – (unaudited- restated)										
Insurance revenue	6,635,761	1,678,566	4,614,835	12,429,974	1,081,031	547,744	6,107,983	2,347,119	4,587,701	40,030,714
Insurance service expenses	(6,097,163)	(328,073)	(3,859,741)	(11,237,326)	(199,482)	(45,786)	(316,229)	(23,996)	(3,823,946)	(25,931,742)
Results of insurance contracts	538,598	1,350,493	755,094	1,192,648	881,549	501,958	5,791,754	2,323,123	763,755	14,098,972
Reinsurance contracts held	(665,238)	(867,583)	(39,285)	(5,204,774)	(510,763)	(294,504)	(4,521,077)	(1,934,585)	(3,296,051)	(17,333,860)
Recoveries from reinsurance contracts held	361,101	241,151	9,585	4,941,654	132,829	14,693	251,229	91,108	2,871,702	8,915,052
Net expense from reinsurance contracts held	(304,137)	(626,432)	(29,700)	(263,120)	(377,934)	(279,811)	(4,269,848)	(1,843,477)	(424,349)	(8,418,808)
Insurance service results	234,461	724,061	725,394	929,528	503,615	222,147	1,521,906	479,646	339,406	5,680,164
Net Insurance Finance Expense	(5,294)	10,836	(159,042)	(32,464)	(617)	(144)	(1,847)	(4,207)	(10,496)	(203,275)
Unallocated revenue and expenses for policy holders										(5,978,630)
Policyholders' (deficit) before tax										(501,741)
Income tax Surplus for the period										146,415
Policyholders (deficit) from Takaful Operations										(355,326)
Shareholders' equity revenue from Takaful Insurance operations										6,496,040
General and administrative expenses										(1,032,558)
Unallocated employees' expenses										(2,831,351)
Depreciation and amortization										(345,298)
Al-Qard Al-Hassan										(341,166)
Profit for the period before tax										1,945,667
Income tax expense for the period										(520,522)
Profit for the period attributable to the shareholders										1,425,145

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18) RELATED PARTY BALANCES AND TRANSACTIONS

The Group in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in IAS-24. Transaction with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and revenue through under common control companies (parties related to the Group or shareholders of the Company). Transactions with related parties are undertaken at mutually agreed prices. Significant related party balances arising from transactions are described as under:

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

	Related Party			Total	
	Major Owners' Equity and Board of Directors	Top Management	Under Common Control Company	September 30, 2023 (unaudited)	December 31, 2022 (Unaudited)
<u>Condensed consolidated Interim Statement of Financial Position Items</u>					
Accounts receivable	1,449	42,921	-	44,370	29,062
Accounts payable	-	-	14,446	14,446	2,259
Deposit at banks outside Jordan	428,415	-	-	428,415	2,660,426
				For the Nine Months Ended September 30	
				2023	2022
				(Unaudited)	(Unaudited)
<u>Condensed consolidated Interim Statement of Comprehensive Income Items</u>					
Investments revenue	-	-	61,778	61,778	101,247
Takaful Insurance contributions	1,040	920	-	1,960	874

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Group

The following table shows the annual salaries, remuneration and allowances of the key management personnel for the period ended September 30, 2023 and December 31, 2022:

	For the Nine-Month period Ended September 30,	
	2023 (Unaudited)	2022 (Unaudited)
Salaries and bonuses	800,163	727,697
	800,163	727,697

19) LAWSUITS AGAINST THE GROUP

There are lawsuits held against the Group for various types of claims, the determined lawsuit at courts is about JOD 2,648,084 as of September 30, 2023 (JOD 1,877,877 as of December 31, 2022). In the management and the legal advisors' opinion, the Group will not have claims that exceed the outstanding claims provision amount.

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<i>In Jordanian Dinar</i>	Motor							Total			
	Motor Comprehensive	Motor Pools- Borders & Buses	Motor Third Party	Medical	Marine	Engineering	Fire		G & A	Life	
As of September 30, 2023 – (unaudited)											
Assets											
Reinsurance contract assets	663,508	220,783	247,465	-	-	219,238	3,517,467	2,465,158	2,606,278		9,939,897
Insurance contract assets	-	-	-	-	116,045	-	-	-	-	-	116,045
Unallocated assets	-	-	-	-	-	-	-	-	-	-	49,377,440
Total Assets											59,433,382
Liabilities											
Reinsurance contract liabilities	-	-	-	387,308	192,100	-	-	-	-	-	579,408
Insurance contract liabilities	3,571,023	183,039	8,448,348	3,312,079	-	591,522	720,284	2,390,039	2,699,633		21,915,967
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	3,433,440
Total Liabilities											25,928,815
As of December 31, 2022 – (unaudited - restated)											
Assets											
Reinsurance contract assets	1,191,361	568,322	46,307	1,455,473	-	860,440	4,127,106	1,815,072	1,521,747		11,585,828
Insurance contract assets	-	-	-	-	123,662	-	-	-	-	-	123,662
Unallocated assets	-	-	-	-	-	-	-	-	-	-	48,538,716
Total Assets											60,248,206
Liabilities											
Reinsurance contract liability	-	-	-	-	4,635	-	-	-	-	-	4,635
Insurance contract liabilities	3,621,728	329,395	8,743,788	3,844,661	-	840,650	3,976,253	2,028,337	1,988,581		25,373,393
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	2,032,149
Total Liabilities											27,410,177

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20) RESTATEMENT

As stated in note (2) to the condensed consolidated interim financial statements, this is the first set of nine -month period ended September 30, 2023 the Group's condensed consolidated interim financial statements in which IFRS (17) - Insurance Contracts have been applied and the resultant changes to the significant judgments, estimates and accounting policies, accordingly comparative information was restated due to the adoption of IFRS (17) where the impact of such changes has been disclosed in note (3) at the transition part. However, the Group's management had discovered that some of its investment in Sukuk, which classified at amortized cost previously, does not meet the SPPI test as the nature of these instruments are capital tier 1 instruments and should be classified as financial assets at fair value through other comprehensive income to meet the requirements of IFRS 9, further, there was a shortage in the expected credit loss recorded against policyholders' receivables, accordingly, the management adjusted the identified errors in the accompanying condensed consolidated interim financial statements through restating the comparative figures and below are the details of these adjustments:

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

<i>Jordanian Dinar</i>	As of January 1 st , 2022 (Before Restatement)	Adjustments due to IFRS 17 (note 3)	Reclassifications due to under IFRS 4 *	Adjustments	As of January 1 st , 2022 (After Restatement)
Financial assets at fair value through other comprehensive income	1,481,398	-	-	1,453,585	2,934,983
Financial assets at amortized cost – net	4,044,134	-	-	(1,426,390)	2,617,744
Deferred tax assets	942,636	86,564	-	-	1,029,200
Other captions within assets	52,363,852	623,092	(5,940,216)	-	47,046,728
Total Assets	58,832,020	709,656	(5,940,216)	27,195	53,628,655
Deferred tax Liabilities	11,431	-	-	2,720	14,151
Other captions within liabilities	24,757,332	1,042,594	(5,940,216)	-	19,859,710
Total Liabilities	24,768,763	1,042,594	(5,940,216)	2,720	19,873,861
Fair value reserve	(239,071)	-	-	24,475	(214,596)
Retained earnings	2,726,966	(332,938)	-	-	2,394,028
Other captions within shareholders' equity	31,575,362	-	-	-	31,575,362
Total Shareholders' Equity	34,063,257	(332,938)	-	24,475	33,754,794
Total Liabilities and Shareholders' Equity	58,832,020	709,656	(5,940,216)	27,195	53,628,655