

GULF INSURANCE GROUP COMPANY/ JORDAN

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2022

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF GULF INSURANCE GROUP COMPANY/ JORDAN
PUBLIC SHAREHOLDING COMPANY**

AMMAN – JORDAN

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Gulf Insurance Group Company/Jordan - public shareholding company as at 30 September 2022, comprising of interim condensed consolidated statement of financial position as at 30 September 2022 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity, and interim condensed consolidated statement of cash flows for nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman – Jordan
27 October 2022

ERNST & YOUNG
Amman - Jordan

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Assets			
Investments-			
Bank deposits	4	63,063,818	58,928,609
Financial assets at fair value through other comprehensive income	5	5,097,098	5,331,673
Financial assets at amortized cost	6	11,636,826	11,896,795
Investment property		170,464	170,464
Life policyholder's loans		22,703	22,703
Total Investments		79,990,909	76,350,244
Cash and cash equivalents		1,178,601	1,973,783
Checks under collection		4,687,578	6,865,436
Accounts receivable	7	28,799,042	27,383,698
Reinsurance receivable	8	1,934,627	1,578,623
Deferred tax assets	9/ B	3,432,951	3,739,493
Property and equipment		6,551,641	6,567,059
Intangible assets		5,660,505	5,721,735
Right of use assets		446,282	262,602
Other assets		2,873,546	2,030,073
		<u>135,555,682</u>	<u>132,472,746</u>
Discontinued operations' assets		764,773	750,766
Total Assets		<u>136,320,455</u>	<u>133,223,512</u>
Liabilities and Equity			
Liabilities –			
Insurance contracts liabilities:			
Unearned premium reserve		23,207,354	18,074,731
Premium deficiency reserve		1,207,000	684,000
Outstanding claims reserve		29,388,313	28,746,037
Mathematical reserve		504,646	411,619
Total Insurance contracts liabilities		<u>54,307,313</u>	<u>47,916,387</u>
Accounts payable	10	6,059,091	9,348,001
Accrued expenses		1,208,837	1,309,256
Reinsurance payables	11	21,962,498	21,829,584
Lease contracts liabilities		419,872	235,371
Other provisions		2,844,650	2,634,977
Bank Overdraft		-	1,199,828
Income tax provision	9/ A	161,206	2,483,394
Other liabilities		945,929	1,248,304
		<u>87,909,396</u>	<u>88,205,102</u>
Liabilities related to discontinued operations' assets		268,450	550,324
Total Liabilities		<u>88,177,846</u>	<u>88,755,426</u>
Equity -			
Authorized and paid-in capital	12	26,000,000	25,438,252
Statutory reserve		6,359,563	6,359,563
Special reserve		-	40,221
Fair value reserve	5	(806,021)	(967,052)
Retained earnings		15,089,067	10,597,102
Net Equity		<u>46,642,609</u>	<u>41,468,086</u>
Subordinated loan	14	1,500,000	3,000,000
		<u>48,142,609</u>	<u>44,468,086</u>
Total Liabilities and Equity		<u>136,320,455</u>	<u>133,223,512</u>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

		For the three months ended 30 September		For the nine months ended 30 September	
	Notes	2022	2021	2022	2021
		JD	JD	JD	JD
Continuing operations -					
Revenues –					
Gross written premium		18,477,043	16,311,830	78,212,591	70,323,184
Less: reinsurance share		8,999,815	8,010,979	37,358,164	33,468,746
Net written premium		9,477,228	8,300,851	40,854,427	36,854,438
Premium deficiency reserve, net		-	-	(523,000)	-
Net change in mathematical reserve		58,252	-	(93,027)	-
Net change in unearned premium reserve		2,769,563	3,664,756	(5,132,623)	(1,947,767)
Net earned premium		12,305,043	11,965,607	35,105,777	34,906,671
Commissions received		1,728,220	4,322,473	7,628,226	10,109,665
Insurance policies issuance fees		778,777	750,044	2,990,822	2,919,186
Interest income		1,222,819	236,228	2,337,227	1,659,160
Gain from financial assets and investments		(172,698)	553,709	431,768	660,784
Other revenues		1,686	-	7,529	-
Total revenues		15,863,847	17,828,061	48,501,349	50,255,466
Claims, losses, and expenses					
Paid claims		17,570,741	16,667,405	51,558,635	48,068,994
Maturity and surrender of insurance policies		27,332	(23,680)	34,252	118,751
Less: Recoveries		989,585	852,070	2,684,499	2,561,740
Less: Reinsurance share		7,314,874	7,024,182	21,387,098	19,870,396
Net paid claims		9,293,614	8,767,473	27,521,290	25,755,609
Net change in outstanding claims reserve		339,788	1,924,420	642,276	569,700
Allocated employees' expenses		2,400,837	2,223,233	6,558,643	6,606,890
Allocated general and administrative expenses		482,457	820,631	2,227,088	2,736,419
Excess of loss premium		344,209	404,192	804,707	833,766
Insurance policies acquisition costs		436,541	357,084	1,614,214	1,603,688
Other expenses		45,649	102,067	175,288	324,696
Net claims costs		13,343,095	14,599,100	39,543,506	38,430,768
Unallocated employees' expenses		565,106	443,933	1,639,661	1,539,843
Unallocated general and administrative expenses		214,539	202,197	556,773	672,519
Depreciation and amortization		161,042	165,468	479,267	487,655
Provision for (recoveries from) expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		60,000	(64,406)	190,931	(72,650)
Provision for expected credit losses on checks under collection		-	153,144	-	153,144
Gain (loss) from sale of property and equipment		65,836	455	64,477	(74,660)
Provision for contingent liabilities		-	-	-	670,000
Total expenses		1,066,523	900,791	2,931,109	3,375,851
Profit for the period from continuing operations before income tax		1,454,229	2,328,170	6,026,734	8,448,847
Income tax expense	9/A	(153,692)	(1,333,662)	(556,680)	(3,506,640)
Profit for the period from continuing operations		1,300,537	994,508	5,470,054	4,942,207
Discontinued operations -					
(Loss) Profit for the period after tax from discontinued operations		(30,386)	(19,999)	(66,118)	45,856
Profit for the period		1,270,151	974,509	5,403,936	4,988,063
Attributable to:					
Company shareholders		1,270,151	1,535,363	5,403,936	6,127,166
Non-controlling interests		-	(560,854)	-	(1,139,103)
		1,270,151	974,509	5,403,936	4,988,063
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	15	0/049	0/059	0/208	0/236

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	JD	JD	JD	JD
Profit for the period	1,270,151	974,509	5,403,936	4,988,063
Add: Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
Change in fair value of financial assets through other comprehensive income	142,576	174,242	1,042,500	792,966
Total comprehensive income for the period	1,412,727	1,148,751	6,446,436	5,781,029
Total comprehensive income attributable to:				
Company shareholders	1,412,727	1,712,554	6,446,436	6,920,831
Non-controlling interests	-	(563,803)	-	(1,139,802)
Total comprehensive income for the period	1,412,727	1,148,751	6,446,436	5,781,029

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Company shareholders' equity						Non-controlling interest	Net Equity
	Authorized and paid-in capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings*	Total		
	JD	JD	JD	JD	JD	JD	JD	JD
30 September 2022 -								
Balance as at 1 January 2022	25,438,252	6,359,563	40,221	(967,052)	10,597,102	41,468,086	-	41,468,086
Total comprehensive income for the period	-	-	-	1,042,500	5,403,936	6,446,436	-	6,446,436
Realized gain from sale of financial assets through other comprehensive income	-	-	-	(881,469)	881,469	-	-	-
Distributed dividends (note 13)	-	-	-	-	(1,271,913)	(1,271,913)	-	(1,271,913)
Capital increase	561,748	-	(40,221)	-	(521,527)	-	-	-
Balance as at 30 September 2022	26,000,000	6,359,563	-	(806,021)	15,089,067	46,642,609	-	46,642,609
30 September 2021 -								
Balance as 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 3)	-	-	-	-	-	-	1,660,823	1,660,823
Total comprehensive income for the period	-	-	-	793,665	6,127,166	6,920,831	(1,139,802)	5,781,029
Change in non-controlling interests	-	-	-	-	(15,578)	(15,578)	15,578	-
Balance as at 30 September 2021	21,438,252	5,825,651	-	(1,498,932)	14,733,935	40,498,906	536,599	41,035,505

* Retained earnings include an amount of JD 3,432,951 as at 30 September 2022 (31 December 2021: JD 3,739,493) which represents deferred tax assets that is restricted from use in accordance with the securities commission instructions.

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	30 September 2022 JD	30 September 2021 JD
<u>Notes</u>		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	6,026,734	8,448,847
Profit from discontinued operations after tax	(66,118)	45,856
Adjustments for -		
Interest income	(2,337,227)	(1,659,160)
Depreciation and amortization	479,267	487,655
Depreciation on right use assets	189,125	171,843
Interest on lease contracts liabilities	20,872	12,187
Gain from sale of financial assets at fair value through profit or loss	-	(30)
Gain from sale of financial assets at amortized cost	(197,380)	
Amortization of financial assets at amortized cost	6,939	(10,877)
Provision for (Recoveries from) expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables	190,931	(72,650)
Provision for expected credit losses on checks under collection	-	153,144
Receivables written-off	-	520,114
Provision for contingent liabilities	-	670,000
End of service provision	318,919	-
Loss (gain) from sale of property and equipment	64,477	(74,660)
Premium deficiency reserve, net	523,000	-
Net change in mathematical reserve	93,027	-
Net change in unearned premium reserve	5,132,623	1,947,767
Net change in outstanding claims reserve	642,276	617,629
Cash flows from operating activities before changes in working capital	11,087,465	11,257,665
Checks under collection	2,177,858	274,593
Accounts receivable	(1,606,275)	3,546,092
Reinsurance receivables	(356,004)	(146,333)
Other assets	(672,492)	(207,506)
Other provisions	21,015	1,613,395
Accounts payable	(3,288,910)	872,484
Accrued expenses	(100,419)	(1,451,139)
Reinsurance payables	132,914	(4,248,337)
Other liabilities	(299,597)	(174,108)
Paid from end of services provision	(414,911)	(474,803)
Income tax paid	9 (2,740,726)	(3,056,509)
Net cash flows from operating activities	3,939,918	7,805,494
CASH FLOW FROM INVESTING ACTIVITIES		
Deposits at banks maturing after three months	(4,549,559)	(3,815,368)
Interests received	2,337,227	1,659,160
Purchase of property and equipment	(311,300)	(246,501)
Proceeds from sale of property and equipment	40,602	76,877
Purchase of financial assets at fair value through profit or loss	-	(523)
Proceeds from sale of financial assets at fair value through profit or loss	-	672
Purchase of intangible assets	(196,398)	(122,208)
Purchase of financial assets at amortized cost	(2,499,785)	-
Proceeds from sale of financial assets at amortized cost	2,950,195	-
Purchase of financial assets at fair value through other comprehensive income	(1,000,516)	1,814
Acquisition of a subsidiary – net of cash paid	3 -	(2,032,099)
Proceeds from sale of financial assets through other comprehensive income	2,277,591	-
Net cash flows used in investing activities	(951,943)	(4,478,176)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of subordinated loan	(1,500,000)	(3,000,000)
Dividends paid	(1,271,913)	-
Lease payments	(209,176)	(181,515)
Net cash flows used in financing activities	(2,981,089)	(3,181,515)
Net increase in cash and cash equivalent	6,886	145,803
Cash and cash equivalents at the beginning of the period	1,918,790	7,625,518
Cash and cash equivalents at the end of the period	16 1,925,676	7,771,321

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Life	
	For the nine months ended	
	30 September	
	2022	2021
	JD	JD
Written premiums -		
Direct insurance	709,381	66,712
Total premiums	709,381	66,712
Less:		
Foreign reinsurance share	461,653	26,625
Net Written premiums	247,728	40,087
Add:		
Mathematical reserve at the beginning of the period	516,686	516,686
Less: reinsurance share	105,067	105,067
Net mathematical reserve at the beginning of the period	411,619	411,619
Less:		
Mathematical reserve at the end of the period	590,426	516,686
Less: reinsurance share	85,780	105,067
Net mathematical reserve at the end of the period	504,646	411,619
Net earned revenues from the written premiums	154,701	40,087

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Life	
	For the nine months ended	
	30 September	
	2022	2021
	JD	JD
Paid claims	187,983	20,589
Maturity and Surrender of Policies	34,252	118,751
Less: reinsurance share	141,799	16,433
Net paid claims	80,436	122,907
Add:		
Outstanding claims reserve at the end of the period		
Reported	104,417	112,128
Not reported	13,500	10,125
Less:		
Reinsurance share	67,828	70,882
Recoveries	19,214	19,214
Net outstanding claims reserve at the end of the period	30,875	32,157
Less:		
Outstanding claims reserve at the beginning of the period		
Reported	112,128	100,858
Not reported	13,500	2,250
Less:		
Reinsurance share	70,882	68,390
Recoveries	19,214	19,214
Net outstanding claims reserve at the beginning of the period	35,532	15,504
Net claims cost	75,779	139,560

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Life	
	For the nine months ended	
	30 September	
	2022	2021
	JD	JD
Net earned revenue from written premiums	154,701	40,087
Less:		
Net claims cost	75,779	139,560
	78,922	(99,473)
Add:		
Commissions received	1,792	18,594
Insurance policies issuance fees	22,999	2,098
Investment income related to underwriting accounts	-	650
Total revenues	103,713	(78,131)
Less:		
Policies acquisition costs	3,251	1,006
General and administrative expenses related to underwriting accounts	264,988	70,598
Other expenses	-	747
Total expenses	268,239	72,351
Underwriting loss	(164,526)	(150,482)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and other property damages		Social Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct inward insurance	19,820,965	17,741,239	1,338,829	1,329,183	284,072	-	4,585,081	3,260,141	985,913	859,324	46,272,237	42,833,798	2,606,625	3,365,910	75,893,722	69,389,595
Facultative inward reinsurance	992,548	415,868	2,363	7,383	-	-	578,026	428,518	3,722	338	-	-	32,829	14,770	1,609,488	866,877
Total written Premium	20,813,513	18,157,107	1,341,192	1,336,566	284,072	-	5,163,107	3,688,659	989,635	859,662	46,272,237	42,833,798	2,639,454	3,380,680	77,503,210	70,256,472
Less:																
Local reinsurance share	1,014,417	663,591	36,714	15,657	-	-	259,141	212,523	22,360	20,897	-	-	83,677	44,715	1,416,309	957,383
Foreign reinsurance share	56,795	156,705	1,027,834	1,033,066	284,072	-	3,742,964	2,663,960	779,619	681,394	27,913,777	25,518,786	1,675,141	2,430,827	35,480,202	32,484,738
Net Written Premium	19,742,301	17,336,811	276,644	287,843	-	-	1,161,002	812,176	187,656	157,371	18,358,460	17,315,012	880,636	905,138	40,606,699	36,814,351
Add:																
Balance at the beginning of the period																
Unearned premium reserve	9,698,335	12,777,020	271,055	343,336	-	39,437	7,820,770	6,718,367	631,049	466,924	18,564,380	17,229,762	1,558,153	1,932,026	38,543,742	39,506,872
Less: reinsurance share	328,781	536,967	202,321	245,065	-	39,437	6,969,650	6,137,498	557,101	394,666	11,092,248	10,873,935	1,318,910	1,586,467	20,469,011	19,814,035
Net Unearned Premium reserve	9,369,554	12,240,053	68,734	98,271	-	-	851,120	580,869	73,948	72,258	7,472,132	6,355,827	239,243	345,559	18,074,731	19,692,837
Add:																
Balance at the beginning of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve net	-	-	-	-	-	-	-	-	-	-	684,000	884,000	-	-	684,000	884,000
Less:																
Balance at the end of the period																
Unearned premium reserve	12,426,326	11,834,019	206,123	250,287	95,376	5,581	4,720,721	3,084,962	542,369	444,292	24,887,348	22,791,142	1,513,528	2,189,031	44,391,791	40,599,314
Less: reinsurance share	405,795	382,247	146,878	189,960	95,376	5,581	3,861,420	2,622,521	426,628	354,918	15,083,210	13,638,477	1,165,130	1,765,006	21,184,437	18,958,710
Unearned Premium reserve – net	12,020,531	11,451,772	59,245	60,327	-	-	859,301	462,441	115,741	89,374	9,804,138	9,152,665	348,398	424,025	23,207,354	21,640,604
Less:																
Balance at the end of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	1,207,000	884,000	-	-	1,207,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve net	-	-	-	-	-	-	-	-	-	-	1,207,000	884,000	-	-	1,207,000	884,000
Net earned written Premium	17,091,324	18,125,092	286,133	325,787	-	-	1,152,821	930,604	145,863	140,255	15,503,454	14,518,174	771,481	826,672	34,951,076	34,866,584

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and other property damages		Social Liability		Medical		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	17,017,422	17,515,163	304,572	186,518	-	-	2,073,733	1,576,390	138,595	109,701	31,524,319	27,239,218	312,011	1,421,415	51,370,652	48,048,405
Less:																
Recoveries	2,448,430	2,433,425	33,112	2,307	-	-	166,770	53,470	7,660	8,250	26,000	57,557	2,527	6,731	2,684,499	2,561,740
Local reinsurance share	574,865	590,465	717	1,085	-	-	175,985	75,097	-	-	-	-	280	-	751,847	666,647
Foreign reinsurance share	43,226	179,662	163,149	75,891	-	-	1,281,179	1,210,280	16,092	72,213	18,949,826	16,761,549	39,980	887,721	20,493,452	19,187,316
Net Paid Claims	13,950,901	14,311,611	107,594	107,235	-	-	449,799	237,543	114,843	29,238	12,548,493	10,420,112	269,224	526,963	27,440,854	25,632,702
Add:																
Outstanding Claims reserve at the end of the period																
Reported	27,345,973	27,096,622	980,348	711,470	-	-	3,080,977	2,689,223	677,658	657,898	2,815,278	3,002,056	1,116,176	2,492,284	36,016,410	36,649,553
Not reported	3,924,706	3,439,906	20,000	20,602	-	-	290,832	200,000	30,221	30,271	2,042,314	3,097,455	80,392	170,556	6,388,465	6,958,790
Less:																
Reinsurance share at the end of the period																
Reported	1,630,188	1,546,673	722,802	595,372	-	-	2,555,074	1,951,108	456,969	456,023	1,730,774	1,853,085	937,659	2,116,149	8,033,466	8,518,410
Not reported	-	-	-	24,210	-	-	-	-	-	-	1,231,690	1,857,667	-	-	1,231,690	1,881,877
Recoveries	3,398,933	4,074,832	19,013	-	-	-	322	322	-	-	-	-	364,013	364,013	3,782,281	4,439,167
Net Outstanding Claims reserve at the end of the period	26,241,558	24,915,023	258,533	112,490	-	-	816,413	937,793	250,910	232,146	1,895,128	2,388,759	(105,104)	182,678	29,357,438	28,768,889
Less:																
Outstanding Claims reserve at the beginning of the period																
Reported	26,090,788	23,439,097	780,273	1,239,220	-	-	3,242,376	4,146,431	712,753	721,977	2,530,866	1,595,132	1,104,681	3,959,655	34,461,737	35,101,512
Not reported	4,490,906	5,942,106	20,539	20,602	-	-	290,832	200,796	30,221	30,271	2,875,661	3,703,082	80,392	170,531	7,788,551	10,067,388
Less:																
Reinsurance share at the beginning of the period																
Reported	1,439,821	1,392,178	650,661	1,125,969	-	-	2,411,737	2,923,801	447,523	489,379	1,538,537	986,314	913,377	3,106,822	7,401,656	10,024,463
Not reported	-	-	-	-	-	-	-	-	-	-	1,713,731	2,343,240	-	-	1,713,731	2,343,240
Recoveries	4,060,061	3,957,308	-	219,068	-	-	322	21,350	-	-	-	-	364,013	243,465	4,424,396	4,441,191
Net Outstanding Claims reserve at the beginning of the period	25,081,812	24,031,717	150,151	(85,215)	-	-	1,121,149	1,402,076	295,451	262,869	2,154,259	1,968,660	(92,317)	779,899	28,710,505	28,360,006
Net Claims Cost	15,110,647	15,194,917	215,976	304,940	-	-	145,063	(226,740)	70,302	(1,485)	12,289,362	10,840,211	256,437	(70,258)	28,087,787	26,041,585

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Motor		Marine		Aviation		Fire and other property damages		Social Liability		Medical		Others		Total	
	20212	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	17,091,324	18,125,092	286,133	325,787	-	-	1,152,821	930,604	145,863	140,255	15,503,454	14,518,174	771,481	826,672	34,951,076	34,866,584
Less:																
Net claims cost	15,110,647	15,194,917	215,976	304,940	-	-	145,063	(226,740)	70,302	(1,485)	12,289,362	10,840,211	256,437	(70,258)	28,087,787	26,041,585
Add:																
Commissions received	15,249	19,198	604,715	547,048	7,854	-	794,523	619,619	322,570	241,312	5,432,111	8,152,802	449,412	511,092	7,626,434	10,091,071
Insurance policies issuance fees	266,138	329,597	43,539	52,329	2,282	-	114,107	96,010	15,372	18,418	2,347,854	2,074,130	178,531	346,604	2,967,823	2,917,088
Total revenues	<u>2,262,064</u>	<u>3,278,970</u>	<u>718,411</u>	<u>620,224</u>	<u>10,136</u>	<u>-</u>	<u>1,916,388</u>	<u>1,872,973</u>	<u>413,503</u>	<u>401,470</u>	<u>10,994,057</u>	<u>13,904,895</u>	<u>1,142,987</u>	<u>1,754,626</u>	<u>17,457,546</u>	<u>21,833,158</u>
Less:																
Insurance policies acquisition costs	376,070	435,509	13,886	30,109	-	-	217,075	198,738	27,076	36,262	744,944	681,152	231,912	220,912	1,610,963	1,602,682
Excess of loss premiums	143,223	242,858	80,235	57,004	-	-	443,666	369,207	-	-	-	-	137,583	164,697	804,707	833,766
General and administrative expenses related to underwriting accounts	2,281,101	3,052,607	147,118	225,248	31,160	-	570,806	502,111	108,554	98,720	5,092,486	5,012,302	289,518	381,723	8,520,743	9,272,711
Other expenses	-	111,528	4,304	5,414	-	-	8,630	10,265	-	45	161,542	194,747	752	1,950	175,228	323,949
Total Expenses	<u>2,800,394</u>	<u>3,842,502</u>	<u>245,543</u>	<u>317,775</u>	<u>31,160</u>	<u>-</u>	<u>1,240,177</u>	<u>1,080,321</u>	<u>135,630</u>	<u>135,027</u>	<u>5,998,972</u>	<u>5,888,201</u>	<u>659,765</u>	<u>769,282</u>	<u>11,111,641</u>	<u>12,033,108</u>
Underwriting profit	<u>(538,330)</u>	<u>(563,532)</u>	<u>472,868</u>	<u>302,449</u>	<u>(21,024)</u>	<u>-</u>	<u>676,211</u>	<u>792,652</u>	<u>277,873</u>	<u>266,443</u>	<u>4,995,085</u>	<u>8,016,694</u>	<u>483,222</u>	<u>985,344</u>	<u>6,345,905</u>	<u>9,800,050</u>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements

(1) GENERAL

Gulf Insurance Group Company/Jordan 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; the last of which was during 2022, the authorized and paid in capital became JD 26,000,000 divided into 26,000,000 shares with a par value of JD 1 each.

The Group is engaged in insurance business against fire, accidents, marine and transportation and motor insurance, liability, aviation, medical insurance 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, Business Park, Abdali in Amman city, Aqaba branch in Aqaba City and in Irbid branch in Irbid city.

The General Assembly decided in its meeting held on 31 May 2022 to change the legal name of the company from (Arab Orient Insurance Company) to (Gulf Insurance Group Company / Jordan). Legal procedures were completed during the third quarter of 2022.

Gulf Insurance Group Company/ Jordan Public Shareholding Company is 89.91% owned by Gulf Insurance Company (parent Company) as at 30 September 2022. The Company's financial statements are consolidated with the parent Company.

The interim condensed consolidated financial statements were approved by the Board of Directors in its meeting on 26 October 2022.

(2) Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2022 have been prepared in accordance with International Accounting Standard (34) “Interim Financial Reporting”.

The interim condensed 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 at the date of the interim condensed consolidated financial statements.

The financial statements are presented in Jordanian Dinar (JD), which is the functional currency of the Group.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual report as at 31 December 2021. In addition, the results for the nine months ended 30 September 2022 are not necessarily indicative of the results that may be expected for the year ended 31 December 2022.

Basis of consolidation of the financial statements

Subsidiaries are consolidated when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Income and expenses of a subsidiary 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 subsidiaries.

The interim condensed consolidated financial statements comprise the financial statements of Gulf Insurance Group Company/ Jordan ("the Company") and its subsidiaries (referred to as "the Group") as at 30 September 2022.

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 Gulf Insurance Group Company/Jordan (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 Gulf Insurance Group Company/Jordan (Public Shareholding Company). The Company's main objectives are to acquire, sell and mortgage movable and immovable assets to achieve the Company's objectives.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its 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 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 and expenses 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 intra-group transactions, balances, income, expenses between members of the Group are eliminated in full on consolidation.

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 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

These amendments had no material impact on the interim condensed consolidated financial statements of the group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

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

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

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

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

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

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.

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

IAS 41 Agriculture – Taxation in fair value measurements

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

The amendments is not applicable to the Group.

IFRS 17 Insurance Contracts

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

The core of IFRS 17 is the general model, supplemented by:

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

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

The Group has prepared a preliminary study on the impact of the standard on the interim condensed consolidated financial statements. The study is expected to be completed during the fourth quarter of 2022.

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 as well as change in fair value presented in equity. 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 following are the details of the management's fundamental assumptions:

- The fiscal year is charged with its income tax expense in accordance with the laws and regulations.
- A provision for receivables impairment is made based on the principles and assumptions approved by the company's management to estimate the provision to be established in accordance with the requirements of IFRS 9.
- The management periodically re-assesses the useful lives of the tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and estimates of expected useful lives in the future, and the impairment loss (if any) is taken into the interim condensed consolidated statement of income.
- The outstanding claims reserve, and technical reserve are estimated based on technical studies and in accordance with the instructions of the Insurance Administration and in accordance with actuarial studies.
- Provision for legal cases against the company is made based on a legal study prepared by the company's attorney, according to which the potential risks in the future are identified, and those studies are reviewed periodically.

(3) Merger with Arab Life and Accidents Insurance Company

Gulf Insurance Group Company/Jordan 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 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 Gulf Insurance Group Company/ Jordan. The entity resulted from the merger is Gulf Insurance Group Company/ Jordan with an authorized paid in capital of JD 25,438,252 with a par value of JD 1 each.

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022

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

	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 on hand and at banks	295,202	-	295,202
Notes receivables and 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 share capital	2,592,000		2,592,000
Total 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)

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022

(4) BANK DEPOSITS

	30 September 2022		31 December 2021
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 year	Total
	JD	JD	JD
			(Unaudited)
			(Audited)
Inside Jordan	-	63,063,818	63,063,818
			58,928,609

Interest rates on bank deposits balances in Jordanian Dinar ranges from 3,242% to 5,25% during the period of the year 2022 (2021: 2,73% to 4,5%).

Deposits pledged to the benefit of the General Manager of the Insurance Regulatory Commission amounted to JD 800,000 as at 30 September 2022 (2021: JD 647,350).

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

Below is the distribution of the Company's bank deposits:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Jordan Kuwait Bank	19,908,556	18,890,121
Cairo Amman Bank	11,407,666	9,089,310
Capital Bank of Jordan	6,588,915	6,194,243
Jordan Commercial Bank	5,748,830	5,748,830
Societe Generale Bank	5,197,623	5,065,697
Egyptian Arab Land Bank	5,025,743	5,025,743
Etihad Bank	3,670,950	3,557,639
Arab Banking Corporation Bank	3,187,457	3,087,714
Jordan Ahli Bank	1,673,192	1,614,426
Bank of Jordan	654,886	654,886
	63,063,818	58,928,609

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022

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

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	Number of shares	Number of shares	JD	JD
Inside Jordan:				
Listed shares:	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Afaq for Energy	1,140,147	1,140,147	2,029,462	1,596,206
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	1,618,575	1,618,575
Cairo Amman Bank	113,000	113,000	145,770	157,070
Jordan Electric Power Company	-	163,013	-	189,095
Capital Bank of Jordan	-	700,000	-	1,421,000
Jordan Kuwait Bank	234,497	-	375,195	-
Amlak Company	-	54	-	54
Total listed shares			4,169,002	4,982,000
Unlisted shares:				
Saraya Aqaba Real Estate Development Company	500,000	500,000	154,880	154,880
Imcan brokerage and trading	-	12,719	-	14,214
Al-Motarabetah Investment Company	29,851	29,851	9,579	9,579
			164,459	178,673
Outside Jordan:				
Listed shares:				
Gulf warehousing Company	685,000	-	586,469	-
Safa Bank/ Palestine owned by Cairo Amman Bank	9,562	-	6,168	-
Unlisted shares:				
Iraq International Insurance Company	482,195,655	482,195,655	171,000	171,000
			928,096	349,673
Total financial assets at fair value through other comprehensive income			5,097,098	5,331,673

Movements on the fair value reserve were as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	(967,052)	(2,292,597)
Change in fair value for financial assets at fair value through other comprehensive income	1,042,500	1,083,719
Realized (gains) losses from sale of financial assets at fair value through other comprehensive income	(881,469)	241,826
Balance at the end of the period/ year	(806,021)	(967,052)

GULF INSURANCE GROUP/ JORDAN PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(6) FINANCIAL ASSETS AT AMORTIZED COST

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<u>Inside Jordan-</u>				
Unlisted Bonds in financial markets				
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)
			<u>1,000</u>	<u>1,000</u>
Listed bonds in financial markets				
Treasury bonds/ Hashemite Kingdom of Jordan	2,500	2,500	1,805,412	1,810,386
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,432,119	1,434,941
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,426,827	1,428,150
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	947,923	948,664
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	711,965	712,555
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	710,315	710,576
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	703,442	702,617
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	701,755	700,682
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	696,283	694,409
Total financial assets at amortized cost inside Jordan			<u>9,137,041</u>	<u>9,143,980</u>

	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<u>Outside Jordan-</u>				
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	-	524,585
Treasury bonds/ Kingdom of Bahrain Government	715	715	-	967,690
Treasury bonds/ Oman Government	1,000	1,000	-	578,994
Treasury bonds/ Oman Government	1,000	1,000	-	570,191
Treasury bonds/ Oman Government	200	200	-	111,355
Treasury bonds/ Republic of Egypt	4,000	-	2,499,785	-
Total financial assets at amortized cost outside Jordan			<u>2,499,785</u>	<u>2,752,815</u>
Total financial assets at amortized cost inside Jordan			<u>11,636,826</u>	<u>11,896,795</u>

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(7) ACCOUNTS RECEIVABLE

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables*	34,415,412	33,707,304
Brokers receivables*	2,444,323	2,513,600
Employees' receivables*	142,578	110,199
Other receivables*	1,314,454	1,057,879
	38,316,767	37,388,982
Less: Provision for expected credit losses**	(9,517,725)	(10,005,284)
	<u>28,799,042</u>	<u>27,383,698</u>

* Accounts receivable include scheduled payments with the total amount of JD 18,483,152 after 30 September 2022 against JD 17,749,584 as at 31 December 2021.

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

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	10,005,284	8,621,128
Balance added from the acquired subsidiary	-	1,980,511
Provision for (recoveries from) the period/ year	31,775	(39,824)
Receivables written-off	(470,324)	(520,114)
Transferred from provision for doubtful debts of reinsurance receivables	(49,010)	(36,417)
Balance at the end of the period/ year	<u>9,517,725</u>	<u>10,005,284</u>

(8) REINSURANCE RECEIVABLE

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	2,122,299	1,766,931
Foreign reinsurance companies	906,665	697,862
	3,028,964	2,464,793
Less: Provision for doubtful debt for reinsurance receivables *	(1,094,337)	(886,170)
	<u>1,934,627</u>	<u>1,578,623</u>

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* Movements on the provision for reinsurance receivables were as follows:

	30 September 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	886,170	635,120
Balance added from the acquired subsidiary	-	104,167
Provision for the period/ year	159,156	-
Transferred from provision for expected credit losses for checks under collection	-	110,466
Transferred to provision for expected credit losses on accounts receivable	49,011	36,417
Balance at the end of the period/ year	1,094,337	886,170

(9) INCOME TAX

A- Income tax provision

Movements on the income tax provision were as follows:

	30 September 2022	31 December 2021
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period/ year	2,483,394	2,483,944
Provision for the period/ year	-	3,735,310
National contribution tax	113,775	-
Taxes on the investments outside Jordan	45,329	23,477
Income tax paid	(2,740,726)	(3,056,509)
Income tax on bank interests	259,434	(702,828)
Balance at the end of the period/ year	161,206	2,483,394

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

	30 September 2022	30 September 2021
	JD (Unaudited)	JD (Unaudited)
Income tax provision for the period	-	2,941,024
Accrued taxes on investments outside Jordan	45,329	19,187
National contribution tax	113,775	-
Additions on deferred tax assets	306,543	546,429
Income tax related to previous years	91,033	-
	556,680	3,506,640

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Gulf Insurance Group Company/Jordan became exempted 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.

Final settlement for income tax was reached with the Income and Sales Tax Department until 31 December 2018.

Income tax return was submitted for the years 2021, 2020 and 2019. The Income and Sales Tax Department have not reviewed the tax returns as at the date of the interim condensed consolidated financial statements. In the opinion of the management and the Company's tax advisor, the income tax provision is sufficient to meet any tax obligations.

B- Deferred tax assets

	30 September 2022					31 December 2021	
	Balance at the beginning of the period	Balances added from the acquired subsidiary	Released Amounts	Additions	Balance at the end of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Audited)
Deferred tax assets:							
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivable	3,321,298	-	-	-	3,321,298	863,537	863,537
Provision for emergencies	600,000	-	(600,000)	-	-	-	156,000
Impairment loss on financial assets	1,199,000	-	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims	6,358,482	-	(1,190,877)	-	5,167,605	1,343,577	1,653,205
Provision for end of service indemnity	2,019,887	-	(30,050)	318,919	2,308,756	600,277	525,171
Premium deficiency reserve	884,000	-	-	323,000	1,207,000	313,820	229,840
	14,382,667	-	(1,820,927)	641,919	13,203,659	3,432,951	3,739,493

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Movements on deferred tax assets were as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	3,739,493	3,634,254
Balance added from the acquired subsidiary	-	284,291
Released, net	(306,542)	(179,052)
Balance at the end of the period/ year	3,432,951	3,739,493

(10) ACCOUNTS PAYABLE

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Trade and companies' payables	2,717,594	4,740,504
Medical network payables	2,350,532	3,074,458
Agents' payables	726,167	990,423
Garages and vehicles parts payables	236,566	528,082
Employees' payables	28,232	14,534
	6,059,091	9,348,001

(11) REINSURANCE PAYABLES

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Foreign reinsurance companies	21,526,339	21,591,545
Local insurance companies	436,159	238,039
	21,962,498	21,829,584

(12) AUTHORIZED AND PAID-IN CAPITAL

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

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The general assembly decided in its meeting held on 31 May 2022 to increase the authorized and paid-in capital from 25,438,252 divided into 25,438,252 shares with a par value of JD 1 each to become JD 26,000,000 through distributing free shares to the Company's shareholders, from the special reserve balance within the shareholders' equity with an amount of JD 40,221 and from retained earnings balance with an amount of JD 521,527 as of 31 December 2021. Legal procedures have been completed during the third quarter of 2022.

The authorized and paid in capital is JD 26,000,000 divided into 26,000,000 shares at par value of JD 1 each as at 30 September 2022.

(13) DISTRIBUTED DIVIDENDS

The General assembly decided in its extraordinary meeting held on 28 April 2022, to distribute cash dividends to shareholders by 5% of the share capital equivalent to JD 1,271,913.

(14) SUBORDINATED LOAN

On 15 November 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 has no repayment schedule. During 2019, the Company paid an amount of (USD 3,667,137) equivalent to JD 2,600,000 and during 2020, the Company paid an amount of (USD 4,231,312) equivalent to JD 3,000,000. During 2021, the Company paid an amount of (USD 4,231,312) equivalent to JD 3,000,000. During the first quarter of 2022, the Company paid an amount of (USD 2,118,644) equivalent to JD 1,500,000.

(15) BASIC AND DILUTED EARNINGS PER SHARE FROM PROFIT FOR THE PERIOD

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	1,270,151	1,535,363	5,403,936	6,127,166
Weighted average number of shares (Share)	26,000,000	26,000,000	26,000,000	26,000,000
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit for the period	0/049	0/059	0/208	0/236

(16) CASH AND CASH EQUIVALENTS

	30 September 2022	30 September 2021
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	1,178,601	988,400
Add: Deposits at banks	63,063,818	58,927,974
Less: Deposits at banks with original maturity date more than three months	(62,263,818)	(52,635,050)
Less: Restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(800,000)	(233,000)
Cash related to discontinued operations' assets	747,075	722,997
Net cash and cash equivalents at the end of the period/ year	<u>1,925,676</u>	<u>7,771,321</u>

(17) DISCONTINUED OPERATIONS

The Board of Directors of Arab Life and Accidents Insurance Company (the acquired 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 30 September 2022. In additions, the results of these branches were presented in the interim condensed statement of income within discontinued operations for the period ended 30 September 2022.

(18) RELATED PARTY BALANCES AND TRANSACTIONS

The Group entered into transactions with major shareholders, board members and directors within the normal activities of the Company using insurance premium and commercial commissions. All related parties' balances are considered performing and no provision has been taken against them as at 30 September 2022.

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

	Related parties			Total	
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company)	Gulf Insurance Group (Parent Company)	Top Executive Management	30 September 2022	31 December 2021
	JD	JD	JD	JD (Unaudited)	JD (Audited)
<u>Interim condensed consolidated Statement of Financial Position Items:</u>					
Time deposits	19,908,556	-	-	19,908,556	18,890,121
Debit current accounts	336,876	-	-	336,876	457,494
Current accounts	28,836	-	-	28,836	505,906
Deposits on letters of guarantee	334,757	-	-	334,757	443,127
Accounts receivable/ payable	(128,223)	(292,885)	(30,654)	(451,762)	(1,973,990)
Overdraft account	-	-	-	-	(1,199,828)
Subordinated loan	-	1,500,000	-	1,500,000	3,000,000
<u>Off-statement of interim condensed consolidated Financial Position Items:</u>					
Letters of guarantee	3,347,570	-	-	3,347,570	4,431,270

	Related parties		Total	
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company)	Top Executive Management	30 September 2022	30 September 2021
	JD	JD	JD (Unaudited)	JD (Unaudited)
<u>Interim condensed consolidated Statement of Income Items:</u>				
Bank interest income	428,703	-	428,703	276,138
Insurance premiums	2,550,112	17,026	2,567,138	2,454,339
Bank expenses and commissions	87,993	-	87,993	97,625
Salaries	-	750,420	750,420	1,591,930
Bonuses	-	345,075	345,075	331,128
Transportation expenses for members of the Board of Directors	-	-	-	51,900
Bonuses expenses for members of the Board of Directors	-	37,800	37,800	231,250
Board of Directors committees' bonus	-	56,250	56,250	5,800

(19) ANALYSIS OF MAIN SECTORS

Information on the Company's business sectors

For management purposes and as describe in the written premium schedule, the Group was organized to include the general insurance sector including (insurance on motor, marine, fire and other property damages, social liability, medical). This sector constitutes the basis that the Group uses to show information related to key sectors. The above sector also includes investments and cash management for the Group account. The activities between the business sectors are performed based on commercial basis, under the same terms as with others.

(20) LAWSUITS BY AND 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 legal consultant, the provision for a total amount of JD 4,166,449 as at 30 September 2022 (31 December 2021: JD 5,400,513) is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the Group is JD 8,221,536 as at 30 September 2022 (31 December 2021: JD 9,025,292).

(21) CONTINGENT LIABILITIES

The Group had letters of guarantee amounting JD 3,347,570 as at 30 September 2022 (31 December 2021: 4,456,841) against cash margins in the amount of JD 334,757 (31 December 2021: JD 443,127)

(22) FAIR VALUE HIERARCHY

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

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

	Level (1)	Level (2)	Level (3)	Total
	JD	JD	JD	JD
30 September 2022 -				
Financial assets at fair value through other comprehensive income	<u>4,761,639</u>	<u>-</u>	<u>335,459</u>	<u>5,097,098</u>
31 December 2021 -				
Financial assets at fair value through other comprehensive income	<u>4,982,000</u>	<u>-</u>	<u>349,673</u>	<u>5,331,673</u>

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(23) STATEMENT OF FINANCIAL POSITION FOR LIFE

	30 September 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Assets -		
Financial assets at fair value through other comprehensive income	-	75,660
Financial assets at amortized cost	624,156	-
Life policyholders' loans	22,703	22,703
Total investments	646,859	98,363
Cash on hand and at banks	38,718	24,407
Accounts receivable	345,731	951,735
Total assets	1,031,308	1,074,505
Liabilities and head office current account -		
Technical reserves		
Outstanding claim reserve, net	30,875	35,532
Mathematical reserve, net	504,646	411,619
Total technical reserves	535,521	447,151
Accounts payable	396,741	594,875
Reinsurance payables	92,167	198,823
Other liabilities	116,348	7,000
Total Liabilities	605,256	800,698
Head office current account	(109,469)	(173,344)
Total liabilities	1,031,308	1,074,505