



إشارتنا : ت /م/ ٢٠٢٦/١٢٠/٢٠٢٦
التاريخ : ٢٠٢٦/٠٥/١٤

To: Jordan Securities Commission

السادة / هيئة الأوراق المالية المحترمين

To: Amman Stock Exchange

السادة / بورصة عمان المحترمين

Subject:

**Financial Statements as at
31/03/2026**

الموضوع: البيانات المالية المنتهية في
٢٠٢٦/٠٣/٣١

Attached the Financial Statements of
The Islamic Insurance Co. as at
31/03/2026

بالإشارة إلى الموضوع أعلاه، يسرنا أن نرفق
طياً البيانات المالية ربع السنوية كما هي
في ٣١ آذار ٢٠٢٦، وفقاً للمعيار الدولي
لإعداد التقارير المالية رقم ١٧
(باللغة الانجليزية) مراجعة من قبل مدقق
حسابات الشركة السادة المهنيون العرب،
حسب الأصول.

**Kindly accept our highly
appreciation and respect**

وتفضلوا بقبول فائق الاحترام،،،

The Islamic Insurance Co. Plc.

عن / شركة التأمين الإسلامية م.ع.م.

**Wisam Hamdan
Chief Financial & Administrative Officer**

وسام حمدان
رئيس القطاع المالي والإداري

The Islamic Insurance Company

Public Shareholding Company

Amman – Jordan

Condensed Interim Financial Statements (Unaudited)

31 March 2026

**The Islamic Insurance Company
Public Shareholding Company**

	<u>Page</u>
- Report on Review of the Condensed Interim Financial Statements	2
- Condensed Interim Statement of Financial Position	3
- Condensed Interim Statement of Financial Position (Policyholders)	4
- Condensed Interim Statement of Financial Position (Shareholders)	5
- Condensed Interim Statement of Profit or Loss (Policyholders)	6
- Condensed Interim Statement of Profit or Loss (Shareholders)	7
- Condensed Interim Statement of Profit or Loss (Policyholders) - Takaful	8
- Condensed Interim Statement of Other Comprehensive Income (Shareholders)	9
- Condensed Interim Statement of Changes in Shareholders' Equity	10
- Condensed Interim Statement of Changes in Policyholders' Equity	11
- Condensed Interim Statement of Cash Flows	12
- Notes to the Condensed Interim Financial Statements	13-53

Report on Review of the Condensed Interim Financial Statements

**To The Board of Directors
The Islamic Insurance Company
Public Shareholding Company
Amman - Jordan**

Introduction

We have reviewed the accompanying condensed interim financial statements of **The Islamic Insurance Company (PSC)** comprising the condensed interim statement of financial position as at 31 March 2026, condensed interim statement of profit or loss (Policyholders), condensed interim statement of profit or loss (Shareholders), condensed interim statement of comprehensive income (shareholders), condensed interim statement of changes in shareholders' equity, condensed interim statement of changes in policyholders' equity and condensed interim statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with Islamic shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company and in accordance with Financial Accounting Standards for Islamic Financial Institutions as issued by the Accounting and Auditing Organization for Islamic Financial Institutions. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements number (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 condensed interim financial statements are not prepared, in all material respects, in accordance with Islamic shari'a rules and principles as determined by the Shari'a Supervisory Board of the Company and in accordance with Financial Accounting Standards for Islamic Financial Institutions as issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

26 April 2026
Amman - Jordan

A handwritten signature in blue ink, appearing to read "Ibrahim Hammoudeh".

**Arab Professionals
Ibrahim Hammoudeh
License No. (606)**

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of financial position as at 31 March 2026
(In Jordanian Dinar)

	Note	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Assets			
Investments			
Bank deposits	3	34,100,033	30,216,721
Financial assets at fair value through profit or loss (Policyholders)	4	1,250,000	1,000,000
Financial assets at fair value through profit or loss (Shareholders)	4	3,750,000	3,000,000
Financial assets at fair value through other comprehensive income	5	11,615,091	10,863,794
Financial assets at amortized cost	6	225,000	-
Investment properties	7	-	232,394
Total Investments		50,940,124	45,312,909
Cash on hand and at banks	8	5,633,050	3,650,041
Reinsurance contract assets	10	9,113,179	8,929,002
Property and equipment - net	12	2,607,349	2,409,763
Intangible assets - net	13	27,808	26,456
Other assets	14	474,373	1,164,114
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	21	1,267,184	-
Total Assets		70,063,067	61,492,285
Liabilities, Shareholders' Equity and Policyholders' Equity			
Liabilities			
Insurance contract liabilities	9	35,817,866	30,437,492
Reinsurance contract liabilities	10	410,410	158,721
Accounts payable	15	6,604	2,650
Income tax provision	11	942,658	951,382
Other provisions	16	1,123,396	1,117,428
Other liabilities	17	630,669	371,788
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	21	1,267,184	-
Total Liabilities		40,198,787	33,039,461
Policyholders' Equity			
Deficiency cover reserve (Emergency Provision)	18	-	310,214
Cumulative change in fair value	24	612,216	424,391
Non-demanded surplus	19	8	8
Accumulated (deficit) surplus	20	(384,400)	882,784
Total Policyholders' Equity		227,824	1,617,397
Shareholders' Equity			
Paid-in capital	22	16,500,000	16,500,000
Statutory reserve	23	4,681,392	4,681,392
Voluntary reserve	23	5,916	5,916
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	21	1,267,184	-
Cumulative change in fair value	24	1,836,644	1,273,172
Retained earnings	25	5,345,320	4,374,947
Total Shareholders' Equity		29,636,456	26,835,427
Total Shareholders' and Policyholders' Equity		29,864,280	28,452,824
Total Liabilities, Policyholders' Equity and Shareholders' Equity		70,063,067	61,492,285

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of financial position (Policyholders)
as at 31 March 2026
(In Jordanian Dinar)

	Note	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Assets			
Investments			
Bank deposits	3	16,341,301	14,093,652
Financial assets at fair value through profit or loss (Policyholders)	4	1,250,000	1,000,000
Financial assets at fair value through other comprehensive income	5	2,901,733	2,713,909
Financial assets at amortized cost	6	56,250	-
Total Investments		20,549,284	17,807,561
Cash on hand and at banks	8	3,506,751	2,410,521
Reinsurance contract assets	10	9,113,179	8,929,002
Other assets	14	368,357	490,500
Amounts due from shareholders		4,672,223	2,952,003
Total Assets		38,209,794	32,589,587
Liabilities and Policyholders' Equity			
Liabilities			
Insurance contract liabilities	9	35,817,866	30,437,492
Reinsurance contract liabilities	10	410,410	158,721
Other liabilities	17	406,094	201,112
Income tax provision	11	80,416	174,865
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	21	1,267,184	-
Total Liabilities		37,981,970	30,972,190
Policyholders' Equity			
Deficiency cover reserve (Emergency Provision)	18	-	310,214
Cumulative change in fair value	24	612,216	424,391
Non-demanded surplus	19	8	8
Accumulated (deficit) surplus	20	(384,400)	882,784
Total Policyholders' Equity		227,824	1,617,397
Total Liabilities and Policyholders' Equity		38,209,794	32,589,587

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of financial position (Shareholders)
as at 31 March 2026

(In Jordanian Dinar)

	Note	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Assets			
Investments			
Bank deposits	3	17,758,732	16,123,069
Financial assets at fair value through profit or loss (Shareholders)	4	3,750,000	3,000,000
Financial assets at fair value through other comprehensive income	5	8,713,358	8,149,885
Financial assets at amortized cost	6	168,750	-
Investment properties	7	-	232,394
Total Investments		30,390,840	27,505,348
Cash on hand and at banks	8	2,126,299	1,239,520
Property and equipment - net	12	2,607,349	2,409,763
Intangible assets - net	13	27,808	26,456
Other assets	14	106,016	673,614
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	21	1,267,184	-
Total Assets		36,525,496	31,854,701
Liabilities and Shareholders' Equity			
Liabilities			
Accounts payable	15	6,604	2,650
Income tax provision	11	862,242	776,517
Other provisions	16	1,123,396	1,117,428
Other liabilities	17	224,575	170,676
Amounts due to policyholders		4,672,223	2,952,003
Total Liabilities		6,889,040	5,019,274
Shareholders' Equity			
Paid-in capital	22	16,500,000	16,500,000
Statutory reserve	23	4,681,392	4,681,392
Voluntary reserve	23	5,916	5,916
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	21	1,267,184	-
Cumulative change in fair value	24	1,836,644	1,273,172
Retained earnings	25	5,345,320	4,374,947
Total Shareholders' Equity		29,636,456	26,835,427
Total Liabilities and Shareholders' Equity		36,525,496	31,854,701

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of profit or loss (policyholders)
for the three months ended at 31 March 2026

(In Jordanian Dinar)

	Note	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Revenues			
Insurance contracts revenues	26	11,743,246	10,133,587
Insurance contracts expenses	27	(9,952,277)	(9,519,537)
Insurance contract service results		1,790,969	614,050
Reinsurance contracts held expenses	28	(3,580,548)	(3,396,090)
Reinsurance contracts held revenues	29	2,969,114	2,727,030
Reinsurance contract service results		(611,434)	(669,060)
Net insurance contracts service results		1,179,535	(55,010)
Finance (expenses) revenues from insurance contracts	30	(403,684)	(288,816)
Finance revenues (expenses) from reinsurance contracts	31	68,952	129,812
Net insurance financing results		(334,732)	(159,004)
Net insurance contracts service and financing results		844,803	(214,014)
Policyholders' share of investment returns	32	13,050	22,532
Policyholders' share of net profits from financial assets and investments	33	56,731	45,384
Less: Shareholders' share against managing the investment portfolio	34	(17,445)	(16,979)
Total revenues		897,139	(163,077)
Shareholders' share against takaful operation management (not-allocated)	34	(2,428,613)	(1,962,636)
Provision for expected credit losses (deposit)	3	(45,924)	(38,917)
Total expenses		(2,474,537)	(2,001,553)
Policyholders' deficit before income tax		(1,577,398)	(2,164,630)
Income tax provision	11	-	-
Policyholders' deficit after income tax		(1,577,398)	(2,164,630)

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of profit or loss (Shareholders)
for the three months ended at 31 March 2026

(In Jordanian Dinar)

	Note	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Revenues			
Shareholders' share against takaful operation management	34	3,853,936	3,279,425
Shareholders' share against managing the investment portfolio	34	17,445	16,979
Shareholders' share of investment returns	32	13,872	445,488
Shareholders' share of net profits from financial assets and investments	33	170,192	142,404
Total revenues		4,055,445	3,884,296
Expenses			
Employees expenses	35	1,089,021	1,016,754
Provision against Al Qard Al Hasan granted to policyholders	21	1,267,184	2,157,524
Administrative and general expenses	37	363,986	331,410
Other provisions	38	6,978	29,339
Depreciation & amortization		59,284	52,703
Provision for expected credit losses (deposits)	3	23,338	23,163
Total expenses		2,809,791	3,610,893
Profit for the period before income tax		1,245,654	273,403
Income tax provision for the period	11	(275,281)	(53,232)
Profit for the period		970,373	220,171
Earnings per share	39	0.059	0.013

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of profit or loss (Policyholders) - Takaful
for the three months ended at 31 March 2026

(In Jordanian Dinar)

	Note	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Revenues			
Insurance contracts revenues	26	3,367,832	3,171,482
Insurance contracts expenses	27	(1,911,722)	(1,934,528)
Insurance contract service results		1,456,110	1,236,954
Reinsurance contracts held expenses	28	(1,313,350)	(1,330,103)
Reinsurance contracts held revenues	29	1,098,760	1,023,128
Reinsurance contracts service results		(214,590)	(306,975)
Net insurance contract service results		1,241,520	929,979
Finance (expenses) revenues from insurance contracts	30	(25,099)	(63,012)
Finance revenues (expenses) from reinsurance contracts	31	17,485	39,774
Net insurance financing results		(7,614)	(23,238)
Policyholders' share of investment returns	32	3,915	6,760
Policyholders' share of net profits from financial assets and investments	33	17,019	13,615
Less : Shareholders' share against managing the investment portfolio	34	(5,234)	(5,094)
Total revenues		1,249,606	922,022
Shareholders' share against takaful operation management (not-allocated)	34	(1,580,696)	(1,389,929)
Provision for expected credit losses (deposits)		(13,777)	(11,675)
Total expenses		(1,594,473)	(1,401,604)
Policyholders' deficit before income tax		(344,867)	(479,582)
Income tax provision	11	-	-
Policyholders' deficit after income tax		(344,867)	(479,582)

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of other comprehensive income (Shareholders)
for the three months ended at 31 March 2026

(In Jordanian Dinar)

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Profit for the period	970,373	220,171
Add : Other comprehensive income items:		
Shareholders' share from change in fair value	563,472	564,638
Total comprehensive income for the period	1,533,845	784,809

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of changes in shareholders' equity for the three months ended at 31 March 2026 (Unaudited)
(In Jordanian Dinar)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	Cumulative Change in Fair Value	Retained Earnings	Total Shareholders' Equity
Balance at 1 January 2026	16,500,000	4,681,392	5,916	-	1,273,172	4,374,947	26,835,427
Profit for the period	-	-	-	-	-	970,373	970,373
Shareholders' share from net change in fair value	-	-	-	-	563,472	-	563,472
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	-	1,267,184	-	-	1,267,184
Balance at 31 March 2026	16,500,000	4,681,392	5,916	1,267,184	1,836,644	5,345,320	29,636,456
Balance at 1 January 2025	16,500,000	4,248,059	5,916	-	(500,598)	3,368,595	23,621,972
Profit for the period	-	-	-	-	-	220,171	220,171
Shareholders' share from net change in fair value	-	-	-	-	564,638	-	564,638
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	-	-	-	2,157,524	-	-	2,157,524
Balance at 31 March 2025	16,500,000	4,248,059	5,916	2,157,524	64,040	3,588,766	26,564,305

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan

Condensed interim statement of changes in policyholders' equity for the three months ended at 31 March 2026 (Unaudited)

(In Jordanian Dinar)

	Deficiency Cover Reserve (Emergency Provision)*	Cumulative Change in Fair Value	Non- Demanded Surplus	Accumulated (Deficit) Surplus	Total Policyholders' Equity
Balance at 1 January 2026	310,214	424,391	8	882,784	1,617,397
Policyholders' (deficit) for the period	-	-	-	(1,577,398)	(1,577,398)
Transfer from deficiency cover reserve to cover the deficit	(310,214)	-	-	310,214	-
Policyholders' share from net change in fair value	-	187,825	-	-	187,825
Balance at 31 March 2026	-	612,216	8	(384,400)	227,824
Balance at 1 January 2025	7,106	(166,866)	4,022	-	(155,738)
Policyholders' (deficit) for the period	-	-	-	(2,164,630)	(2,164,630)
Transfer from deficiency cover reserve to cover the deficit	(7,106)	-	-	7,106	-
Policyholder' share from net change in fair value	-	188,213	-	-	188,213
Change in non-demanded surplus	-	-	(4,014)	-	(4,014)
Balance at 31 March 2025	-	21,347	8	(2,157,524)	(2,136,169)

*The deficiency coverage reserve is calculated at a rate of 20% from both of the Policyholders' surplus for the period before tax and the Policyholder's share from profit of sale of financial assets at fair value through other comprehensive income.

"The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report"

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Condensed interim statement of cash flows for the three months ended at 31 March 2026
(In Jordanian Dinar)

	Note	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Cash Flows from Operating Activities			
Profit for the period before income tax		(331,744)	(1,891,227)
Adjustments			
Depreciation & amortization		59,284	52,703
Unallocated loss adjustment expenses (ULAE)		6,992	29,339
Provision against Al Qard Al Hasan granted to policyholders		1,267,184	2,157,524
Provision for expected credit losses (deposits)		68,701	62,033
Cash flows from operating activities before changes in working capital items		1,070,417	410,372
Reinsurance contract assets -Net		(184,177)	(944,081)
Other assets		689,741	181,861
Insurance contract liabilities		5,380,375	5,471,852
Reinsurance contract liabilities		251,689	505,502
Accounts payable		3,954	(6,817)
Other provisions		(1,024)	-
Other liabilities		258,881	288,289
Non-demanded surplus		-	(4,014)
Net cash flows from operating activities before paid income tax		7,469,856	5,902,964
Income tax paid		(284,005)	(127,973)
Net cash flows from operating activities		7,185,851	5,774,991
Cash Flows from Investing Activities			
Bank deposits		(2,943,441)	(3,745,335)
Purchase of financial assets at fair value through profit and loss		(1,000,000)	-
Purchase of financial assets at amortized cost		(225,000)	-
Purchase of property and equipment		(20,077)	(28,635)
Purchase of intangible assets		(5,750)	-
Net cash flows used in investing activities		(4,194,268)	(3,773,970)
Cash Flows from Financing Activities			
Paid dividends		-	-
Net cash flows used in financing activities		-	-
Net increase in cash and cash equivalents		2,991,583	2,001,021
Cash and cash equivalents, beginning of the year		4,306,043	2,863,651
Cash and cash equivalents, end of the period	40	7,297,626	4,864,672

“The attached notes from (1) to (51) are an integral part of these condensed interim financial statements and read with them and with review report”

The Islamic Insurance Company
Public Shareholding Company
Amman-Jordan
Notes to the condensed interim financial statements (Unaudited)
31 March 2026
(In Jordanian Dinar)

1. General

The **Islamic Insurance Company** was established on 1996 and registered as a public shareholding company under No. (306). The authorized and paid in capital is JOD 16,500,000 divided into 16,500,000 shares at JOD 1 per share.

The Company engages in several Insurance activities that complies with Islamic regulation including, motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contractor's plant and equipment insurance, miscellaneous insurance, workers compensation insurance, liability insurance, glass plate insurance, personal accidents, medical, and social takaful insurance (Life), and all investment business with means free of usury any illegitimate, and with accordance with Sharia' Islamic principles and Central Bank of Jordan regulations.

The accompanying condensed interim financial statements were approved by the Board of Directors in their meeting held on 26 April 2026.

2.1 Basis of Preparation

The condensed interim financial statements were prepared in accordance with Financial Accounting standards for Islamic Financial Institutions issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and in accordance with templates set by Central Bank of Jordan – Insurance Supervision Department. In the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

The condensed interim financial statements have been prepared on a historical cost basis except for financial assets at fair value.

The condensed interim financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new standards effective as at the beginning of the year.

The preparation of condensed interim financial statements requires the use of important and specific accounting estimates, and it also requires management to use its own estimates in the process of applying the company's accounting policies.

2.2 Changes in accounting policies

1. The International Accounting Standards Board (IASB) issued a number of amendments to the International Financial Reporting Standards (IFRS). The company applied these amendments, which became effective as of January 1, 2026, as follows:

Standard	Description	Effective Date
Amendments to International Financial Reporting Standard (IFRS) 9 and International Financial Reporting Standard (IFRS) 7 – Classification and Measurement of Financial Instruments.	These amendments include clarifying the requirements related to the timing of recognition and derecognition of certain financial assets and liabilities, including settlement date accounting for certain financial liabilities settled through electronic payment systems; clarifying and providing additional guidance for assessing whether a financial asset meets the “solely payments of principal and interest (SPPI)” criterion; introducing new disclosures for certain financial instruments containing contractual terms that may alter cash flows (such as certain instruments linked to achieving environmental, social, or governance targets); and updating disclosure requirements for equity financial instruments designated at fair value through other comprehensive income.	1 January 2026

The adoption of these amendments has no material impact on the financial statements of the Company for the current and past period

2.3 Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses, the resultant provisions and the changes in fair value that are presented in equity and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. 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.

Management believes that the estimates are reasonable and are as follows:

A) Expected credit losses

The company applies the simplified approach as required by International Financial Reporting Standard (9) for calculating the expected credit loss allowance. This method obliges recognition of an impairment loss allowance for expected credit losses over the lifetime of the receivables and contractual assets. This is in consideration of credit risks and business condition.

The expected credit loss rates are based on historical credit losses the company has experienced over the preceding three years until the end of the current period. These historical loss rates are then adjusted for current and future information regarding macroeconomic factors affecting the company's customers.

The insurance company is required to establish a provision for amounts owed between it and local insurance companies and external reinsurance companies that remain unsettled and have a maturity exceeding one year.

B) Impairment in the value of financial assets.

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 profit or loss.

C) Income tax

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

1) Accrued income tax

Tax expenses are calculated based on taxable profits, which differ from reported profits in the income statement because reported profits include non-taxable revenues or non-deductible expenses for tax purposes, either in the current financial year or subsequent years, accepted accumulated tax losses, or items that are not subject to taxation.

Taxes are calculated based on the tax rates prescribed by the laws, regulations, and instructions in the Hashemite Kingdom of Jordan.

2) Deferred taxes

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 in the event that it will not be possible to benefit from those deferred tax assets partially or in whole, or to pay the tax liability.

D) Property & equipment and intangible assets

Management reviews periodically the tangible and intangible assets in order to assess the depreciation and amortization for the year based on the useful life and future economic benefits. Any impairment is taken to the statement of profit or loss.

E) The present value of future cash flows

Cash flows are defined as all expected receipts and payments within the boundaries of an insurance or reinsurance contract, after adjusting them to reflect the timing and uncertainty of those amounts. This adjustment is based on actuarial assumptions and the company's experience in managing its portfolio of insurance or reinsurance contracts.

Future cash flows are recognized at their present value, and this section provides an overview of items likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, along with information about the accounting basis for each affected item in the financial statements.

When applying the measurement requirements according to International Financial Reporting Standard (IFRS) 17, the following inputs and methods were used, which involve significant estimates. The present value of future cash flows is estimated using deterministic scenarios, and the assumptions used in these deterministic scenarios are derived to approximate the weighted average probability for a complete set of scenarios.

E.1) Discount rates

The bottom-up approach was used to derive the discount rate for cash flows that do not vary with the underlying items' returns in participating contracts (except for investment contracts without discretionary participation features (DPF) that fall outside the scope of IFRS 17). Under this approach, the discount rate is determined as the risk-free rate adjusted for the differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the related cash flows (known as the illiquidity premium). The risk-free rate was derived using available market swap rates in the currency of the insurance contract being measured or an equivalent currency, adjusted for currency basis spreads.

In the absence of a market for Jordanian government bonds, discount rates are determined based on the risk-free discount rate (EIOPA rate) in US dollars plus 1%. The additional 1% is assumed to compensate for the fact that the Jordanian dinar is pegged to the US dollar, and interest rates on the dinar are always higher to maintain its attractiveness. Additionally, although Jordanian government bonds are not publicly traded, their yields at issuance are published by the Central Bank of Jordan. Accordingly, we have reviewed these yields against the risk-free rate in US dollars and confirmed the reasonableness of the additional 1%.

E.2) Estimations of future cash flows to fulfill insurance contracts.

The measurement of each group of contracts within the scope of International Financial Reporting Standard 17 includes all future cash flows within the boundaries of each contract group. The estimation of these future cash flows is based on the expected and probabilistic future cash flows. The company estimates the expected cash flows and their likelihood of occurrence on the measurement date. In formulating these expectations, the company uses information about past events, current conditions, and future condition expectations. The company's estimation of future cash flows represents an average of a range of scenarios that reflect the full spectrum of possible outcomes. Each scenario specifies the amount, timing, and probability of future cash flows. The weighted average of the estimated future cash flows is calculated using a deterministic scenario that represents the expected average probability of a set of scenarios.

When establishing assumptions related to estimating cash flows for groups of insurance contracts, the company takes into consideration factors such as underlying risks, aggregation level, the likelihood of contract settlement before the end of the coverage period, and other expected practices of insurance contract holders. Additionally, the company considers other factors that could impact the estimates and sources of information for these factors.

When estimating cash flows related to expenses at the portfolio or higher level, they are allocated to groups of contracts using systematic approaches such as the direct cost method. The Islamic insurance company has determined that this method leads to a systematic and rational allocation, where similar methods are consistently applied to allocate expenses of a similar nature. Typically, cash flows for acquisition costs of contract groups are allocated based on the total written contributions.

E.3) Financing revenues (expenses) - Insurance and reinsurance contracts

Insurance financing revenues or expenses include the change in carrying amount of the portfolio of insurance contracts arising from:

1. The effect of the time value of money and changes in the time value of money.
2. The impact of financial risks and changes in financial risks.

For contracts measured under the Premium Allocation Approach (PAA), the main amounts within the revenues or expenses of insurance finance are:

1. The accumulated profits on the liability for incurred claims.
2. The impact of changes in profit rates and other financial assumptions.

The company classifies changes in the risk adjustment for non-financial risks within the insurance service result and as revenues or expenses of insurance financing.

For contracts measured under the Premium Allocation Approach (PAA), the company includes all insurance financing revenues or expenses for the period in the statement of profit or loss (That is, the profit or loss option is applied).

F) Adjustments for non-financial risk

Represents an amount against the uncertainty of the amount and timing of cash flows arising from non-financial risks based on actuarial assumptions and the company's experience in managing the portfolio of insurance/reinsurance contracts held.

The non-financial risk adjustment is applied to the present value of estimated future cash flows and reflects the compensation required by the company to bear the uncertainty regarding the amount and timing of cash flows arising from non-financial risks as the company executes insurance contracts. For reinsurance contracts retained, the non-financial risk adjustment represents the amount of risk transferred from the company to the reinsurer.

The Company calculate the non-financial risk adjustments based on the Value-at-Risk assumption at 75% confidence level.

The company has separated the financial impact of non-financial risk adjustments between the results of insurance contract operations and the results of insurance financing operations.

G) Non-insurance components

Insurance contracts are contracts through which the company accepts significant insurance risks from policyholders by agreeing to compensate the policyholder if there is an uncertain future event that negatively impacts the policyholder. When conducting this assessment, all substantive rights and obligations are considered, including those arising from laws or regulations, on a contract-by-contract basis. The company exercises judgment to evaluate whether the contract transfers insurance risks (i.e., whether there is a scenario with a commercial substance in which the company has the potential for loss based on present value) and whether the accepted insurance risks are significant.

The company issues insurance policies for various types of coverage, including motor, marine transportation risk, fire insurance, comprehensive householder insurance, engineering and contractor's plant and equipment insurance, miscellaneous insurance, workers compensation insurance, liability insurance, glass plate insurance, personal accidents, medical, and social takaful insurance (Life). All of these falls within the definition of insurance contracts and insurance risks. The company does not engage in issuing savings, investment, or participatory policies.

Separation of non-insurance components

1- The investment component:

The Company must separate the distinct investment component from the main insurance contract when the investment element is distinct, and only if the following two conditions are met:

- The investment component and the insurance component are not significantly interrelated.
- The contract is sold under equivalent terms, or can be sold, separately in the same market or jurisdiction, either by entities issuing insurance contracts or by other parties.

The investment component and the insurance component are directly linked, and only if:

- The entity is unable to measure one component without considering the other. Therefore, if the value of one component varies according to the value of the other component, the entity must apply IFRS 17 to account for the combined investment and insurance element.
- The policyholder cannot benefit from one component unless the other is also present. Therefore, if the expiration or maturity of one component of the contract causes the expiration or maturity of the other, the entity must apply IFRS 17 to account for the combined investment and insurance component.

2-Components of services and goods

The company must separate any promise to transfer distinct goods or services to the policyholder other than insurance contract services. It should account for these promises by applying IFRS 15. Accordingly:

- Separate the inflows between the insurance component and any promises to deliver distinct goods or services other than insurance contract services.
- Separate the outflows between the insurance component and any promised goods or services other than insurance contract services, so that:
 1. The outflows directly related to each component are attributed to that component.
 2. Any outflows are attributed on a consistent and rational basis, reflecting the outflows that the entity expects to arise as if this component were a separate contract.

A good or service other than the insurance contract promised to the policyholder is not distinct if:

- The cash flows and risks associated with the good or service are closely related to the cash flows and risks associated with the insurance components in the contract.
- The entity provides a significant service in integrating the good or service with the insurance components.

Before performing the accounting for a Takaful contract in accordance with the guidance set out in International Financial Reporting Standard (IFRS) 17 – Insurance Contracts, the Company assesses whether the contract contains components that need to be separated. This is done through the Company's operating model, which identifies three components that must be accounted for separately, namely:

- Cash flows related to embedded derivatives that are required to be separated;
- Cash flows related to distinct investment components;
- Promises to transfer distinct goods or non-insurance services.

The Company applies IFRS 17 to all remaining components of the Takaful contract.

Contracts that have a legal form of insurance but do not involve significant insurance risks and expose the company to financial risks are classified as investment contracts. These contracts are accounted for under the International Financial Reporting Standard 9 (IFRS 9) as financial instruments. It's important to note that the company does not issue any investment-linked or savings-related insurance contracts.

The company defines an insurance contract that exhibits characteristics of direct participation as a contract that meets the following criteria at its inception:

- The contractual terms specify that the policyholders will participate in a clearly defined portion of a specific pool of key elements.
- The company expects to pay the policyholder an amount equal to a significant portion of the fair value returns on the underlying assets.
- The company anticipates that a substantial proportion of any change in the amounts to be paid to the policyholder will vary with the changes in the fair value of the underlying assets.

All other insurance contracts issued by the company are without direct participation features.

In the normal course of business, the company uses reinsurance to mitigate its exposure to risks. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risks related to the underlying contracts, even if the reinsurer does not have a significant exposure to the possibility of a large loss.

All references to insurance contracts in these financial statements apply to both issued insurance contracts and held reinsurance contracts, unless specifically stated otherwise.

Significant Accounting Policies

A) Business Segments

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 top management of the Company.

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.

B) Definition of insurance contract

The contract under which an insurance company accepts significant insurance risks from the policyholder. By agreeing to compensate the contract holder in the event of a specific and uncertain future occurrence (the insured event), which adversely impacts the contract holder. The company recognizes a group of insurance contracts at the following timings, whichever is earlier.

- The start of the coverage period for the group of contracts.
- From the date of the first payment due from any contract holder in the group.
- From the date when the facts and circumstances indicate that the group to which an insurance contract will belong is onerous, for group of onerous contracts.

The company does not issue contracts containing the direct participation feature, and all insurance contracts issued by the company are classified as insurance contracts and do not contain any non-insurance components.

C) Reinsurance contracts held

It is an insurance contract issued by a reinsurer to compensate an insurance company for claims arising from one or more of its issued insurance contracts (the underlying contracts).

Reinsurance contracts held are recognized:

- If the reinsurance contracts held are proportionate to a group of insurance contracts, the reinsurance contracts held are recognized at the beginning of the coverage period for this group of contracts, or upon the initial recognition of any underlying contract, whichever comes first.
- From the beginning of the coverage period for the group of reinsurance contracts held.

D) Initial recognition of insurance contracts / general approach / variable fee.

At initial recognition, the company measures a group of insurance contracts as follows:

- 1) The cash flows for fulfilling the contracts, which include:
 - Estimates of future cash flows.
 - Adjustments for the time value of money and financial risks associated with future cash flows, to the extent that these financial risks are not included in the estimates of future cash flows (discount rates).
 - Adjustments for non-financial risks.
- 2) Contractual service margin.

E) Subsequent measurement of insurance contracts / general approach / variable fee.

At initial recognition, the company records the book value of the liability, which includes the following:

- 1) The liability for the remaining coverage, which includes the net present value of cash inflows and outflows (after applying the discount rate), adjusted for non-financial risks and contractual service margin.
- 2) The liability for incurred claims, which is calculated based on the best estimate of future cash flows for settling the claims, adjusted for non-financial risks, and considering the application of the discount rate to claims expected to be settled beyond one year.

F) Initial recognition of insurance contracts / premium allocation approach.

At initial recognition, the company records the book value of the liability, which includes the following:

- 1) The received insurance premiums at initial recognition.
- 2) Deducting any costs paid for the acquisition of insurance contracts on that date.
- 3) Adding any amounts relating to the amortization of insurance acquisition cash flows recognized as an expense in the reporting period.

G) Subsequent measurement of insurance contracts / premium allocation approach.

- 1) At the end of each subsequent period, the company confirms the book value of the liability, considering the following adjustments to the balance of the liability:
 - a) Add the insurance premiums received for the period,
 - b) Subtract cash flows for acquisitions of insurance contracts,
 - c) Add any amounts related to the amortization of cash flows to acquire established insurance contracts as an expense
 - d) Adding any incidental adjustment on the financing component.
 - e) Deducting the amount recognized as insurance revenue for services provided in that period.
 - f) Deduct any paid investment component transferred to incurred claims.

- 2) Liabilities for claims incurred, which are calculated according to the best estimate of future cash flows to settle claims plus adjustments for non-financial risks, considering the application of the discount rate to claims.

The company conducted an eligibility test (PAA Eligibility Test) for groups of insurance contracts and reinsurance contracts with coverage periods exceeding one year, and all groups passed the eligibility test (PAA Eligibility Test), as it was found that there are no fundamental differences between the Liabilities for remaining coverage (LRC) and/or Assets for remaining coverage (ARC) when applying the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach. Note that the level of relative importance for the financial statements used is (3%) of net equity, and the relative importance limit for each group tested is (33%) of the relative importance limit at the company level (i.e. 1% of net equity).

H) Modification of insurance contracts

The company modify insurance contracts by addressing changes that have occurred in future cash flows due to the modification, treating them as changes in estimates of cash flows for fulfilling the contracts, unless the criteria for derecognizing insurance contracts are met.

I) Derecognition of insurance contracts

The company derecognizes insurance contracts in the following cases:

- The contract extinguished (obligation specified in the insurance contract expires or is discharged or cancelled).
- If a modification to an insurance contract does not meet the criteria for modification as per the standard's requirements, the company derecognizes the contract and recognizes a new contract.

J) Onerous Insurance contracts (PAA)

The company recognizes insurance contracts as onerous contracts if, at the initial recognition date, the contract is expected to incur a loss. The loss component is measured if the expected cash flows to fulfill the contract's obligations or the group of contracts exceed the expected cash inflows from that contract or group of contracts. The loss is recognized immediately in the statement of profit and loss (Policyholders) in insurance contract expenses. The loss component is measured on a gross basis but can be mitigated by the loss recovery component if the contracts are covered by reinsurance contracts.

K) Liability for the remaining coverage

The liability that the company must recognize upon initial recognition of insurance contracts, which pertains to subsequent financial periods as a result of existing insurance contracts.

L) **Liability for incurred claims.**

It is the total expected costs incurred by the company due to events covered by the insurance contract that occurred before the end of the financial period. This includes reported and unreported claims, as well as related expenses.

M) **Contractual service margin.**

It is the unearned profit from in-force contracts that are expected to be profitable, and it is recognized simultaneously with providing services under insurance contracts.

N) **A summary of measurement approaches.**

1) Islamic insurance company classify insurance contracts according to the following:

The portfolio	Contract classification	Measurement approach.
Own damage insurance	Insurance contracts	PAA
Compulsory insurance	Insurance contracts	PAA
Buses & borders	Insurance contracts	PAA
Marine insurance	Insurance contracts	GMM eligible to PAA
Fire insurance	Insurance contracts	PAA
Engineering insurance – short term	Insurance contracts	PAA
Engineering insurance – long term	Insurance contracts	GMM eligible to PAA
General insurance (Liability, Accidents, and Others)	Insurance contracts	PAA
Medical insurance (Group and Individual)	Insurance contracts	PAA
Takaful (Life) insurance – Group and creditors	Insurance contracts	PAA
Takaful (Life) insurance - Individual	Insurance contracts	GMM eligible to PAA

The company conducted an eligibility test (PAA) for groups of insurance contracts with coverage periods exceeding one year. All groups passed the eligibility test, showing no significant differences between the liabilities of the remaining coverage contracts and the remaining coverage assets under the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach

2) Islamic insurance company classify reinsurance contracts held according to the following:

The portfolio	Measurement approach.**
Motors Insurance (Proportional treaty)	GMM eligible to PAA
Motors Insurance (Non-proportional treaty)	PAA
Motors Insurance (Borders & Buses)	PAA
Marine Insurance (Proportional treaty)	GMM eligible to PAA
Marine Insurance (Facultative)	GMM eligible to PAA
Marine Insurance (Non-proportional treaty)	PAA
Fire Insurance (Proportional treaty)	GMM eligible to PAA
Fire Insurance (Facultative)	GMM eligible to PAA
Fire Insurance (Non-proportional treaty)	PAA
General Insurance (Proportional treaty)	GMM eligible to PAA
General Insurance (Facultative)	GMM eligible to PAA
Engineering Insurance (Proportional treaty)	GMM eligible to PAA
Engineering Insurance (Facultative)	GMM eligible to PAA
Medical Insurance (Proportional treaty)	GMM eligible to PAA
Takaful Insurance (Proportional treaty)	GMM eligible to PAA
Takaful Insurance (Facultative)	GMM eligible to PAA
Takaful Insurance (Non-proportional treaty)	PAA

** The company conducted an eligibility test (PAA) for groups of insurance contracts with coverage periods exceeding one year. All groups passed the eligibility test, showing no significant differences between the liabilities of the remaining coverage contracts and the remaining coverage assets under the premium allocation approach and the general measurement approach. Therefore, the company decided to measure these portfolios using the premium allocation approach.

O) Aggregation level.

The company classify groups of insurance contracts and reinsurance contracts according to the following:

The company manages insurance contracts issued by insurance departments within the operational sector. Each insurance management handles contracts subject to similar risks, all insurance contracts within an insurance management represent a group of contracts. Similarly, each portfolio is classified into groups of contracts issued within a fiscal year (annual groups), (a) onerous (loss-making) contracts upon initial recognition, (b) contracts that have a significant possibility of becoming onerous (loss-making) at a later time upon initial recognition, or (c) a group of remaining contracts. These groups represent the aggregation level at which recognition and measurement of insurance contracts occur at the outset. These distinctions are not subsequently reconsidered.

For each portfolio of contracts, the company determines the appropriate level for which it has reasonable and supportable information to assess whether these contracts are onerous (loss-making) upon initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of accuracy determines the groups of contracts. The company uses an estimation approach to determine the level of accuracy for which it possesses reasonable and supportable information sufficient to conclude that all contracts within a homogenous group will be adequately allocated to the same group without performing individual assessments of contracts.

For underwriting management of the life insurance risk, contract groups typically align with policyholder groups that the company has determined to have similar insurance risks and are priced within the same insurance rate ranges. The company monitors the profitability of contracts within the portfolios, the likelihood of changes in insurance and financial exposure, and other factors that could lead these contracts to become onerous within these pricing groups, without information available at a more granular level.

Contracts issued within the participating insurance management are always priced with high expected profit margins. Therefore, these contracts are allocated to groups of contracts that have a low possibility of becoming onerous (loss-making) as is the case upon initial recognition.

Compulsory motor insurance contracts which are underwritten through the Unified Compulsory Insurance Bureau have been included in one group of contracts and classified as having a significant possibility of becoming onerous (loss-making) prior to acquisition.

For other motor vehicle contracts that are measured using the retrospective accounting approach, the company assumes that no contracts of this nature are onerous (loss-making) upon initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish between onerous and non-onerous contracts (not likely to become loss-making).

For non-onerous contracts, the entity evaluates the likelihood of changes in facts and circumstances occurring in subsequent periods to determine whether the contracts have a significant possibility of becoming onerous. Similar to life insurance contracts, this assessment is conducted at the policyholder group pricing level.

The evaluation of portfolios of reinsurance contracts held is conducted separately from portfolios of issued insurance contracts, applying the company's requirements to reinsurance contracts. The company aggregates reinsurance contracts entered into during a fiscal year (annual groups) into groups of (a) contracts that have a positive net profit upon initial recognition, if any; (b) contracts that do not have a significant possibility of future net profit upon initial recognition; and (c) the remaining contracts in the portfolio, if any.

The evaluation of reinsurance contracts held is performed for aggregation purposes on an individual contract basis. The company tracks internal management information reflecting historical experience of these contracts' performance and utilizes this information to determine the pricing of these contracts in a manner that positions the reinsurance contracts held at a net cost position with little likelihood of future net profit arising later.

P) Profitability level

The previously mentioned groups of contracts are classified into the following categories, based on the expected net cash flows from the contract and the accounting approach adopted in dealing with contract groups:

- Contracts that have no likelihood of becoming onerous at initial recognition.
- Contracts that are onerous.
- Other contracts.

Q) Financial assets

(1) Financial assets at amortized cost

They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.

Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the statement of profit or loss.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

(2) Financial Assets at Fair Value through Profit or Loss (Policy holders)

It is the financial assets held by the Company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the consolidated statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the consolidated statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of profit or loss.

Dividends from these financial assets are recorded in the statement of profit or loss.

Reclassification

Financial assets may be reclassified from the amortized cost to financial assets at fair value through statement of income and vice versa only when the entity changes the business model on which it was classified as stated above, considering the following:

- Any previously recognized profits, losses or benefits may not be recovered.
- When financial assets are reclassified at fair value, their fair value is determined at the date of reclassification. Any gain or loss arising from differences between the previously recorded value and the fair value is recognized in the consolidated statement of income.
- When financial assets are reclassified to be measured at amortized cost, they are recorded at their fair value at the date of reclassification.

(3) Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent investments in equity instruments held for the purpose of generating gain on a long term and not for trading purpose.

Financial assets at fair value through other comprehensive income initially stated at fair value plus transaction costs at purchase date.

Subsequently, they are measured at fair value with gains or losses arising from changes in fair value recognized in the consolidated statement of other comprehensive income and within owner's equity, including the changes in fair value resulting from translation of non-monetary assets stated at foreign currency. Gain or Loss from the sale of these investments should be recognized in the statement of comprehensive income and within owner's equity, and the balance of the cumulative change in fair value for these assets should be transferred directly to the retained earnings and not to the statement of profit or loss.

These assets are not subject to impairment testing.

Dividends are recorded in the consolidated statement of profit or loss on a separate line item.

Q) Investment properties

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses (except for lands), these investments are depreciated over their useful life at a rate of 2%, and any decrease in their value is recorded in statement of profit or loss.

The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use.

Investment property is valued in accordance with Central Bank of Jordan regulations, and its fair value is disclosed in the investment property note.

R) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of profit or loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Equipment & Furniture	20%
Vehicles	15%
Computers Devices	35%

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

S) 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 with finite live are amortized over the useful economic lives, 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.

Internally generated intangible assets are not capitalized and are expensed in the statement of profit or loss.

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 over their estimated economic useful. Using an amortization rate of 50% with the amortization expenses recorded in the statement of profit or loss.

T) Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated financial statement at cost. For the purposes of the consolidated statement of cash flow, cash and cash equivalents comprise cash on hand and at banks, deposits with maturities less than three months, less restricted funds.

U) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated financial statement when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

V) Recognition of financial assets

Financial assets and financial liabilities are recognized on the trading date which is the date that the entity commits itself to purchase or sell the financial assets.

W) Fair value

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the statement of financial position date.

In case market prices are not available, there is no active trading for certain financial instruments, or the market is inactive, their fair value is estimated using several methods, including:

- Comparing them to the current market value of a similar financial instrument to a large extent.
- Analyzing the future cash flows and discounting the expected cash flows using a rate employed in a similar financial instrument.
- Option pricing models.

The valuation methods aim to obtain a fair value that reflects market expectations and takes into consideration market factors, as well as any anticipated risks or benefits when estimating the value of financial instruments. In cases where it is not feasible to measure their fair value using a reliable method, they are presented at cost, after any impairment in value has been recognized.

X) Financial liabilities

The company classifies financial liabilities based on the purpose for which the obligation was incurred. The accounting policy for financial liabilities is as follows:

- Payables and reinsurance contracts liability.

Payables and reinsurance contracts liability are initially recognized at fair value, subsequently measured at amortized cost using the effective interest rate method.

- **Credit facilities**

They are initially recognized at fair value net of costs associated with obtaining the facilities, Subsequently, these liabilities are measured at amortized cost using the effective murabha method. The finance cost includes the initial expenses, the premium paid upon settlement, and the murabha that accrues during the term of the obligation.

Y) Insurance Contract Liabilities

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

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

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.

- **Allowance for doubtful debts and expected credit loss**

The allowance for doubtful debts and expected credit losses provision are booked when there is objective evidence that the company will not be able to collect all or part of the due amounts, and calculated based on the difference between book value of and recoverable amount.

Taking into consideration that 100% from insurance company receivables balances have been taken, as its solvency margin less than 100%

- Provision for end of service indemnity

The provision for end of service indemnity is calculated in accordance with the company's policy, which is in line with the Jordanian labor law.

The compensations incurred for employees who leave the service are recorded against the provision for end of service indemnity upon payment. A provision for the company's liabilities related to employees' end-of-service compensation is included in the statement of profits or losses.

Z) Foreign currency

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Translation differences for items of non-monetary assets and liabilities denominated in foreign currencies are recorded as part of the change in fair value and translated at the date of fair value determination. Foreign exchange gains or losses are reflected in the statement of profit or loss.

AA) Revenue recognition

A. Dividend and Deposits revenue

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

Deposits revenues are recorded when it booked by bank.

B. Rent revenues

Rental revenues from investment properties under operating lease agreements are recognized using the straight-line method over the duration of those contracts and on an accrual basis.

BB) Insurance acquisition cost

Insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalize and amortize these costs over the coverage period.

CC) Insurance contract expenses (Shareholders' share against Takaful Operation Management - distributed)

The company allocate directly attributable employee expenditures, General & Administrative expenses related to insurance contracts to the insurance portfolios, incorporating them into the calculation of contract profitability while, the company allocate indirectly attributable employee expenditures, General & Administrative expenses not related to insurance contracts based on the total insurance contributions written by the insurance portfolios as an approved cost center for distribution.

DD) Deficiency cover reserve (Emergency provision)

20% of all policyholders' surplus and policyholders' gain from sale of financial assets at fair value through other comprehensive income recognized during the period are transferred to the contingencies provision to cover the deficits in future financial periods, and only if no accumulated deficit was present at date of the transfer. The reserve is not distributable to policyholders' and must not exceed total technical provisions.

In case of liquidation, the Deficiency coverage reserve (Emergency provision) is distributed to charity after the settlement of Al-Qard Al-Hasan if present.

EE) Basis for determining the insurance surplus

Insurance surplus is the excess of the total contributions collected, investment income from these contributions and any other income after deducting claims paid, technical, reserves shareholders share for management of Takaful operations and investments, and policyholder's fund expense.

Different lines of business are treated as a single unit when computing the insurance surplus.

FF) Basis for Distributing the insurance surplus

The insurance surplus is limited to the policyholders and can only allocated to them. Shareholders do not have the right in the surplus.

The insurance surplus is distributed among policyholders in proportion to their respective contribution percentage without distinguishing between those who for insurance claims and those who have not during the fiscal year.

The Company retains any un-distributed amount not claimed by the policyholders' in. a separate account presented within the policyholders' fund to be later transferred to the Deficiency cover reserve (Emergency Allowance) after acquiring the approval of the Sharia' Supervisory Committee.

In case of liquidation, the insurance surplus for the period is allocated to policyholders while non-demand surplus of prior periods (if any) will be distributed to charity after the settlement of Al-Qard Al-Hasan.

GG) Methods of covering policyholders' fund deficit

In case of deficit or accumulated deficit in the policyholders' current account, the deficit is covered by the Emergency Allowance In case of the shortage in the Emergency Allowance the shareholders will grant the policyholders Al-Qard Al-Hasan to cover all the shortage, and then company create full allowance against this Qard.

HH) Non-compliant Sharia' transactions

The Company is committed to comply with Sharia' in its operations and to disclose any income or gains from the transactions inconsistent with Sharia'.

Any revenues and gains non-compliant with sharia' are recorded in separate account which is presented in the financial statements within other credit balances (shareholders liabilities) and are not recorded in the income statement. This account is distributed to charity based on the Sharia' supervisory committee decision.

II) Policyholders and shareholders' financial investments

The Company complies with the principles of Takaful insurance by maintaining complete separate entries and records for the policyholders and the shareholders.

The shareholders paid all general expenses and manage Takaful Business for Policyholders' interest in accordance with contract on the basis of known wakala Fees.

The shareholders invest surplus funds from the policyholder's account against known share from investment revenue as Mudhareb.

The percentage as determined by Board and approved by Sharia' supervisory Committee, as follow:

30% Company share from Gross written contributions as Wakala Fees against mange Takaful operations to cover administrative expenditures.

25% Company share from surplus Investment revenue as mudhareb

While the applied percentage, as approved by the Board of Directors with the consent of the Sharia' supervisory Committee.

15.5% Company share from Gross written contributions as Wakala Fees against mange Takaful operations to cover administrative expenditures.

25% Company share from surplus Investment revenue as mudhareb.

The mentioned percentage above have been applied in the condensed interim financial statement as of 31 March 2026.

3. Bank Deposits

	31 March 2026 (Unaudited)								31 December 2025 (Audited)	
	Deposits mature within (1) month		Deposits mature after (1) month to (3) months		Deposits mature after (3) months to (12) months		Total		Total	
	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders	Policyholders	Shareholders
Inside Jordan										
Jordan Islamic Bank	650,475	-	-	-	2,250,000	9,086,610	2,900,475	9,086,610	2,300,000	8,177,609
Islamic International Arab Bank	900,000	-	-	-	-	8,750,000	900,000	8,750,000	320,000	8,000,000
Safwa Islamic Bank	115,041	-	-	-	6,000,000	-	6,115,041	-	5,501,943	-
AlRajhi Bank	-	-	-	-	6,500,000	-	6,500,000	-	6,000,000	-
Total Bank Deposits Inside Jordan	1,665,516	-	-	-	14,750,000	17,836,610	16,415,516	17,836,610	14,121,943	16,177,609
Outside Jordan										
Al Baraka Islamic Bank – Bahrain	-	-	-	-	-	-	-	-	-	-
Total Bank Deposits Outside Jordan	-	-	-	-	-	-	-	-	-	-
Total	1,665,516	-	-	-	14,750,000	17,836,610	16,415,516	17,836,610	14,121,943	16,177,609
Provision for expected credit losses *	(940)	-	-	-	(73,275)	(77,878)	(74,215)	(77,878)	(28,291)	(54,540)
Net	1,664,576	-	-	-	14,676,725	17,758,732	16,341,301	17,758,732	14,093,652	16,123,069

- There is no fixed profit rate on deposit balances with banks, as profits are linked to the investment outcomes of banks based on the principles and rules of Sharia-compliant trading. The profit rate ranged from 4% to 5.25% for bank deposits for the period ended 31/3/2026.
- Deposits pledged to the favor of the Governor of the Central Bank of Jordan amounted to JOD (800,000) as at 31 March 2026 at Jordan Islamic Bank.

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

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the period	28,291	54,540	26,713	48,115
Additions	45,924	23,338	1,578	6,425
Disposals	-	-	-	-
Balance at end of the period	74,215	77,878	28,291	54,540

4 . Financial Assets at Fair Value Through Profit or Loss (Policyholders) / (Shareholders)

The details of this item are as follows:

Financial assets at fair value through profit or loss:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
<u>Inside Jordan</u>				
Investment portfolios *	1,250,000	3,750,000	1,000,000	3,000,000
Total	1,250,000	3,750,000	1,000,000	3,000,000

*Investment portfolios represent bonds issued from Jordan Islamic Bank, available for subscription throughout the year without a predetermined maturity date. They are not listed on the Amman Stock Exchange and can be liquidated by the company at any time during the year. They are stated at cost which represent the best measure of fair value.

5 . Financial Assets at Fair Value Through Other Comprehensive Income

This item consists of the following:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
<u>Inside Jordan</u>				
Investments in quoted shares	2,831,285	8,493,858	2,634,233	7,902,699
Investments in unquoted shares	70,448	211,343	79,676	239,029
Total	2,901,733	8,705,201	2,713,909	8,141,728
<u>Outside Jordan</u>				
Investments in quoted shares	-	-	-	-
Investments in unquoted shares*	-	8,157	-	8,157
Total	-	8,157	-	8,157
Grand total	2,901,733	8,713,358	2,713,909	8,149,885

*This item represents financial assets with no publicly traded prices outside Jordan and stated at cost.

6 . Financial Assets at Amortized Cost

This item consists of the following:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
<u>Inside Jordan</u>				
Unrestricted Islamic Mudaraba Sukuk - Al Kawthar Company	56,250	168,750	-	-
Total	56,250	168,750	-	-

Unrestricted Islamic Mudaraba Sukuk represent sukuk issued by Al Kawthar Leasing Company, they consist of 9 sukuk, each valued at JOD 25,000. The sukuk have a maturity period of one year from the issuance date, with a redemption date of 5/2/2027. The expected annual return is 6% of the nominal value of the sukuk, payable semi-annually in two installments.

7 . Investment properties

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Buildings	250,000	400,000
Transfer to property and equipment	(250,000)	(150,000)
Accumulated depreciation	(17,606)	(26,581)
Transfer to property and equipment accumulated depreciation	17,606	8,975
Net	-	232,394

This space has been converted for use in the company's core business activities effective from 1/1/2026.

8 . Cash on hand and at banks

This item consists of the following:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Cash on hand	6,531	-	24,648	-
Current banks accounts	3,500,220	5,366,758	2,385,873	4,479,993
Total	3,506,751	5,366,758	2,410,521	4,479,993
Provision for expected credit losses*	-	(3,240,459)	-	(3,240,473)
Total Provision for expected credit losses	-	(3,240,459)	-	(3,240,473)
Total	3,506,751	2,126,299	2,410,521	1,239,520

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

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the year	-	3,240,473	-	3,240,473
Additions	-	-	-	-
Disposals	-	(14)	-	-
Balance at end of the period	-	3,240,459	-	3,240,473

The Islamic Insurance Company PLC
Notes to the condensed interim Financial Statements
31 March 2026

9 . Insurance contract Assets /liabilities – Premium Allocation Approach

	Liabilities for remaining coverage				liabilities for incurred claims				Total	
	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)
	Excluding loss component contracts	Excluding loss component contracts	Loss component	Loss component	Present value of future cash flows	Present value of future cash flows	non-financial risk adjustments	non-financial risk adjustments	Total	Total
Insurance contracts liabilities at beginning of the period	6,922,230	4,970,686	1,194,307	1,822,967	21,153,538	18,629,118	1,167,417	1,098,943	30,437,492	26,521,714
Insurance contracts (assets) at beginning of the period	-	-	-	-	-	-	-	-	-	-
Net of insurance contracts liabilities (assets) at the beginning of the period	6,922,230	4,970,686	1,194,307	1,822,967	21,153,538	18,629,118	1,167,417	1,098,943	30,437,492	26,521,714
Insurance Contract revenues	(11,743,246)	(42,197,747)	-	-	-	-	-	-	(11,743,246)	(42,197,747)
Insurance Contract expenses	513,065	1,549,180	246,037	(899,821)	9,185,435	34,892,296	7,740	68,474	9,952,277	35,610,129
Incurred claims for the period	-	-	-	-	7,780,134	30,305,895	-	-	7,780,134	30,305,895
Changes that relate to past service: changes related to LFIC	-	-	-	-	(20,022)	(248,036)	-	-	(20,022)	(248,036)
Changes in onerous contract	-	-	246,037	(899,821)	-	-	-	-	246,037	(899,821)
Changes in risk adjustment –insurance contract	-	-	-	-	-	-	7,740	68,474	7,740	68,474
Amortization of insurance acquisition cost	101,024	557,490	-	-	-	-	-	-	101,024	557,490
Other technical expenses	412,041	991,690	-	-	-	-	-	-	412,041	991,690
Employee Exp. (Sh. Takaful Operation Management)	-	-	-	-	1,074,170	3,778,430	-	-	1,074,170	3,778,430
Management Exp. (Sh. Takaful Operation Management)	-	-	-	-	351,153	1,056,007	-	-	351,153	1,056,007
Insurance Contract service results	(11,230,181)	(40,648,567)	246,037	(899,821)	9,185,435	34,892,296	7,740	68,474	(1,790,969)	(6,587,618)
Finance expenses from insurance contract	-	-	271,161	271,161	132,523	811,720	-	-	403,684	1,082,881
Net change – Other Comprehensive Income	(11,230,181)	(40,648,567)	517,198	(628,660)	9,317,958	35,704,016	7,740	68,474	(1,387,285)	(5,504,737)
Cash received from underwritten contracts	16,666,617	44,189,747	-	-	-	-	-	-	16,666,617	44,189,747
Paid claims	-	-	-	-	(7,889,483)	(28,345,159)	-	-	(7,889,483)	(28,345,159)
Paid acquisition cost	(172,111)	(597,946)	-	-	-	-	-	-	(172,111)	(597,946)
Paid other technical expenses	(412,041)	(991,690)	-	-	-	-	-	-	(412,041)	(991,690)
Paid Employee and management Exp.	-	-	-	-	(1,425,323)	(4,834,437)	-	-	(1,425,323)	(4,834,437)
Insurance contracts liabilities at the end of the period	11,774,514	6,922,230	1,711,505	1,194,307	21,156,690	21,153,538	1,175,157	1,167,417	35,817,866	30,437,492
Insurance contracts (assets) at the end of the period	-	-	-	-	-	-	-	-	-	-
Net of insurance contracts liabilities (assets) at the end of the period	11,774,514	6,922,230	1,711,505	1,194,307	21,156,690	21,153,538	1,175,157	1,167,417	35,817,866	30,437,492

9 . (A) Accounts Receivables – Insurance operations

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Policyholders receivables	13,607,785	4,781,066
Employees receivables	20,714	11,095
Total	13,628,499	4,792,161
Less: Provision for expected credit losses *	(758,419)	(761,614)
Net Accounts Receivable	12,870,080	4,030,547

This item represents account receivables related to insurance operation that considered in the calculation of insurance contract assets and liabilities which is included in footnote (9)

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

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period	761,614	583,784
Additions	-	177,830
Disposals	(3,195)	-
Balance at end of the period	758,419	761,614

The aging of accounts receivables is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Past due from 0-30 days	10,888,100	2,250,813
Past due from 31-90 days	1,168,895	1,006,417
Past due from 91-180 days	478,267	531,114
Past due from 181-365 days	495,492	427,399
Past due for more than one year	597,745	576,418
Total	13,628,499	4,792,161

9 . (B) Cheques under collection – Insurance Operations

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Cheques under collection*	1,407,851	1,586,669
Less: Provision for expected credit losses **	(11,913)	(11,913)
Net cheques under collection related to Al- Takaful operation	<u>1,395,938</u>	<u>1,574,756</u>

* This item represents checks under collection related to insurance operation that considered in the calculation of insurance contract assets and liabilities which is included in footnote (9).

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

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period	11,913	7,822
Additions	-	4,091
Disposals	-	-
Balance at end of the period	<u>11,913</u>	<u>11,913</u>

The aging of cheques under collection is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Past due from (0-6) months	1,151,129	1,130,641
Past due from (7-12) months	256,722	456,028
Total	<u>1,407,851</u>	<u>1,586,669</u>

9 . (C) Accounts Payable – Insurance Operations

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Individual payable	47,405	61,624
Companies payable	41,792	61,670
Institutions payable	1,377	1,303
Garages station & suppliers Co. payable	58,010	218,652
Other payables (Medical care, takaful, other)	125,870	95,727
Agents payables (Accrued commission)	135,443	135,139
Medical and pending cheques	107,153	81,846
Total	<u>517,051</u>	<u>655,961</u>

This item represent accounts payable related to insurance operation that considered in the calculation of insurance contract assets and liabilities which is included in footnote (9).

The Islamic Insurance Company PLC
Notes to the condensed interim Financial Statements
31 March 2026

10 . Reinsurance contract Assets /liabilities – Premium Allocation Approach

	Liabilities for remaining coverage				liabilities for incurred claims				Total	
	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)	31/3/2026 (Unaudited)	31/12/2025 (Audited)
	Excluding loss recovery component contracts	Excluding loss recovery component contracts	Loss recovery component	Loss recovery component	Present value of future cash flows	Present value of future cash flows	non-financial Risk adjustments	non-financial Risk adjustments	Total	Total
Reinsurance contracts liabilities at beginning of the period	158,721	62,326	-	-	-	-	-	-	158,721	62,326
Reinsurance contracts (assets) at beginning of the period	2,250,135	1,989,565	(14,049)	(112,842)	(10,594,078)	(8,800,895)	(571,010)	(570,562)	(8,929,002)	(7,494,734)
Net of reinsurance contracts liabilities (assets) at the beginning of the period	2,408,856	2,051,891	(14,049)	(112,842)	(10,594,078)	(8,800,895)	(571,010)	(570,562)	(8,770,281)	(7,432,408)
Reinsurance Contract held expenses	3,580,548	13,656,265	-	-	-	-	-	-	3,580,548	13,656,265
Reinsurance Contract held revenues	-	-	(274,054)	98,793	(2,696,825)	(11,366,862)	1,765	(448)	(2,969,114)	(11,268,517)
Recovered incurred claims from reinsurer	-	-	-	-	(2,696,825)	(10,578,812)	-	-	(2,696,825)	(10,578,812)
Change in loss recovery component	-	-	(274,054)	98,793	-	-	-	-	(274,054)	98,793
Changes in non-financial risk adjustment	-	-	-	-	-	-	1,765	(448)	1,765	(448)
Profit commission due from reinsurer	-	-	-	-	-	(788,050)	-	-	-	(788,050)
Insurance service results	3,580,548	13,656,265	(274,054)	98,793	(2,696,825)	(11,366,862)	1,765	(448)	611,434	2,387,748
Finance revenues from insurance contracts held	-	-	-	-	(68,952)	(307,659)	-	-	(68,952)	(307,659)
Net change - Other Comprehensive Income	3,580,548	13,656,265	(274,054)	98,793	(2,765,777)	(11,674,521)	1,765	(448)	542,482	2,080,089
Paid reinsurers' share from premium	(4,034,164)	(13,299,300)	-	-	-	-	-	-	(4,034,164)	(13,299,300)
Received claims recovery from reinsurer	-	-	-	-	3,559,194	9,093,288	-	-	3,559,194	9,093,288
Received profit commission	-	-	-	-	-	788,050	-	-	-	788,050
Reinsurance contracts liabilities at the end of the period	410,410	158,721	-	-	-	-	-	-	410,410	158,721
Reinsurance contracts (assets) at the end of the period	1,544,830	2,250,135	(288,103)	(14,049)	(9,800,661)	(10,594,078)	(569,245)	(571,010)	(9,113,179)	(8,929,002)
Net of reinsurance contracts (assets) at the end of the period	1,955,240	2,408,856	(288,103)	(14,049)	(9,800,661)	(10,594,078)	(569,245)	(571,010)	(8,702,769)	(8,770,281)

10 . (A) Receivables (Reinsurance contract held)

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Reinsurance contract held assets (Local)	206,157	168,927
Reinsurance contract held assets (Foreign)	1,371,348	2,062,427
Total Receivables related to reinsurance operation	1,577,505	2,231,354
Provision for performance risks *	(38,732)	(38,732)
Provision for expected credit losses**	(152,849)	(149,654)
Net receivables reinsurance operations	1,385,924	2,042,968

This item represents receivables related to reinsurance operation that considered in the calculation of reinsurance contract assets and liabilities which is included in footnote (10).

* Movements in the provision for performance risks (reinsurance contract held) is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period	38,732	24,394
Additions	-	14,338
Disposals	-	-
Balance at end of the period	38,732	38,732

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

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period	149,654	140,780
Additions	3,195	8,874
Disposals	-	-
Balance at end of the period	152,849	149,654

The aging of receivables (reinsurance contract held) is as follows:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Past due from 31-90 days	1,447,507	2,103,977
Past due from 91-180 days	14,667	7,234
Past due from 181-365 days	-	616
Past due for more than one year	115,331	119,527
	1,577,505	2,231,354

10 . (B) Payables (Reinsurance contract held)

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Reinsurance contract held assets – (Local)	523,733	589,035
Reinsurance contract held assets – (Foreign)	9,899,344	3,798,778
Total	10,423,077	4,387,813

This item represents payable related to reinsurance operation that considered in the calculation of reinsurance contract assets and liabilities which is included in footnote (10).

11. Income Tax

A- Income tax provision

The movement on income tax provision is as follow:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Balance at beginning of the period	174,865	776,517	(93,523)	582,649
Income tax paid	(94,449)	(189,556)	(61,260)	(1,035,533)
Income tax expense for the period	-	275,281	329,648	1,229,401
Balance at end of the period	80,416	862,242	174,865	776,517

Income tax expense that appears in the statement of profit or loss represents:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Income tax expense related to prior period	-	-	93,523	119,329
Income tax expense for the period	-	275,281	236,125	1,110,072
Total	-	275,281	329,648	1,229,401

The following is the reconciliation between accounting profit and taxable profit:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Accounting (loss) profit - Policyholders and shareholders	(1,577,398)	1,245,654	1,501,956	4,278,333
Nontaxable revenues	-	(186,881)	(3,104,559)	(297,026)
Nondeductible expenses	1,577,398	-	2,510,776	288,199
Taxable profit	-	1,058,773	908,173	4,269,506
Income tax of the period	-	275,281	236,125	1,110,072
Effective income tax rate	26%	26%	26%	26%

- The Company has settled its tax liability with Income Tax Department up to the year ended 2022, and based on the tax advisor opinion the income tax provision considered sufficient as of 31/3/2026.
- There is no deferred tax assets or liabilities related to the company as it calculates income tax based on taxable profit for the year.
- The income tax returns for the years 2023, 2024 and 2025 have been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- The Income and National Contribution tax provision for the three months ended 31 March 2026 was calculated in accordance with the Income Tax Law.

12. Property and equipment – net

This item consists of the following:

	Buildings	Equipment and Furniture	Vehicles	Computer Devices	Total
Cost					
Balance as at 1/1/2026	2,615,299	893,171	233,101	612,293	4,353,864
Additions	-	7,041	-	13,036	20,077
Transfer from investment properties	232,393	-	-	-	232,393
Balance as at 31/3/2026	2,847,692	900,212	233,101	625,329	4,606,334
Accumulated depreciation					
Balance as at 1/1/2026	642,806	685,559	126,096	489,640	1,944,101
Depreciation	14,330	15,759	5,859	18,936	54,884
Balance as at 31/3/2026	657,136	701,318	131,955	508,576	1,998,985
Net book value as at 31/3/2026	2,190,556	198,894	101,146	116,753	2,607,349
Cost					
Balance as at 1/1/2025	2,474,274	795,285	233,101	537,809	4,040,469
Additions	-	97,886	-	74,484	172,370
Transfer from investment properties	141,025	-	-	-	141,025
Balance as at 31/12/2025	2,615,299	893,171	233,101	612,293	4,353,864
Accumulated depreciation					
Balance as at 1/1/2025	590,819	632,054	102,335	414,000	1,739,208
Depreciation	51,987	54,105	23,761	75,640	205,493
Disposals	-	(600)	-	-	(600)
Balance as at 31/12/2025	642,806	685,559	126,096	489,640	1,944,101
Net book value as at 31/12/2025	1,972,493	207,612	107,005	122,653	2,409,763

The cost of fully depreciated property and equipment amounted to JOD 1,055,959 as of 31/03/2026.

13. Intangible Assets

This item consists of the following:

	31 March 2026 (Unaudited) Software	31 December 2025 (Audited) Software
Balance at the beginning of the period	26,456	5,483
Additions	5,750	30,460
Amortization	(4,398)	(9,487)
Balance at the end of the period	27,808	26,456

14. Other Assets

This item consists of the following:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Prepaid expenses	-	23,376	-	95,029
Prepaid income tax	13,357	45,993	-	-
Refundable deposit	-	20,567	-	22,505
Accrued revenues	355,000	-	490,500	540,000
Advance payments on account for electronic archiving on account	-	-	-	16,080
Advance payment on account for development of company's website	-	16,080	-	-
Total	368,357	106,016	490,500	673,614

15. Accounts Payable

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Advertising and other payables	6,604	2,650
Total	6,604	2,650

16. Other Provisions

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Employees vacation provision	232,777	233,801
Provision for end of service indemnity	198,539	198,539
Unallocated loss adjustment expense (ULAE)	692,080	685,088
Total	1,123,396	1,117,428

The following table presents the movement in the various provisions.

	Balance at beginning of the period	Addition during the period	Paid during the period	Balance at end of the period
Employees vacation provision	233,801	-	(1,024)	232,777
Provision for end of service indemnity	198,539	-	-	198,539
Unallocated loss adjustment expense (ULAE)	685,088	6,992	-	692,080
Total	1,117,428	6,992	(1,024)	1,123,396

17. Other liabilities

This item consists of the following:

	31 March 2026 (Unaudited)		31 December 2025 (Audited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Ministry of finance deposits	127,193	19,046	68,887	443
Other dues	-	9,191	-	8,840
Health insurance fund	-	68,085	-	44,561
Shareholders dues	-	15,201	-	15,242
Board of directors' remunerations	-	57,970	-	57,969
Central bank dues	278,901	-	126,421	-
Deposit for the policyholders' Guarantee Fund	-	7,276	5,804	-
Social security dues	-	47,806	-	43,621
	406,094	224,575	201,112	170,676

18. Deficiency Cover Reserve (Emergency Provision)

The accumulated amounts in this account represent what has been transferred from the policyholders' surplus before tax and the policyholders' share of the profit from the sale of financial assets at fair value through other comprehensive income at a rate of 20% during the current period and previous years.

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period	310,214	7,106
Add: Transfer to deficiency cover reserve for policyholders	-	303,108
Less: Transfer from deficiency cover reserve to cover the deficit	(310,214)	-
Balance at end of the period	-	310,214

19. Non-Demanded Surplus

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period	8	4,022
Less: Distributions to charity	-	(4,014)
Balance at end of the period	8	8

20. Accumulated Surplus

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the year	882,784	-
Add: Surplus (deficit) for the period for policyholders	(1,577,398)	1,172,308
Less: Transfer to deficiency cover reserve	-	(303,108)
Add: Transfer from deficiency cover reserve to cover the deficit	310,214	-
Add: Policyholders share of profit from sale of financial assets at fair value through other comprehensive income (FVOCI)	-	13,584
Balance at end of the period	(384,400)	882,784

21. Al Qard Al Hasan granted by shareholders to cover policyholders' deficit

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the year	-	-
Add: The loan granted to cover policyholders' deficit for the period	1,267,184	-
Balance at end of the period	1,267,184	-

22. Paid-in Capital

The Company's authorized, subscribed and paid-in capital is JOD (16,500,000) divided equally into (16,500,000) shares with a par value of JOD (1) each as at 31 March 2026 and 31 December 2025.

23. Reserves

Statutory Reserve

The accumulated amounts in this account represent 10% of the Company's net income before income tax according to the Companies Law. The statutory reserve is not available for distribution to shareholders. The company may cease transferring amounts to the statutory reserve once its balance reaches 25% of the authorized share capital. With the approval of the company's General Assembly, transfers may continue until the statutory reserve balance reaches 100% of the authorized share capital.

Voluntary Reserve

The accumulated amounts in this account represent cumulative appropriations not exceeding 20% of net income before income tax. This reserve is available for distribution to shareholders.

It's used for purposes determined by the Board of Director and General Assembly has the right to distribute it as dividend to shareholders.

24. Cumulative Change in Fair Value

This item represents the increase in fair value of financial assets measured at fair value through other comprehensive income, as follow:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
<u>Shareholders</u>		
Balance at beginning of the period	1,273,172	(500,598)
Profit from sale of financial assets through other comprehensive income - Retained earnings	-	(40,753)
Change during the period	563,472	1,814,523
Net change during the period	563,472	1,773,770
Balance at end of the period	1,836,644	1,273,172
<u>Policyholders</u>		
Balance at beginning of the period	424,391	(166,866)
Profit from sale of financial assets through other comprehensive income - accumulated surplus	-	(13,584)
Change during the period	187,825	604,841
Net change during the period	187,825	591,257
Balance at end of the period	612,216	424,391

The cumulative change in fair value as 31 March 2026 and 31 December 2025 amounted to JOD 2,448,860 and JOD 1,697,563 respectively.

25. Retained Earnings

This item consists of the following:

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Balance at beginning of the period	4,374,947	3,368,595
Less: Paid dividends	-	(1,650,000)
Add: Profit for the period	970,373	3,048,932
Add: shareholders share of profit from sale of financial assets through other comprehensive income	-	40,753
Less: Transferred to reserves	-	(433,333)
Balance at end of the period	5,345,320	4,374,947

The Islamic Insurance Company PLC
Notes to the condensed interim Financial Statements
31 March 2026

26. Insurance Contracts Revenues

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other Insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	31/3/2026	31/3/2025	31/3/2026	31/3/2025	31/3/2026	31/3/2025	31/3/2026	31/3/2025	31/3/2026	31/3/2025	31/3/2026	31/3/2025	31/3/2026	31/3/2025	31/3/2026	31/3/2025	31/3/2026	31/3/2025
Change in insurance contract liabilities against the remaining coverage	5,201,512	4,035,107	310,569	261,409	505,227	481,118	24,158	26,480	1,847,111	1,696,988	61,759	51,772	181,973	184,354	3,291,560	3,095,788	11,423,869	9,833,016
Policy issuance fees	105,281	98,063	6,235	6,691	22,362	21,125	985	921	94,959	83,307	2,357	2,131	10,926	12,639	76,272	75,694	319,377	300,571
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Insurance Contracts Revenues	5,306,793	4,133,170	316,804	268,100	527,589	502,243	25,143	27,401	1,942,070	1,780,295	64,116	53,903	192,899	196,993	3,367,832	3,171,482	11,743,246	10,133,587

The Islamic Insurance Company PLC
Notes to the condensed interim Financial Statements
31 March 2026

27. Insurance Contracts Expenses

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other Insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025
Incurring claims net of recoveries	4,427,006	4,181,970	7,303	375,972	233,678	(26,819)	10,484	(518)	1,440,935	1,506,735	41,543	45,360	4,930	(1,188)	1,594,233	1,641,019	7,760,112	7,722,531
Amortization of insurance acquisition cost	77,508	38,670	5,114	5,066	10,711	9,444	224	183	5,731	3,644	1,681	1,298	55	83	-	-	101,024	58,388
Loss of onerous contracts	958,805	1,462,741	-	-	-	-	-	-	752,700	360,226	-	-	-	-	-	-	1,711,505	1,822,967
Recovered amount from Onerous Contracts loss	(1,235,851)	(1,462,741)	-	-	-	-	-	-	(229,617)	(360,226)	-	-	-	-	-	-	(1,465,468)	(1,822,967)
Non-financial risk adjustment	595,173	527,509	10,132	71,779	232,890	203,143	15,326	13,087	57,800	112,096	20,284	18,946	13,240	11,088	230,312	215,924	1,175,157	1,173,572
Recovered amount from Non-financial risk adjustments	(564,979)	(505,763)	(15,038)	(25,565)	(208,348)	(205,896)	(14,214)	(13,235)	(111,607)	(123,049)	(19,068)	(18,556)	(13,251)	(11,085)	(220,912)	(195,794)	(1,167,417)	(1,098,943)
Employee Exp. (Shareholders' share against Takaful Operation Management-distributed)	381,882	356,656	90,156	84,201	80,715	75,139	4,192	4,160	365,199	341,075	7,676	11,647	25,484	19,322	118,866	111,014	1,074,170	1,003,214
Management Exp. (Shareholders' share against Takaful Operation Management - distributed)	123,610	108,080	25,235	22,132	23,286	21,012	1,227	1,172	121,257	106,314	2,530	3,615	7,928	5,966	46,080	45,285	351,153	313,576
Other technical expenses	179,227	145,280	3,003	3,263	14,113	13,014	610	672	63,105	60,178	858	768	7,982	6,944	143,143	117,080	412,041	347,199
Total insurance contracts expenses	4,942,381	4,852,402	125,905	536,848	387,045	89,037	17,849	5,521	2,465,503	2,006,993	55,504	63,078	46,368	31,130	1,911,722	1,934,528	9,952,277	9,519,537

28. Reinsurance Contracts held Expenses

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025
Change in reinsurance contract liabilities against the remaining coverage and issuance fees	(292,569)	(254,482)	(190,447)	(157,242)	(385,754)	(361,312)	(17,259)	(18,816)	(1,246,486)	(1,140,583)	(28,647)	(24,634)	(106,036)	(108,918)	(1,313,350)	(1,330,103)	(3,580,548)	(3,396,090)
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total reinsurance contracts expenses	(292,569)	(254,482)	(190,447)	(157,242)	(385,754)	(361,312)	(17,259)	(18,816)	(1,246,486)	(1,140,583)	(28,647)	(24,634)	(106,036)	(108,918)	(1,313,350)	(1,330,103)	(3,580,548)	(3,396,090)

29. Reinsurance Contracts held Revenues

	Motors (Unaudited)		Marine (Unaudited)		Fire (Unaudited)		Engineering (Unaudited)		Medical (Unaudited)		Responsibility Insurance (Unaudited)		Other insurance (Unaudited)		Takaful (Unaudited)		Total (Unaudited)	
	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025	31 /3/2026	31 /3/2025
Recovered incurred claims from reinsurance	321,642	280,942	7,225	342,238	223,516	(12,389)	9,579	(414)	1,005,967	1,029,569	41,900	31,325	(1,450)	(5,352)	1,088,446	1,012,988	2,696,825	2,678,907
Loss of onerous contracts	-	-	-	-	-	-	-	-	288,103	112,842	-	-	-	-	-	-	288,103	112,842
Recovered amount from Onerous Contracts loss	-	-	-	-	-	-	-	-	(14,049)	(112,842)	-	-	-	-	-	-	(14,049)	(112,842)
Non-financial risk adjustment	108,449	109,174	9,546	68,742	229,110	199,638	15,150	13,021	40,384	78,269	9,708	7,703	11,490	8,529	145,408	133,609	569,245	618,685
Recovered amount from Non-financial risk adjustments	(105,292)	(104,893)	(14,179)	(24,843)	(204,722)	(202,071)	(14,094)	(13,161)	(78,046)	(86,100)	(8,085)	(7,249)	(11,498)	(8,776)	(135,094)	(123,469)	(571,010)	(570,562)
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total reinsurance contracts revenues	324,799	285,223	2,592	386,137	247,904	(14,822)	10,635	(554)	1,242,359	1,021,738	43,523	31,779	(1,458)	(5,599)	1,098,760	1,023,128	2,969,114	2,727,030

30. Finance Revenues (Expenses) From Insurance Contracts

This item consists of the following:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Finance (expenses) revenues	(403,684)	(288,816)
Total	(403,684)	(288,816)

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free in US Dollar (EIOPA) plus 1%. The company used discount rate from (5.1% - 4.3%) for period ended at 31 March 2026, compared to (5.4% - 4.4%) for the period ended at of 31 March 2025.

31. Finance Revenues (Expenses) From Reinsurance Contracts

This item consists of the following:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Finance (expenses) revenues	68,952	129,812
Total	68,952	129,812

The bottom-up approach was used to derive the discount rate for cash flows. Under this approach, the discount rate is determined as the risk-adjusted risk-free in US Dollar (EIOPA) plus 1%. The company used discount rate from (5.1% - 4.3%) for the period ended at 31 March 2026, compared to (5.4% - 4.4%) for the period ended at 31 March 2025.

32. Investment Returns

This item consists of the following:

	31 March 2026 (Unaudited)		31 March 2025 (Unaudited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Profits from deposits	13,050	13,872	22,532	445,488
Gain from financial assets at fair value through profit or loss (policyholders)	-	-	-	-
Total	13,050	13,872	22,532	445,488

33. Net Profit from Financial Assets and Investments

This item consists of the following:

	31 March 2026 (Unaudited)		31 March 2025 (Unaudited)	
	Policyholders	Shareholders	Policyholders	Shareholders
Dividends income (FAOCI)	56,731	170,192	45,384	136,154
Rent revenues	-	-	-	6,250
Total	56,731	170,192	45,384	142,404

34. Shareholders' Share against Takaful Operation Management

A- This item consist of the following:

31 March 2026 (Unaudited)					31 March 2025 (Unaudited)				
Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total	Acquisition costs	Expenses attributed to contracts (Direct)	Expenses attributed to contracts (Indirect)	Expenses not attributed to contracts	Total
561,110	645,065	219,148	2,428,613	3,853,936	527,159	602,452	187,178	1,962,636	3,279,425
561,110	645,065	219,148	2,428,613	3,853,936	527,159	602,452	187,178	1,962,636	3,279,425

The company allocates direct and related administrative and general expenses and employee-expenses to insurance contract groups and includes them in the profitability calculation of the contract through their direct relationship with insurance portfolios. In addition the company allocates indirect and unrelated administrative and general expenses, and employee-expenses, based on a number of cost centers used for allocation. These include the total underwritten insurance premiums cost center for insurance portfolios, the paid claims and outstanding claims cost center, and the number of employees cost center.

B- Shareholders' Share against Takaful Operation Management

- The Shareholders invest the surplus funds from the policyholders' account against known share from investment returns as Mudarib (investment manager), at a rate of 25% for the current period, compared to a rate of 25% for the previous period.
- The Shareholders bear all general expenses and manage the insurance operations on behalf of the policyholders under an agreement (contract) based on Known wakala fee, at a rate of 15.5% for the period ended 31 March 2026. Compared to a rate of 15.5% for the period ended 31 March 2025, and applied uniformly to all insurance portfolios, including motor, marine, fire, engineering, medical, general liability, other insurance lines, and Takaful insurance. The distribution to the insurance contracts was as follows:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Shareholders' share against Takaful Operation Management - allocated (Insurance Contracts Expenses).	1,425,323	1,316,789
Shareholders' share against Takaful Operation Management - not-allocated (Statement of Profit or Loss (Policyholders)).	2,428,613	1,962,636
	3,853,936	3,279,425

35. Employees Expenses

This item consists of the following:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Salaries and bonuses	942,129	883,670
End of services indemnity	-	-
Company's contribution in social security	94,728	81,389
Medical expenses	50,143	49,578
Employee training and development	95	862
Travel and transportation	1,926	1,255
Employee vacation	-	-
Total	1,089,021	1,016,754

36. Related Party Transactions

There are no contracts, projects, or engagements that the company has entered into with board members, the general manager, any employee of the company, or their relatives, except for issuing their insurance policies, which falls within the company's main activities.

The total contributions value of the underwritten insurance policies by the Jordan Islamic Bank (a major shareholder) for the three months ended at 31/3/2026 and 31/3/2025 amounted to JOD (5,719,606) and JOD (5,369,751) respectively and the contributions value underwritten for the Takaful insurance fund of the Jordan Islamic Bank during the three months at 31/3/2026 and 31/3/2025 amounted to JOD (9,950,194) and JOD (8,748,380) respectively.

The remunerations of key management (salaries, bonuses, and other benefits) are as follows:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Salaries and bonuses	168,886	145,089
Transportation expenses	315	315
Total	169,201	145,404

37. General and Administrative Expenses

This item consists of the following:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Rent	7,860	7,860
Stationery and printing	8,999	7,794
Advertisements	26,258	33,529
Water, electricity and heating	25,056	15,774
Maintenance	19,908	19,658
Postage and telecommunications	3,021	2,791
Hospitality	13,823	10,451
Lawyer and legal consultancy fees	29,808	35,147
Board of directors transportation	44,285	29,350
Subscriptions	50,802	41,994
Governmental and other fees	85,701	63,803
Virtual conference and meetings expense	-	5,377
Actuarial fees	10,000	-
Media and Marketing consultancy fees	-	5,450
Cleaning	20,756	19,967
Insurance	2,486	3,002
Others	15,223	18,363
Expense for implementing (IFRS 17)	-	11,100
Total	363,986	331,410

38. Other Provisions

This item consists of the following:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Additional provision	(14)	-
Unallocated loss adjustment expense (ULAE)	6,992	29,339
Total	6,978	29,339

39. Earnings per Share

Earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period, as detailed below:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Profit for the period after tax	970,373	220,171
Weighted average number of shares	16,500,000	16,500,000
Basic and diluted earnings per share	0.059	0.013

40. Cash and Cash Equivalents

The cash and cash equivalents that appear in the statement of cash flows represent the following:

	31 March 2026 (Unaudited)	31 March 2025 (Unaudited)
Cash on hand and at banks	5,633,050	3,732,498
Add: Deposits at banks mature within (3) months	1,664,576	1,132,174
Net Cash and Cash Equivalents	7,297,626	4,864,672

41. The fair value of financial assets and liabilities that is not measured at fair value in the financial statements

There are no significant differences between book value and fair value of financial assets and liabilities that is not measured at fair value.

42. Onerous Contracts

Motor TPL insurance contracts are underwritten at JIF and priced by the Government, such that the pricing of TPL insurance policies does not cover the technical and administrative expenses charged to those policies, these policies were therefore classified into a single group of contracts and assessed as having a high potential to become onerous prior to acquisition.

43. Fair Value Levels:

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

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: information other than the announced price included in the first level that is monitored for the asset or liability, whether directly (i.e. prices) or indirectly (i.e. derived from prices),

Level 3: Information about the asset or liability that is not based on that observed from the market (invisible information).

31/3/2026 (Unaudited)	Level One	Level Two	Level Three	Total
Financial assets at fair value through profit or loss	-	-	5,000,000	5,000,000
Financial assets at fair value through other comprehensive income	11,325,143	281,791	8,157	11,615,091
Total	11,325,143	281,791	5,008,157	16,615,091

31/12/2025 (Audited)	Level One	Level Two	Level Three	Total
Financial assets at fair value through profit or loss	-	-	4,000,000	4,000,000
Financial assets at fair value through other comprehensive income	10,536,932	318,705	8,157	10,863,794
Total	10,536,932	318,705	4,008,157	14,863,794

44. Risks management

First: Descriptive Disclosures

The risk management policy considered one of the most important policies which the company had set for mitigating risk surrounding its activities in order to safeguard the company's assets, shareholders equity and its financial position.

The company recognizes the importance of proactive risk management in achieving its strategic objectives. The company assumes responsibility for risk management to ensure the identification, assessment, and management of key risks. The risk management framework provides reasonable assurances for identifying and addressing significant risks.

The risk management process is designed to implement policies within the organizational hierarchy. It is viewed as an integrated, sequential process from the board of directors to the lowest management level. The primary responsibility for enterprise risk management lies with the board of directors. Accordingly, the board executes its responsibilities in overseeing the risk management policy by forming the necessary committees and delegating them to take on risk management responsibilities, preparing appropriate reports, and presenting them to the board.

Enterprise Risk Management (ERM) Process

The Enterprise Risk Management (ERM) process involves identifying uncertainties and risks that may adversely affect the company's ability to achieve its strategic objectives, evaluating these risks, managing them, and continuously reviewing risks. Periodic risk assessments are conducted in all areas in which the company operates. In addition to many other risks mentioned in the risk management policy, the following risks are considered highly significant to the company's operations, as follows:

- 1- Insurance Risks: Insurance risks represent the most significant risks faced by the company. Additionally, the company accepts risks associated with insurance and various activities arising from them, including various technical insurance coverages such as property insurance, vehicle insurance, marine insurance, and others. Based on this, insurance-related risks can be identified, including risks related to business mix, risks related to the development of insurance products, pricing risks, estimation risks of loss provisions, claims settlement risks, accumulation risks, credit risks, and others.
- 2- Investment Risks: The investments made by the company for both policy holders and shareholders are subject to regulatory constraints imposed by regulatory authorities and are based on the investment guidelines issued by the Central Bank of Jordan - Insurance Supervision Department. These guidelines require the distribution of investments across various asset classes. Moreover, there is a specific investment policy approved by the Board of Directors, outlining the investment mechanism, instruments, and methods. This policy serves as a reference for managing the company's investments. There are risks associated with investments for the cash surplus held by the company, including credit risks from the parties investing in it, market risks, and liquidity risks.

- 3- Operational and Other Risks: This category encompasses operational risks, legal and regulatory risks, governance risks, information technology risks, and others.

C- Operational risks:

Include system failures and human error, whether intentional or unintentional. These risks can affect the company's reputation and result in financial losses. The company takes measures to avoid these risks, such as defining responsibilities and implementing necessary procedures to obtain information from the systems used in the company, in addition to raising awareness and training employees.

D- Legal risks:

This type of risk arises from legal actions against the company. To mitigate these risks, the company has established an independent legal department to oversee the company's operations in compliance with the Insurance Business Regulation Law and the instructions of the Central Bank of Jordan's/Insurance Supervision Department.

45. Analysis of Main Sectors

A – Background information on the Company's business segments

For management purposes, the Company measures its insurance segments in accordance with the reports used by executive manager and the company's primary decision maker to include family takaful insurance and General insurance sector which comprise fire, accidents, marine, aviation medical, and motor insurance. This sector is the base used by the Company to disclose information related to key sectors, the mentioned sector also includes the Company's investments and cash management. The activities between the business sectors are performed based on commercial basis.

B – Geographical distribution

The following disclosure demonstrates geographical distribution of the Company's operations; the Company mainly conducts its operations in Jordan.

The following table shows the distribution of total revenues and capital expenditures based on their pertaining geographical distribution:

	Inside Jordan		Outside Jordan		Total	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Total revenues	11,997,091	10,789,395	-	-	11,997,091	10,789,395
Total assets	68,716,535	59,490,308	1,346,532	2,001,977	70,063,067	61,492,285
Capital expenditures	25,827	28,635	-	-	25,827	28,635

46. Capital Management

The subscribed and paid-up capital at the end of the period is (16.5) million dinars, distributed over (16.5) million shares with a nominal value of one Jordanian dinar per share. On March 21, 2007, the company's capital was increased from (3,600,000) dinars / shares as of December 31, 2005, by capitalizing (400) thousand dinars / shares from retained earnings and offering (4) million dinars / shares for public subscription. This was in accordance with the minimum capital requirement regulation for insurance companies issued by the Central Bank of Jordan / Insurance Supervision Department. On April 26, 2008, the company's capital was increased by capitalizing (2) million dinars / shares from the additional paid-in-capital, voluntary reserve, and retained earnings. On April 8, 2009, the company's capital was further increased by capitalizing (2) million dinars / shares from the voluntary reserve and retained earnings. Additionally, on April 4, 2017, the company's capital was raised by capitalizing (3) million dinars / shares from retained earnings. On July 23, 2024 the company's capital was increased by capitalizing (1.5) million dinars / shares from voluntary reserve. Consequently, the subscribed and paid-up capital became (16.5) million dinars / shares. In the opinion of the Board of Directors, the above-mentioned regulatory capital is considered sufficient.

	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Core capital items		
Paid in Capital	16,500,000	16,500,000
Statutory reserve	4,681,392	4,681,392
Voluntary reserve	5,916	5,916
Al Qard Al Hasan granted by shareholders to cover policyholders' deficit	1,267,184	-
Retained earnings	5,345,320	4,374,947
Policyholders' equity	227,824	1,617,397
	31 March 2026 (Unaudited)	31 December 2025 (Audited)
Additional capital items		
Cumulative change in fair value for financial assets through other comprehensive income	1,836,644	1,273,172
Solvency margin (According to the financial statements prepared in accordance with international financial reporting standard number 4 (IFRS 4))	<u><u>216%</u></u>	<u><u>239%</u></u>

47. Lawsuits against the Company

There are lawsuits filed against the Company mainly pertaining motor accidents, for which a full reserve has been taken against in the insurance contract liabilities as at 31 March 2026, in the opinion of the Company's management and its lawyer, the reserve amounting to JOD (5,075,643) considered sufficient as at 31 March 2026, (JOD (4,673,222) as at 31 December 2025).

48. Contingent Liabilities

There are no contingent liabilities that could arise after the date of financial statements.

49. Subsequent Events

No subsequent events have a material impact on the financial statements as at in 31/3/2026.

50. Transaction that don't comply with the principle of Islamic sharia

There is no transaction don't comply with the principle of Islamic sharia.

51 . Financial statements segmented by product type

Income Statement

31 March 2026	Motors	Marine	Fire	Engineering	Medical	Responsibility insurance	Other insurance	Takaful	Total
Insurance contracts revenues	5,306,793	316,804	527,589	25,143	1,942,070	64,116	192,899	3,367,832	11,743,246
Insurance contracts expenses	(4,942,381)	(125,905)	(387,045)	(17,849)	(2,465,503)	(55,504)	(46,368)	(1,911,722)	(9,952,277)
Insurance contract service results	364,412	190,899	140,544	7,294	(523,433)	8,612	146,531	1,456,110	1,790,969
Reinsurance contracts held expenses	(292,569)	(190,447)	(385,754)	(17,259)	(1,246,486)	(28,647)	(106,036)	(1,313,350)	(3,580,548)
Reinsurance contracts held revenues	324,799	2,592	247,904	10,635	1,242,359	43,523	(1,458)	1,098,760	2,969,114
Reinsurance contracts service results	32,230	(187,855)	(137,850)	(6,624)	(4,127)	14,876	(107,494)	(214,590)	(611,434)
Net insurance contract service results	396,642	3,044	2,694	670	(527,560)	23,488	39,037	1,241,520	1,179,535
Finance (expenses) revenues from insurance contracts	(333,009)	(1,372)	(18,324)	(1,327)	(21,850)	(1,564)	(1,140)	(25,099)	(403,684)
Finance (expenses) revenues from reinsurance contracts	3,697	1,235	17,611	1,242	26,117	640	924	17,485	68,952
Net insurance financing results	(329,311)	(137)	(712)	(85)	4,267	(924)	(216)	(7,614)	(334,732)
Policyholders' share of investment returns	2,610	653	1,305	261	3,263	522	522	3,915	13,050
Policyholders' share of net Profits from financial assets and investments	11,346	2,837	5,673	1,135	14,183	2,269	2,269	17,019	56,731
Less: Shareholders' share against managing the investment portfolio	(3,489)	(872)	(1,745)	(349)	(4,361)	(698)	(698)	(5,234)	(17,445)
Total revenues	77,798	5,524	7,215	1,632	(510,209)	24,658	40,915	1,249,606	897,139
Shareholders' share against takaful operation management (not allocated)	(352,145)	71,019	(102,076)	(4,422)	(379,202)	(1,893)	(79,198)	(1,580,696)	(2,428,613)
Provision for expected credit losses (deposits)	(9,185)	(2,296)	(4,592)	(918)	(11,481)	(1,837)	(1,837)	(13,777)	(45,924)
Total expenses	(361,330)	68,723	(106,668)	(5,340)	(390,683)	(3,730)	(81,035)	(1,594,473)	(2,474,537)
Policyholder's surplus(deficit) before income tax	(283,532)	74,247	(99,453)	(3,709)	(900,892)	20,928	(40,120)	(344,867)	(1,577,398)
Income tax for the period	-	-	-	-	-	-	-	-	-
Policyholder's surplus(deficit) After income tax	(283,532)	74,247	(99,453)	(3,709)	(900,892)	20,928	(40,120)	(344,867)	(1,577,398)

The Islamic Insurance Company PLC
Notes to the condensed interim Financial Statements
31 March 2026

31 March 2025	Motors	Marine	Fire	Engineering	Medical	Responsibility insurance	Other insurance	Takaful	Total
Insurance contracts revenues	4,133,170	268,100	502,243	27,401	1,780,295	53,903	196,993	3,171,482	10,133,587
Insurance contracts expenses	4,852,402	536,848	89,037	5,521	2,006,993	63,078	31,130	1,934,528	9,519,537
Insurance contract service results	(719,232)	(268,748)	413,206	21,880	(226,698)	(9,175)	165,863	1,236,954	614,050
Reinsurance contracts held expenses	(254,482)	(157,242)	(361,312)	(18,816)	(1,140,583)	(24,634)	(108,918)	(1,330,103)	(3,396,090)
Reinsurance contracts held revenues	285,223	386,137	(14,822)	(554)	1,021,738	31,779	(5,599)	1,023,128	2,727,030
Reinsurance contracts service results	30,741	228,895	(376,134)	(19,370)	(118,845)	7,145	(114,517)	(306,975)	(669,060)
Net insurance contract service results	(688,491)	(39,853)	37,072	2,510	(345,543)	(2,030)	51,346	929,979	(55,010)
Finance (expenses) revenues from insurance contracts	(166,939)	(2,898)	(23,520)	(1,623)	(27,381)	(2,230)	(1,213)	(63,012)	(288,816)
Finance (expenses) revenues from reinsurance contracts	35,383	4,913	23,686	1,456	21,811	912	1,878	39,774	129,812
Net insurance financing results	(131,556)	2,014	166	(167)	(5,571)	(1,318)	665	(23,238)	(159,004)
Policyholders' share of investment returns	4,506	1,127	2,253	451	5,633	901	901	6,760	22,532
Policyholders' share of net Profits from financial assets and investments	9,077	2,269	4,538	908	11,346	1,815	1,815	13,615	45,384
Less: Shareholders' share against managing the investment portfolio	(3,396)	(849)	(1,698)	(340)	(4,245)	(679)	(679)	(5,094)	(16,979)
Total revenues	(809,860)	(35,292)	42,332	3,362	(338,380)	(1,310)	54,048	922,022	(163,077)
Shareholders' share against takaful operation management (not allocated)	(189,039)	60,241	(100,903)	(4,822)	(255,683)	3,007	(85,508)	(1,389,929)	(1,962,636)
Provision for expected credit losses (deposits)	(7,783)	(1,946)	(3,892)	(778)	(9,729)	(1,557)	(1,557)	(11,675)	(38,917)
Total expenses	(196,822)	58,295	(104,795)	(5,600)	(265,412)	1,450	(87,065)	(1,401,604)	(2,001,553)
Policyholder's surplus(deficit) before income tax	(1,006,682)	23,003	(62,463)	(2,239)	(603,792)	140	(33,016)	(479,582)	(2,164,630)
Income tax for the period	-	-	-	-	-	-	-	-	-
Policyholder's surplus(deficit) After income tax	(1,006,682)	23,003	(62,463)	(2,239)	(603,792)	140	(33,016)	(479,582)	(2,164,630)