

**AL NISR AL ARABI INSURANCE COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**31 MARCH 2023**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF AL NISR AL ARABI INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

We have reviewed the accompanying interim condensed consolidated financial statements of Al Nisr Al Arabi Insurance Company (Public Shareholding Company) and its subsidiary (together “the Group”) as of 31 March 2023, comprising of the interim condensed consolidated statement of financial position as of 31 March 2023, the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard No. (34) Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements No. (2410), “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the specified accounting policies in note number (2).

**Emphasis of Matter: Basis for preparation and restriction of use**

We draw the attention to note number 2 on the interim condensed consolidated financial statements which shows the disclosed accounting policies in use. These financial statements have been prepared for the purpose of reporting to the insurance management department at the Jordanian central bank and the securities exchange commission. Therefore, it is not suitable for any other reporting purposes, as well as that our report is to be used solely for the use of the insurance management department, securities exchange commission and the management. The report may not be used by other parties. This does not change our opinion on the ending result for the interim condensed consolidated financial statements.

Amman - Jordan

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**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

|   | Notes | 31 March<br>2023<br>JD<br>(Unaudited) | 31 December<br>2022<br>JD<br>(Audited) |
|---|-------|---------------------------------------|--|
| <b><u>Assets</u></b>  |       |                                       |  |
| <b>Investments-</b>   |       |                                       |  |
| Deposits at banks   | 3     | 16,165,698                            | 13,205,563                             |
| Financial assets at fair value through other comprehensive income | 4     | 8,002,855                             | 7,539,088                              |
| Financial assets at fair value through Income statement           | 5     | 275,302                               | 271,089                                |
| Financial assets at amortized cost                                | 6     | 79,438,015                            | 79,947,679                             |
| Investment properties   | 7     | 940,001                               | 940,001                                |
| Life policyholders' loans   | 8     | 14,006,578                            | 13,493,697                             |
| <b>Total Investments</b>  |       | <b>118, 828,449</b>                   | <b>115,397,117</b>                     |
| <b>Other Assets-</b>  |       |                                       |  |
| Cash on hand and balances at banks                                | 9     | 2,897,034                             | 3,620,560                              |
| Checks under collection   | 10    | 498,418                               | 565,960                                |
| Accounts receivable, net  | 11    | 9,641,543                             | 5,069,482                              |
| Reinsurance receivables, net                                      | 12    | 67,090                                | 1,095,999                              |
| Deferred tax assets   | 13    | 212,508                               | 341,873                                |
| Property and equipment, net                                       | 14    | 2,724,373                             | 2,679,651                              |
| Intangible assets, net  | 15    | 178,123                               | 120,643                                |
| Other assets  | 16    | 2,199,809                             | 2,288,900                              |
| <b>Total Assets</b>   |       | <b>137,247,347</b>                    | <b>131,180,185</b>                     |
| <b><u>Liabilities and Equity</u></b>                              |       |                                       |  |
| <b>Technical reserves-</b>  |       |                                       |  |
| Unearned premiums reserve, net                                    |       | 7,968,574                             | 4,294,423                              |
| Outstanding claims reserve, net                                   |       | 1,644, 970                            | 896,968                                |
| Mathematical reserve, net   | 17    | 99,852,007                            | 97,969,547                             |
| <b>Total Technical Reserves</b>                                   |       | <b>109,465,551</b>                    | <b>103,160,938</b>                     |
| <b>Other liabilities -</b>  |       |                                       |  |
| Accounts payable  | 18    | 1,432,485                             | 2,304,010                              |
| Accrued expenses  |       | 849,891                               | 1,016,632                              |
| Reinsurance payables  | 19    | 1,758,014                             | 1,956,038                              |
| Lawsuit provision   | 20    | 201,575                               | 201,575                                |
| Income tax provision  | 13    | 531,861                               | 503,308                                |
| Deferred tax liabilities  | 13    | -                                     | -                                      |
| End of service provision  |       | 49,013                                | 49,013                                 |
| Other Liabilities   | 21    | 1,104,202                             | 1,011,603                              |
| <b>Total Technical Reserves and other Liabilities</b>             |       | <b>115,392,592</b>                    | <b>110,203,117</b>                     |
| <b>Equity-</b>  |       |                                       |  |
| Amortized and paid in capital                                     | 1, 22 | 10,000,000                            | 10,000,000                             |
| Additional paid in capital  | 1, 22 | 3,750,000                             | 3,750,000                              |
| Statutory reserve   | 23    | 2,683,469                             | 2,683,469                              |
| Voluntary reserve   | 23    | 1,326,652                             | 1,326,652                              |
| Fair value reserve  | 24    | (333,452)                             | (610,697)                              |
| Retained earnings   | 25    | 4,428,086                             | 3,827,644                              |
| <b>Total Shareholders' Equity</b>                                 |       | <b>21,854,755</b>                     | <b>20,977,068</b>                      |
| <b>Total Liabilities and Shareholders' Equity</b>                 |       | <b>137,247,347</b>                    | <b>131,180,185</b>                     |

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|   | Notes | For the three months ended<br>31 March |                  |
|---|-------|--|------------------|
|   |       | 2023<br>JD                             | 2022<br>JD       |
| <b>Revenues -</b>                               |       |  |                  |
| Gross written premiums                          |       | 14,699,840                             | 12,752,044       |
| Less: Reinsurance share                         |       | 2,037,785                              | 1,666,328        |
| Net written premiums                            |       | 12,662,055                             | 11,085,716       |
| Net change in unearned premiums reserve         |       | (3,674,150)                            | (2,208,661)      |
| Net change in mathematical reserve              |       | (1,882,460)                            | (2,858,694)      |
| Net earned premiums                             |       | 7,105,445                              | 6,018,361        |
| Commissions income                              |       | 93,028                                 | 102,302          |
| Insurance policies issuance fees                |       | 269,078                                | 272,068          |
| Revenue related to underwriting accounts        |       | 1,339,924                              | 1,074,435        |
| Other revenue related to underwriting accounts  |       | 51,658                                 | 196,474          |
| Interest income                                 |       | 253,626                                | 248,886          |
| Net gain from financial assets and investments  |       | 3,151                                  | 2,195            |
| Other revenues, net                             | 16    | 87                                     | 563              |
| <b>Total revenues</b>                           |       | <b>9,115,997</b>                       | <b>7,915,284</b> |
| <b>Claims, Losses and Expenses</b>              |       |  |                  |
| Paid claims                                     |       | 2,925,265                              | 4,730,216        |
| Maturity and surrender of insurance policies    |       | 3,546,923                              | 2,065,986        |
| Less: Recoveries                                |       | 199,649                                | 338,013          |
| Less: Reinsurance share                         |       | 737,258                                | 1,654,957        |
| Net paid claims                                 |       | 5,535,281                              | 4,803,232        |
| Net change in outstanding claims reserve        |       | 748,002                                | 150,112          |
| Allocated employees' expenses                   |       | 873,410                                | 862,084          |
| Allocated administrative and general expenses   |       | 342,833                                | 314,934          |
| Excess of loss premium                          |       | 25,810                                 | 24,450           |
| Policies acquisition costs                      |       | 536,948                                | 543,928          |
| Other expenses related to underwriting accounts |       | 123,408                                | 170,678          |
| <b>Net claims cost</b>                          |       | <b>8,185,682</b>                       | <b>6,869,418</b> |
| Unallocated employee' expenses                  |       | 27,645                                 | 23,914           |
| Depreciation and Amortization                   |       | 54,776                                 | 60,183           |
| Unallocated administrative and general expenses |       | 33,123                                 | 29,411           |
| Other expenses                                  |       | 30,746                                 | 36,955           |
| <b>Total expenses</b>                           |       | <b>146,290</b>                         | <b>150,463</b>   |
| <b>Profit for the period before tax</b>         |       | <b>784,025</b>                         | <b>895,403</b>   |
| Less: Income tax expense                        | 12    | 183,583                                | 210,456          |
| <b>Profit for the period</b>                    |       | <b>600,442</b>                         | <b>684,947</b>   |
|   |       | JD/Fils                                | JD/Fils          |
| Basic and diluted earnings per share            | 17    | 0/060                                  | 0/068            |

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

**AL NISR AL ARABI INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

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|   | For the three months ended<br>31 March |                       |
|---|--|-----------------------|
|   | <u>2023</u>                            | <u>2022</u>           |
|   | JD                                     | JD                    |
| <b>Profit for the Period</b>  | 600,442                                | 684,947               |
| <b>Add: Other comprehensive income after tax that<br/>will not be reclassified to profit or loss in<br/>subsequent periods:</b> |  |                       |
| Change in fair value of financial assets at fair value<br>through other comprehensive income                                    | <u>277,245</u>                         | <u>(497,106)</u>      |
| <b>Total comprehensive income for the period</b>  | <u><u>877,687</u></u>                  | <u><u>187,841</u></u> |

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|   | Authorized<br>and paid-in<br>capital | Additional<br>paid-in<br>capital | Statutory<br>reserve | Voluntary<br>reserve | Fair value<br>reserve | Retained<br>earnings | Profit for<br>the period | Total             |
|---|--------------------------------------|----------------------------------|----------------------|----------------------|-----------------------|----------------------|--------------------------|-------------------|
|   | JD                                   | JD                               | JD                   | JD                   | JD                    | JD                   | JD                       | JD                |
| <b>31 March 2023 -</b>  |                                      |                                  |                      |                      |                       |                      |                          |                   |
| <b>Balance as at 1 January 2023</b>                                   |                                      |                                  |                      |                      |                       |                      |                          |                   |
| Total comprehensive income for the period                             | 10,000,000                           | 3,750,000                        | 2,683,469            | 1,326,652            | (610,697)             | 3,827,644            | -                        | 20,977,068        |
| Loss from sale of financial assets through Other Comprehensive income | -                                    | -                                | -                    | -                    | 277,245               | -                    | 600,442                  | 877,687           |
| <b>Balance as at 31 March 2023</b>                                    | <b>10,000,000</b>                    | <b>3,750,000</b>                 | <b>2,683,469</b>     | <b>1,326,652</b>     | <b>(333,452)</b>      | <b>3,827,644</b>     | <b>600,442</b>           | <b>21,854,755</b> |
| <b>31 March 2022 -</b>  |                                      |                                  |                      |                      |                       |                      |                          |                   |
| <b>Balance as at 1 January 2022</b>                                   |                                      |                                  |                      |                      |                       |                      |                          |                   |
| Total comprehensive income for the period                             | -                                    | -                                | -                    | -                    | (497,106)             | -                    | 684,947                  | 187,841           |
| Loss from sale of financial assets through Other Comprehensive income | -                                    | -                                | -                    | -                    | 401                   | (401)                | -                        | -                 |
| <b>Balance as at 31 March 2022</b>                                    | <b>10,000,000</b>                    | <b>3,750,000</b>                 | <b>2,663,351</b>     | <b>1,326,652</b>     | <b>73,547</b>         | <b>4,537,799</b>     | <b>684,947</b>           | <b>23,036,296</b> |

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|   | Notes | For the three months ended 31 |                   |
|---|-------|-------------------------------|-------------------|
|   |       | March                         |                   |
|   |       | 2023                          | 2022              |
|   |       | JD                            | JD                |
| <b><u>OPERATING ACTIVITIES</u></b>  |       |                               |                   |
| Profit for the period before tax  |       | 784,025                       | 895,403           |
| <b>Adjustments for non-cash items</b>   |       |                               |                   |
| Depreciation and amortization   |       | 54,776                        | 60,183            |
| Change in fair value through statement of income  |       | (4,213)                       | 13,270            |
| Loss on disposal of property and equipment  |       | 87                            | 430               |
| Net change in unearned premiums reserve   |       | 3,674,151                     | 2,208,661         |
| Net change in mathematical reserve  |       | 1,882,460                     | 2,858,694         |
| Net change in outstanding claims reserve  |       | 748,002                       | 150,112           |
| Bank Interest income  |       | (172,924)                     | (116,781)         |
| Interest income from financial assets at amortized cost                                 |       | (1,315,237)                   | (1,055,564)       |
| <b>Cash flows from operating activities before changes in working capital</b>           |       | <b>5,651,127</b>              | <b>5,014,408</b>  |
| Cheques under collection  |       | 67,542                        | (252,752)         |
| Accounts receivable   |       | (4,572,061)                   | (873,233)         |
| Reinsurance receivables   |       | 1,028,909                     | 44,611            |
| Other assets  |       | 175,212                       | 89,633            |
| Accounts payable  |       | (871,525)                     | (422,149)         |
| Reinsurance payables  |       | (198,024)                     | (1,107,841)       |
| Other liabilities and accrued expenses  |       | (74,142)                      | (247,455)         |
| <b>Net cash flows from operating activities before tax paid</b>                         |       | <b>1,207,038</b>              | <b>2,245,222</b>  |
| Income tax paid   | 12    | (151,836)                     | (149,548)         |
| <b>Net cash flows from operating activities</b>   |       | <b>1,055,202</b>              | <b>2,095,674</b>  |
| <b><u>Investing Activities</u></b>  |       |                               |                   |
| Proceeds from sale of financial assets at fair value through other comprehensive income |       | -                             | 354,999           |
| Purchase financial assets at fair value through other comprehensive income              |       | (60,351)                      | (420,260)         |
| Financial assets at amortized cost  |       | 509,664                       | 14,196            |
| Life policies holder's loans  |       | (512,881)                     | (559,530)         |
| Purchase of property and equipment  |       | (88,014)                      | (7,820)           |
| Proceeds from sale of property and equipment  |       | 3,350                         | 259               |
| Purchase of intangible assets   |       | (72,401)                      | (8,059)           |
| Deposits at banks (Due more than 3 months)  |       | 1,775,000                     | (486,334)         |
| Interest received   |       | 1,402,040                     | 1,431,407         |
| <b>Net cash flows from (used in) investing activities</b>                               |       | <b>2,956,407</b>              | <b>318,858</b>    |
| <b>Net increase (decrease) in cash and cash equivalent</b>                              |       | <b>4,011,609</b>              | <b>2,414,532</b>  |
| Cash and cash equivalent, at the beginning of the period                                |       | 14,251,123                    | 12,822,457        |
| <b>Cash and cash equivalent, at the end of the period</b>                               | 18    | <b>18,262,732</b>             | <b>15,236,989</b> |

The attached notes from 1 to 24 form part of these interim condensed consolidated financial statements

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|  | Life                                |                         |
|--|-------------------------------------|-------------------------|
|  | For the three months ended 31 March |                         |
|  | 2023                                | 2022                    |
|  | JD                                  | JD                      |
| <b>Written premiums -</b>  |                                     |                         |
| Direct insurance   | 6,816,759                           | 6,175,413               |
| <b>Total premiums</b>  | <u>6,816,759</u>                    | <u>6,175,413</u>        |
| Less:  |                                     |                         |
| Foreign reinsurance share  | 900,659                             | 683,583                 |
| <b>Net Written premiums</b>  | <u>5,916,100</u>                    | <u>5,491,830</u>        |
| Add:   |                                     |                         |
| Unearned premium reserve at the beginning of the period            | 302,614                             | 308,958                 |
| Less: Reinsurance share  | 141,440                             | 135,247                 |
| <b>Net unearned premium reserve at the beginning of the period</b> | <u>161,174</u>                      | <u>173,711</u>          |
| Add:   |                                     |                         |
| Mathematical reserve at the beginning of the period                | 97,969,547                          | 86,714,442              |
| Less: Reinsurance share  | -                                   | -                       |
| <b>Net mathematical reserve at the beginning of the period</b>     | <u>97,969,547</u>                   | <u>86,714,442</u>       |
| Less:  |                                     |                         |
| Unearned premium reserve at the end of the period                  | 366,285                             | 364,583                 |
| Less: Reinsurance share  | 221,133                             | 197,380                 |
| <b>Net unearned premium reserve at the end of the period</b>       | <u>145,152</u>                      | <u>167,203</u>          |
| Less:  |                                     |                         |
| Mathematical reserve at the end of the period                      | 99,852,007                          | 89,573,136              |
| Less: Reinsurance share  | -                                   | -                       |
| <b>Net mathematical reserve at the end of the period</b>           | <u>99,852,007</u>                   | <u>89,573,136</u>       |
| <b>Net earned revenues from the written premiums</b>               | <u><u>4,049,662</u></u>             | <u><u>2,639,644</u></u> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|  | Life                                |                         |
|--|-------------------------------------|-------------------------|
|  | For the three months ended 31 March |                         |
|  | 2023                                | 2022                    |
|  | JD                                  | JD                      |
| Paid claims  | 696,351                             | 617,078                 |
| Maturity and Surrender of Policies                                   | 3,546,923                           | 2,065,986               |
| Less: Foreign reinsurance share                                      | 633,315                             | 472,369                 |
| <b>Net Paid Claims</b>   | <u>3,609,959</u>                    | <u>2,210,695</u>        |
| Add:   |                                     |                         |
| Outstanding Claims Reserve at the end of the period                  |                                     |                         |
| Reported   | 2,560,774                           | 2,513,172               |
| Unreported   | 350,000                             | 350,000                 |
| Less:  |                                     |                         |
| Reinsurance share  | 2,552,759                           | 2,434,633               |
| <b>Net Outstanding Claims Reserve at the end of the period</b>       | <u>358,015</u>                      | <u>428,539</u>          |
| Reported   | 298,015                             | 368,539                 |
| Unreported   | 60,000                              | 60,000                  |
| Less:  |                                     |                         |
| Outstanding Claims Reserve at the beginning of the period            |                                     |                         |
| Reported   | 1,780,120                           | 1,891,323               |
| Unreported   | 350,000                             | 350,000                 |
| Less:  |                                     |                         |
| Reinsurance share  | 1,861,962                           | 1,941,227               |
| <b>Net Outstanding Claims Reserve at the beginning of the period</b> | <u>268,158</u>                      | <u>300,096</u>          |
| <b>Net Claims Cost</b>   | <u><u>3,699,816</u></u>             | <u><u>2,339,138</u></u> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|  | Life                                |                       |
|--|-------------------------------------|-----------------------|
|  | For the three months ended 31 March |                       |
|  | 2023                                | 2022                  |
|  | JD                                  | JD                    |
| <b>Net earned revenues from written premiums</b>                     | 4,049,662                           | 2,639,644             |
| Less:  |                                     |                       |
| <b>Net claims cost</b>   | <u>3,699,816</u>                    | <u>2,339,138</u>      |
| Add:   |                                     |                       |
| Commission received  | 6,240                               | 6,035                 |
| Insurance policies issuance fees                                     | 36,621                              | 31,644                |
| Investment income related to underwriting accounts                   | 1,339,924                           | 1,074,435             |
| Other Income   | 41,053                              | 73,728                |
| <b>Total revenues</b>  | <u>1,423,838</u>                    | <u>1,185,842</u>      |
| Less:  |                                     |                       |
| Policies acquisition costs   | 420,893                             | 415,507               |
| General and administrative expenses related to underwriting accounts | 720,817                             | 672,904               |
| Other expenses related to underwriting accounts                      | <u>7,280</u>                        | <u>10,381</u>         |
| <b>Total Expenses</b>  | <u>1,148,990</u>                    | <u>1,098,792</u>      |
| <b>Underwriting profit</b>   | <u><u>624,694</u></u>               | <u><u>387,556</u></u> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|  | Motor |      | Marine and transportations |         | Fire and property |           | Liability |         | Medical   |           | Personal accident |        | Total     |            |
|--|-------|------|----------------------------|---------|-------------------|-----------|-----------|---------|-----------|-----------|-------------------|--------|-----------|------------|
|  | 2023  | 2022 | 2023                       | 2022    | 2023              | 2022      | 2023      | 2022    | 2023      | 2022      | 2023              | 2022   | 2023      | 2022       |
|  | JD    | JD   | JD                         | JD      | JD                | JD        | JD        | JD      | JD        | JD        | JD                | JD     | JD        | JD         |
| <b>Written Premiums:</b>                         |       |      |                            |         |                   |           |           |         |           |           |                   |        |           |            |
| Direct insurance                                 | -     | -    | 93,475                     | 109,145 | 603,416           | 612,416   | 579,931   | 420,136 | 6,567,929 | 5,400,436 | 34,263            | 29,874 | 7,879,108 | 6,572,007  |
| Facultative inward reinsurance business          | -     | -    | -                          | -       | 2,077             | 2,728     | 1,896     | 1,896   | -         | -         | -                 | -      | 3,973     | 4,624      |
| <b>Total Premiums</b>                            | -     | -    | 93,475                     | 109,145 | 605,587           | 615,144   | 581,827   | 422,032 | 6,567,929 | 5,400,436 | 34,263            | 29,874 | 7,883,081 | 6,576,631  |
| Less:  |       |      |                            |         |                   |           |           |         |           |           |                   |        |           |            |
| Local reinsurance share                          | -     | -    | 7,587                      | 6,796   | 74,048            | 63,433    | 79        | 1,039   | -         | -         | -                 | -      | 81,714    | 71,268     |
| Foreign reinsurance share                        | -     | -    | 68,035                     | 75,306  | 467,919           | 497,993   | 497,642   | 358,723 | -         | (39,428)  | 21,816            | 18,883 | 1,055,412 | 911,477    |
| <b>Net Written Premiums</b>                      | -     | -    | 17,853                     | 27,043  | 63,620            | 53,718    | 84,106    | 62,270  | 6,567,929 | 5,439,864 | 12,447            | 10,991 | 6,745,955 | 5,593,886  |
| Add:   |       |      |                            |         |                   |           |           |         |           |           |                   |        |           |            |
| Balance at the beginning of the period           |       |      |                            |         |                   |           |           |         |           |           |                   |        |           |            |
| Unearned premiums reserve                        | -     | -    | 88,131                     | 86,178  | 1,511,657         | 1,543,871 | 738,667   | 555,778 | 3,761,053 | 7,782,178 | 89,066            | 67,990 | 6,188,574 | 10,035,995 |
| Less: Reinsurance share                          | -     | -    | 68,179                     | 62,476  | 1,325,129         | 1,349,874 | 609,615   | 462,947 | -         | 3,040,326 | 52,401            | 38,961 | 2,055,324 | 4,954,584  |
| <b>Net Unearned Premiums Reserve</b>             | -     | -    | 19,952                     | 23,702  | 186,528           | 193,997   | 129,052   | 92,831  | 3,761,053 | 4,741,852 | 36,665            | 29,029 | 4,133,250 | 5,081,411  |
| Less:  |       |      |                            |         |                   |           |           |         |           |           |                   |        |           |            |
| Balance at the end of the period                 |       |      |                            |         |                   |           |           |         |           |           |                   |        |           |            |
| Unearned premiums reserve                        | -     | -    | 92,968                     | 108,635 | 1,278,426         | 1,278,680 | 901,769   | 688,423 | 7,490,795 | 8,739,827 | 85,141            | 67,028 | 9,849,098 | 10,882,593 |
| Less: Reinsurance share                          | -     | -    | 75,173                     | 81,600  | 1,140,573         | 1,146,175 | 759,161   | 579,527 | -         | 1,739,426 | 50,769            | 39,285 | 2,025,676 | 3,586,013  |
| <b>Net unearned Premiums Reserve</b>             | -     | -    | 17,794                     | 27,035  | 137,853           | 132,505   | 142,608   | 108,896 | 7,490,795 | 7,000,401 | 34,372            | 27,743 | 7,823,422 | 7,296,580  |
| <b>Net earned revenues from written Premiums</b> | -     | -    | 20,011                     | 23,710  | 112,295           | 115,210   | 70,550    | 46,205  | 2,838,187 | 3,181,315 | 14,740            | 12,277 | 3,055,783 | 3,378,717  |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|  | Motor          |               | Marine and transportations |                 | Fire and property |               | Liability     |               | Medical          |                  | Personal accident |                | Total            |                  |
|--|----------------|---------------|----------------------------|-----------------|-------------------|---------------|---------------|---------------|------------------|------------------|-------------------|----------------|------------------|------------------|
|  | 2023           | 2022          | 2023                       | 2022            | 2023              | 2022          | 2023          | 2022          | 2023             | 2022             | 2023              | 2022           | 2023             | 2022             |
|  | JD             | JD            | JD                         | JD              | JD                | JD            | JD            | JD            | JD               | JD               | JD                | JD             | JD               | JD               |
| <b>Paid claims</b>   | 2,133          | 24,377        | 859                        | 15,007          | 99,834            | 22,552        | (1,902)       | 10,691        | 2,122,428        | 4,036,748        | 1,758             | 3,763          | 2,228,914        | 4,113,138        |
| Less:  |                |               |                            |                 |                   |               |               |               |                  |                  |                   |                |                  |                  |
| Recoveries   | 199            | 997           | -                          | 150             | 20,854            | 17,359        | -             | -             | 178,596          | 319,507          | -                 | -              | 199,649          | 338,013          |
| Local reinsurance share  | -              | -             | -                          | -               | 1,430             | 1,327         | -             | -             | -                | -                | -                 | -              | 1,430            | 1,327            |
| Foreign reinsurance share  | -              | 8,464         | 556                        | 8,884           | 77,035            | 3,003         | (1,745)       | 7,958         | 22,589           | 1,151,009        | 588               | 1,943          | 102,513          | 1,181,261        |
| <b>Net Paid Claims</b>   | <b>1,934</b>   | <b>14,916</b> | <b>303</b>                 | <b>5,973</b>    | <b>515</b>        | <b>863</b>    | <b>157</b>    | <b>2,733</b>  | <b>1,921,243</b> | <b>2,566,232</b> | <b>1,170</b>      | <b>1,820</b>   | <b>1,925,322</b> | <b>2,592,537</b> |
| Add:   |                |               |                            |                 |                   |               |               |               |                  |                  |                   |                |                  |                  |
| Outstanding Claims Reserve at the end of the period                  | 109,834        | 117,449       | 127,254                    | 125,435         | 5,292,577         | 3,710,855     | 1,541,572     | 1,860,640     | 1,179,346        | 769,109          | 105,367           | 91,286         | 8,355,950        | 6,674,774        |
| Reported   | 39,834         | 47,449        | 56,254                     | 54,435          | 5,267,577         | 3,685,855     | 1,511,572     | 1,830,640     | 1,029,346        | 610,107          | 60,367            | 46,286         | 7,964,950        | 6,274,772        |
| Unreported   | 70,000         | 70,000        | 71,000                     | 71,000          | 25,000            | 25,000        | 30,000        | 30,000        | 150,000          | 159,002          | 45,000            | 45,000         | 391,000          | 400,002          |
| Less:  |                |               |                            |                 |                   |               |               |               |                  |                  |                   |                |                  |                  |
| Reinsurance share  | 54,530         | 56,355        | 88,302                     | 87,205          | 5,263,141         | 3,661,089     | 1,496,432     | 1,806,645     | -                | 174,760          | 73,685            | 64,003         | 6,976,090        | 5,850,057        |
| Recoveries   | 32,840         | 31,345        | 60,025                     | 71,427          | 40                | 29            | -             | -             | -                | 722              | -                 | -              | 92,905           | 103,523          |
| <b>Net Outstanding Claims Reserve at the end of the period</b>       | <b>22,464</b>  | <b>29,749</b> | <b>(21,073)</b>            | <b>(33,197)</b> | <b>29,396</b>     | <b>49,737</b> | <b>45,140</b> | <b>53,995</b> | <b>1,179,346</b> | <b>593,627</b>   | <b>31,682</b>     | <b>27,283</b>  | <b>1,286,955</b> | <b>721,194</b>   |
| Reported   | (7,536)        | (251)         | (36,073)                   | (48,197)        | 24,396            | 44,737        | 39,140        | 47,995        | 1,029,346        | 431,978          | 16,682            | 12,283         | 1,065,955        | 488,545          |
| Unreported   | 30,000         | 30,000        | 15,000                     | 15,000          | 5,000             | 5,000         | 6,000         | 6,000         | 150,000          | 161,649          | 15,000            | 15,000         | 221,000          | 232,649          |
| Less:  |                |               |                            |                 |                   |               |               |               |                  |                  |                   |                |                  |                  |
| Outstanding Claims Reserve at the beginning of the period            | 112,205        | 127,657       | 114,869                    | 130,195         | 5,360,186         | 3,661,669     | 1,540,675     | 1,895,712     | 523,904          | 785,168          | 88,994            | 98,574         | 7,740,833        | 6,698,975        |
| Reported   | 42,205         | 57,657        | 43,869                     | 59,195          | 5,335,186         | 3,636,669     | 1,510,675     | 1,865,712     | 373,904          | 576,923          | 43,994            | 53,574         | 7,349,833        | 6,249,730        |
| Unreported   | 70,000         | 70,000        | 71,000                     | 71,000          | 25,000            | 25,000        | 30,000        | 30,000        | 150,000          | 208,245          | 45,000            | 45,000         | 391,000          | 449,245          |
| Less:  |                |               |                            |                 |                   |               |               |               |                  |                  |                   |                |                  |                  |
| Reinsurance share  | 54,530         | 52,467        | 81,583                     | 90,813          | 5,329,619         | 3,613,789     | 1,495,555     | 1,838,222     | -                | 232,236          | 61,424            | 68,376         | 7,022,711        | 5,895,903        |
| Recoveries   | 29,245         | 31,344        | 60,026                     | 71,493          | 40                | 29            | -             | -             | 1                | 681              | -                 | -              | 89,312           | 103,547          |
| <b>Net Outstanding Claims Reserve at the beginning of the period</b> | <b>28,430</b>  | <b>43,846</b> | <b>(26,740)</b>            | <b>(32,111)</b> | <b>30,527</b>     | <b>47,851</b> | <b>45,120</b> | <b>57,490</b> | <b>523,903</b>   | <b>552,251</b>   | <b>27,570</b>     | <b>30,198</b>  | <b>628,810</b>   | <b>699,525</b>   |
| <b>Net Claims Cost</b>   | <b>(4,032)</b> | <b>819</b>    | <b>5,970</b>               | <b>4,887</b>    | <b>(616)</b>      | <b>2,749</b>  | <b>177</b>    | <b>(762)</b>  | <b>2,576,686</b> | <b>2,607,608</b> | <b>5,282</b>      | <b>(1,095)</b> | <b>2,583,467</b> | <b>2,614,206</b> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (UNAUDITED)**

|  | Motor   |         | Marine and transportations |        | Fire and property |         | Liability |        | Medical   |           | Personal accident |         | Total     |           |
|--|---------|---------|----------------------------|--------|-------------------|---------|-----------|--------|-----------|-----------|-------------------|---------|-----------|-----------|
|  | 2023    | 2022    | 2023                       | 2022   | 2023              | 2022    | 2023      | 2022   | 2023      | 2022      | 2023              | 2022    | 2023      | 2022      |
|  | JD      | JD      | JD                         | JD     | JD                | JD      | JD        | JD     | JD        | JD        | JD                | JD      | JD        | JD        |
| <b>Net earned revenues from written premiums</b>                     | -       | -       | 20,011                     | 23,710 | 112,295           | 115,210 | 70,550    | 46,205 | 2,838,187 | 3,181,315 | 14,740            | 12,277  | 3,055,783 | 3,378,717 |
| Less:  |         |         |                            |        |                   |         |           |        |           |           |                   |         |           |           |
| <b>Net claims cost</b>   | (4,032) | 819     | 5,970                      | 4,887  | (616)             | 2,749   | 177       | (762)  | 2,576,686 | 2,607,608 | 5,282             | (1,095) | 2,583,467 | 2,614,206 |
|  | 4,032   | (819)   | 14,041                     | 18,823 | 112,911           | 112,461 | 70,373    | 46,967 | 261,501   | 573,707   | 9,458             | 13,372  | 472,316   | 764,511   |
| Add:   |         |         |                            |        |                   |         |           |        |           |           |                   |         |           |           |
| Commissions received   | -       | -       | 21,838                     | 25,136 | 56,122            | 62,794  | 8,629     | 7,975  | -         | -         | 199               | 362     | 86,788    | 96,267    |
| Insurance policies issuance fees                                     | -       | -       | 5,389                      | 6,456  | 26,295            | 31,489  | 18,366    | 15,367 | 152,055   | 161,472   | 30,352            | 25,640  | 232,457   | 240,424   |
| Other Revenue related to underwriting                                |         |         |                            |        |                   |         |           |        |           |           |                   |         |           |           |
| Accounts   | (53)    | 99      | 7,399                      | 25,103 | 1,328             | 12,541  | -         | -      | 1,931     | 85,003    | -                 | -       | 10,605    | 122,746   |
| <b>Total revenue</b>   | (53)    | 99      | 34,626                     | 56,695 | 83,745            | 106,824 | 26,995    | 23,342 | 153,986   | 246,475   | 30,551            | 26,002  | 329,850   | 459,437   |
| Less:  |         |         |                            |        |                   |         |           |        |           |           |                   |         |           |           |
| Policy acquisition cost  | -       | -       | 8,784                      | 2,272  | 24,498            | 18,874  | 12,230    | 5,817  | 62,433    | 88,746    | 8,110             | 12,712  | 116,055   | 128,421   |
| Excess of loss premiums  | -       | -       | 2,750                      | 2,500  | 15,500            | 14,750  | -         | -      | -         | -         | 7,560             | 7,200   | 25,810    | 24,450    |
| General and administrative expenses related to underwriting accounts | 503     | 522     | 13,025                     | 13,234 | 67,739            | 70,878  | 55,278    | 41,962 | 356,728   | 375,587   | 2,143             | 1,933   | 495,416   | 504,116   |
| Other expenses related to underwriting accounts                      | -       | -       | 408                        | 281    | 1,289             | 1,242   | 99        | 176    | 114,224   | 158,573   | 108               | 25      | 116,128   | 160,297   |
| <b>Total Expenses</b>  | 503     | 522     | 24,967                     | 18,287 | 109,026           | 105,744 | 67,607    | 47,955 | 533,385   | 622,906   | 17,921            | 21,870  | 753,409   | 817,284   |
| <b>Underwriting (loss) profit</b>                                    | 3,476   | (1,242) | 23,700                     | 57,231 | 87,630            | 113,541 | 29,761    | 22,354 | (117,898) | 197,276   | 22,088            | 17,504  | 48,757    | 406,664   |

**AL NISR AL ARABI INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2023**

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**(1) GENERAL**

Al Nisr Al Arabi Insurance Company was established and registered as a Jordanian public shareholding company under No. (207) on 28 September 1989 with JD 2,000,000 Authorized capital and divided into 2,000,000 share at par value of 1 JD for each. The Company increased its authorized and paid in capital during 2007 to become 10,000,000 shares at par value of JD 1 each.

The Company is engaged in all types of insurance business against life and general insurance (marine and transportation, fire and property, liability, medical, personal accident and aviation).

The Company is 50% owned by Arab Bank (Parent Company) as of 31 March 2023.

The interim condensed consolidated financial statements were approved for issuance by the Board of Directors in its meeting No. (237) held on 30 April 2023

**2-1 BASIS OF PREPARATION**

The interim condensed financial statements for the three months period ended 31 March 2023 were prepared in accordance with the insurance management department at the central bank and the securities exchange commission promulgations No.17/1/6983 Dated 12 April 2023 & 2/3/01292/23 Dated 25 April 2023 respectively. The company did not apply standard No.17 which took effect on 1 January 2023 and has continued to prepare the financial statements in accordance with IFRS 4.

The Jordanian Dinar is the functional and reporting currency of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been prepared on historical cost convention, except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income which have been measured at fair value at the financial statement date.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group annual report as of 31 December 2022. In addition, results for the three - month period ended 31 March 2023 do not necessarily indicate to the results that may be expected for the financial year ending 31 December 2023.

**AL NISR AL ARABI INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 MARCH 2023**

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**2-2 BASIS OF CONSOLIDATION**

The interim condensed consolidated financial statements comprise the financial statements of Al Niser Al Arabi Insurance Company (the “Company”), and its subsidiary (referred to together as the “Group”) as of 31 December 2022 :

| <u>Company’s Name</u>                  | <u>Legal form</u>         | <u>Country of Origin</u> | <u>Ownership Percentage</u> |
|--|---------------------------|--------------------------|-----------------------------|
| Al Ameen Al Arabi Real Estate Company* | Limited Liability Company | Jordan                   | 100%                        |

\* Ameen Al-Arabi Real Estate Limited Liability Company was established with a capital of JD 458,841, paid in full. It was registered with the Ministry of Industry and Trade on 31 August 2004 and is wholly owned by Al Niser Al Arabi Insurance Company Public Shareholding Company. The objectives of the subsidiary are to manage and establish real estate complexes.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

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

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

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The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The financial statements of the subsidiary are prepared for the same reporting year as for the Company and using consistent accounting policies.

All intra-group transactions, balances, income, expenses between members of the Group are eliminated in full on consolidation.

## **Changes in accounting policies**

### **Business Segment**

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

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

### **Segment reporting**

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

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

### **Financial assets date of recognition**

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

### **Fair Value**

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

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

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

The objective of the valuation method is to show a fair value that reflects market expectations.

Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

**A. Financial assets at amortized cost**

Are the assets that the Group's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses, Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted, any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognized at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

**B. Financial assets at fair value through other comprehensive income**

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

### **C. Debt instruments at FVOCI**

The Group applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss

### **Investment Properties**

Investment properties are stated at cost less accumulated depreciation and are depreciated (excluding lands) using the straight-line depreciation method over its casted useful life.

Investment properties are revalued accordance to the Insurance Administration's instructions and the related fair value is disclosed in the related note. (Note 7)

### **Cash and Cash equivalents**

For cash flow purpose cash and cash equivalents comprise cash on hand, cash balances with banks and deposit with financial institutions maturing within three months, less bank overdrafts and restricted balances.

### **Reinsurance Accounts**

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

### **Reinsurance**

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

### **Impairment in Reinsurance Assets**

In case there is any indication as to the impairment of the reinsurance assets of the Group, which possesses the reinsured contract, the Group should reduce the present value of the contracts and record the impairment in the consolidated statement of income,

The impairment is recognized in the following cases only:

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

### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property and equipment (except lands) is depreciated when its ready for use.

Depreciation is computed on a straight-line over its expected useful life using the following depreciation rates, and the depreciation expense is recorded in the consolidated statement of income:

|                        | <u>%</u> |
|------------------------|----------|
| Buildings              | 2        |
| Furniture and fixtures | 15 - 20  |
| Elevators              | 10       |
| Vehicles               | 15       |
| Decoration & Painting  | 10 - 15  |
| Lease improvement      | 20       |
| Computers              | 20       |

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

Property and equipment are written down to their recoverable amount, when its recoverable amounts less than the net book value. The impairment loss is recorded in the consolidated statement of income.

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

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

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

### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are classified as finite or infinite. Intangible assets with finite lives are amortized over the useful economic life and the amortization expense is recognized in the consolidated income statement. While intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired. The impairment loss is recorded in the consolidated income statement.

Intangible assets include computer software. These intangible assets are amortized on a rate of 20%.

### **Pledged financial assets**

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, pledge). A periodic review is performed for those assets. According to the relevant according polices based on original classifications.

### **Provisions**

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

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

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

### **A- Technical Reserves**

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

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Group.
4. Unearned contributions and premiums reserve is measured based on the Group's experience and estimations.
5. Mathematical reserve is measured in accordance with the instruction and decisions issued by the Insurance Administration.

### **B- Provision for expected credit losses**

The Group has applied the standard's simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit losses on all its financial instruments. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment.

### **C- End of service indemnity reserve**

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

The paid amounts as end of service for resigned employees are debited to this account. The Group obligation for the end of service is recorded in the consolidated statement of income.

### **Liability adequacy test**

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

## **Income Tax**

Income tax represents current and deferred income tax.

### A- Accrued Income Tax

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the Consolidated statement of income because the accounting income contains nondeductible expenditures and nontaxable revenues in the current year but in the preceding years or the accepted accumulated losses or any other nontaxable or deductibles for tax purposes.

The taxes are calculated based on the laws and regulation in the countries were the Group carry on its operation.

### B- Deferred Tax

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

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

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

## **Offsetting**

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

## **Revenue recognition**

### A- Insurance policies

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

**B- Dividend and interest revenue**

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

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

**C- Rental income**

Rental income from investment properties is accounted for using the straight- line basis over the lease terms.

**Expenses recognition**

All commissions and other costs related to the new insurance contracts or renewed are recorded in the consolidated statement of income during the year which it occurred. And in all expenditures, are recognized using the accrual basis.

**Insurance compensations**

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

Insurance compensations includes payments made during the year even for the current or prior years. Outstanding claims represents the highest estimated amount to settle the claims resulting from events occurring before the date of Consolidated financial statements but not settled yet. Outstanding claim reserve is recorded based on the best available information at the date of Consolidated financial statements and includes the IBNR.

**Recoverable scraped value**

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

**General and administrative expenses**

All distributable general and administrative expenses are allocated to the insurance branches separately according to the actual administrative expenses of each branch separately and in compliance with specific cost centers for various insurance departments. The remaining expenses are stated as unallocated expenses in the consolidated statement of income.

**Employees' expenses**

All distributable employee expenses are allocated to the insurance branches separately according to the expenditures of each branch in compliance with specific cost centers for various insurance departments. Moreover, the related employee expenses of the Group`s subsidiary are stated as unallocated employee expenses.

### **Insurance policy acquisition cost**

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

### **Foreign currencies**

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

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

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

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

### **Use of estimates**

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

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

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to IFRS 9.
- The financial year is charged with its related income tax in accordance with regulations.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit. The impairment loss (if any) appears on the consolidated statement of income.

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to Insurance Administration regulation. Also, mathematical reserve and IBNR are calculated based on actuarial studies.
- A provision on lawsuit against the Group is made based on the Group's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- The management periodically reviews the financial assets that appear at cost to estimate any impairment in their value, and this impairment is taken into the consolidated income statement for the year.

**(3) DEPOSITS AT BANKS**

This item represents the following:

|                | 31 March 2023                      |   |  | 31 December 2022  |                   |
|----------------|------------------------------------|---|--|-------------------|-------------------|
|                | Deposits maturing within one month | Deposits maturing between 1 month- 3 months | Deposits maturing after 3 months- 1 year | Total             | Total             |
|                | JD                                 | JD  | JD                                       | JD<br>(Unaudited) | JD<br>(Audited)   |
| Inside Jordan  | 8,919,468                          | 5,266,750                                   | -  | 14,186,218        | 11,430,563        |
| Outside Jordan | 1,979,480                          | -   | -  | 1,979,480         | 1,775,000         |
|                | <u>10,898,948</u>                  | <u>5,266,750</u>                            | <u>-</u>                                 | <u>16,165,698</u> | <u>13,205,563</u> |

The annual interest rate on the deposits in Jordanian Dinar range between 5.75% to 5.90% and on the deposits in US Dollar 2.45% during the period ended 31 March 2023.(31 December 2022: Jordanian Dinar range between 5% to 5.25 % and on the deposits in US Dollar 2.45%)

Deposits pledged in favor of Insurance Administration General manager amounted to JD 800,000 for the period ended 31 March 2023 and 31 December 2022 at Invest Bank.

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

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

This item consists of the following:

|   | 31 March<br>2023        | 31 December<br>2022     |
|---|-------------------------|-------------------------|
|   | JD                      | JD                      |
|   | (Unaudited)             | (Audited)               |
| <b>Quoted shares &amp; investment funds -</b>                                     |                         |                         |
| <b>Inside Jordan</b>  |                         |                         |
| Quoted shares   | 46,522                  | 48,970                  |
| <b>Outside Jordan</b>   |                         |                         |
| Quoted shares   | 4,711,729               | 4,269,566               |
| Quoted investment funds *   | 1,169,057               | 1,115,048               |
|   | <u>5,880,786</u>        | <u>5,384,614</u>        |
| <b>Bonds -</b>  |                         |                         |
| <b>Outside Jordan</b>   |                         |                         |
| Quoted bonds **   | 2,075,547               | 2,105,504               |
| <b>Total of financial assets at fair value through other comprehensive income</b> | <u><u>8,002,855</u></u> | <u><u>7,539,088</u></u> |

\* This item represents quoted investment funds with unguaranteed capital presented at fair value as of the date of interim condensed consolidated financial statements.

- Interest rates on bonds outside Jordan ranged between 3.875% to 6.875%.

\*\* This item consists of the following:

|                             | From 3 to<br>6 months | From 6 to 9<br>months | From 9<br>Months to<br>one year | More than one<br>year | Total            |
|-----------------------------|-----------------------|-----------------------|---------------------------------|-----------------------|------------------|
|                             | JD                    | JD                    | JD                              | JD                    | JD               |
| <b><u>Inside Jordan</u></b> |                       |                       |                                 |                       | (Unaudited)      |
| Quoted Bonds                | -                     | -                     | -                               | 2,075,547             | 2,075,547        |
|                             | <u>-</u>              | <u>-</u>              | <u>-</u>                        | <u>2,075,547</u>      | <u>2,075,547</u> |

- These bonds have fixed rates.

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

**(5) FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT**

|               | 31 March<br>2023 | 31 December<br>2022 |
|---------------|------------------|---------------------|
|               | JD               | JD                  |
|               | (Unaudited)      | (Unaudited)         |
| Quoted shares | 275,302          | 271,089             |
|               | <u>275,302</u>   | <u>271,089</u>      |

**(6) FINANCIAL ASSETS AT AMORTIZED COST**

This item consists of the following:

|  | Number of<br>Bonds | 31 March<br>2023         | 31 December<br>2022      |
|--|--------------------|--------------------------|--------------------------|
|  |                    | JD                       | JD                       |
|  |                    | (Unaudited)              | (Audited)                |
| <b>Inside Jordan</b>   |                    |                          |                          |
| <b>Unquoted bonds</b>  |                    |                          |                          |
| Governmental Bonds   | 40                 | 76,447,501               | 76,955,797               |
| <b>Total</b>   |                    | <u>76,447,501</u>        | <u>76,955,797</u>        |
| <b>Outside Jordan</b>  |                    |                          |                          |
| Corporate Bonds  | 9                  | 3,096,205                | 3,097,573                |
| Less: Provision for impairment in financial assets<br>at<br>amortized cost |                    | 105,691                  | 105,691                  |
| <b>Total</b>   |                    | <u>2,990,514</u>         | <u>2,991,882</u>         |
| <b>Total financial assets at amortized cost</b>                            |                    | <u><u>79,438,015</u></u> | <u><u>79,947,679</u></u> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

- The maturity of the bonds extends to the following dates:

|                              | From month<br>to 3 months | From 3 to 6<br>months | From 6 to<br>9 months | From 9 to<br>one year | More than<br>one year | Total       |
|------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------|
|                              | JD                        | JD                    | JD                    | JD                    | JD                    | JD          |
|                              |                           |                       |                       |                       |                       | (Unaudited) |
| <b><u>Inside Jordan</u></b>  |                           |                       |                       |                       |                       |             |
| Government Bonds             | 1,000,146                 | -                     | -                     | 3,009,844             | 72,437,511            | 76,447,501  |
| <b><u>Outside Jordan</u></b> |                           |                       |                       |                       |                       |             |
| Corporate Bonds              | -                         | -                     | 321,705               | -                     | 2,668,809             | 2,990,514   |
| Total                        | 1,000,146                 | -                     | 321,705               | 3,009,844             | 75,106,320            | 79,438,015  |

- The interest rates on government and corporate bonds and bonds are denominated in Jordanian Dinar range from 5.047% to 7.999% and on foreign currency bonds ranged from 3.25% to 5.7% during the period ended 31 March 2023.
- These bonds have fixed rates.

**(7) INVESTMENT PROPERTIES**

This item consists of the following:

|                   | 31 March<br>2023 | 31 December<br>2022 |
|-------------------|------------------|---------------------|
|                   | JD               | JD                  |
|                   | (Unaudited)      | (Audited)           |
| Land investment * | 940,001          | 940,001             |

- \* The fair value of investment properties has been determined by real estate experts as of 31 December 2021 to be JD 1,074,087.

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

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**(8) ACCOUNTS RECEIVABLE, NET**

This item consists of the following:

|  | 31 March<br>2023        | 31 December<br>2022     |
|--|-------------------------|-------------------------|
|  | JD<br>(Unaudited)       | JD<br>(Audited)         |
| Policy holders' receivables                  | 9,978,592               | 5,406,678               |
| Others                                       | 4,621                   | 4,621                   |
|  | <u>9,983,213</u>        | <u>5,411,299</u>        |
| Less: Provision for expected credit losses * | (341,670)               | (341,817)               |
|  | <u><u>9,641,543</u></u> | <u><u>5,069,482</u></u> |

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

|  | 31 March<br>2023      | 31 December<br>2022   |
|--|-----------------------|-----------------------|
|  | JD<br>(Unaudited)     | JD<br>(Audited)       |
| Balance at the beginning of the Period/year                                | 341,817               | 343,557               |
| Additions  | -                     | 25,030                |
| Transferred (to) from reinsurance receivables provision for doubtful debts | (13)                  | (204)                 |
| Written off debts  | (134)                 | (26,566)              |
|  | <u>341,670</u>        | <u>341,817</u>        |
| Balance at the end of the Period/year                                      | <u><u>341,670</u></u> | <u><u>341,817</u></u> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

**(9) REINSURANCE RECEIVABLES, NET**

This item consists of the following:

|   | 31 March<br>2023     | 31 December<br>2022     |
|---|----------------------|-------------------------|
|   | JD<br>(Unaudited)    | JD<br>(Audited)         |
| Local insurance Companies                                     | 70,067               | 116,720                 |
| Foreign reinsurance Companies                                 | 49,160               | 1,031,403               |
|   | <u>119,227</u>       | <u>1,148,123</u>        |
| Less: Provision for doubtful debt of reinsurance receivables* | <u>(52,137)</u>      | <u>(52,124)</u>         |
| Net reinsurance receivables                                   | <u><u>67,090</u></u> | <u><u>1,095,999</u></u> |

\* The movement on the provision for the doubtful debt of reinsurance receivables is as follows:

|   | 31 March<br>2023     | 31 December<br>2022  |
|---|----------------------|----------------------|
|   | JD<br>(Unaudited)    | JD<br>(Audited)      |
| Balance at the beginning of the period / year                               | 52,124               | 51,920               |
| Transfer from (to) accounts receivable provision for expected credit losses | <u>13</u>            | <u>204</u>           |
| Balance at the end of the period / year                                     | <u><u>52,137</u></u> | <u><u>52,124</u></u> |

**(10) ACCOUNTS PAYABLE**

This item consists of the following:

|                          | 31 March<br>2023        | 31 December<br>2022     |
|--------------------------|-------------------------|-------------------------|
|                          | JD<br>(Unaudited)       | JD<br>(Audited)         |
| Policy holder's payables | 1,201,201               | 2,060,229               |
| Brokers payable          | 228,000                 | 240,497                 |
| Others                   | <u>3,284</u>            | <u>3,284</u>            |
|                          | <u><u>1,432,485</u></u> | <u><u>2,304,010</u></u> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

**(11) REINSURANCE PAYABLES**

The item consists of the following:

|                                 | 31 March<br>2023  | 31 December<br>2022 |
|---------------------------------|-------------------|---------------------|
|                                 | JD<br>(Unaudited) | JD<br>(Audited)     |
| Local insurance Companies       | 19,310            | 5,376               |
| Foreign reinsurance Companies   | 1,277,239         | 1,488,182           |
| Reinsurance refundable deposits | 461,465           | 462,480             |
|                                 | <u>1,758,014</u>  | <u>1,956,038</u>    |

**(12) INCOME TAX**

**A- Income tax provision**

The movement on the income tax provision is as follows:

|  | 31 March<br>2023  | 31 December<br>2022 |
|--|-------------------|---------------------|
|  | JD<br>(Unaudited) | JD<br>(Audited)     |
| Balance at beginning of the period/ year | 503,308           | 624,973             |
| Income tax paid                          | (151,836)         | (848,438)           |
| Income tax expense for the period/ year  | 180,389           | 726,773             |
| Balance at end of the period/ year       | <u>531,861</u>    | <u>503,308</u>      |

The income tax expense appearing in the interim condensed consolidated statement of income represents the following:

|                           | 31 March<br>2023  | 31 March<br>2022  |
|---------------------------|-------------------|-------------------|
|                           | JD<br>(Unaudited) | JD<br>(Unaudited) |
| Income tax for the period | 180,389           | 212,039           |
| Deferred tax assets       | 3,194             | (1,583)           |
|                           | <u>183,583</u>    | <u>210,456</u>    |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

**Income tax**

A final settlement was reached with the Income Tax Department up to the end of 2020 and the company paid it on 22 August 2022.

Income tax return was submitted timely for 2022 and 2021 it has not been reviewed by Income and Sales Tax Department up to the date of these consolidated financial statements.

**Sales Tax**

A final settlement was reached with the Sales Tax Department until the end of December 2022.

**Income tax for Al Ameen Al Arabi Real Estate Company (Subsidiary)**

A final settlement was reached with the Income Tax Department up to the end of 2020.

**B- Deferred tax assets**

This item consists of the following:

|  | 31 March 2023                          |                  |                | 31 December 2022                 |                |                |
|--|--|------------------|----------------|----------------------------------|----------------|----------------|
|  | Balance at the beginning of the period | Amounts released | Amounts added  | Balance at the end of the period | Deferred Tax   | Deferred Tax   |
|  | JD                                     | JD               | JD             | JD                               | JD             | JD             |
|  |  |                  |                |                                  | (Unaudited)    | (Audited)      |
| <b>A. Deferred tax Assets</b>  |  |                  |                |                                  |                |                |
| Provision for doubtful debts   | 393,941                                | 133              | -              | 393,808                          | 102,390        | 102,425        |
| End of service indemnity provision   | 49,013                                 | -                | -              | 49,013                           | 12,743         | 12,743         |
| Lawsuit provision  | 201,575                                | -                | -              | 201,575                          | 52,410         | 52,410         |
| Unrealized losses – financial assets through statement of income               | 22,217                                 | 22,217           | (4,213)        | (4,213)                          | (506)          | 2,654          |
| Unrealized losses – financial assets through statement of Comprehensive income | 1,430,353                              | 1,430,353        | 378,922        | 378,922                          | 45,471         | 171,641        |
|  | <u>2,096,999</u>                       | <u>1,452,603</u> | <u>374,709</u> | <u>1,019,105</u>                 | <u>212,508</u> | <u>341,873</u> |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

Movement on deferred tax assets and deferred tax liabilities is as follows:

|  | Assets            |                     | Liabilities       |                     |
|--|-------------------|---------------------|-------------------|---------------------|
|  | 31 March<br>2023  | 31 December<br>2022 | 31 March<br>2023  | 31 December<br>2022 |
|  | JD<br>(Unaudited) | JD<br>(Audited)     | JD<br>(Unaudited) | JD<br>(Audited)     |
| Balance at the beginning of the period/ year | 166,328           | 166,328             | -                 | 77,762              |
| Additions                                    | 44,966            | 175,954             | -                 | -                   |
| Releases                                     | (174,331)         | (409)               | -                 | (77,762)            |
| Balance at the end of the period/ year       | <u>212,508</u>    | <u>341,873</u>      | <u>-</u>          | <u>-</u>            |

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

|  | 31 March<br>2023  | 31 March<br>2022  |
|--|-------------------|-------------------|
|  | JD<br>(Unaudited) | JD<br>(Unaudited) |
| Accounting profit  | 784,025           | 895,403           |
| Gain from sale of financial assets at fair value through other<br>comprehensive income | -                 | (400)             |
| Non-taxable income   | (386,146)         | (397,881)         |
| Nondeductible expenses   | <u>295,926</u>    | <u>318,413</u>    |
| Taxable profit   | <u>693,805</u>    | <u>815,535</u>    |
| Income Tax expense   | <u>180,389</u>    | <u>212,039</u>    |
| Effective tax rate   | <u>24%</u>        | <u>23.7%</u>      |
| Statutory tax rate   | <u>26%</u>        | <u>26%</u>        |

**(13) PAID-IN CAPITAL**

Authorized and paid in capital amounted to JD 10,000,000 divided into 10,000,000 shares the par value of each is JD 1.

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

\* A quarter of a share was distributed free of charge for each share of the company's capital on 09/06/2005. The company's capital is 2.5 million shares / one dinar out of 2 million shares / dinars, and in 2006 one million shares / dinars, and an issuance premium of 8,750,000 dinars per share Free of charge for each share of the company's capital on 6/6/2007, by capitalizing 5,000,000 dinars from the upper box. The company's capital is 10 million shares / dinars, a share of 5 million shares / dinars, and an issuance premium amounted to 3,750,000 dinars.

**(14) LEGAL RESERVES**

The Group did not deduct the legal reserves and fees in accordance with the provisions of the Companies law, as these represent interim financial statements.

**(15) FAIR VALUE RESERVE**

This represents the fair value for financial assets through other comprehensive income as follow:

|                                  | 31 March<br>2023<br>JD<br>(Unaudited) | 31 December<br>2022<br>JD<br>(Audited) |
|----------------------------------|---------------------------------------|--|
| Beginning balance                | (610,697)                             | 570,252                                |
| Changes during the period / year | 403,417                               | (1,430,353)                            |
| Deferred tax liabilities         | (126,172)                             | 249,404                                |
| <b>Ending balance</b>            | <b><u>(333,452)</u></b>               | <b><u>(610,697)</u></b>                |

**(16) NET GAIN FROM FINANCIAL ASSETS AND INVESTMENTS**

This item consists of the following:

|   | 31 March<br>2023<br>JD<br>(Unaudited) | 31 March<br>2022<br>JD<br>(Unaudited) |
|---|---------------------------------------|---------------------------------------|
| Cash dividends received (financial assets at fair value through other comprehensive income) | 71,472                                | 79,671                                |
| <b>Total</b>  | <b><u>71,472</u></b>                  | <b><u>79,671</u></b>                  |
| Less: transfers to underwriting accounts  | 68,321                                | 77,476                                |
|   | <b><u>3,151</u></b>                   | <b><u>2,195</u></b>                   |

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

**(17) BASIC AND DILUTED EARNINGS PER SHARE**

The profit per share is calculated by dividing the profit for the period by the weighted average number of shares during the period, is as follows:

|  | <u>31 March<br/>2023</u> | <u>31 March<br/>2022</u> |
|--|--------------------------|--------------------------|
|  | JD<br>(Unaudited)        | JD<br>(Unaudited)        |
| Profit for the period/ JD                                  | 600,442                  | 684,947                  |
| Weighted average number of shares/ Share                   | 10,000,000               | 10,000,000               |
| Basic and diluted profit earnings per share for the period | <u>JD/ Fils</u>          | <u>JD/ Fils</u>          |
|  | <u>0/060</u>             | <u>0/068</u>             |

The basic earnings per share is equal to the diluted profit earnings per share for the period.

**(18) CASH AND CASH EQUIVALENT**

The cash and cash equivalents appearing in the interim condensed consolidated statement of cash flows represent the following:

|  | <u>31 March<br/>2023</u> | <u>31 March<br/>2022</u> |
|--|--------------------------|--------------------------|
|  | JD<br>(Unaudited)        | JD<br>(Unaudited)        |
| Cash on hand and at banks  | 2,897,034                | 3,984,449                |
| Add: deposits at banks mature within three months                                      | 16,165,698               | 11,577,540               |
| Less: deposit pledged in favor of general manager of Insurance administration (Note 3) | <u>800,000</u>           | <u>325,000</u>           |
| <b>Net Cash and cash equivalent</b>  | <u><u>18,262,732</u></u> | <u><u>15,236,989</u></u> |

**(19) RELATED PARTY TRANSACTIONS**

The Group entered into transactions with major shareholders, board members and directors in the Group within the normal activities of the Group. All debts provided to related parties are considered performing and no provision has been taken. Prices policies and terms of the transactions with related parties are approved by the Group's management.

The following represent summary of related parties' transactions:

|  | <u>Parent company</u> |                    |
|--|-----------------------|--------------------|
|  | <u>31 March</u>       | <u>31 December</u> |
|  | 2023                  | 2022               |
|  | JD                    | JD                 |
|  | (Unaudited)           | (Audited)          |
| <u>Statement of financial position items</u> |                       |                    |
| Claim and account payable                    | <u>43,297</u>         | <u>43,598</u>      |
| Arab Bank deposits                           | <u>1,775,000</u>      | <u>1,775,000</u>   |
| Arab Bank current accounts                   | <u>587,917</u>        | <u>2,327,613</u>   |
| Accrued interest                             | <u>40,151</u>         | <u>29,429</u>      |
|  | <u>31 March</u>       | <u>31 March</u>    |
|  | 2023                  | 2022               |
|  | JD                    | JD                 |
|  | (Unaudited)           | (Unaudited)        |
| <u>Statement of income items</u>             |                       |                    |
| Written premiums                             | <u>6,112</u>          | <u>3,614</u>       |
| Policies acquisition costs                   | <u>71,476</u>         | <u>72,398</u>      |

The following represent benefits summary (salaries and remunerations) for executive management:

|                            | <u>31 March</u> | <u>31 March</u> |
|----------------------------|-----------------|-----------------|
|                            | 2023            | 2022            |
|                            | JD              | JD              |
|                            | (Unaudited)     | (Unaudited)     |
| Salaries and remunerations | 109,356         | 174,107         |
| BOD transportation         | <u>13,500</u>   | <u>12,000</u>   |
|                            | <u>122,856</u>  | <u>186,107</u>  |

**(20) FAIR VALUE FOR FINANCIAL ASSETS**

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

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

Level 2: Other techniques where all inputs that have an important impact on fair value can be observable, directly or indirectly, from market information.

Level 3: Other techniques where inputs are used that have an important impact on fair value but are not based on observable market information.

The following table shows the analysis of financial instruments recorded at fair value and in the above hierarchy:

|   | <u>Level 1</u> | <u>Level 2</u> | <u>Total</u> |
|---|----------------|----------------|--------------|
|   | JD             | JD             | JD           |
| <b>31 March 2023 (Unaudited) -</b>                                |                |                |              |
| <b>Financial assets</b>   |                |                |              |
| Financial assets at fair value through other comprehensive income | 8,002,855      | -              | 8,002,855    |
| Financial assets at fair value through statement of income        | 275,302        | -              | 275,302      |
| <b>31 December 2022 (Audited) -</b>                               |                |                |              |
| <b>Financial assets</b>   |                |                |              |
| Financial assets at fair value through other comprehensive income | 7,539,088      | -              | 7,539,088    |
| Financial assets at fair value through statement of income        | 271,089        | -              | 271,089      |

**(21) LAWSUITS RAISED BY AND AGAINST THE GROUP**

The Group is a defendant in a number of lawsuits, the management believe that the lawsuit provision recorded of JD 2,569,329 as of 31 March 2023 (31 December 2022: JD 2,632,093) is sufficient to meet obligations that may arise from the lawsuits.

The value of the cases filed by the Group against others amounted to JD 633,335 as of 31 March 2023 (31 December 2022: JD 1,272,824) representing accounts receivable to the Group and cheques returned as a result of the Group's exercise of its normal activities.

**(22) CONTINGENT LIABILITIES**

As at the date of interim condensed consolidated financial statement, the Group has contingent liabilities which are represented in letter of guarantees amounted to JD 55,901 as of 31 March 2023 (31 December 2022: JD 55,901).

**(23) DECLARED DIVIDENDS**

The General Assembly of shareholders approved in its ordinary meeting on 30 April 2023 to distribute cash dividends amounted to JD 2,500,000 equivalent to 25% of paid-in capital as of 31 December 2022.

Also, the General Assembly of shareholders approved in its ordinary meeting on 21 April 2022 to distribute cash dividends amounted to JD 3,000,000 equivalent to 30% of paid-in capital as of 31 December 2021.

**AL NISR AL ARABI INSURANCE COMPANY**  
**PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2023**

**(24) STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE**

|   | 31 March<br>2023   | 31 December<br>2022 |
|---|--------------------|---------------------|
|   | JD<br>(Unaudited)  | JD<br>(Audited)     |
| <b>Assets -</b>   |                    |                     |
| Deposits at banks   | 13,384,206         | 10,624,432          |
| Financial assets at fair value through other comprehensive income | 6,625,873          | 6,065,514           |
| Financial assets at amortized cost                                | 65,769,802         | 64,321,279          |
| Financial assets at fair value through income statement           | 227,933            | 218,103             |
| Investment properties   | 778,263            | 756,270             |
| Life policy holder loans  | 14,006,578         | 13,493,697          |
| <b>Total investments</b>  | <b>100,792,655</b> | <b>95,479,295</b>   |
| Cash on hand and at banks   | 2,398,566          | 2,912,893           |
| Checks under collection   | 412,660            | 455,339             |
| Account receivable, net   | 1,766,162          | 1,456,649           |
| Reinsurance receivables, net                                      | 16,773             | 274,000             |
| Deferred tax assets   | 53,127             | 85,468              |
| Property and equipment, net                                       | 681,093            | 669,913             |
| Intangible assets, net  | 44,531             | 30,161              |
| Other assets  | 1,539,865          | 1,602,231           |
| <b>Total assets</b>   | <b>107,705,432</b> | <b>102,965,949</b>  |
| Liabilities and head office equity                                |                    |                     |
| <b>Technical reserves-</b>  |                    |                     |
| Unearned written premium, net                                     | 145,152            | 161,174             |
| Outstanding claim reserve, net                                    | 358,015            | 268,158             |
| Mathematical reserve, net   | 99,852,007         | 97,969,547          |
| <b>Total Technical Reserves</b>                                   | <b>100,355,174</b> | <b>98,398,879</b>   |
| <b>Other liabilities -</b>  |                    |                     |
| Account payables  | 358,121            | 576,003             |
| Reinsurance payables  | 439,504            | 489,010             |
| Accrued expenses  | 424,946            | 508,316             |
| Income tax provision  | 162,420            | 509,042             |
| Lawsuit provisions  | 201,575            | 201,575             |
| End of service provision  | 40,580             | 39,433              |
| Deferred tax liabilities  | -                  | -                   |
| Other liabilities   | 276,050            | 252,900             |
| <b>Total Liabilities</b>  | <b>102,258,370</b> | <b>100,975,158</b>  |
| <b>Head Office equity</b>   |                    |                     |
| Head Office current account                                       | 4,822,368          | 32,936              |
| Profit for the year   | 624,694            | 1,957,855           |
| <b>Total liabilities and Head office equity</b>                   | <b>107,705,432</b> | <b>102,965,949</b>  |