ARAB ORIENT INSURANCE

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arab Orient Insurance Company Public Shareholding Company
Amman- Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Arab Orient Insurance Company a public shareholding company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

1. **Revenue recognition**	**How the key audit matter was addressed in the audit**
Revenue is an important determinant of the Group's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to revenue recognition at the cut- off date. The total written premium is JD 92,094,085 for the year ended 31 December 2021.	Our audit procedures included evaluating the Group’s revenue recognition accounting policies and assessing compliance with the policies in terms of International Financial Reporting Standards (IFRSs). We tested the Group’s controls over revenue recognition and key controls in the revenue cycle. We also selected a representative sample and tested premiums written at either side of the revenue cutoff date to, assess whether the revenue was recognized in the correct period. Analytical procedures were performed on income accounts by line of business. We independently re-performed the revenue calculation of each line of business using data extracted from the Group’s system. In order to rely on the data extracted, we tested a sample of transactions to their related policies to assess the accuracy of the data extracted. We also selected and tested a representative sample of journal entries at the cut off period. Disclosures of accounting policies for revenue recognition are details in note (2) to the consolidated financial statement.
2. **Estimates used in calculation and completeness of insurance liabilities** The Group has significant insurance liabilities of JD 47,916,387 representing 54% of the Group’s total liabilities as at 31 December 2021. The measurement of insurance liabilities (outstanding claims, unearned premium reserve and premium deficiency reserve) involves significant judgment over uncertain future outcomes including primarily the timing and ultimate full settlement of long term policyholders’ liabilities.	**How the key audit matter was addressed in the audit** Our audit procedures included, amongst others, assessing the Group’s methodology for calculating the insurance liabilities and their analysis of the movements in insurance liabilities during the year, including consideration of whether the movements are in line with the accounting policy adopted by the Group. We tested management’s liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. We evaluated the competence, capabilities and objectivity of the management’s specialist. Our audit procedures on the liability adequacy tests included assessing the reasonableness of the projected cash flows and reviewing the assumptions adopted in the context of both the Group and industry experience and specific product features. We also assessed the adequacy of the disclosures regarding these liabilities. Disclosures of assumptions and accounting policies related to insurance contracts liabilities are details in note (2) to the consolidated financial statement.

Other information included in the Group's 2021 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.
The Group's 2021 annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Obtain sufficient and appropriate audit evidence regarding the financial information on companies or commercial activities within the Group's scope to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. And we are responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Amman – Jordan
24 February 2022

ERNST & YOUNG
Amman - Jordan

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Assets			
Investments-			
Bank deposits	5	58,928,609	54,556,910
Financial assets at fair value through profit or loss	6	-	568
Financial assets at fair value through other comprehensive income	7	5,331,673	3,643,183
Financial assets at amortized cost	8	11,896,795	11,882,009
Investment property	9	170,464	170,464
Life policyholder's loans	10	22,703	-
Total Investments		76,350,244	70,253,134
Cash and cash equivalents	11	1,973,783	907,327
Checks under collection	12	6,865,436	5,614,430
Accounts receivable	13	27,383,698	28,379,650
Reinsurance receivable	14	1,578,623	1,173,604
Deferred tax assets	15	3,739,493	3,634,254
Property and equipment	16	6,567,059	4,647,145
Intangible assets	17	5,721,735	391,089
Right of use assets	18	262,602	343,547
Other assets	19	2,030,073	2,357,580
		132,472,746	117,701,760
Discontinued operations' assets	35	750,766	-
Total Assets		133,223,512	117,701,760
Liabilities and Equity			
Liabilities –			
Insurance contracts liabilities:			
Unearned premium reserve		18,074,731	15,720,407
Premium deficiency reserve		684,000	884,000
Outstanding claims reserve		28,746,037	24,909,812
Mathematical reserve		411,619	-
Total Insurance contracts liabilities		47,916,387	41,514,219
Accounts payable	20	9,348,001	6,303,108
Accrued expenses		1,309,256	1,217,816
Reinsurance payables	21	21,829,584	24,100,193
Lease contracts liabilities	22	235,371	307,634
Other provisions	23	2,634,977	1,604,843
Bank Overdraft	11	1,199,828	-
Income tax provision	15	2,483,394	2,483,944
Other liabilities	24	1,248,304	576,350
		88,205,102	78,108,107
Liabilities related to discontinued operations' assets	35	550,324	-
Total Liabilities		88,755,426	78,108,107
Equity -			
Authorized and paid-in capital	25	25,438,252	21,438,252
Statutory reserve	26	6,359,563	5,825,651
Special reserve	26	40,221	-
Fair value reserve	27	(967,052)	(2,292,597)
Retained earnings	28	10,597,102	8,622,347
Net Equity		41,468,086	33,593,653
Subordinated loan	29	3,000,000	6,000,000
		44,468,086	39,593,653
Total Liabilities and Equity		133,223,512	117,701,760

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
Revenues-			
Gross written premium		92,094,085	82,191,649
Less: reinsurance share		46,783,728	44,005,949
Net written premium		45,310,357	38,185,700
Net change in provision for premium deficiency reserve		200,000	-
Net change in unearned premium reserve		1,618,106	1,792,339
Net earned premium		47,128,463	39,978,039
Commissions income		12,782,673	9,027,728
Insurance policies issuance fees		3,661,601	3,414,020
Interest income	30	3,010,785	3,178,400
Net profits from financial assets and investments		107,207	137,390
Total revenues		66,690,729	55,735,577
Claims, losses and expenses			
Paid claims		67,802,130	55,957,444
Maturity and surrender of insurance policies		118,751	-
Less: Recoveries		3,525,263	2,842,589
Less: Reinsurance share		27,945,153	27,992,162
Net paid claims		36,450,465	25,122,693
Net change in outstanding claims reserve		514,691	3,842,559
Allocated employees' expenses	31	8,749,214	7,203,614
Allocated general and administrative expenses	32	3,783,665	2,795,409
Excess of loss premium		1,111,567	926,943
Policies acquisition costs		1,988,407	1,776,039
Other insurance expenses		354,890	183,918
Net claims costs		52,952,899	41,851,175
Unallocated employees' expenses	31	2,187,303	1,800,904
Unallocated general and administrative expenses	32	937,293	698,852
Depreciation and amortization	16,17	685,200	642,461
(Recovery) Provision of expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables	13,14	(39,824)	1,330,425
Provision of expected credit losses on checks under collection	12	153,144	408,395
(Gain) loss from sale of property and equipment and intangible assets		(76,204)	8,532
Provision for contingent liabilities	23	670,000	-
Other expenses	33	35,000	35,000
Total expenses		4,551,912	4,924,569
Profit for the year from continuing operations before income tax		9,185,918	8,959,833
Income tax expense	15	(3,937,839)	(3,284,236)
Profit for the year from continuing operations		5,248,079	5,675,597
Discontinued operations -			
Profit for the period after tax from discontinued operations		(116,855)	-
Profit for the year		5,131,224	5,675,597
Attributable to:			
Company shareholders		6,553,334	5,675,597
Non-controlling interests		(1,422,110)	-
		5,131,224	5,675,597
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	34	0/259	0/224

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

	Note	2021	2020
		JD	JD
Profit for the year		5,131,224	5,675,597
Add: Other comprehensive income not to be reclassified to consolidated statement of income in subsequent periods			
Change in fair value of financial assets through other comprehensive income		1,082,386	107,356
Total comprehensive income for the year		6,213,610	5,782,953
Total comprehensive income attributable to:			
Company shareholders		7,637,053	5,782,953
Non-controlling interests		(1,423,443)	-
Total comprehensive income for the year		6,213,610	5,782,953

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Company shareholders' equity							
	Authorized and paid-in capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings *	Total	Non-controlling interest	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2021								
Balance at 1 January 2021	21,438,252	5,825,651	-	(2,292,597)	8,622,347	33,593,653	-	33,593,653
Investment in a subsidiary (note 4)	-	-	-	-	-	-	1,660,823	1,660,823
Total comprehensive income for the year	-	-	-	1,083,719	6,553,334	7,637,053	(1,423,443)	6,213,610
Realized losses on sale of financial assets through other comprehensive income	-	-	-	241,826	(180,825)	61,001	(61,001)	-
Change in non-controlling interests	-	-	-	-	(15,578)	(15,578)	15,578	-
Capital increase (note 25)	4,000,000	-	-	-	(3,848,264)	151,736	(151,736)	-
Balance transferred from non-controlling interest to special reserve	-	-	40,221	-	-	40,221	(40,221)	-
Transfer to statutory reserve	-	533,912	-	-	(533,912)	-	-	-
Balance at 31 December 2021	25,438,252	6,359,563	40,221	(967,052)	10,597,102	41,468,086	-	41,468,086
For the year ended 31 December 2020								
Balance at 1 January 2020	21,438,252	5,825,651	-	(2,590,746)	3,137,543	27,810,700	-	27,810,700
Total comprehensive income for the year	-	-	-	107,356	5,675,597	5,782,953	-	5,782,953
Realized losses on sale of financial assets through other comprehensive income	-	-	-	190,793	(190,793)	-	-	-
Balance at 31 December 2020	21,438,252	5,825,651	-	(2,292,597)	8,622,347	33,593,653	-	33,593,653

* Retained earnings include an amount of JD 3,739,493 as at 31 December 2021 (31 December 2020: JD 3,634,254) representing deferred tax assets that cannot be distributed according to the securities commission instructions.

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		JD	JD
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year before tax		9,185,918	8,959,833
Loss from discontinued operations before tax		(116,855)	-
Adjustments:			
Interest income	30	(3,010,785)	(3,178,400)
Depreciation and amortization	16,17	685,200	642,461
Depreciation on right of use assets	32	229,092	245,519
Interest on lease contracts liabilities	32	15,974	39,442
Gain from change in fair value of financial assets through profit or loss		-	(172)
Gain on sale of financial assets at fair value through profit or loss		(30)	(400)
Amortization of financial assets at amortized cost		(14,786)	9,784
(Recovery) provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables	13,14	(39,824)	1,330,425
Premium deficiency reserve		(200,000)	-
Provision for contingent liabilities	23	670,000	-
Provision for expected credit losses on checks under collection	12	153,144	408,395
Receivables written off	13	520,114	217,075
(Gain) loss from sale of property and equipment and intangible assets		(76,204)	8,532
End of service provision		895,218	323,027
Net change in unearned premium reserve		(1,618,106)	(1,792,339)
Net change in outstanding claims reserve		565,262	3,842,559
Life policyholder's loans		162	-
Cash flows from operating activities before changes in working capital		7,843,494	11,055,741
Checks under collection		310,763	(667,623)
Accounts receivable		3,442,790	(3,194,146)
Reinsurance receivables		492,333	105,974
Other assets		(117,235)	(311,199)
Accounts payable		1,647,348	224,085
Accrued expenses		237,447	491,725
Reinsurance payables		(3,295,365)	175,610
Other provisions		(171,957)	
Other liabilities		(247,845)	345,103
Paid from end of service provision	23	(705,665)	(111,312)
Income tax paid	15	(3,056,509)	(787,465)
Net cash flows from operating activities		6,379,599	7,326,493
CASH FLOW FROM INVESTING ACTIVITIES			
Deposits at banks maturing after three months		(9,461,577)	(3,158,104)
Interest received		3,010,785	3,178,400
Purchase of property and equipment	16	(333,676)	(374,444)
Purchase of financial assets at fair value through profit or loss		-	(2,385)
Proceeds from sale of financial assets at fair value through profit or loss		598	2,389
Proceeds from sale of property and equipment		78,739	6,043
Purchase of intangible assets	17	(188,776)	(84,262)
Acquisition of a subsidiary – net of cash paid	4	(2,032,099)	
Purchase of financial assets through other comprehensive income		-	(714,003)
Proceeds from sale of financial assets through other comprehensive income		76,063	505,376
Purchase of financial assets at amortized cost		-	(9,429,682)
Net cash flows used in investing activities		(8,849,943)	(10,070,672)
CASH FLOW FROM FINANCING ACTIVITIES			
Subordinated loan	29	(3,000,000)	(3,000,000)
Lease payments	22	(236,384)	(243,371)
Net cash flow used in financing activities		(3,236,384)	(3,243,371)
Net decrease in cash and cash equivalent		(5,706,728)	(5,987,550)
Cash and cash equivalents at beginning of the year		7,625,518	13,613,068
Cash and cash equivalents at the end of the year	11	1,918,790	7,625,518

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

	Life	
	2021	2020
	JD	JD
Written premiums -		
Direct insurance	129,242	-
Total premiums	129,242	-
Less:		
Foreign reinsurance share	77,868	-
Net Written premiums	51,374	-
Add:		
Mathematical reserve at the beginning of the year	516,686	-
Less: reinsurance share	105,067	-
Net mathematical reserve at the beginning of the year	411,619	-
Less:		
Mathematical reserve at the end of the year	441,874	-
Less: reinsurance share	30,255	-
Net mathematical reserve at the end of the year	411,619	-
Net earned revenues from the written premiums	51,374	-

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

	Life	
	2021	2020
	JD	JD
Paid claims	20,589	-
Maturity and Surrender of Policies	118,751	-
Less: reinsurance share	16,433	-
Net paid claims	122,907	-
Add:		
Outstanding claims reserve at the end of the year		
Reported	112,128	-
Not reported	13,500	-
Less:		
Reinsurance share	70,882	-
Recoveries	19,214	-
Net outstanding claims reserve at the end of the year	35,532	-
Less:		
Outstanding claims reserve at the beginning of the year		
Reported	100,858	-
Not reported	2,250	-
Less:		
Reinsurance share	68,390	-
Recoveries	19,214	-
Net outstanding claims reserve at the beginning of the year	15,504	-
Net claims cost	142,935	-

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

	Life	
	2021	2020
	JD	JD
Net earned revenue from written premiums	51,374	-
Less:		
Net claims cost	142,935	-
	(91,561)	-
Add:		
Commissions received	18,999	-
Insurance policies issuance fees	3,678	-
Investment income related to underwriting accounts	650	-
Total revenues	(68,234)	-
Less:		
Policies acquisition costs	1,006	-
General and administrative expenses related to underwriting accounts	13,242	-
Other expenses related to underwriting accounts	-	-
Other expenses	830	-
Total expenses	15,078	-
Underwriting loss	(83,312)	-

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

Arab Orient Insurance Public Shareholding Company
Statement of Under Writing Revenues for the General Insurance
For the year ended 31 December 2021

	Motor		Marine		Aviation		Fire and damages property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premium:																
Direct insurance	21,177,504	17,791,349	1,656,183	1,456,371	-	45,266	11,036,013	8,984,798	1,341,506	1,014,644	51,608,452	47,520,499	3,636,411	4,225,463	90,456,069	81,038,390
Reinsurance inward business	1,021,848	625,581	11,743	6,493	-	-	474,845	445,790	338	893	-	-	-	74,502	1,508,774	1,153,259
Total written Premium	22,199,352	18,416,930	1,667,926	1,462,864	-	45,266	11,510,858	9,430,588	1,341,844	1,015,537	51,608,452	47,520,499	3,636,411	4,299,965	91,964,843	82,191,649
Less:																
Local reinsurance share	938,105	618,459	7,980	9,598	-	-	501,697	467,988	20,897	-	-	-	42,507	81,950	1,511,186	1,177,995
Foreign reinsurance share	160,664	250,438	1,285,723	1,074,038	-	45,266	9,276,259	7,607,375	1,130,122	817,512	30,723,044	30,012,626	2,618,862	3,020,699	45,194,674	42,827,954
Net Written Premium	21,100,583	17,548,033	374,223	379,228	-	-	1,732,902	1,355,225	190,825	198,025	20,885,408	17,507,873	975,042	1,197,316	45,258,983	38,185,700
Add:																
Balance at the beginning of the year																
Unearned premium reserve	12,777,020	11,397,809	343,336	182,821	39,437	35,905	6,718,367	5,566,429	466,924	422,707	17,229,762	16,256,149	1,932,026	1,910,604	39,506,872	35,772,424
Less: reinsurance share	536,967	527,557	245,065	117,966	39,437	35,905	6,137,498	5,113,953	394,666	360,546	10,873,935	10,506,005	1,586,467	1,597,746	19,814,035	18,259,678
Net Unearned Premium reserve	12,240,053	10,870,252	98,271	64,855	-	-	580,869	452,476	72,258	62,161	6,355,827	5,750,144	345,559	312,858	19,692,837	17,512,746
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less:																
Balance at the end of the year																
Unearned premium reserve	9,698,335	8,784,427	271,055	282,341	-	39,437	7,820,770	6,424,874	631,049	461,318	18,564,380	17,028,697	1,558,153	1,895,126	38,543,742	34,916,220
Less: Reinsurance share	328,781	368,976	202,321	193,263	-	39,437	6,969,650	5,864,210	557,101	393,569	11,092,248	10,775,869	1,318,910	1,560,489	20,469,011	19,195,813
Net unearned Premiums Reserve	9,369,554	8,415,451	68,734	89,078	-	-	851,120	560,664	73,948	67,749	7,472,132	6,252,828	239,243	334,637	18,074,731	15,720,407
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Net earned revenues from written Premium	23,971,082	20,002,834	403,760	355,005	-	-	1,462,651	1,247,037	189,135	192,437	19,969,103	17,005,189	1,081,358	1,175,537	47,077,089	39,978,039

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

Arab Orient Insurance Public Shareholding Company
Statement of Claims Cost for the General Insurance
For the year ended 31 December 2021

	Motor		Marine		Aviation		Fire and damages property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	24,489,629	14,704,141	288,064	584,997	-	-	3,722,646	5,560,962	149,794	59,610	38,635,938	34,164,412	495,470	883,322	67,781,541	55,957,444
Less:																
Recoveries	3,348,675	2,812,239	10,099	1,362	-	-	59,389	9,362	14,518	9,139	85,553	-	7,029	10,487	3,525,263	2,842,589
Local reinsurance share	758,555	268,545	2,399	1,926	-	-	516,715	621,271	-	-	-	-	27,714	23,700	1,305,383	915,442
Foreign reinsurance share	221,963	37,147	133,676	336,029	-	-	2,446,035	4,408,651	102,868	16,197	23,647,300	21,810,984	71,495	467,712	26,623,337	27,076,720
Net Paid Claims	20,160,436	11,586,210	141,890	245,680	-	-	700,507	521,678	32,408	34,274	14,903,085	12,353,428	389,232	381,423	36,327,558	25,122,693
Add:																
Outstanding Claims Reserve at year end																
Reported	26,090,788	18,670,324	804,483	726,220	-	-	3,242,376	3,078,501	712,753	644,852	2,530,866	1,515,132	1,104,681	3,926,480	34,485,947	28,561,509
Unreported	4,490,906	3,992,106	20,539	20,000	-	-	290,832	200,000	30,221	30,000	2,875,661	3,695,082	80,392	170,000	7,788,551	8,107,188
Less:																
Reinsurance share from reported claims	1,439,821	964,019	650,661	614,919	-	-	2,411,737	1,920,050	447,523	416,679	1,538,537	938,464	913,377	3,079,576	7,401,656	7,933,707
Reinsurance share from IBNR	-	-	-	-	-	-	-	-	-	-	1,713,731	2,343,240	-	-	1,713,731	2,343,240
Recoveries	4,060,061	1,481,938	24,210	-	-	-	322	-	-	-	-	-	364,013	-	4,448,606	1,481,938
Net Outstanding Claims Reserve at year end	25,081,812	20,216,473	150,151	131,301	-	-	1,121,149	1,358,451	295,451	258,173	2,154,259	1,928,510	(92,317)	1,016,904	28,710,505	24,909,812
Less:																
Net Outstanding Claims Reserve at the beginning of the year																
Reported	23,439,097	17,758,449	1,239,220	827,046	-	-	4,146,431	5,311,038	721,977	608,481	1,595,132	3,371,886	4,203,120	2,824,363	35,344,977	30,701,263
Unreported	5,942,106	2,824,242	20,602	20,000	-	-	200,796	200,000	30,271	30,000	3,703,082	2,807,560	170,531	170,000	10,067,388	6,051,802
Less:																
Reinsurance share from reported claims	1,392,178	1,010,774	1,125,969	723,234	-	-	2,923,801	4,958,906	489,379	402,402	986,314	2,198,432	3,494,451	2,487,659	10,412,092	11,781,407
Reinsurance share from IBNR	-	-	-	-	-	-		-	-	-	2,343,240	1,760,719	-	-	2,343,240	1,760,719
Recoveries	3,957,308	2,143,686	219,068	-	-	-	21,350	-	-	-	-	-	243,465	-	4,441,191	2,143,686
Net Outstanding Claims Reserve at the beginning of the year	24,031,717	17,428,231	(85,215)	123,812	-	-	1,402,076	552,132	262,869	236,079	1,968,660	2,220,295	635,735	506,704	28,215,842	21,067,253
Net Claims Cost	21,210,531	14,374,452	377,256	253,169	-	-	419,580	1,327,997	64,990	56,368	15,088,684	12,061,643	(338,820)	891,623	36,822,221	28,965,252

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

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

	Motor		Marine		Aviation		Fire and damages property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenues from																
written premium	23,971,082	20,002,834	403,760	355,005	-	-	1,462,651	1,247,037	189,135	192,437	19,969,103	17,005,189	1,081,358	1,175,537	47,077,089	39,978,039
Less:																
Net claims cost	21,210,531	14,374,452	377,256	253,169	-	-	419,580	1,327,997	64,990	56,368	15,088,684	12,061,643	(338,820)	891,623	36,822,221	28,965,252
Add:																
Commissions received	20,676	54,436	646,758	550,823	-	2,263	1,943,541	1,933,644	332,562	200,103	9,104,672	5,410,703	715,465	875,756	12,763,674	9,027,728
Insurance policies issuance fees	419,372	317,336	66,494	53,981	606	1,059	231,068	568,575	23,669	19,617	2,581,210	2,291,108	335,504	162,344	3,657,923	3,414,020
Total revenue	3,200,599	6,000,154	739,756	706,640	606	3,322	3,217,680	2,421,259	480,376	355,789	16,566,301	12,645,357	2,471,147	1,322,014	26,676,465	23,454,535
Less:																
Policies acquisition costs	541,115	467,019	40,980	33,079	-	-	262,380	224,032	45,086	19,418	794,336	728,451	303,504	304,040	1,987,401	1,776,039
Excess of loss premium	278,734	224,958	78,476	53,693	-	-	695,235	531,156	-	-	-	-	59,122	117,136	1,111,567	926,943
Allocated general and																
administrative expenses	2,915,860	2,240,511	226,491	177,965	-	5,507	1,581,584	1,147,278	185,164	123,545	7,108,884	5,781,105	501,654	523,112	12,519,637	9,999,023
Other expenses	97,599	-	7,286	3,166	-	-	15,161	11,257	45	-	232,962	166,420	1,007	3,075	354,060	183,918
Total Expenses	3,833,308	2,932,488	353,233	267,903	-	5,507	2,554,360	1,913,723	230,295	142,963	8,136,182	6,675,976	865,287	947,363	15,972,665	12,885,923
Underwriting profit	(632,709)	3,067,666	386,523	438,737	606	(2,185)	663,320	507,536	250,081	212,826	8,430,119	5,969,381	1,605,860	374,651	10,703,800	10,568,612

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

(1) GENERAL

Arab Orient Insurance Company was established in 1996 and registered as a Jordanian public limited shareholding company under No. (309), with a paid in capital of JD 2,000,000 divided into 2,000,000 shares with a par value of JD 1 each. The paid in capital increased several times; most recently during 2021 to reach JD 25,438,252 divided into 25,438,252 shares with a par value of JD 1 each.

The Group is engaged in life insurance business along with general insurance business against fire, accidents, marine and transportation, and motor insurance, public liability, aviation, medical and life insurance through its main branch located at Jabal Amman 3rd circle in Amman, and other branches at Marca “licensing services center”, Mecca Street, 8th Circle, Abdali in Amman city, Aqaba branch in Aqaba City and in Irbid branch in Irbid city.

On 2 November 2021, the final approval was obtained to merge Arab Life and Accident Insurance Company with Arab Orient Insurance Company. The entity resulted from the merger is Arab Orient Insurance Company with an authorized paid in capital of JD 25,438,252 with a par value of JD 1 each.

The company is 89.91% owned by Gulf Insurance Company (parent company) as at 31 December 2021 and the financial statements are consolidated with those of the parent company.

The number of the company’s employees was 407 as at 31 December 2021 (31 December 2020: 370).

The consolidated financial statements were approved by the Board of Directors in its meeting held on 24 February 2022.

(2) BASIS OF PREPARATION CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Arab Orient Insurance Company ("the Company") and its following subsidiaries (referred to as "the Group") as of 31 December 2021.

Name of Company	Legal Status	Country	Ownership percentage
Badeyet al Khaleej First Company for Management Consulting *	Limited liability	Jordan	100%
The Arabian Gulf Horizons Company for Management Consulting **	Limited liability	Jordan	100%

* Badeyet Al Khaleej First Company for Management Consulting, a limited liability Company, was established and registered at the Ministry of Industry and Trade on 29 December 2020 with a paid in capital of JD 1,000 and is fully owned by the Arab Orient Insurance Company (Public Shareholding Company). The Company's main objectives are to acquire, sell and mortgage movable and immovable assets to achieve the Company's objectives.

** The Arabian Gulf Horizons Company for Management Consulting, a limited liability Company, was established and registered at the Ministry of Industry and Trade on 29 December 2020, with a paid in capital of JD 1,000 and is fully owned by the Arab Orient Insurance Company (Public Shareholding Company). The Company's main objectives are to acquire, sell and mortgage movable and immovable assets to achieve the Company's objectives.

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

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

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

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

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

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, in the event that the group has directly excluded its assets or liabilities.

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

All balances, transactions, revenues and expenses resulting from transactions between the Company and its subsidiary are excluded.

(3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new amendments on the standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- To require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest,
- To permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued,
- To provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease
Modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Group has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Accounting polices

The following are the major accounting policies applied:

Business Sector

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

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

Date of Recognition

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

Fair Value

For financial instruments 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.

<u>A- Financial assets at amortized cost</u>

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

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

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

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

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

B- Financial assets at fair value through other comprehensive income

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

C- Financial assets at fair value through profit or loss

The reaming financial assets that does not meet the financial assets at amortized cost is measured as financial assets at fair value.

Financial assets at fair value through profit or loss, represents investment in equity instruments and debt instrument for the purpose of trading, or the purpose of holding it is to make gains on short term fluctuations in market prices or trading profit margin.

Financial assets through profit or loss are recorded at fair value upon purchase (the acquisition cost is recorded in the statement of income upon purchase) and re-evaluated at the financial statements date at fair value, the subsequent changes in fair value is recorded in the statement of income during the same period that change occurs including changes in fair value resulted from non- cash translation differences in foreign currency.

All realized profit and dividend are recorded in the consolidated statement of income.

Impairment in Financial Assets Value

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

Impairment amounts are determined by the following:

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

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

Investment Properties

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

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

Cash and Cash equivalents

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

Reinsurance Accounts

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

Reinsurance

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

Impairment in Reinsurance Assets

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

1. There is 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 the reinsure.

Property and equipment

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

	%
Building	2
Computers	20
Decorations	15-20
Tools, equipment and furniture	15
Vehicles	15

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

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

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

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

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

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Pledged financial assets
Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, repledge). A periodic review is performed for those properties as per the applicable accounting policies to evaluate each based on their respective class reaction.

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

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

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

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

Lease contract liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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

A- Technical Reserves

Technical reserves are provided for in accordance with the Insurance Commission'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 Company.
4. Unearned premiums reserve is measured based on the Company'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 accounts receivable and checks under collection. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors and economic environment.

C- End of service provision

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

The paid amounts as end of service for resigned employees are debited to this account. The Group obligation for the end of serves 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 (less related deferred policy acquisition costs) 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 accrued and deferred tax.

A- Accrued Income Tax

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

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

B- Deferred Tax

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

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

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

Offsetting

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

Revenue recognition

A- Insurance policies

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

Claims expenses are recognized in the statement of income based on the expected claim value to compensate other parties.

B- Dividend and interest revenues

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

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

Expenditures recognition

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

Insurance compensations

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

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

Recoverable scraped value

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

General and administrative expenses

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

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

Insurance policy acquisition costs
Acquisition cost represent 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 JD at rates of exchange prevailing at the statement of financial position date as issued by Central Bank of Jordan.

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

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

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

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

The details of significant estimates made by management as follows:

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.

- The financial year is charged with its related income tax in accordance with 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.

- The outstanding claims reserve and technical reserve are estimated based on technical studies and according to insurance commission regulation and filed 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 whether a financial asset or group of financial assets is impaired, if so, this impairment is taken to the consolidated statement of income for the year.

- The management of the Company assesses the factors that affect the measurement of the right of use assets and lease liabilities related to them and takes into account all the factors related to the option to extend or renew the lease contracts, noting that the management conducts tests to determine whether the contract contains rent. Management also uses estimates to determine the appropriate discount rate to measure lease liabilities.

(4) MERGER OF ARAB LIFE AND ACCIDENTS INSURANCE COMPANY

Arab Orient Insurance Company and the subsidiaries have acquired 74,8% of the voting shares of Arab Life and Accidents Insurance Company – Public Shareholding Company during the first quarter of 2021. The total purchase price of the acquisition was JD 4,919,301 with an average price of JD 0,55 per share. An amount of JD 2,592,000 was used to increase the share capital of Arab Life and Accidents Insurance Company. On 2 November 2021, the final approval was obtained to merge Arab Life and Accident Insurance Company with Arab Orient Insurance Company. The entity resulted from the merger is Arab Orient Insurance Company with an authorized paid in capital of JD 25,438,252 with a par value of JD 1 each.

The fair value of the identifiable assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition were:

	Carrying value at the date of acquisition (17 March 2021)	Adjustments	Fair value at the date of acquisition (17 March 2021)
	JD	JD	JD
Assets			
Bank deposits	1,213,963	-	1,213,963
Financial assets at fair value through profit or loss	5,488	-	5,488
Financial assets at fair value through other comprehensive income	684,551	-	684,551
Life policyholder's loans	22,865	-	22,865
Total Investments	1,926,867	-	1,926,867
Cash and cash equivalents	295,202	-	295,202
Checks under collection	1,561,769	153,144	1,714,913
Accounts receivable, net	2,116,333	810,795	2,927,128
Reinsurance receivables	900,445	-	900,445
Deferred tax assets	1,054,516	(770,225)	284,291
Property and equipment, net	652,278	1,373,658	2,025,936
Intangible assets	190,758	5,199,149	5,389,907
Other assets	274,215	-	274,215
Total assets	8,972,383	6,766,521	15,738,904
Technical reserves			
Unearned premium reserve, net	3,972,430	-	3,972,430
Outstanding claims reserve, net	2,715,698	750,000	3,465,698
Mathematical reserve, net	411,619	-	411,619
Total technical provisions	7,099,747	750,000	7,849,747
Accounts payable	1,397,545	-	1,397,545
Accrued expenses	166,974	-	166,974
Reinsurance payables	1,074,177	-	1,074,177
Other provisions	342,538	-	342,538
Other liabilities	919,799	-	919,799
Total liabilities	11,000,780	750,000	11,750,780
Add: Consideration received to increase the capital	2,592,000		2,592,000
Total identifiable net assets at fair value	563,603		6,580,124
Less: Non-controlling interest share (25,23%)			(1,660,823)
Total acquired net assets			4,919,301
Consideration paid			4,919,301
Analysis of cash flows on acquisition:			
Net cash acquired with the subsidiary			2,887,202
Consideration paid			(4,919,301)
Acquisition of the subsidiary – net of cash paid			(2,032,099)

The management of Arab Orient Insurance Company has relied on the merger committee's report dated on 23 September 2021 to allocate the purchase price to the assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition in accordance with the requirements of IFRS (3). The merger committee's report included the following decisions to reach the net fair value of the assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition:

1- Increase the balance of property and equipment by JD 1,373,658 after the evaluation of the property and equipment of Arab Life and Accidents Insurance Company by three real estate experts.

2- Increase the balance of checks under collection by JD 153,144 by releasing this amount from the balance of provision for expected credit losses on checks under collection due to a surplus in the balance of the provision as at the date of acquisition.

3- Increase the balance of accounts receivable by JD 810,795 by releasing this amount from the balance of provision for expected credit losses on accounts receivable due to a surplus in the balance of the provision as at the date of acquisition.

4- Amortize an amount of JD 770,225 from the balance of deferred tax assets which represents deferred tax assets resulting from accumulated losses as at the date of acquisition based on the opinion of the tax consultant.

5- Increase the balance of the outstanding claims reserve by JD 750,000 bases on the opinion of the legal counsel.

This acquisition has resulted in a difference between the consideration paid and the net of identifiable assets and liabilities of the subsidiary, and after taking into account the decisions and adjustments mentioned above by JD 5,199,149. The Company's management has allocated this amount as a license for life insurance business within intangible assets category.

(5) BANK DEPOSITS

	2021			2020
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 Year	Total	Total
	JD	JD	JD	JD
Inside Jordan	414,350	58,514,259	58,928,609	54,556,910

Interest rates on bank deposits balances range between 2,73% to 4,5% during 2021 compared to 2,75% to 5,13% during 2020.

Deposits pledged to the benefit of the General Manager of the Insurance Regulatory Commission deposited in Jordan Kuwait Bank amount to JD 647,350 as at 31 December 2021 (31 December 2020: JD 225,000).

There are no restricted balances except for restricted balances which represent pledged deposits in favor of the General Manager of the Insurance Regulatory Commission.

Below is the distribution of the Group's banks deposits:

	2021	2020
	JD	JD
Jordan Kuwait Bank	18,890,121	15,446,892
Cairo Amman Bank	9,089,310	4,905,567
Capital Bank	6,194,243	5,966,532
Jordan Commercial Bank	5,748,830	3,905,783
Societe Generale Bank	5,065,697	4,857,989
Egyptian Arab Land Bank	5,025,743	4,821,713
Etihad Bank	3,557,639	3,433,120
Arab Banking Corporation Bank	3,087,714	2,377,674
Jordan Ahli Bank	1,614,426	1,540,788
Bank of Jordan	654,886	637,976
Invest Bank	-	6,662,876
	58,928,609	54,556,910

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

	2021 Number of shares	2020 Number of shares	2021 JD	2020 JD
Listed shares:				
Arab Life and Accident Insurance Company	-	800	-	568
			-	568

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

	2021 Number of shares	2020 Number of shares	2021 JD	2020 JD
Inside Jordan:				
Listed shares:				
Afaq for Energy	1,140,147	1,140,147	1,596,206	1,219,957
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	1,618,575	1,618,576
Cairo Amman Bank	113,000	113,000	157,070	118,650
Capital Bank	700,000	700,000	1,421,000	686,000
Jordan Electric Power Company	163,013	-	189,095	-
Amlak Company	54	-	54	-
Total listed shares			4,982,000	3,643,183
Unlisted shares:				
Saraya Aqaba Real Estate Development Company	500,000	-	154,880	-
Imcan brokerage and trading	12,719	-	14,214	-
Al-Motarabetah Investment Company	29,851	-	9,579	-
			178,673	-
Outside Jordan:				
Unlisted shares:				
Iraq International Insurance Company	482,195,655	-	171,000	-
			349,673	-
Financial assets at fair value through other comprehensive income			5,331,673	3,643,183

(8) FINANCIAL ASSETS AT AMORTIZED COST

	2021	2020	2021	2020
	Number of bonds	Number of bonds	JD	JD
Inside Jordan -				
Unlisted Bonds in financial market				
Arab Real Estate Development Company*	120	120	1,200,000	1,200,000
Less: Impairment in financial assets at amortized cost			(1,199,000)	(1,199,000)
			1,000	1,000
Listed bonds in financial markets				
Treasury Bond/ the Hashemite Kingdom of Jordan**	2,500	2,500	1,810,386	1,816,719
Treasury Bond/ the Hashemite Kingdom of Jordan**	2,000	2,000	1,434,941	1,438,517
Treasury Bond/ the Hashemite Kingdom of Jordan**	2,000	2,000	1,428,150	1,429,830
Treasury Bond/ the Hashemite Kingdom of Jordan**	1,330	1,330	948,664	949,606
Treasury Bond/ the Hashemite Kingdom of Jordan**	1,000	1,000	712,555	713,302
Treasury Bond/ the Hashemite Kingdom of Jordan**	1,000	1,000	710,576	710,907
Treasury Bond/ the Hashemite Kingdom of Jordan**	1,000	1,000	702,617	701,573
Treasury Bond/ the Hashemite Kingdom of Jordan**	1,000	1,000	700,682	699,323
Treasury Bond/ the Hashemite Kingdom of Jordan**	1,000	1,000	694,409	692,042
Total financial assets at amortized cost inside Jordan			9,143,980	9,152,819
Outside Jordan -				
Treasury Bonds/ Kingdom of Bahrain Government***	715	715	524,585	526,602
Treasury Bonds/ Kingdom of Bahrain Government***	1,315	1,315	967,690	975,119
Treasury Bonds/ Oman Government****	1,000	1,000	578,994	567,757
Treasury Bonds/ Oman Government****	1,000	1,000	570,191	550,907
Treasury Bonds/ Oman Government****	200	200	111,355	108,805
Total financial assets at amortized cost outside Jordan			2,752,815	2,729,190
Total financial assets at amortized cost			11,896,795	11,882,009

* Following the decision of the General Assembly of the Bonds owners in its meeting held on October 26, 2011 the Housing Bank for Trade and Finance, as the trustee, initiated legal proceedings against Arab Real Estate Development Company (Arab Corp) and filed a lawsuit under number (3460/2011) at the First Instance Court of Amman to demand the rights of the Bonds owners.

Arab Real Estate Development Company Bonds are stated at cost less impairment loss for an amount of JD 1,199,000 as of 31 December 2021.

** Maturity dates of Treasury Bonds / the Hashemite Kingdom of Jordan range between 29 January 2026 to 31 January 2027, bear interest rate between 5.7% to 6.125% and are repayable in equal semi - annual installments.

*** Maturity dates of Treasury Bonds / kingdom of Bahrain range between the 26 January 2026 to 12 October 2028, bear interest rate of 7% and are repayable in equal semi – annual installments.

**** Maturity dates of Treasury Bonds / Oman Government range between 8 of March 2027 to 1 August 2029, bear interest rate between 5.37% to 6% are payable in two equal semi - annual installments

(9) INVESTMENT PROPERTY

This item consists of land which was acquired in exchange of a receivable balance from a client who was not able to make payment. The land was valued and recorded at its fair value in exchange for a portion of the receivable balance. The fair value for the investment is JD 170,464 as at 31 December 2021 and 2020.

(10) LIFE POLICYHOLDERS' LOANS

This item consists of the following:

	2021	2020
	JD	JD
Loans to life policyholders which do not exceed the surrender value	22,703	-

The maturity date for loans to life policyholders consists the following:

	From 1 month to 3 months	From 3 to 6 months	From 6 to 9 months	From 9 months to a year	Total
	JD	JD	JD	JD	JD
2021-					
Loans to life policyholders which do not exceed the surrender value	-	-	-	22,703	22,703

(11) CASH AND CASH EQUIVALENTS

	2021	2020
	JD	JD
Cash on hand	24,412	10,846
Bank balances	1,949,371	896,481
	1,973,783	907,327
Less: Bank overdraft*	(1,199,828)	-
	773,955	907,327

* This balance represents the group overdraft balance at Jordan Kuwait Bank with a ceiling of JD 2,000,000 and interest rate of 5%.

Cash and cash equivalents which appears in the consolidated statement of cash flows consist of the following:

	2021	2020
	JD	JD
Cash and cash equivalents	773,955	907,327
Deposits at banks with original maturity date of three months or less	414,350	6,718,191
Cash related to discontinued operations' assets	730,485	-
	1,918,790	7,625,518

(12) CHECKS UNDER COLLECTION

	2021	2020
	JD	JD
Checks under collection due within six months	6,532,604	4,597,289
Checks under collection due within more than six months up to one year	845,832	1,487,463
	7,378,436	6,084,752
Less: Provision for expected credit losses*	(513,000)	(470,322)
	6,865,436	5,614,430

* Movements on provision for expected credit losses during the year were as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	470,322	61,927
Provision for the year	153,144	408,395
Transferred to a provision for doubtful receivables Re-insurance receivables	(110,466)	-
Balance at the end of the year	513,000	470,322

(13) ACCOUNTS RECEIVABLE

	2021	2020
	JD	JD
Policyholders *	33,707,304	33,835,945
Brokers receivables	2,513,600	2,299,861
Employees' receivables	110,199	71,955
Other receivables	1,057,879	793,017
	37,388,982	37,000,778
Less: Provision for expected credit losses **	(10,005,284)	(8,621,128)
	27,383,698	28,379,650

The details of the aging of receivables are as follows:

	Undue receivables	1-180 days	181-360 days	More than 360 days	Total
	JD	JD	JD	JD	JD
31 December 2021	17,749,854	6,871,268	1,668,296	1,094,550	27,383,698
31 December 2020	18,631,187	7,914,395	1,580,970	253,098	28,379,650

* Policy holders receivables includes scheduled payments in the amount of JD 17,749,854 as at 31 December 2020 (JD 18,631,187 as at 31 December 2020).

** Movements on the provision for expected credit losses during the year were as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	8,621,128	7,843,845
Balance related to the merged company	1,980,511	-
(Reversal) provision for the year	(39,824)	994,358
Receivables written off	(520,114)	(217,075)
Transferred from provision for doubtful debts of reinsurance receivables	(36,417)	-
Balance at the end of the year	10,005,284	8,621,128

(14) REINSURANCE RECEIVABLES

	2021	2020
	JD	JD
Local insurance companies	1,766,931	1,507,667
Foreign reinsurance companies	697,862	301,057
	2,464,793	1,808,724
Less: Provision for doubtful debts *	(886,170)	(635,120)
	1,578,623	1,173,604

* Movements on provision for doubtful debts during the year:

	2021	2020
	JD	JD
Balance at the beginning of the year	635,120	299,053
Balance related to the merged company	104,167	-
Provision for the year	-	336,067
Transferred from allowance for expected credit losses for checks under collection	110,466	-
Transferred to provision for expected credit losses on accounts receivable	36,417	-
Balance at end of the year	886,170	635,120

The details of the aging of the reinsurance receivables are as follows:

	1 - 90 day	91-180 days	181-360 days	Total
	JD	JD	JD	JD
31 December 2021	768,414	645,051	165,158	1,578,623
31 December 2020	559,950	440,182	173,472	1,173,604

(15) INCOME TAX

Movements on income tax provision were as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	2,483,944	-
Provision for the year	3,735,310	3,321,306
Accrued taxes for investments outside Jordan	23,477	-
Income tax paid	(3,056,509)	(787,465)
Income tax paid on interest income	(702,828)	-
Prior years' income tax	-	(49,897)
Balance at the end of the year	2,483,394	2,483,944

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

	2021	2020
	JD	JD
Income tax for the year	3,735,310	3,321,306
Accrued taxes for investments outside Jordan	23,477	-
(Amortization) additions of deferred tax assets	179,052	(37,070)
	3,937,839	3,284,236

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

	16 November 2021*	2020
	JD	JD
Accounting profit	14,675,791	8,959,833
Non-taxable profits	(1,835,060)	(128,751)
Non-deductible expenses	1,525,846	4,133,966
Realized losses on sale of financial assets through other comprehensive income	-	(190,793)
Taxable profit	14,366,577	12,774,255
Effective income tax rate	42%	37%
Statutory income tax rate	26%	26%

* This item represents the Income tax expense from the beginning of the year and untill the date of the merger on 16 November 2021, as Arab Orient Insurance Company became exempt from income tax as at 17 November 2021 for a period of three years due to its merger with Arab Life and Accident Insurance Company, in accordance with the decision of the prime ministry No. (12583) dated 19 November 2015 in accordance with Article (8/b) of Investment Law No. 30 of 2014.

According to the income tax law number (38) for the year 2020, a tax rate of 26% was used to calculate the income tax as at 31 December 2021 (31 December 2020: 26%).

Final settlement for income tax was reached until 31 December 2018. Income tax return was submitted for the years 2019 and 2020. The Income and Sales Tax Department have not reviewed the Group’s records until the date of preparing the consolidated financial statements.

Deferred tax assets and liabilities

	2021						2020
	Balance at the beginning of the year	Balance related to the merged Company	Additions	Released Amounts	Balance at the end of the year	Deferred Tax	Deferred Tax
Deferred tax assets	JD	JD	JD	JD	JD	JD	JD
Provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables	3,805,113	-		483,815	3,321,298	863,537	989,329
Provision for employee bonuses	600,000	-	600,000	600,000	600,000	156,000	156,000
Impairment loss on financial asset	1,199,000	-	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims, net	5,763,948	952,781	-	358,247	6,358,482	1,653,205	1,498,626
End of service provision	1,725,844	29,846	758,000	493,803	2,019,887	525,171	448,719
Premium deficiency reserve, net	884,000	-	-	-	884,000	229,840	229,840
Accumulated losses from previous years	-	110,800	-	110,800	-	-	-
	13,977,905	1,093,427	1,358,000	2,046,665	14,382,667	3,739,493	3,634,254

Movements on deferred tax asset and deferred tax liabilities during the year were as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	3,634,254	3,647,084
Balance related to the merged Company	284,291	-
Released, net	(179,052)	(12,830)
Balance at the end of the year	3,739,493	3,634,254

(16) PROPERTY AND EQUIPMENT

	Land	Building	Computers	Decorations	Tools, equipment and furniture	Vehicles	Total
2021-	JD	JD	JD	JD	JD	JD	JD
Cost:							
Balance at the beginning of the year	1,545,000	2,575,000	1,238,344	1,700,790	1,421,868	273,300	8,754,302
Balance related to the merged Company	1,212,000	1,141,205	265,904	-	744,469	279,322	3,642,900
Additions	-	-	170,706	67,923	95,047	-	333,676
Disposals	-	-	(67,828)	(14,630)	(78,188)	(170,794)	(331,440)
Balance at the end of the year	2,757,000	3,716,205	1,607,126	1,754,083	2,183,196	381,828	12,399,438
Accumulated depreciation:							
Balance at the beginning of the year	-	532,167	918,530	1,310,840	1,123,796	221,824	4,107,157
Balance related to the merged Company	-	420,496	234,339	-	696,253	265,876	1,616,964
Depreciation for the year	-	65,010	116,816	135,616	89,469	30,252	437,163
Disposals	-	-	(66,342)	(14,231)	(77,538)	(170,794)	(328,905)
Balance at the end of the year	-	1,017,673	1,203,343	1,432,225	1,831,980	347,158	5,832,379
Net book value at the end of the year	2,757,000	2,698,532	403,783	321,858	351,216	34,670	6,567,059
2020-							
Cost:							
Balance at the beginning of the year	1,545,000	2,575,000	1,063,885	1,601,073	1,426,593	273,300	8,484,851
Additions	-	-	223,999	104,692	45,753	-	374,444
Disposals	-	-	(49,540)	(4,975)	(50,478)	-	(104,993)
Balance at the end of the year	1,545,000	2,575,000	1,238,344	1,700,790	1,421,868	273,300	8,754,302
Accumulated depreciation:							
Balance at the beginning of the year	-	480,667	877,570	1,173,207	1,076,243	189,455	3,797,142
Depreciation for the year	-	51,500	89,867	141,997	84,700	32,369	400,433
Disposals	-	-	(48,907)	(4,364)	(37,147)	-	(90,418)
Balance at the end of the year	-	532,167	918,530	1,310,840	1,123,796	221,824	4,107,157
Net book value at the end of the year	1,545,000	2,042,833	319,814	389,950	298,072	51,476	4,647,145

Property and equipment include fully depreciated assets with the total amount of JD 3,615,846 as at 31 December 2021 (3,143,512 as at 31 December 2020) which are still being used up to the date of the financial statements.

(17) INTANGIBLE ASSETS

	Life Insurance license	Programs and Computer systems	Total
2021	JD	JD	JD
Cost:			
Balance at the beginning of the year	-	1,574,308	1,574,308
Balance related to the merged Company (note 4)	5,199,149	761,623	5,960,772
Additions	-	188,776	188,776
Balance at the end of the year	5,199,149	2,524,707	7,723,856
Accumulated Amortization:			
Balance at the beginning of the year	-	1,183,219	1,183,219
Balance related to the merged Company (note 4)	-	570,865	570,865
Amortization for the year	-	248,037	248,037
Balance at the end of the year	-	2,002,121	2,002,121
Net book value at the end of the year	5,199,149	522,586	5,721,735
2020			
Cost:			
Balance at the beginning of the year	-	1,490,046	1,490,046
Additions	-	84,262	84,262
Balance at the end of the year	-	1,574,308	1,574,308
Accumulated Amortization:			
Balance at the beginning of the year	-	941,191	941,191
Amortization for the year	-	242,028	242,028
Balance at the end of the year	-	1,183,219	1,183,219
Net book value at the end of the year	-	391,089	391,089

(18) RIGHT OF USE ASSETS

The table shown below shows the book value for right of use assets along with the movement during the year:

	2021	2020
	JD	JD
Balance at the beginning of the year	343,547	486,603
Additions	148,147	259,637
Depreciation on right of use assets (note 32)	(229,092)	(245,519)
Disposals	-	(157,174)
Balance at the end of the year	262,602	343,547

(19) OTHER ASSETS

	2021	2020
	JD	JD
Accrued interest revenues	1,136,472	1,132,492
Refundable deposits	507,431	530,459
Income tax paid on interest income	43,652	524,343
Prepaid expenses	290,993	170,286
Advance payments for income tax	51,525	-
	2,030,073	2,357,580

(20) ACCOUNTS PAYABLE

	2021	2020
	JD	JD
Trade and Companies' payables	4,740,504	2,720,834
Medical network payables	3,074,458	2,550,231
Agents' payables	990,423	706,963
Garages' payables and vehicle parts	528,082	308,958
Employees' payables	14,534	16,122
	9,348,001	6,303,108

(21) REINSURANCE PAYABLES

	2021	2020
	JD	JD
Foreign reinsurance Companies	21,591,545	24,029,442
Local insurance Companies	238,039	70,751
	21,829,584	24,100,193

(22) LEASE CONTRACTS LIABILITIES

The table below shows the book value for lease contract liabilities and the movement during the year ended:

	2021	2020
	JD	JD
Balance at the beginning of the year	307,634	409,100
Additions	148,147	259,637
Interest on lease contracts liabilities (note 32)	15,974	39,442
Disposals	-	(157,174)
Paid during the year	(236,384)	(243,371)
Balance at the end of the year	235,371	307,634

(23) OTHER PROVISIONS

	2021	2020
	JD	JD
End of service provision *	1,833,695	1,604,843
Contingent liability provision **	796,125	-
Profit sharing provision	5,157	-
	2,634,977	1,604,843

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

	2021	2020
	JD	JD
Balance at the beginning of the year	1,604,843	1,393,128
Balance related to the merged company	39,299	-
Provision for the year (note 31)	895,218	323,027
Paid during the year	(705,665)	(111,312)
Balance at the end of the year	1,833,695	1,604,843

The actuarial assumptions used in determining the value of employees' end of service indemnity provision are as follows:

	2021	2020
Deduction rate	5.5%	5.5%
Mortality rate	0.025%	0.027%
Annual increments to salaries rate	1.5 %	1.5%
Resignation rate	1.5%	2%

**Movements on contingent liability provision during the year were as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	-	-
Balance related to the merged Company	126,125	-
Provision for the year	670,000	-
Balance at the end of the year	796,125	-

(24) OTHER LIABILITIES

	2021	2020
	JD	JD
Social security deposits and government fees	356,256	-
Income tax withholdings	428,006	219,737
Stamps	143,123	109,968
Accrued expenses	122,557	-
Sales tax withholdings	82,650	221,743
Due to shareholders – subscription refunds	57,797	24,902
Other deposits	57,915	-
	1,248,304	576,350

(25) AUTHORIZED AND PAID IN CAPITAL

The General Assembly approved in its meeting held on 2 November 2021 to increase the authorized and paid in capital by JD 4,000,000 to become JD 25,438,252 through retained earnings by JD 3,848,264 and JD 151,736 through non-controlling interest as a result of the merger.

Authorized and paid-in capital is JD 25,438,252 divided into 25,438,252 shares at par value of JD 1 each as at 31 December 2021. (JD 21,438,252 divided into 21,438,252 shares at par value of JD 1 each as at 31 December 2020).

(26) LEGAL RESERVES

Statutory reserve

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

(27) FAIR VALUE RESERVE

Movements on the fair value reserve during the year were as follows:

	2021	2020
	JD	JD
Balance at the beginning of the year	(2,292,597)	(2,590,746)
Changes in fair value of financial assets through other comprehensive income	1,083,719	107,356
Realized losses on sale of financial assets through other comprehensive income	241,826	190,793
Balance at the end of the year	(967,052)	(2,292,597)

(28) RETAINED EARNINGS

Movements on retained earnings during the year were as follows:

	2021	2020
	JD	JD
Balances at the beginning of the year	8,622,347	3,137,543
Profit for the year	6,553,334	5,675,597
Less:		
Change in non-controlling interest	(15,578)	-
Increase in capital (note 25)	(3,848,264)	-
Realized losses on sale of financial assets through other comprehensive income	(180,825)	(190,793)
Transfer to statutory reserve	(533,912)	-
Balance at the end of the year	10,597,102	8,622,347

(29) SUBORDINATED LOAN

On November 15, 2017, the Company borrowed from Gulf Insurance Group an amount of (USD 16,361,071) equivalent to JD 11,600,000 as a subordinated loan to increase the Company solvency margin in line with the Insurance Administration Instruction No.3 of 2002 and the decisions issued there under. This loan bears no interest and no maturity or repayment schedule. During 2019, the Company paid back an amount of (USD 3,667,137) equivalent to JD 2,600,000 and during 2020, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. During 2021, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. The balance of the subordinated loan is JD 3,000,000 as at 30 Decemebr 2021 (31 December 2020: JD 6,000,000).

(30) INTEREST INCOME

	2021	2020
	JD	JD
Interest on bank deposits	2,272,382	2,496,641
Interest on financial assets at amortized cost	738,403	681,759
	3,010,785	3,178,400
Amount transferred to underwriting accounts	-	-
Amount transferred to consolidated statement of income	3,010,785	3,178,400

(31) EMPLOYEES EXPENSES

	2021 JD	2020 JD
Salaries and bonuses	8,503,102	7,390,976
Social security contribution	939,129	747,240
Medical expenses	477,433	452,825
End of service provision (note 23)	895,218	323,027
Travel and transportation	84,315	67,966
Training and employee development	37,320	22,484
	10,936,517	9,004,518
Allocated employee expenses to the underwriting account	8,749,214	7,203,614
Unallocated employee expense to the underwriting account	2,187,303	1,800,904

(32) GENERAL AND ADMINISTRATIVE EXPENSES

	2021 JD	2020 JD
Insurance commission fees	474,391	592,891
Legal fees and expenses	614,795	282,024
Depreciation on right of use assets (note 18)	229,092	245,519
Advertisements	275,198	239,723
Technical consulting fees	277,521	232,614
Postage telecommunications and stamps	258,164	223,515
Stationery and printing	168,245	173,916
Government fees and other fees	492,462	158,870
Bank interest and commission expenses	106,418	147,579
Maintenance	159,137	136,336
Donations	11,760	125,860
Water, electricity and heating	150,388	122,096
Tenders' expenses	174,958	106,130
Board members transportation fees	329,620	100,400
Collections fees	118,031	89,405
Cleaning expenses	84,538	85,774
Subscriptions	96,538	78,249
Interest on lease contracts liabilities (note 22)	15,974	39,442
Rent	72,879	39,229
Professional fees	130,329	25,000
Hospitality	34,297	22,278
Insurance expenses	25,055	18,781
Building management fees	11,200	12,150
Vehicles expenses	17,239	11,295
Other expenses	392,729	185,185
	4,720,958	3,494,261
Allocated general and administrative expenses to the underwriting accounts	3,783,665	2,795,409
Unallocated general and administrative expenses to the underwriting accounts	937,293	698,852

(33) OTHER EXPENSES

	2021	2020
	JD	JD
Board of Directors remunerations	35,000	35,000

(34) BASIC AND DILUTED EARNINGS PER SHARE

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

	2021	2020
Profit for the year (JD)	6,553,334	5,675,597
Weighted average number of shares (Shares)	25,311,110	25,286,516
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the year	0/259	0/224
Basic and diluted earnings per share for the year from continuing operations	0/262	0/224

(35) DISCONTINUED OPERATIONS

The Board of Directors of Arab Life and Accidents Insurance Company (the marged Company) decided, on a previous date, to close Palestine's branches and, therefore, Palestine's branches' assets were classified as discontinued operations' assets and its obligations as liabilities related to discontinued operations' assets as at 31 December 2021. In additions, the results of these branches were presented in the statement of income within discontinued operations for the year ended 31 December 2021.

(36) 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 using insurance premium and commercial commission. All debts provided to related parties are considered working and no provision has been taken against them as at 31 December 2021.

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

	2021			2020
	Jordan Kuwait Bank (Shareholder-subsidiary of the ultimate parent)	Top Executive Management	Total	Total
	JD	JD	JD	JD
Consolidated Statement of Financial Position Items:				
Time deposits	18,890,121	-	18,890,121	15,446,892
Overdraft account – under demand	457,494	-	457,494	(707,233)
Current account	505,906	-	505,906	1,323,563
Deposits on letters of guarantee	443,127	-	443,127	470,304
Accounts receivable/ payable	(999,072)	-	(999,072)	106,315
Bank OverDraft	(1,199,828)	-	(1,199,828)	
Off-statement of Financial Position Items:				
Letters of guarantee	4,431,270	-	4,431,270	4,703,040
Consolidated Statement of income Items:				
Bank interest income	400,489	-	400,489	566,039
Written premiums	2,508,500	10,965	2,519,465	2,311,696
Bank expenses and commissions	130,080	-	130,080	146,170
Salaries	-	1,011,417	1,011,417	994,614
Bonuses	-	346,317	346,317	326,498
Transportation expenses for members of the Board of Directors	-	329,620	329,620	100,400
Bonus expenses for members of the Board of Directors	-	28,000	28,000	29,200
Board of Directors committees' bonus	-	7,000	7,000	5,800

During 2011 it was agreed with Gulf Insurance Group (Major Shareholder and member of the Board of Directors) to settle all treaty reinsurance accounts through Gulf Insurance Company, where the Group's credit balance amounts to JD 974,918 at the end of the year 2021 (2020: JD 982,141).

Top Executive management (salaries, bonuses, and other benefits) are summarized as follows:

	2021	2020
	JD	JD
Salaries and bonuses	1,357,734	1,321,112

(37) FAIR VALUE OF FINANCIAL INSTRUMENTS

There are no significant differences between the book value and fair value of the financial assets and financial liabilities at the end of the year 2021 and 2020.

(38) RISK MANAGEMENT

First: Explanatory Disclosures:

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

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

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

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

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

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

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

Second: Identification of Risks

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

Third: Risk Treatment Method

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

- Transfer: This represents the process of transferring the risk to another party through contracts or financial protection.

- Avoidance: This is an active process to ward off risk through avoiding works that lead to risks. Avoidance is the best preventive method against risk. This may deprive the Group from conducting certain activities profitable for the Group.

- Reduction: This is the process of decreasing the loss arising from the occurrence of risk.

- Acceptance: There should be a policy to accept unavoidable risks as acceptance of small risks is an effective strategy.

Fourth: Plan

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

Fifth: Execution

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

Sixth: Plan Review and Evaluation

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

Risk Management Arrangements

Determinants

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

Risks Management Responsibilities

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

Risk Treatment Strategy

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

Second: Quantitative Disclosures:

A - Insurance Risk

1. Insurance Risk

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

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

The Group is engaged in insurance business against fire, accidents, marine and transportation, and motor insurance, public liability, aviation and medical insurance through its main branch located in Jabal Amman, 3rd circle in Amman and its branches in Marka "licensing services center",8th circle, Al Abdali and Abdali- Boulevard in Amman, Aqaba branch in Aqaba city and Irbid Branch in Irbid city.

Through its personnel consisting of professionals and administrative staff, the Group provides the best service to its clients. Moreover, a plan has been set to protect it against probable risks whether natural or unnatural. This requires that the necessary provisions as well as the necessary technical equipment be made available to maintain the Group's continuity and viability. Hence, the necessity to set the risk management strategy.

Steps in Determining Assumptions

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

2. Claims Development

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

Gross - Motor Insurance:

The accident year	2017 and before	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	300,166,028	22,751,402	22,907,640	18,456,079	22,632,470	
After one year	308,129,450	28,401,484	26,662,464	21,942,420	-	
After two years	311,811,814	29,327,788	27,861,156	-	-	
After three years	313,083,407	30,781,616	-	-	-	
After four years	312,490,703	-	-	-	-	
Present expectations for the accumulated claims	312,490,703	30,781,616	27,861,156	21,942,420	22,632,470	415,708,365
Accumulated payments	306,208,074	27,853,916	23,727,037	18,003,489	13,394,216	389,186,732
Liability as in the consolidated statement of financial position	6,282,629	2,927,700	4,134,119	3,938,931	9,238,254	26,521,633
Reported	6,282,629	2,614,987	3,689,398	3,049,266	6,394,447	22,030,727
Unreported	-	312,713	444,721	889,665	2,843,807	4,490,906
Deficiency in the preliminary estimate for reserve	(12,324,675)	(8,030,214)	(4,953,516)	(3,486,341)	-	-

Gross – Marine

The accident year	2017 and before	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	17,337,968	239,087	910,138	437,962	275,558	
After one year	17,707,677	314,747	1,022,962	459,028	-	
After two years	17,707,677	314,747	1,043,610	-	-	
After three years	15,057,698	314,747	-	-	-	
After four years	14,742,473	-	-	-	-	
Present expectation for the accumulated claims	14,742,473	314,747	1,043,610	459,028	275,558	16,835,416
Accumulated payments	14,704,985	291,497	414,249	445,921	177,952	16,034,604
Liability as in the consolidated statement of financial position	37,488	23,250	629,361	13,107	97,606	800,812
Reported	37,488	23,250	629,361	13,107	77,067	780,273
Unreported	-	-	-	-	20,539	20,539
Surplus (Deficit) in the preliminary estimate for reserve	2,595,495	(75,660)	(133,472)	(21,066)	-	-

Gross - fire and damages property:

The accident year	2017 and before	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	62,629,678	2,977,188	5,703,766	7,267,198	2,031,397	
After one year	62,821,546	2,794,991	4,555,360	5,484,624	-	
After two years	63,137,448	2,811,175	4,563,097	-	-	
After three years	63,195,462	2,797,310	-	-	-	
After Four years	62,857,773	-	-	-	-	
Present expectation for the accumulated claims	62,857,773	2,797,310	4,563,097	5,484,624	2,031,397	77,734,201
Accumulated payments	62,280,870	2,618,399	3,550,255	5,146,090	605,701	74,201,315
Liability as in the consolidated statement of financial position	576,903	178,911	1,012,842	338,534	1,425,696	3,532,886
Reported	576,903	178,911	1,012,842	338,534	1,134,864	3,242,054
Unreported	-	-	-	-	290,832	290,832
(Deficit) Surplus in the preliminary estimate for reserve	(228,095)	179,878	1,140,669	1,782,574	-	-

Gross – Liability

The accident year	2017 and before	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	1,808,229	249,941	310,902	84,026	80,133	
After one year	1,775,898	245,230	301,218	65,341	-	
After two years	1,883,553	245,130	315,719	-	-	
After three years	1,896,153	238,102	-	-	-	
After four years	1,942,172	-	-	-	-	
Present expectation for the accumulated claims	1,942,172	238,102	315,719	65,341	80,133	2,641,467
Accumulated payments	1,625,019	138,995	69,459	37,571	27,449	1,898,493
Liability as in the consolidated statement of financial position	317,153	99,107	246,260	27,770	52,684	742,974
Reported	317,153	99,107	246,260	27,770	22,463	712,753
Unreported	-	-	-	-	30,221	30,221
(Deficit) surplus in the preliminary estimate for reserve	(133,943)	11,839	(4,817)	18,685	-	(108,236)

Gross – Medical

The accident year	2017 and before	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	428,996,898	44,150,784	40,110,920	36,119,325	41,322,024	
After one year	426,584,300	44,498,940	38,766,352	33,752,160	-	
After two years	426,387,627	44,538,739	38,768,828	-	-	
After three years	426,387,627	44,538,739	-	-	-	
After four years	426,387,627	-	-	-	-	
Present expectation for the accumulated claims	426,387,627	44,538,739	38,768,828	33,752,160	41,322,024	584,769,378
Accumulated payments	426,387,627	44,538,739	38,768,828	33,752,160	35,915,497	579,362,851
Liability as in the consolidated statement of financial position	-	-	-	-	5,406,527	5,406,527
Reported	-	-	-	-	2,530,866	2,530,866
Unreported	-	-	-	-	2,875,661	2,875,661
Surplus (deficit) in the preliminary estimate for reserve	2,609,271	(387,955)	1,342,092	2,367,165	-	5,930,573

Gross – Others

The accident year	2017 and before	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	8,820,587	869,243	1,053,711	438,678	475,837	
After one year	9,335,734	900,583	1,020,959	403,672	-	
After two years	9,342,863	911,916	1,063,570	-	-	
After three years	9,341,563	914,131	-	-	-	
After four years	9,328,733	-	-	-	-	
Present expectation for the accumulated claims	9,328,733	914,131	1,063,570	403,672	475,837	12,185,943
Accumulated payments	8,935,385	401,940	1,046,409	363,066	618,083	11,364,883
Liability as in the consolidated statement of financial position	393,348	512,191	17,161	40,606	(142,246)	821,060
Reported	393,348	512,191	17,161	40,606	(222,638)	740,668
Unreported	-	-	-	-	80,392	80,392
(Deficit) Surplus in the preliminary estimate for reserve	(508,146)	(44,888)	(9,859)	35,006	-	-

Gross – Life

The accident year	2017 and before	2018	2019	2020	2021	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	8,374,754	866,098	476,049	53,605	20,589	
After one year	8,374,754	866,098	476,049	53,605	-	
After two years	8,374,754	866,098	476,049	-	-	
After three years	8,374,754	866,098	-	-	-	
After four years	8,374,754	-	-	-	-	
Present expectation for the accumulated claims	8,374,754	866,098	476,049	53,605	20,589	9,791,095
Accumulated payments	8,363,078	866,098	456,897	2,305	(3,697)	9,684,681
Liability as in the consolidated statement of financial position	11,676	-	19,152	51,300	24,286	106,414
Reported	11,676	-	19,152	51,300	10,786	92,914
Unreported	-	-	-	-	13,500	13,500
Surplus (deficit) in the preliminary estimate for reserve	-	-	-	-	-	-

3. INSURANCE RISK CONCENTRATIONS

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

Technical reserves are concentrated based on insurance type as follows:

	2021		2020	
	Net	Gross	Net	Gross
Insurance types	JD	JD	JD	JD
Motor	34,451,366	40,280,029	28,631,924	29,964,919
Marine	218,885	1,096,077	220,379	1,028,561
Aviation	-	-	-	39,437
Fire and properties	1,972,269	11,353,978	1,919,115	9,703,375
Liability	369,399	1,374,023	325,922	1,136,170
Medical	10,310,391	24,654,907	9,065,338	23,122,911
Life	447,151	567,502	-	-
Others	146,926	2,743,226	1,351,541	5,991,606
Total	47,916,387	82,069,742	41,514,219	70,986,979

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

Assets, liabilities and off consolidated statement of financial position items are concentrated based on geographical distribution and sectors as follows:

	2021			2020		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
A- According to geographical area						
Inside Jordan	129,831,556	67,106,042	4,431,270	114,708,740	54,051,887	4,703,040
Other Middle East Countries	3,060,195	4,323,258	-	2,824,069	4,362,236	-
Europe	313,185	17,233,136	-	134,847	19,616,178	-
Asia *	18,576	39,177	-	34,028	77,375	-
Africa *	-	53,813	-	76	431	-
Total	133,223,512	88,755,426	4,431,270	117,701,760	78,108,107	4,703,040

* Excluding Middle East countries.

	2021			2020		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
B- According to Sector						
Public sector	16,014,392	3,466,652	3,979,071	6,708,707	15,059,443	3,530,743
Private Sector:						
Companies and corporations	114,411,250	82,769,949	452,199	107,735,224	58,524,846	1,172,297
Individuals	2,797,870	2,518,825	-	3,257,829	4,523,818	-
Total	133,223,512	88,755,426	4,431,270	117,701,760	78,108,107	4,703,040

The concentration of the off consolidated statement of financial position items, assets and liabilities related to reinsurers according to the geographical distribution is as follows:

	2021			2020		
	Assets	Liabilities	Off-Statement of Financial Position	Assets	Liabilities	Off-Statement of Financial Position
	JD	JD	JD	JD	JD	JD
C- According to geographical area						
Inside Jordan	118,337	77,601,922	-	518,120	70,986,979	-
Other Middle East Countries	2,488,830	-	-	2,698,709	-	-
Europe	26,322,797	-	-	25,388,339	-	-
Asia *	734,453	-	-	1,013,019	-	-
Africa *	21,118	-	-	320,881	-	-
Total	29,685,535	77,601,922	-	29,472,760	70,986,979	-

* Excluding Middle East countries.

INSURANCE RISK SENSITIVITY

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

Insurance activities	Change	Effect on the underwriting premium	Effect on the current year pre-tax profit	Effect on equity*
	%	JD	JD	JD
Motor	10	2,219,935	2,397,108	1,773,860
Marine	10	166,793	40,376	29,878
Fire and property	10	1,151,086	146,265	108,236
Liability	10	134,184	18,914	13,996
Medical	10	5,160,845	1,996,910	1,477,713
Life	10	12,924	5,137	3,801
Others	10	363,641	108,136	80,021
		9,209,408	4,712,846	3,487,505

* Net after deducting income tax effect.

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

The table below shows the effect of the possible reasonable change in claims cost on the consolidated statement of income and equity keeping all other affecting variables fixed.

Insurance activities	Change	Effect on the paid claims	Effect on the current year pre-Tax profit	Effect on equity*
	%	JD	JD	JD
Motors	10	2,448,963	2,121,053	1,569,579
Marine	10	28,806	37,726	27,917
Fire and property	10	372,265	41,958	31,049
Liability	10	14,979	6,499	4,809
Medical	10	3,863,594	1,508,868	1,116,562
Life	10	13,934	14,294	10,578
Others	10	49,547	(33,882)	(25,073)
		6,792,088	3,696,516	2,735,421

* Net after deducting income tax effect.

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

B- FINANCIAL RISKS

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

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

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

1- Market Risks

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

2- Interest Rate Risk

Interest rate risks relate to long term bank deposits, development bonds, and other deposits. Moreover, the Group always aims to mitigate these risks through monitoring the changes in interest rates in the market. Interest rate risks relate to fixed deposits at banks and overdraft accounts, as of 31 December 2021. The interest rate on bank deposits range between 2.73% to 4.5% annually on Jordanian Dinar deposits. The interest rate on overdraft accounts is 5% annually.

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

	+ 0,5%		- 0,5%	
	For the Year Ended 31 December			
	2021	2020	2021	2020
	JD	JD	JD	JD
Increase (decrease) in profit for the year	288,644	272,785	(288,644)	(272,785)
Shareholders' equity	288,644	272,785	(288,644)	(272,785)

The table below shows the sensitivity of exposure to interest rates on the sovereign bonds of The Kingdome of Bahrain Government and the Government of the Hashemite Kingdom of Jordan and Oman. Moreover, the analysis below has been prepared assuming that the amount of bonds outstanding of financial position date was outstanding for the whole financial year. An increase/ decrease of 0.5% (half percent) is used representing the Group's assessment of the probable and acceptable change of interest rates.

	+ 0,5%		- 0,5%	
	For the Year Ended 31 December			
	2021	2020	2021	2020
	JD	JD	JD	JD
Increase (decrease) in profit for the year	59,484	59,410	(59,484)	(59,410)
Shareholders' equity	59,484	59,410	(59,484)	(59,410)

3- Foreign Currencies Risks

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

- The US Dollar exchange rate is fixed within a range from 0.708 to 0.710 selling and buying by the Central Bank of Jordan.

- All of the Group's accounts with the various parties including reinsurers are in Jordanian Dinar.

- There are no other foreign currencies denominated accounts. However, the Group monitors the fluctuation in the foreign currency exchange rate continuously.

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

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

	Foreign Currency		Equivalent in Jordanian Dinar	
Currency Type	2021	2020	2021	2020
US Dollar	642,986	1,704,778	642,986	1,208,688

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

4- Liquidity Risk

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

Liquidity risk is the risk that the Group will not be able to meet its obligations associated as they fall due. To limit this risk, management arranges diversified funding sources, manages assets and liabilities, and monitors liquidity daily and maintains sufficient amount of cash and cash equivalents and these traded instruments.

The table below summarizes the maturity profile of financial liabilities based on (contractual undiscounted payments):

	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	Without maturity	Total
	JD	*JD*	*JD*	*JD*	*JD*	*JD*	*JD*
2021 -							
Liabilities							
Accounts payable	1,718,285	3,236,571	1,266,924	1,400,770	1,725,451	-	9,348,001
Accrued expenses	278,515	993,694	37,047	-	-	-	1,309,256
Reinsurance payables	5,434,250	7,036,521	4,879,521	2,183,420	2,295,872	-	21,829,584
Income tax provision	786,909	-	1,696,485	-	-	-	2,483,394
Lease contracts liabilities	68,067	-	3,440	46,592	117,272	-	235,371
Other provisions	-	-	-	-	881,108	1,753,869	2,634,977
Bank Overdraft	-	1,199,828	-	-	-	-	1,199,828
Other liabilities	560,526	299,048	136,661	227,167	-	24,902	1,248,304
Liabilities related to discontinued operations' assets	-	-	-	-	550,324	-	550,324
Total	8,846,552	12,765,662	8,020,078	3,857,949	5,570,027	1,778,771	40,839,039
Total Assets	11,537,586	15,691,965	18,544,783	55,879,485	15,916,825	15,652,868	133,223,512
2020 -							
Liabilities							
Accounts payable	3,074,467	2,140,421	352,613	492,591	243,016	-	6,303,108
Accrued expenses	340,816	877,000	-	-	-	-	1,217,816
Reinsurance payables	2,982,399	10,513,709	4,579,037	3,856,031	2,169,017	-	24,100,193
Income tax provision	541,057	-	1,942,887	-	-	-	2,483,944
Lease contracts liabilities	89,075	-	52,440	40,876	125,243	-	307,634
End of service provision	-	-	-	-	-	1,604,843	1,604,843
Other liabilities	329,698	221,749	-	-	-	24,903	576,350
Total	7,357,512	13,752,879	6,926,977	4,389,498	2,537,276	1,629,746	36,593,888
Total Assets	10,201,931	25,668,072	19,195,342	38,180,364	15,525,191	8,930,860	117,701,760

5- Share Price Risk

This represents the decrease in the value of shares as a result of the changes in the level of indices of shares subscribed to in the investment portfolio at the Group.

The change in the stock exchange index as at the financial statements date was +5% or - 5%. The following is the impact of the change on the Group's shareholders' equity:

	Change in Index	Impact on Shareholders' equity
2021-	%	JD
Stock Exchange	5% Increase	249,100
Stock Exchange	5% Decrease	(249,100)
2020-		
Stock Exchange	5% Increase	182,188
Stock Exchange	5% Decrease	(182,188)

6- Insurance Risk

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

- Reinsurers.
- Policyholders.
- Insurance agents.

To mitigate insurance risks, the Group performs the following:

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

7- Reinsurance Risk

that may arise from major insurance claims, the Group, within the normal course of its business, enters into reinsurance agreements with other parties.

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

In order to reduce exposure to the financial risks that may arise from the major insurance claims, the Group enters into reinsurance agreements with other parties.

The Group applies the treaty and facultative reinsurance agreements terms upon underwriting for all types of insurance regardless of the size.

The Group completes the reinsurance coverage for each risk assigned to it before the issuance of the insurance policy in case of insurance policies exceeding the relative agreements limits.

If the Group decides to assign more than 30% of any insurance contract, it provides a facultative reinsurance cover by at least 60% of that of contract to a reinsurance Company that is classified as first and second class in accordance with the instructions of the solvency margin.

The Group reinsures on a facultative basis 100% of risks excluded from treaties to a reinsurance company (companies) classified as 1^{st} or 2^{nd} class according to the solvency margin instructions.

The Group follows up on the treaty and facultative reinsurance Companies monthly to ensure that the classification is not downgraded below 1^{st} and 2^{nd} class.

8- Operational Risks

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

9- Legal Risks

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

(39) MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	Within 1 year	More than 1 year	Total
2021 -	JD	JD	JD
Assets-			
Banks deposits	58,928,609	-	58,928,609
Financial assets at fair value through other comprehensive income	-	5,331,673	5,331,673
Financial assets at amortized cost	-	11,896,795	11,896,795
Investment property	-	170,464	170,464
Cash and cash equivalents	1,973,783	-	1,973,783
Life policyholder's loans	-	22,703	22,703
Checks under collection	6,865,436	-	6,865,436
Accounts receivable	27,160,098	223,600	27,383,698
Reinsurance receivables	1,578,623	-	1,578,623
Deferred tax assets	-	3,739,493	3,739,493
Property and equipment	-	6,567,059	6,567,059
Intangible assets	-	5,721,735	5,721,735
Right of use assets	160,003	102,599	262,602
Other assets	2,030,073	-	2,030,073
Discontinued operations' assets	-	750,766	750,766
Total Assets	98,696,625	34,526,887	133,223,512
Liabilities-			
Unearned premium reserve	18,074,731	-	18,074,731
Premium deficiency reserve	-	684,000	684,000
Outstanding claims reserve	14,690,296	14,055,741	28,746,037
Mathematical reserve	411,619	-	411,619
Accounts payable	7,622,550	1,725,451	9,348,001
Accrued expenses	1,309,256	-	1,309,256
Reinsurance payables	19,533,712	2,295,872	21,829,584
Lease contracts liabilities	118,099	117,272	235,371
Other provisions	10,600	2,624,377	2,634,977
Bank Overdraft	1,199,828	-	1,199,828
Income tax provision	2,483,394	-	2,483,394
Other liabilities	1,223,402	24,902	1,248,304
Labilities related to discontinued operations' assets	-	550,324	550,324
Total Liabilities	66,677,487	22,077,939	88,755,426
Net	32,019,138	12,448,948	44,468,086

	Within 1 year	More than 1 year	Total
2020 -	JD	JD	JD
Assets-			
Banks deposits	54,556,910	-	54,556,910
Financial assets at fair value through profit or loss	568	-	568
Financial assets at fair value through other comprehensive income	-	3,643,183	3,643,183
Financial assets at amortized cost	-	11,882,009	11,882,009
Investment property	-	170,464	170,464
Cash and cash equivalents	907,327	-	907,327
Checks under collection	5,614,430	-	5,614,430
Accounts receivable	28,379,650	-	28,379,650
Reinsurance receivables	1,173,604	-	1,173,604
Deferred tax assets	-	3,634,254	3,634,254
Property and equipment	-	4,647,145	4,647,145
Intangible assets	-	391,089	391,089
Right of use assets	255,636	87,911	343,547
Other assets	2,357,580	-	2,357,580
Total Assets	93,245,705	24,456,055	117,701,760
Liabilities-			
Unearned premium reserve	15,720,407	-	15,720,407
Premium deficiency reserve	884,000	-	884,000
Outstanding claims reserve	19,429,654	5,480,158	24,909,812
Accounts payable	6,060,092	243,016	6,303,108
Accrued expenses	1,217,816	-	1,217,816
Reinsurance payables	21,931,176	2,169,017	24,100,193
Lease contracts liabilities	182,391	125,243	307,634
End of service provision	-	1,604,843	1,604,843
Income tax provision	2,483,944	-	2,483,944
Other liabilities	551,447	24,903	576,350
Total Liabilities	68,460,927	9,647,180	78,108,107
Net	24,784,778	14,808,875	39,593,653

(40) ANALYSIS OF MAIN SECTORS

A- Background for the Group business sectors

General insurance sector includes Motor insurance, Marine, Aviation, Fire and Property, Liability, Medical, life and other insurance lines, the sectors above also include investments and cash management for the group account. The activities between the business sectors are carried out on the basis of estimated market prices and on the same terms as those with which they are dealing with.

B- Geographic concentration of risk

This disclosure illustrates the geographic distribution of the Group's operations, the Group mainly operates in Jordan, which represents domestic operations. Also, the Group exercises international activities through its allies in the Middle East, Europe, Asia, America and the Near East, which represent international business.

The following table represents the distribution of revenues and assets of the Group and capital expenditure by geographic region:

	Inside the Kingdom		Outside the Kingdom		Total	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total assets	129,731,556	114,671,514	3,491,956	3,030,246	133,223,512	117,701,760
Total written premium	91,657,623	81,388,225	436,462	803,424	92,094,085	82,191,649
Capital expenditure	522,452	458,706	-	-	522,452	458,706

(41) CAPITAL MANAGEMENT

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

a. To adhere to the Group's minimum capital issued by the Insurance Law. Moreover, the Group's minimum capital prior to the enforcement of the law according to which it was licensed to practice general insurance in all of its branches, jointly and severally, is JD 4 million.

b. To secure the continuity of the Group, and consequently, the Group's ability to provide the shareholders with good returns on capital.

c. To make available the proper return to shareholders through pricing insurance policies in a manner compatible with the risks associated with those polices.

d. To comply with the Insurance Commission Instructions associated with the solvency margin

e. The below table shows the summary of the Group's capital and the minimum required capital:

	2021	2020
	JD	JD
Paid in Capital	25,438,252	21,438,252
Minimum Capital According to the Insurance Law	8,000,000	4,000,000

f. The following table shows the amount contributed to capital by the Group and the net solvency margin ratio as of 31 December 2021 and 2020:

	2021	2020
	JD	JD
Core Capital:		
Paid in Capital	25,438,252	21,438,252
Statutory reserve	6,359,563	5,825,651
Other reserve	40,221	-
Profit for the year net of appropriations	5,131,224	5,675,597
Retained earnings	5,465,878	2,946,750
Total Core Capital	42,435,138	35,886,250
Supplementary capital:		
Cumulative change in fair value	(967,052)	(2,292,597)
Subordinated loan – over 5 years	3,000,000	6,000,000
Total Supplementary Capital	2,032,948	3,707,403
Total regulatory capital (a)	44,468,086	39,593,653
Total required capital (b)	27,761,966	19,729,343
Solvency margin (a) / (b)	160,2%	200,6%

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

(42) LAWSUITS AGAINST THE GROUP

The Group appears as defendant in a number of lawsuits, the Group booked a sufficient provision to meet any obligations towards these lawsuits. In the opinion of the Group’s management and its legal consultant, the provision for a total amount of JD 5,400,513 as at 31 December 2021 (31 December 2020: JOD 3,331,916) is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the Group against others is JD 9,025,292 as at 31 December 2021 (31 December 2020: JOD 3,223,040).

(43) CONTINGENT LIABILITIES

At 31 December 2021, the Group has letters of guarantee in the amount of JD 4,456,841(2020: JD 4,703,040) against which cash margins of JD 445,077 are recorded (2020: JD 470,304).

(44) FAIR VALUE HIERARCHY

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

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

	Level (1)	Level (2)	Level (3)	Total
2021-	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	4,982,000	-	349,673	5,331,673
	4,982,000	-	349,673	5,331,673
2020-				
Financial assets at fair value through profit or loss	568	-	-	568
Financial assets at fair value through other comprehensive income	3,643,183	-	-	3,643,183
	3,643,751	-	-	3,643,751

(45) THE SPREAD OF CORONAVIRUS (COVID-19) AND ITS IMPACT ON THE GROUP

As a result of the continuing impact of the Coronavirus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and procedures imposed by the Jordanian government, neighboring countries and the rest of the world, the Group's management prepared a study to determine the extent of the impact of the Corona virus on the Group’s activities and its financial data to take appropriate measures to enable it to continue its activities in light of the current circumstances, as operational activities may be affected by global developments that currently affect various economic and geographical sectors.

The (Covid-19) pandemic has not resulted in a material impact on the Group’s activities, including gross written premiums and paid claims. The Group’s management believes that it maintains the necessary liquidity to meet its obligations on their maturity date for a period of at least one year from the date of these consolidated financial statements.

(46) STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 17 Insurance Contracts

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

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the group.

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
The amendments are not expected to have a material impact on the group.

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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

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

(47) STATEMENT OF FINANCIAL POSITION FOR LIFE

	2021	2020
	JD	JD
Assets -		
Financial assets at fair value through the statement of other comprehensive income	75,660	-
Life policyholders' loans	22,703	-
Total investments	98,363	-
Cash on hand and at banks	24,407	-
Account receivables	951,735	-
Total assets	1,074,505	-
Liabilities and head office current account		
Technical reserves -		
Outstanding claim reserve, net	35,532	-
Mathematical reserve, net	411,619	-
Total technical reserves	447,151	-
Accounts payable	594,875	
Reinsurance payables	198,823	-
Other liabilities	7,000	-
Total Liabilities	800,698	-
Fair value reserve	-	-
Head office current account	(173,344)	-
Total liabilities	1,074,505	-