



## The 26<sup>th</sup> Annual Report

For The Year Ended  
December 31.2023



# 2023

## Gulf Insurance Group - Jordan The 26<sup>th</sup> Annual Report

For The Year Ended  
December 31.2023







His Majesty King Abdullah II







**Crown Prince Hussein Bin Abdullah II**





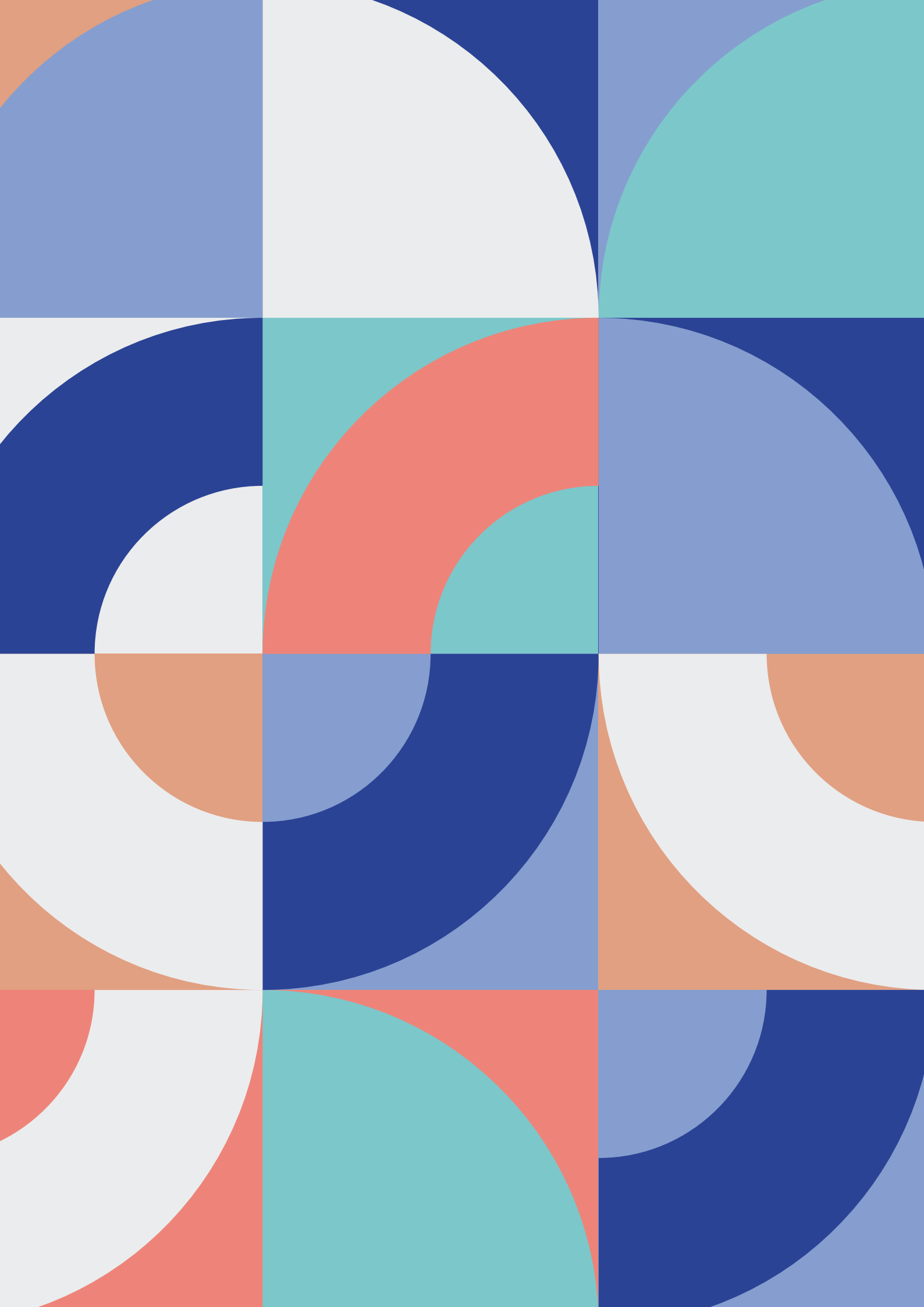


**Sheikh Mishal Al-Ahmad Al-Jaber Al- Sabah**  
**Prince of Kuwait**



# Table of Contents

Content	Page No.
Board Of Directors	12
Chairman's Letter	13
Board Of Directors Report	16
Disclosure Statements	19
Board of Directors Bio's	20
Executive Management Bio's	24
Major Shareholders	27
Organizational Chart	28
Company's Acheivements	42
Key Financial Indicator's Developement	43
Auditor's Report	48
Consolidated Financial Statements	55
Consolidated Statement of Income	56
Consolidated Statement of Comprehensive Income	57
Consolidated Statement of Changes in Equity	58
Consolidated Statement of Cash flows	59
Notes to the Consolidated Financial Statements	60
Governance Report	146





## Board of Directors

### Chairman

H.E Eng. Naser Ahmad Abdul Kareem Al- Lozi

### Vice Chairman

Mr. Khaled Soud Abdul Aziz Al Hasan  
Representative of Gulf Insurance Group

### Member

Mr. Alaa Mohammad Ali Al Zoheiry  
Representative of Gulf Insurance Group

### Member

Mr. Bijan Khosrowshahi  
Representative of Gulf Insurance Group

### Member

Mr. Ali Kathem Abdul Aziz Al-Hendal  
Representative of Gulf Insurance Group

### Member

Mr. Tawfiq Abdul Qader Mohammad Mukahal  
Representative of the Strategic Investment Company

### Member

Ms. Hiyam Salim Yousef Habash  
Representative of Jordan Kuwait Bank

### Member Since 27/04/2023

Mr. Mazen Ali Abdelghani Tabbalat

### Member Since 27/04/2023

Mr. Ahmad Adnan Ahmad Sallakh

### CEO

Dr. Ali Adel Ahmad Al-Wazaney

### CFO - Secretary of the Board of Directors

Mr. Saad Ameen Tawfiq Farah

### External Auditors

Messrs. Ernst & Young



## Chairman's Letter

### Dear Shareholders,

On behalf of the members of the Board of Directors and myself, I'm pleased to present to you the twenty-sixth annual report of the company for the financial year ended on December 31, 2023.

Jordan has shown remarkable resilience in maintaining stability and growth reaching 2.7% in the first half of 2023 compared to 2.4% for 2022 despite the continuation of regional and global crises, the forefront being war in Gaza and the ongoing Russian-Ukrainian war. Growth was supported by the services sector, agriculture sector. Inflation decelerated significantly in 2023, to 1.4% in October 2023, supported by monetary policy tightening and lower commodity prices.

The Government of Jordan continues to deal with various challenges focusing on implementing a three-track, 10-year Political, Public Sector and Economic Modernization Agenda that was launched in 2021. Reforms focus on democratizing political life, including empowering women and youth; doubling Jordan's growth rate; creating new job opportunities; improving living conditions; enhancing sustainability and strengthening government effectiveness and accountability. (Source: World Bank Report)

As for your Company, International Financial Reporting Standard (IFRS) No. 17 "Insurance Contracts" was implemented starting from January 1, 2023. Your company was among the first to adopt this standard, issuing interim financial statements in accordance with its requirements.

Concerning your company's business results, the total insurance contracts revenues totaled to 110.1 million dinars for the period ending on December 31, 2023, compared to 101.3 million dinars for the period ending on December 31, 2022, reflecting an increase of 9%. This was accompanied by a rise in the total insurance contracts expenses, reaching 85.6 million dinars for the year 2023 compared to 83.6 million dinars for the year 2022, with an increase of 2%.

As for the Jordanian insurance market, preliminary results as of December 31, 2023, showed an increase in written insurance premiums of 6%, as the gross written premiums reached 739 million dinars, compared to 695 million dinars as of December 31, 2022. On the claims side, the total claims paid as of December 31, 2023, increased to 501 million dinars, an increase of 5% compared to the same period in 2022, which recorded claims of 476 million dinars. (Source: Jordan Insurance Federation—Preliminary Results)

As of December 31, 2023, the company's profit before tax was JD 9.73 million, an increase from JD 8.45 million as of the same date in 2022. The underwriting profit reached JD 8 million, or 82% of the company's total profit before tax, and investment returns of JD 3.9 million, or 40% of the company's total profit before tax. As of December 31, 2023, the company had net profit after taxes of JD 9.49 million, as opposed to JD 7.82 million at the end of the previous year.

The company's total assets increased by 5% from JD 115 million as of December 31, 2022, to JD 121 million as of December 31, 2023, including an increase in the Investments of JD 5.6 million to reach JD 90.3 million. This is despite paying JD 3.9 million in cash dividends.

When compared to the previous year, shareholders' equity increased from JD 43.4 million as of December 31, 2022, to JD 49.3 million as of December 31, 2023, which had a positive impact on book value per share, which rose from JD 1.67 to JD 1.9 per share.

As for the company's strategy for its term of 2022-2025, the company worked on the following pillars:

### **1. Balance between people and technology.**

This pillar aims to implement a hybrid agile model where automation and people work together, to Increase the operational efficiency and improve customer's journey. The target is to shift from doing business by people relying on technology, to doing business with technology supported by people.

#### **The pillar is based on three initiatives to achieve the required objectives:**

1st initiative is automation, starting by thoroughly reviewing each process, identifying target balance between people and technology by assessing time and costs for each process, then aligning with the 2nd pillar of the strategy "rethinking value chain" for the automation and making necessary human resource allocation to achieve optimal utilization of talent. In 2023 we have identified most processes within GIG-Jordan, 889 to be exact, time of each process and automation possibility, 46% of identified processes can be automated, priorities are being arranged with 2nd pillar of the strategy.

2nd Initiative is people, the focus is on expanding training and development initiatives and directing towards technological advancement, automation, and AI while remaining relevant to the employee's core activities. In addition to the regular training courses and CII certification that are being conducted annually, in 2023 we added Advance Excel, PMP and ICDL courses.

3rd initiative is culture; insurance is the one of the most disrupted sectors in the global economy, the disruption reflects on the speed with which the industry responds to the social, technological, environmental, economic, and political changes. Culture is the differentiator to realizing an organization's potential, a more agile, innovative, risk-conscious, hybrid and customer-centric culture is set to be the primary competitive differentiator in the new landscape. In 2023 a hybrid working model was implemented, that offers flexible working arrangement.

### **2. Rethinking Value Chain:**

This pillar aims to optimize the overall customer experience and enhance value chain activities through the utilization of digital tools. The company has successfully executed numerous automation projects and entered into digital partnerships, with the objective of increasing revenue streams, improving operational efficiency, and optimizing the customer journey.

The implementation of the medical providers portal is considered one of the most Important ongoing projects under development, contributing to enhancing the process of medical claims, increasing operational efficiency, and improving customer service. Additionally, the loyalty program has been completed, designed to appreciate customers in a manner that aligns with their expectations. The implementation of automated surveys and collecting customer feedback across touchpoints and customer service interactions has fostered a customer-centric approach, leading to the establishment of a Customer Satisfaction Index (CSI) for ongoing improvements.

Moreover, the company has established and finalized several digital partnerships aimed at diversifying revenue streams and expanding the company's exposure through new channels. These strategic initiatives collectively underscore our dedication to innovation and continued enhancement of customer-centric services.

### 3. Smart Growth:

In addition to the effective traditional methods of increasing the company's revenues and maximizing returns, a number of initiatives have been agreed upon to achieve the desired results through various traditional and non-traditional methods, such as establishing a department specialized in cross selling, moving forward in various stages of signing bancassurance agreements with a number of local banks, and providing different customers' installment solutions by creating effective partnerships with five local banks.


On the other hand, the company has diversified its investment portfolio by converting the biggest portion of this portfolio from bank deposits to medium-term bonds that guarantee the company stable returns on the medium term.

Many initiatives are still under development such as individual life insurance products, the bundling of various insurance products based on customers' needs, in addition to opening new branches with the aim of serving the customers.

Other initiatives include creating various partnerships with a number of regional insurance companies to sell their products in our region and our products in their countries. In addition to that, the company is refocusing on all revenue-generating factors, such as increasing the customers' retention ratio and collaborating more closely with its suppliers, including reinsurers.

In the end, allow me to congratulate all of you, the company's Board of Directors, and Gulf Insurance Group for the impressive results achieved. I would also like to thank the regulatory authorities represented by the Insurance Supervision Department in the Central Bank of Jordan, our external auditor, our partners in reinsurance, all our partners in success, insurance agents and brokers, and all company employees, and I look forward to the year 2024 with optimism to achieve better results and greater steps towards achieving our strategic goals for the coming years.

Chairman of the Board of Directors  
Naser Ahmad Lozi



## Board of Directors Report:

### First: Insurance Contracts Revenues

The total insurance contracts revenues for the year 2023 were JD 110,059,304 compared with JD 101,324,633 in 2022, an increase of 9%, distributed as follows:

- Marine Insurance: The total insurance contracts revenues of the Marine Insurance amounted to JD 1,815,415 in 2023 compared with JD 2,084,815 in 2022, a decrease of 13%.
- Fire Insurance: The total Insurance contracts revenues of the Fire Insurance amounted to JD 10,822,542 in 2023 compared with JD 10,523,249 in 2022, an increase of 3%.
- Liability, Engineering and Other Insurance Branches: The total insurance contracts revenues of Liability, Engineering and Other Insurance branches amounted to JD 5,871,177 in 2023 compared with JD 6,089,599 in 2022, a decrease of 4%.
- Motor Insurance: The total Insurance contracts revenues of the Motor Insurance amounted to JD 28,143,652 in 2023 compared with JD 25,161,046 in 2022, an increase of 12%.
- Life Insurance: The total insurance contracts revenues of the Life Insurance amounted to JD 2,679,278 in 2023 compared with JD 933,085 in 2022, an increase of 187%.
- Medical Insurance: The total Insurance contracts revenues of the Medical Insurance amounted to JD 60,727,240 in 2023 compared with JD 56,532,839 in 2022, an increase of 7%.

### Second: Insurance Contracts Expenses

The total amount of Insurance contracts expenses in 2023 amounted to JD 85,594,055 compared with JD 83,598,418 in 2022, an increase of 2% distributed as follows:

- Marine Insurance : The total Insurance contracts expenses for the Marine Insurance in 2023 amounted to JD 807,573 compared with JD 914,373 in 2022, a decrease of 12%.
- Fire Insurance : the total insurance contracts expenses for the Fire Insurance in 2023 amounted to JD 3,082,352 compared with JD 4,137,434 in 2022, a decrease of 26%.
- Liability, Engineering and Other Insurance Branches : The total Insurance contracts expenses for the Liability, Engineering and Other Insurance branches in 2023 amounted to JD 2,429,401 compared with JD 1,459,330 in 2022, an increase of 66%.
- Motor Insurance: The total Insurance contracts expenses for the Motor Insurance in 2023 amounted to JD 22,675,737 compared with JD 24,970,973 in 2022, a decrease of 9%.
- Life Insurance: The total Insurance contracts expenses for the Life Insurance amounted to JD 2,582,971 in 2023 compared to JD 1,055,141 in 2022, an increase of 144%.
- Medical Insurance : The total Insurance contracts expenses for the Medical Insurance in 2023 amounted to JD 54,016,021 compared with JD 51,061,167 in 2022, an increase of 6%.

### Third: Insurance Assets & Liabilities.

- The total Insurance contracts liabilities at the end of 2023 amounted to JD 64,773,537 compared with JD 63,564,886 in 2022, an increase of 2%.
- The total Reinsurance contracts assets at the end of 2023 amounted to JD 6,176,683 compared with JD 7,991,916 in 2022, a decrease of 23%.

### Fourth: Investments

The company's investments were distributed as follows:

- The company achieved credit interest amounting to JD 4,331,926 in 2022 compared with JD 3,375,387 in 2022, an increase of 28%.
- The value of financial investments at the end of 2023 amounted to JD 68,617,709 of which JD 5,682,672 is financial assets at fair value through other comprehensive income, JD 57,755,525 is financial assets at amortized cost, and JD 5,179,512 is financial assets at fair value through the Profit and Loss, while the company's deposits at banks amounted to JD 21,272,263, of which JD 814,140 is a restricted deposit in the name of the Governor of the Central Bank of Jordan as a legal requirement.

### Fifth: Insurance and reinsurance contracts results

The company's Insurance and reinsurance contracts results for 2023 amounted to a profit of JD 7,995,772 compared with a profit of JD 6,503,144 in 2022, an increase of 23%, distributed as follows:

- Marine Insurance: The Marine Insurance and reinsurance contracts results in 2023 amounted to a profit of JD 573,36 compared with JD 775,307 in 2022, a decrease of 26%
- Fire Insurance : The Fire Insurance and reinsurance contracts results in 2023 amounted to a profit of JD 874,547 compared with JD 1,437,994 in 2022, a decrease of 39%.
- Liability, Engineering and Other Insurance Branches: Total Liability, Engineering and Other Insurance branches insurance and reinsurance contracts results in 2023 amounted to losses of JD 342,448 compared with profits of JD 398,706 in 2022, a decrease 186%.
- Motor Insurance : The Motor Insurance and reinsurance contracts results in 2023 amounted to a profit of JD 2,112,696 compared with a loss of JD 600,139 in 2022, an increase of 452%.
- Life Insurance : The Life Insurance and reinsurance contracts results in 2023 amounted to a loss of JD 156,487 compared to loss of JD 409,283 in 2022, an increase of 62%.
- Medical Insurance: The Medical Insurance and reinsurance contracts results in 2023 amounted to a profit of JD 4,934,128 compared with JD 4,900,559 in 2022, an increase of 1%.
- The profit before tax and provisions for the year 2023 amounted to JD 9,726,835 compared with JD 8,452,172 in 2022, an increase of 15%.
- The company achieved a net profit after tax and provisions amounting to JD 9,488,655 in 2023, compared with JD 7,828,596 in 2022, an increase of 21%.
- The percentage of the net profit from the paid up capital for the year 2023 was approximately 37% while in 2022 it was 28%.

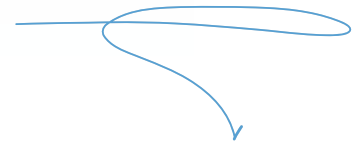
### Board of Directors Recommendations:

1. Address the outcomes of the previous general assembly meeting which was held on 27/04/2023.
2. Listening to the External Auditor's report.
3. Discuss and ratify the Board of Directors' report and the Company's future plan.
4. Discuss the Company's accounts and financial statements as of 31/12/2023 and approve it.
5. To Approve of the proposal of the Board of Directors at its meeting on 15/02/2024, concerning the distribution of cash dividends to shareholders at a rate of 15% of the company's capital for the year 2023 and to retain the remaining profits, provided the approval of the Central Bank of Jordan of this distribution.
6. Grant release of responsibilities to the Chairman and members of the Board of Directors for the year ended 31/12/2023.
7. Elect the Auditors for the year 2023 and authorize the Board of Directors to determine their fees.
8. Any other subjects addressed by the General Assembly according to law requirements.

In conclusion, I would like to express sincere thanks and gratitude to our esteemed clients for their support and confidence in our company and our services. I also would like to thank our shareholders for their confidence in and support to the board of directors and executive management. Further, I do thank our parent company "Gulf Insurance Group" for its permanent support to us and all parties that worked with us within the framework of outstanding strategic partnerships.

Finally, I wish more progress, advancement and security to our lovely Kingdom under the leadership of His Majesty King Abdullah II and his prudent government.

Chairman of the Board of Directors  
Naser Ahmad Lozi





## Disclosure Statement

1. a) The company is licensed to underwrite all types of insurance while the company's capital is 26,000,000 Jordanian Dinars as of December 31, 2023.
- b) The company has eleven branches: the first in Aqaba, the second in Mecca Street area, the third in Abdali area, the fourth in Prince Rashed Suburb (Medical City Street), which is the Motor Vehicles Claims Department, the fifth in Irbid city, the sixth in Marka area, the seventh in King Hussein Business Park, the eighth is Abdali Mall branch / Abdali area, the ninth is Galleria Mall branch / Sweifieh area, and the tenth is Amman Chamber of Commerce branch / Shmeisani area, in addition to the headquarters located in Jabal Amman area, Amman city, with the total of 436 employees as of December 31, 2023.

Branch	Number of Employees
Aqaba	2
Mecca Street	20
Abdali	17
Prince Rashed Suburb	34
Irbid	4
Marka	1
King Hussein Business Park	7
Abdali Mall	5
Galleria Mall	5
Amman Chamber of Commerce	5
Headquarters	336
<b>Total</b>	<b>436</b>

The company has no branches outside the kingdom.

- c) The company's capital investment amounted to 7,425,908 Jordanian Dinars as of 31/12/2023, as shown in disclosure number (12) of the Financial Statements.

## 2. Subsidiary Companies:

### Gulf Horizons for Administrative Consultations Company:

- Company Type: Limited Liability
- Main Activity: Administrative Consultations
- Company Capital: 1,000 Jordanian Dinars
- Ownership Percentage of Gulf Insurance Group/Jordan: 100%
- Company Address: Amman
- Management Committee: 3 Members
- Number of Company Employees: No employees
- The subsidiary company has no branches.

### First Gulf Badia for Administrative Consultations Company:

- Company Type: Limited Liability
- Main Activity: Administrative Consultations
- Company Capital: 1,000 Jordanian Dinars
- Ownership Percentage of Gulf Insurance Group/Jordan: 100%
- Company Address: Amman
- Management Committee: 3 Members
- Number of Company Employees: No employees
- The subsidiary company has no branches.

### 3. a. Board of Directors Bio's.

**HE. Mr. Naser Al Lozi**

**Chairman of the Board of Directors.**

Date of Birth: 26/2/1957

Educational Qualification: Bachelor of Science in Civil Engineering - University of Texas at Arlington (USA)

Graduation Year: 1979

#### Professional Experience:

- Chairman of the Board of Directors of Jordan Kuwait Bank (2021 – February 2024).
- Chairman of the Board of Directors of King Abdullah Development Fund (2021 – Present).
- Member of the Senate (2016-Present).
- Chairman of the Board of Directors of Gulf Insurance Group - Jordan (2013 – Present).
- Chief of the Royal Hashemite Court (2008 – 2011).
- Chairman of the Board of Directors of Gulf Insurance Group - Jordan (2000 – 2008).
- Minister of Transport (1999 – 2000).
- Minister of Information and Culture (1999).
- Minister of Public Works, Housing, and Transport (1998 – 1999).
- Minister of Public Works and Housing (1997 – 1998).
- Minister of Transport (1996 – 1997).
- Private Sector / Contracting and Consulting Engineering (1984 – 1996).
- Arcon Contracting (1984 – 1996).
- Consultant – Siemens (1984 – 1996).
- Director of Maintenance and Traffic Department – Ministry of Public Works and Housing (1983 – 1984).
- Resident Engineer - Queen Alia International Airport Road Project, Ministry of Public Works and Housing (1980 – 1983).

#### Membership in the Boards of Directors of Other Companies:

- Chairman of the Board of Directors of Royal Jordanian Airlines (2006 – 2014).
- Chairman of the Executive Committee of the Jordanian Privatization Corporation (2006 – 2009).
- Chairman of the Board of Directors of Jordan Investment Corporation (2006 – 2009).
- Board Member - Jordan Iron Company (2002 – 2008).
- Jordan Cables Company (2002 – 2008).
- Board Member - Jordan Kuwait Bank (2001 – 2008).
- Board Member of King Hussein Foundation (1999 – Present).
- Board Member - Philadelphia Bank (1984 – 1996).

#### Other Memberships:

- Member of the Jordan Engineers Association.
- Member of the Alumni Club of the Islamic College.
- Member of the International Alumni Club - University of Texas at Arlington.

#### Honors:

- Order of the First Class Jordanian Star.
- Order of the Second Class Jordanian Star.

### **Mr. Khaled Al Hasan**

#### **Vice Chairman of the Board of Directors – Representative of Gulf Insurance Group.**

Date of Birth: 16/03/1953

Educational Qualification: Bachelor's degree in Economics and Political Science - Kuwait University

Year of Graduation: 1976

#### **Professional Experience:**

- Board Member and CEO of Gulf Insurance Group - Kuwait.
- Chairman of the Board of Kuwait Insurance Federation – Kuwait.
- Board Member of many of Gulf Insurance Group Subsidiaries.
- Board Member of General Arab Insurance Federation.
- Board Member of Arab Reinsurance Company – Lebanon.

### **Mr. Alaa Al Zoheiry**

#### **Member of the Board of Directors – Representative of Gulf Insurance Group.**

Date of Birth: 31/3/1964

Educational Qualifications: Diploma in General Insurance (excluding Life Insurance) - Cairo University, Egypt. Bachelor's degree in Business Administration from Sadat Academy for Management Sciences, Business Administration.

Year of Graduation: 1986

#### **Professional Experience:**

- Managing Director and Board Member - GIG Egypt (General Insurance Group) - Egypt.
- Board Member - Gulf Insurance Group - Jordan (since 2009).
- Former President of the Afro-Asian Insurance and Reinsurance Federation and current Vice Chairman.
- Chairman of the Egyptian Insurance Federation - Egypt (since 2017).
- Former President of the General Arab Insurance Federation (GAIF) in 2014 and Board Member of GAIF since 2008.
- Board Member - Sigorta Gulf - Turkey (since 2016).
- Vice Chairman of the Board of Directors - GIG Takaful Life Company (since 2011).
- Member of the American Chamber of Commerce in Egypt (since 2005).
- Member of the Egyptian-Lebanese Businessmen Association (since 2002).

## **Mr. Bijan Khosrowshahi**

### **Member of the Board of Directors – Representative of Gulf Insurance Group.**

Date of Birth: 23/7/1961

Education: MBA, 1986 and Bachelor degree in Mechanical Engineering, Drexel University, USA, 1983.

#### **Current Positions:**

- President of Fairfax International, London.
- Board member Gulf Insurance Group – Kuwait.
- Board member Gulf Insurance & Reinsurance Company (GIRI) – Kuwait.
- Board member Arab Misr Insurance Group – Egypt.
- Board member Gulf Insurance Group Company – Turkey.
- Board member Gulf Insurance Group Company – Bahrain.
- Board member Gulf Insurance Group Company – Jordan.
- Board member Jordan Kuwait Bank – Jordan.
- Board member Alliance Insurance - Dubai.
- Board member Tawuniya Insurance Company - Saudi Arabia.
- Board member Colonnade insurance – Luxembourg.
- Board member Southbridge compaina de seguros – Chile.
- Board member La Meridional compania – Argentina.
- Board member SBS seguros - Colombia.

#### **Previous Positions:**

- President & CEO, Fuji Fire and Marine Insurance Company, Japan (2004-2009).
- President, AIG's General Insurance operations, Seoul, Korea (2001-2004).
- Vice Chairman and Managing Director, AIG Sigorta, Istanbul, Turkey (1997-2001).
- Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region, USA.
- Held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986.
- Member of the Board of Directors / Foreign Affairs Council.
- Member of the Board of Directors of the Insurance Association (Philadelphia).
- Member of the USO Board in Korea.
- Chairman of the Insurance Committee at the American Chamber of Commerce in Korea.
- Member of the Turkish Businessmen's Association.

## **Mrs. Hiyam Habash**

### **Member of the Board of Directors – Representative of Jordan Kuwait Bank.**

Date of Birth: 13/06/1955

Educational Qualification: Bachelor's degree in Applied Sciences (Saffomore Degree) - Beirut University College (Currently Lebanese American University).

Year of Graduation: 1978

#### **Professional Experience:**

- Board Member of Gulf Insurance Group - Jordan.
- Chief Financial Officer at Jordan Kuwait Bank - Jordan (1999-2020).
- Chief Financial Officer - Middle East Travel Agency - Jerusalem (1997-1998).
- Financial Manager - Modern English Schools - Jordan (1992-1997).
- Financial Manager - Petra Bank - Jordan (1978-1989).

### **Mr. Ali Al Henda**

#### **Member of the Board of Directors – Representative of Gulf Insurance Group.**

Date of Birth: 12/05/1977

Educational Qualifications: Bachelor's degree in Information Technology / Master's degree in Business Administration / Advanced Diploma in Insurance

Year of Graduation: Bachelor's 2005 - Master's 2016

#### **Professional Experience:**

- Joined Gulf Insurance Group - Kuwait (2005).
- Board Member - Gulf Insurance Group - Jordan (2017 - present).
- Executive Vice President of Operations for all technical businesses - Gulf Insurance Group - Kuwait (2017 - present).
- Board Member at Egyptian Takaful Insurance Company - Life - Cairo, Egypt (2013 - 2017).
- Assistant General Manager - Life and Health Insurance - Gulf Insurance Group - Kuwait (2013 - 2016).
- Graduated from the second batch of the Management Development Program at Gulf Insurance Group, which aims to develop the next generation of senior management.
- Board Member of Yaku Medical Company - Kuwait 2022.
- Board Member of Bahrain Kuwait Insurance GIG - Bahrain (since 2023).

### **Mr. Tawfiq Mukahal**

#### **Member of the Board of Directors – Representative of Strategic Investments Company.**

Date of Birth: 15/04/1951

Educational Qualification: High School Diploma 1969, Joind the Faculty of Economics and trade Jordan University 1970-1971, Advanced Credit school of Citi Bank 1980-1981.

#### **Professional Experience:**

- Vice Chairman of the Board - Jordan Mortgage Refinance Company - Representative of Jordan Kuwait Bank.
- Board Member of Jordan Loan Guarantee Corporation - Representative of Jordan Kuwait Bank.
- Board Member at Gulf Insurance Group - Jordan - Independent Member.
- Board Member of Strategic Investments Company - Jordan.
- Board Member of Jordan Iron Company - Representative of Jordan Kuwait Bank.
- Board Member of Kingdom Electricity Company - Representative of Jordan Kuwait Bank.
- Board Member of Trust Financial Investments Company - Representative of Jordan Kuwait Bank.
- Chairman of the Board of Arab Life and Accident Insurance Company (formerly).
- Deputy General Manager / Head of Banking Group at Jordan Kuwait Bank (since 1991 - 2021).
- Assistant General Manager / Facilities (1998 - 2007) at Jordan Kuwait Bank.
- Executive Director / Facilities Management (1993 - 1997) at Jordan Kuwait Bank.
- Credit and Marketing Unit Manager (1991 - 1993) at Jordan Kuwait Bank.
- Credit and Marketing Manager at National Bank of Kuwait - Kuwait (1974 - 1990).

### **Mr. Mazen Tabbalat**

#### **Member of the Board of Directors Starting 27/04/2023**

Date of Birth: 26/5/1964

Educational Qualification: Bachelor's degree in Accounting and Master's degree in Development and Peace Studies

Year of Graduation: Bachelor's 1986 / Master's 2003

#### **Professional Experience:**

- Chief Executive Officer of the King Abdullah II Fund for Development (2023 - Present).
- Vice Chairman of the Board of Directors of Arab Life and Accident Insurance Company (2021).
- Ministerial-level position in the Royal Hashemite Court (2016).
- Director of the Office of the Chief of the Royal Hashemite Court (2007 - 2016).
- Assistant Master of Royal Protocols (2000 - 2005).
- Financial Advisor at Afkar Promosven Advertising Agency (1996 - 1998).
- Accountant - The Royal Hashemite Court and Royal Trips (1988 - 1996).

#### **Honors:**

- Independence Medal.

## **Mr. Ahmad Sallakh**

### **Member of the Board of Directors Starting 27/04/2023**

Date of Birth: 11/5/1968

Educational Qualification: Bachelor's degree in Mechanical Engineering

Year of Graduation: 1991

#### **Professional Experience:**

- Chief Executive Officer of Al Nabil Food Industries Company (2016 – 2023).
- Chief Executive Officer of KADDB Investment Group – King Abdullah II Design and Development Bureau (2011 – 2016).
- Chief Executive Officer of Middle East Specialized Cables Company (2005 – 2011).
- Deputy Chief Executive Officer of Middle East Specialized Cables Company (2004 – 2005).
- Board Member of Jordan Vegetable Oils Company (2018 – Present).
- Board Member of Arab Life and Accident Insurance Company (2021).
- Investment Committee Member at the Jordanian Fund for Entrepreneurship (2019 - Present).
- Member of the Faculty Council of Engineering - Al Hussein Technical University (2023 - present).

## **b. Executive Management Team Bio's.**

### **Dr. Ali Adel Ahmad Al-Wazaney**

#### **Job Title: CEO**

Education: PhD degree in Marketing (2010), MBA degree in Business Administration (1997), BSc degree in Accounting & Business Administration (1993), BSc degree in Law (2022).

#### **Current Positions:**

- CEO / Gulf Insurance Group - Jordan.
- Member – Board of Trustees – Board Member - RHAS (Royal Health Awareness Society).

#### **Previous Positions:**

- CEO / Solidarity – First Insurance Company (2008-2018).
- Chairman / Jordan Insurance Federation and Board Member.
- Member Board of Directors - General Arab Insurance Federation- Cairo -Egypt (2015-2017).
- Chairman - Jordan Association for Medical Insurance (2013-2015, 2015-2017).
- Member – Board of Trustees - Educational Sciences and Arts (UNRWA) - Amman- Jordan.
- Member - Board of Directors and Executive Committee- Solidarity –Jordan, Solidarity Takaful -Saudi Arabia and Board of Directors and Executive Committee - Al Ahlia Insurance- Bahrain.
- Part time Lecturer - Amman Arab University - Faculty of Business (2014-2015), Full time Lecturer - Al-Zaytoonah University (1998-2000).
- Member - Board of Directors - Jordan Association for Medical Insurance (2011-2013).
- Deputy General Manager GIG – Jordan (2000-2007).



### **Mr. Saad Ameen Tawfiq Farah**

#### **Job Title: CFO & Secretary of the Board of Directors**

Education: BA in Banking and Finance (2001) / Yarmouk University, Certified Management Accountant (CMA) / The Institute of Management Accountants (IMA) USA, Certified Financial Manager (CFM) / The Institute of Management Accountants (IMA) USA, Association of Chartered Certified Accountant (ACCA) .

#### **Previous Positions:**

- Deputy Chief Financial Officer - GIG - Jordan.
- Director – Corporate Finance - GIG - Jordan.
- Director – Group Head of Internal Audit - Al Sweilem Group - KSA.
- Member of the Board of Directors & Audit Committee Member - The Mortgage Loans Insurance Co (Darkom).
- Member of the Board of Directors & Audit Committee Member - Injaz - Jordan (2023).
- Director – Group Head of Internal Audit Department - United Arab Investors Company.
- AVP- Head of Internal Audit - Amwal Invest.
- Senior Manager – Internal Audit and Quality Control - GIG - Jordan.
- Accountant & Financial Analyst - Securities Depository Center.
- Financial Analyst - Talal Abu Ghazaleh & Co. International.

### **Mr. Tareq Tayseer Na'meh Ammary**

#### **Job Title: Chief Technical Officer until 5/4/2023**

Education: BA in Business Administration (1996), Masters in Insurance (2003), Cert. CII/London

#### **Previous Positions:**

- Director / Reinsurane, Underwriting and Engineering department -GIG-Jordan (2011).
- Business Development manager – Dead Sea Elite (2007-2010).
- Director of Supervisory division on supporting services – Jordan Insurance Committee (2003-2006).
- International Clients Manager – RAS – Italy (2002-2003).
- Assistant Manager – Fire and General Insurance - Arab German Insurance Company (1997-2002).

### **Mr. Rami Kamal Oudeh Dababneh**

#### **Job Title: Director / Business Development and Marketing Department**

Education: BA in Business Administration (2001) / ACII

#### **Previous Positions:**

- Director - Key Accounts, General Claims, and Motor Claims Department at gig – Jordan (2011-2018).
- Deputy General Manager of Business Development Department at Arab German Insurance Company (2010-2011).
- Director of Business Development Department at Arab German Insurance Company (2006-2010).
- Director of Business Development Department at GIG-Jordan (2005-2006).
- Accounts Director - Business Development Department at GIG-Jordan (2003-2005).
- Account Manager - Business Development Department at GIG-Jordan (2002-2003).
- Member of the Jordanian-Canadian Business Association (JOCABA).

### **Mr. Suleiman Abed Al-Hafez Mohammad Dandis**

#### **Job Title: Director / Medical Division**

Education: BSc, English Literature (2001), Masters Degree in Business Administration (2023)

#### **Previous Positions:**

- Deputy Director - Medical Insurance Department at gig - Jordan (2011-2017).
- Director of Medical Insurance Department at Trade Union Cooperative Insurance Company / Saudi Arabia (2010-2011).
- Medical Production and underwriting Manager at Med Net - Jordan (2006-2010).
- Assistant Manager of Medical Network Department at Med Net - Jordan (2001-2006).
- Member of Medical and life Executive committee - Jordan Insurance Federation (2018).
- Deputy of the Life (Takaful) and Health Insurance Committee (since 2023).
- Member of the Board of Directors of the Association for Medical Insurance (since 2023).

### **Mr. Mohammad Ameen Mahmoud Suboh**

#### **Job Title: Director / Branches & Indirect Business Department**

Education: BSc, Economics and Administrative Sciences (2000).

#### **Previous Positions:**

- CEO - Arab Life & Accidents Insurance Company (3/2023 -11/2023).
- Job Title: Director - Branches & Indirect Business Department - GIG-Jordan (2018-3/2023).
- Deputy Director - Branches & Indirect Business Department and Bank Assurance GIG-Jordan (2011-2018).
- Director Customer Service / Direct Sales - Arab German Insurance Company (2007-2010).
- Manager Business Development - Customer service - Special Projects - GIG-Jordan (2006-2007).
- Officer - Customer Service - GIG-Jordan (2003-2006).
- Officer - General and Engineering underwriting department - Motor Underwriting department - Oasis Insurance (2001-2003).

### **Mrs. Baraa Kamel Nafiz Shareif**

#### **Title: Manager / Internal Audit Department**

Education : BSc Accounting (2013), CPA, CII

#### **Previous Positions:**

- Team Leader - Internal Audit Department - GIG-Jordan (2021).
- Senior Officer - Internal Audit Department - GIG-Jordan (2019).
- Assistant Manager - Internal Audit Department - Deloitte & Touche (2013-2018).

### **Mr. Omar Ali Othman Al Jeelani**

#### **Title: Manager / Legal Department**

Education: BSc, Law (2010).

#### **Previous Positions:**

- Lawyer / Legal Department - GIG-Jordan (2013).
- Legal Trainee - Itqan Law Firm (2012).
- Jordanian Bar Association Member (2013).

**Note:**

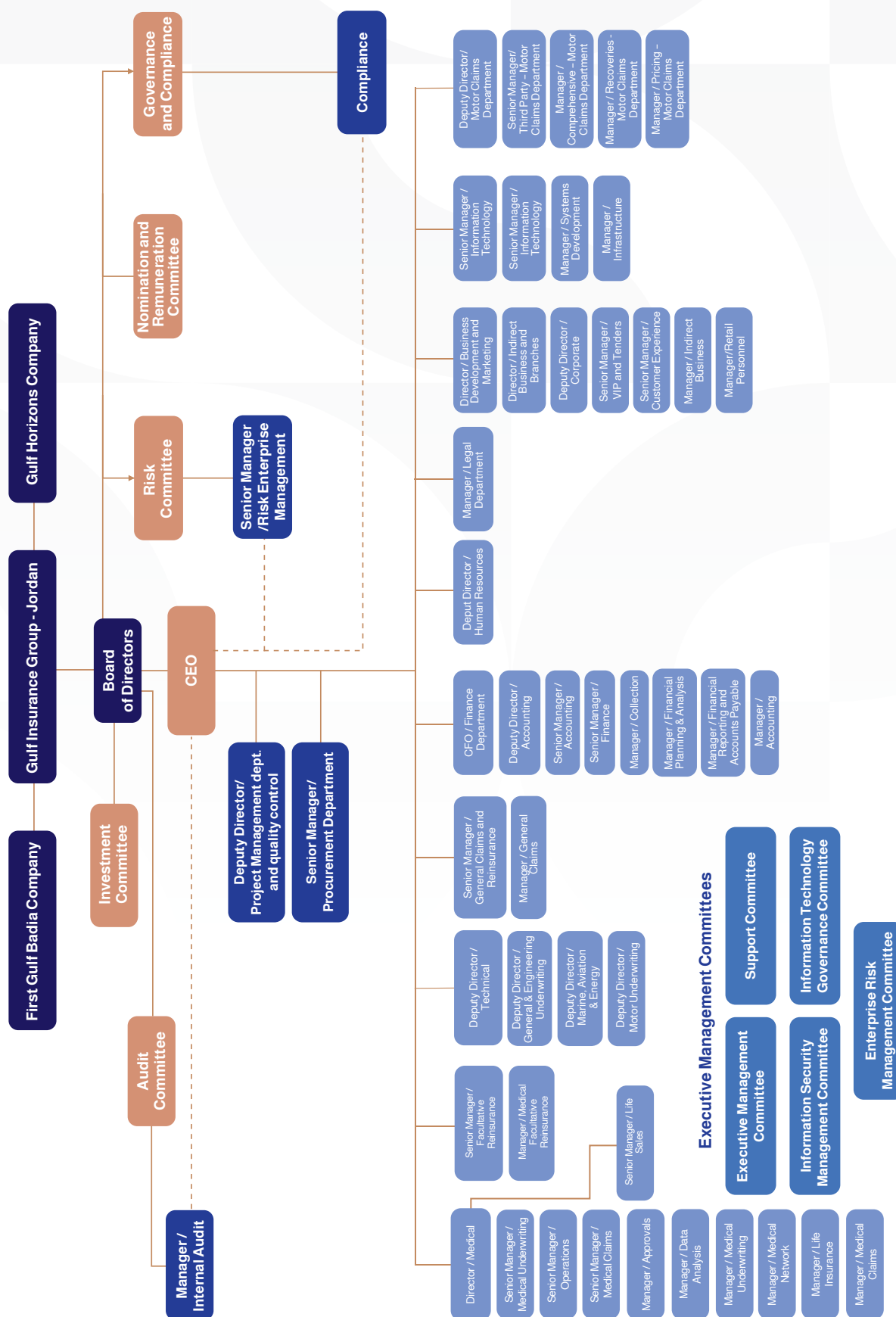
- According to The Board of Directors Resolution No. 5 at its seventh meeting held on December 27, 2017, the concept of senior management with executive authority in the company was defined as employees holding the title of Executive Director or above.
- External law firms have been appointed, namely "Dajani & Partners Lawyers and Legal Consultants", "Al Hammouri & Partners for Law and Legal Consultations", "Law Office of Samer Al-Aqrabawi", "Law Office of Osama Al-Tarawneh", "Law Office of Mubdi Dell", "Law Office of Sharif Al-Zu'bi", "Saltus Lawyers and Legal Consultants", "Al-Faraya & Abu Al-Essam Office". The duties of these firms include representing the company in cases brought by or against the company in various courts of the kingdom.

**4. Major Shareholders with 5% or More:**

Shareholder	2023		2022	
	Number of shares	% of Shares	Number of shares	% of Shares
Gulf Insurance Group	23,367,078	89.873%	23,376,078	89.908%
Omar Hamdi Badawi Elan	1,416,207	5.447%	1,416,207	5.447%

5. The Company ranked the first among local companies in term of written premiums, which reached 14.77% of the total written premiums in the market noting the company only operates in Jordan..
6. There is no reliance on specific suppliers or major clients (locally or internationally) accounting for 10% or more of total purchases and/or sales.
7. a. Following the merger of Arab Life and Accidents Insurance Company into Gulf Insurance Group - Jordan on 16/11/2021, the company was granted the following exemptions for a period of three years:
  - Exemption from income tax.
  - Exemption from fees imposed under the Insurance Law.
 Except for the above, the company does not have any governmental protection or privileges for any of its products under laws, regulations, or otherwise.
- b. The company does not hold any patents or franchise rights.
8. a. There are no decisions issued by the government, international organizations, or others that have a material impact on the company's operations, products, or competitiveness.
- b. International quality standards do not apply to the company, or the company does not adhere to international quality standards.

## 9. Company Employees and Training Courses: a Organizational Chart:



## A-2 : Subsidiaries Organization Charts:

- First Gulf Badia for Administrative Consultations LLC.



- Gulf Horizons for Administrative Consultations LLC.



**b. Company Employees:** The company employs 436 employees as of 31/12/2023, the majority of whom hold high academic qualifications and extensive experience in addition to receiving specialized training courses.

Educational Attainment	Number of Employees as of 31/12/2023
PhD	2
Master's	17
Bachelor's	352
Diploma	25
General Secondary Education	29
Below General Secondary Education	11
<b>Total</b>	<b>436</b>

**c. Training Courses:** Many employees, attended various internal training courses, in addition to participating in local and international conferences and seminars as outlined below.

Training Course	Number of Attendees
Online Selling training	20
Training (General insurance)	20
IT Orientation Session / Core IMS Session	120
Training (Motor insurance)	30
IT Orientation Session / Core IMS Session	120
Information Security Awareness Session	157
Bupa Awareness Session	65
Diligent system training for ERM team	2
The private sector workshop from the perspective of healthcare bill payers.	2
Underwriting and distribution in life insurance and health insurance products.	10

Training Course	Number of Attendees
Governance and compliance in Jordanian insurance companies between theoretical reality and practical implementation (Building a practical model on compliance and its applicability to the insurance sector).	2
Credit Policy	21
Digital marketing and its practical application in the insurance sector.	2
Occupational Safety and Health Supervisors Course.	3
ISO 22301:2019 (BCMS) Lead Implementer	1
Awareness Session - AML & High-Risk Countries	294
Microinsurance and practical applications.	2
Life insurance session	17
Corporate portal testing	50
Digital Transformation conference	2
Training (IPMI)	20
Training (Q&A Medical)	20
Training (ACOC)	20
Training (Medical insurance)	20
Online Orientation Session - Session about Technical Skills (VPN, Encryption, ...)	20
Practical application program in building a risk management matrix based on the operations of insurance companies.	2
Business Intelligence Platform Power BI	109
Certified Compliance Manager (CCM )	1
Brief about insurance	9
Training (Motor insurance)	20
Training (CRM/Script)	20
Training (IPMI)	20
Training (General)	20
FAIR Institute Summit 2023 - Middle East and Africa	3
Training (Credit policy)	30
Training (Central Bank Penalties)	9
Training (Online selling)	20
Training (P&P)	20
Training (KYC)	20
Training (CRM)	20
Training (General)	20
Training (Sales Skills)	20
Workflow and DMS (Document Management System)	150
Online CIPS Diploma in Procurement Supply Proposal	1
Individual price calculator	65



Training Course	Number of Attendees
Cyber Workshop	1
AIG Online Marine Academy	4
Training Session - Business Intelligence Platform (Power BI)	150
Training for Menaltech	100
Training (Life insurance)	50
Trend Micro Risk to resilience	140
Training (Life insurance)	50
Risk Engineer's Workshop	8
Certified Cyber Insurance Specialist	1
Training (Life insurance)	30
Orientation Session - New IMS Ticketing System	141
Knowledge Sharing Sessions: Cyber Security	100
Knowledge Sharing Session: Fairfax Innovation Award - 2022 Projects - Business Operations Model (BOM)	100
Effectiveness of early warning system in facing financial crises	2
Crime insurance for banks	2
Orientation Session - New IMS Ticketing System	130
The practical approach to social media channels	2
Motor Accident Inquiry Portal Awareness session	200
Workshop on accelerating Jordan's progress towards achieving sustainable development goals through establishing the infrastructure of an integrated financing framework.	1
Training on data analysis skills and artificial intelligence.	1
ISCEA CSCA Aug 2023	1
Uncover the Power of IBM Process Mining Event	2
Bancassurance	2
Promocode Portal	80
TOT-Training	5
Governance and Information Technology Management Framework	2
ISO 27001 Lead auditor Course with Exam	1
Training with Amman Chamber of Commerce	20
Training Course - Excel for Beginners / Life Insurance Department	16
Third Marine Insurance Open Day	2
Customer Service Training Program - BDM Team	19
Medico Legal Issues in Daily Practice	1
Automating medical insurance payments and claims.	2
The First International Conference: Artificial Intelligence and Future Technologies	3
Introduction to Aviation Insurance, Accidents, and Third-Party Legal Liabilities	2

Training Course	Number of Attendees
Orientation session - New IMS Core System	160
Building effective auditing departments with practical application for preparing an internal report on one of the departments.	2
DevOps training	14
KPI's	2
Principles of insurance and property insurance	20
Digital transformations in financial transactions	2
Inspection and detection of damages to modern vehicles	2
Home insurance	50
Principles of insurance and property insurance	50
General Insurance training	2
Loyalty Awareness Sessions	250
Training for Menaltech	70
Training (Q&A Medical)	20
Training (Motor insurance)	20
Reaching customers through mobile phones.	2
Artificial Intelligence for Non-Techies	2
Training (IPMI)	20
Training (Q&A Medical)	25
Training (Motor)	20
Launching new insurance products on electronic channels 2023	210
Awareness session - Terms and concepts of medical insurance	70
Digital Insurance	2
Orientation Session - Corporate Department / Promocode Portal	130
Orientation Session - FortiClient VPN	100
Engineering Insurance training	70
new travel insurance	100
Awareness Session - Purchase Request WF Process & Hospitality Portal	136
Training PMP	21
ICDL Training Course	20
Women Leadership Program - Big Sister Little Sister	9
Insurance broker licensing regulations.	1

**10. The company follows financial policies to manage various risks** within a specific strategy. Executive management oversees risk control and regulation through the Risk Department. The company optimally allocates assets and liabilities in the general budget, encompassing risks such as financial risks including interest rates, credit risks, foreign exchange risks, market risks, operational risks, compliance risks, insurance business risks, and reinsurance business risks.

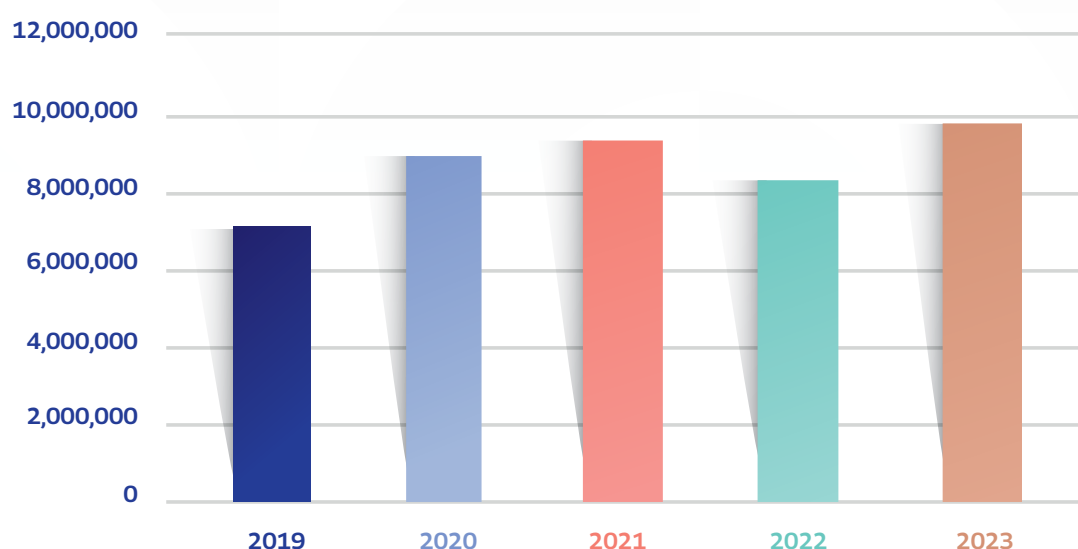
**11. Gross written premiums amounted to 109.1 million Jordanian Dinars as of the end of 2023.** The global rating agency A.M. Best affirmed the Long-Term Issuer Credit Rating of Gulf Insurance Group - Jordan, at bbb+ and the Financial Strength Rating at B++. The agency also confirmed a “stable” outlook for both ratings. During the year, the company focused on specialized types of insurance requiring advanced technical knowledge and strong relationships with global reinsurers. Significant progress was made in information systems facilitating workflow within the company, with several departments and divisions being developed in 2023.

**12. There is no financial impact from non-recurring operations that occurred during the fiscal year and do not fall within the company's core activities.**

**13. Historical realized profits or losses, distributed profits, net shareholders' equity, and share prices.**

Description	2019	2020	2021	2022	2023
Profit before tax	7,180,047	8,959,833	9,185,918	8,452,172	9,726,835
Cash Dividends	-	-	-	1,271,913	3,900,000
Stock Dividends	-	-	-	561,748	-
Net Equity	27,810,700	33,593,653	41,468,086	43,435,074	49,343,336
Net book value / Share JOD	1.30	1.57	1.63	1.67	1.90
Market value / Share JOD	1.14	1.17	1.55	2.00	1.78

### Realized Profits



#### 14. Financial Ratios and indicators:

Ratio	31/12/2023	31/12/2022
Liquidity Ratio	140%	139%
Cash Ratio	24%	77%
Working Capital	37,930,901	34,326,049
Return on Investments	4.31%	4.48%
Capital Adequacy	172.3%	182.8%
Net book Value per share / JOD	1.9	1.67
Assets turn over	0.76	0.74

#### 15. Future Plan:

- Achieving balance between people and technology to increase operational efficiency and enhance customer service.
- Developing individual life insurance products and creating cohesive packages of insurance products according to customer requirements.
- Balancing the insurance portfolio by focusing on attracting individual and small to medium-sized business insurance.
- Investing in human resources through intensive training programs leading to globally accredited technical certifications.
- Enhancing claims management and effective regulatory procedures to sustain our approved technical standards.
- Continuing to maintain the bancassurance project in collaboration with the Jordan Kuwait Bank and establishing partnerships with other banks and institutions to ensure the desired outcomes of this project.
- Focusing on cross selling as an effective and cost-efficient tool to increase the company's premiums from general insurance.
- Providing the highest and best possible levels of customer service and service providers through various available service channels, whether electronically or through the company's advanced customer service center and branches.
- Achieving a growth rate in the company's business volume that is not less than the market growth for the previous year 2023, and maintaining its ability to achieve appropriate returns for shareholders.

#### 16. Audit Fees for the Company:

The audit fees for the company's external auditors for 2023 was JD 87,593, JD 1,500 for Gulf Horizons for Administrative Consultations Company and JD 1,500 for First Gulf Badia for Administrative Consultations Company. Additionally, there were JD 3,500 for the issuance of an Anti-Money Laundry and Counter-Terrorist Financing certificate.

### 17. A. Securities Owned by Members of the Board of Directors and their Relatives as of 31/12/2023:

BOD Member	Title	Member Nationality	Representative Nationality	2023		2022		Other Controlled entities
				Number of shares	% of Share	Number of shares	% of Share	
H.E Naser Al louzi	Chairman	Jordaninan	Jordaninan	6900	0.0265%	6900	0.0265%	
Spouse's & Minor's Shares				0	0%	0	0%	
Gulf Insurance Group represented by	Vice Chairman	Kuwaiti	Kuwaiti	23,367,078	89.8734%	23,376,078	89.9080%	CEO of Gulf Insurance Group
Mr. Khaled Al Hasan				0	0%	0	0%	
Spouse's & Minor's Shares				0	0%	0	0%	
Gulf Insurance Group represented by	Member	Kuwaiti	Egyptian	23,367,078	89.8734%	23,376,078	89.9080%	
Mr. Alaa Al Zoheiry				0	0%	0	0%	
Spouse's & Minor's Shares				0	0%	0	0%	
Gulf Insurance Group represented by	Member	Kuwaiti	American	23,367,078	89.8734%	23,376,078	89.9080%	Board Member of Jordan Kuwait Bank
Mr. Bijan Khosrowshahi				0	0%	0	0%	
Spouse's & Minor's Shares				0	0%	0	0%	
Gulf Insurance Group represented by	Member	Kuwaiti	Kuwaiti	23,367,078	89.8734%	23,376,078	89.9080%	
Mr. Ali Al Hindal				0	0%	0	0%	
Spouse's & Minor's Shares				0	0%	0	0%	
Strategic Investments Company represented by	Member	Jordanian	Jordanian	11,980	0.0461%	11,980	0.0461%	
Mr. Tawfiq Mukahal				6027	0.0232%	6027	0.0232%	
Spouse's & Minor's Shares				0	0%	0	0%	
Jordan Kuwait Bank represented by	Member	Jordanian	Jordanian	8,612	0.0331%	8,612	0.0331%	
Mrs. Hiyam Habash				0	0%	0	0%	
Spouse's & Minor's Shares				0	0%	0	0%	
Mr. Ahmad Sallakh	Member	Jordanian	Jordanian	5,010	0.0193%	510	0.0020%	
Spouse's & Minor's Shares				0	0%	0	0%	
Mr. Mazen Tabbalat	Member	Jordanian	Jordanian	5,010	0.0193%	510	0.0020%	
Spouse's & Minor's Shares				0	0%	0	0%	

Apart from what has been mentioned above, there are no companies controlled by members of the board of directors and their relatives (spouses and minor children).

**b. Securities owned by senior management team and their relatives as of 31/12/2023:**

Name	Title	Nationality	2023		2022	
			Number of Shares	% of Shares	Number of Shares	% of Shares
Dr. Ali Al Wazaney	CEO	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%
Mr. Saad Farah	CFO	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%
Mr. Tarek Ammary To 05/04/2023	Chief Technical Officer	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%
Mr. Rami Dababneh	Director Business Development and Marketing	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%
Mr. Suleiman Dandis	Director Medical Division	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%
Mr. Mohammad Suboh	Director Branches & Indirect Business	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%
Mrs. Bara Sharif	Manager Internal Audit Department	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%
Mr. Omar Al Jilani	Manager Legal Department	Jordanian	0	0%	0	0%
Spouse's & Minor's Shares			0	0%	0	0%

There are no companies controlled by senior management personnel and their relatives (spouses and minor children).

**18. Summary of the company's bonus policy, outlining bonuses for board members and key employees.**

The company awards incentives and increases according to specific conditions and after prior approval by the board of directors based on the company's financial and technical results, ensuring that the total annual incentive and increases do not exceed a certain percentage of the total salaries in the year. The company disburses an annual incentive to employees as a percentage of pre-tax technical profits for employees working in the company, except for employees receiving monthly financial incentives. The distribution of the annual incentive amount is based on employee performance evaluation. The company grants an inflation increase on employees' monthly wages based on inflation rates announced by the General Statistics Department, subject to prior approval by the board of directors. Additionally, employees are promoted based on annual performance evaluations and recommendations from the executive management committee member, provided there is a vacant position. Employees are granted promotion increases according to the company's salary scale and grades.

- a. Board of Directors' bonuses amounted to 45,000 Jordanian Dinars, in addition to a sum of 136,200 Jordanian Dinars for transportation allowances, and a sum of 13,400 Jordanian Dinars for committee fees distributed among them as follows:

Name	Title	Reward	Transportation	Committees fees	Total
H.E Naser Al Lozi	Chairman	5,000	82,200	3,200	90,400
Mr. Khaled Al Hasan	Vice Chairman	5,000	7,200	2,400	14,600
Mr. Tawfiq Mukahal	Member	5,000	7,200	1,000	13,200
Mr. Ali Al-Hendal	Member	5,000	7,200	600	12,800
Mr. Alaa Al Zoheiry	Member	5,000	7,200	800	13,000
Mr. Bijan Khosrowshahi	Member	5,000	7,200	1,400	13,600
Mrs. Hiyam Habash	Member	5,000	7,200	2,200	14,400
Mr. Ahmad Sallakh	Member	5,000	5,400	1,000	11,400
Mr. Mazen Tabbalat	Member	5,000	5,400	800	11,200
<b>Total</b>		<b>45,000</b>	<b>136,200</b>	<b>13,400</b>	<b>194,600</b>

There is a company car for the use of the chairman of the board.

- b. The salaries of senior management employees amounted to 1,005,607 Jordanian Dinars, in addition to 27,803 Jordanian Dinars for the internal audit manager's salary and 23,572 Jordanian Dinars for the legal department manager's salary. Furthermore, the bonuses for senior management employees amounted to 344,423 Jordanian Dinars, in addition to 6,600 Jordanian Dinars for the internal audit manager's bonus and 3,900 Jordanian Dinars for the legal department manager's bonus. The total travel expenses amounted to 8,800 Jordanian Dinars, making the overall total 1,420,705 Jordanian Dinars during the year 2023, distributed according to the following table:

Name	Title	Annual Salary	Bonus	Travel expenses	Total
Dr. Ali Al Wazaney	CEO	384,000	160,240	5,500	549,740
Mr. Saad Farah	CFO	145,148	54,214	1,900	201,262
Mr. Tarek Ammary To 05/04/2023	Chief Technical Officer	147,899	54,153	--	202,052
Mr. Rami Dababneh	Director Business Development and Marketing	127,880	23,316	--	151,196
Mr. Suleiman Dandis	Director Medical Division	106,200	36,000	200	142,200
Mr. Mohammad Suboh	Director Branches & Indirect Business	94,480	16,500	750	111,730
Mrs. Bara Sharif	Manager Internal Audit Department	27,803	6,600	--	34,403
Mr. Omar Al Jeelani	Manager Legal Department	23,572	3,900	450	27,922
<b>Total</b>		<b>1,056,982</b>	<b>354,923</b>	<b>8,800</b>	<b>1,420,705</b>

There is a company car for the use of the CEO.

**19. Donations: The Company has donated the total amount of JD 141,130 in 2023 as follows:**

Donated to	Amount
Mrs. Sabah Hussein Mahmoud	360
Jordan Hashemite Charity Organization	120,000
Al Malath foundation for palliative care	3,200
King Hussein Cancer Center	15,000
Mashrek International school	500
SOS Childeren's Village	1,000
Prince Ali ibn Al Hussein Club for Deaf	350
Jordanian Hemophilia & Thalassemia society	700
German Jordan University	200
<b>Total</b>	<b>141,130</b>

**20. Related Parties:**

The group engaged in transactions with major shareholders, board members, and senior management as part of the group's ordinary business activities, using insurance premiums and commercial commissions. All outstanding balances with related parties are considered current and no provisions have been taken for them as of December 31, 2023. Below is a summary of balances and transactions with related parties during the year:

	2023			2022
	Jordan Kuwait Bank	BOD & Executive Management	Total	Total
	JD	JD	JD	JD
<b>Balance Sheet Items:</b>				
Term Deposits	3,218,563	-	3,218,563	21,655,916
Debt Current Accounts	168,992	-	168,992	152,128
Current Bank Accounts	242,845	-	242,845	216,540
Letters of Guarantee deposits	393,278	-	393,78	400,659
Insurance Contracts Liabilities	100,237	-	100,237	1,801,808
Financial assets at fair value through other comprehensive income	2,594,492	-	2,594,492	970,586
Accrued expenses	-	463,050	463,050	460,640
<b>Off Balance sheet items</b>				
Letters of Gurantee	3,932,780	-	3,932,780	4,006,590
<b>Income Statement Items</b>				
Bank Interest income	423,530	-	423,530	672,795
Insurance contracts revenues	3,214,900	-	3,214,900	3,041,550
Bank charges	248,859	-	248,859	118,596
Salaries	-	1,056,982	1,056,982	1,011,404
Bonuses	-	354,923	354,923	402,865
BOD Transportation	-	136,200	136,200	125,400
BOD Bonuses	-	45,000	45,000	35,000
BOD Committees Fees	-	13,400	13,400	4,600

During the year 2011, an agreement was reached with Gulf Insurance Group (the parent company) for settling accounts with reinsurers through the parent company. The group's payable balance at the end of the year 2023 amounted to (274,405) Jordanian Dinars in favor of Gulf Insurance Group (2022: 458,408 Dinars).



## **21. A. Company's Contribution to Environmental Protection:**

In line with the company's commitment to playing its role in environmental protection, the following initiatives were undertaken during the year 2023:

- The company continued implementing the provisions of the recycling project established in 2022. Recycling stations were installed in the main company building and its branches. These stations facilitate the collection, sorting, and safe disposal of waste on a weekly basis. Recyclable materials such as paper, cardboard, glass, iron, and organic waste are sorted and recycled into raw materials for the production of other goods. Additionally, electronic waste such as printer cartridges and malfunctioning electronic devices are collected for safe disposal.

## **B. Based on the social responsibility pursued by the company each year, it has contributed to supporting several different community entities, including educational, health, humanitarian, and sports activities, as well as supporting community projects, including:**

- Workplace policies: The company continued to implement various measures consistent with social responsibilities such as health and safety, codes of conduct, employment, etc.
- Employment of persons with disabilities: The company closely collaborates with the Ministry of Labor and other job fairs to employ persons with disabilities.
- The company continued to enforce award winning policies by maintaining a smoke-free work environment.
- The company continued to grant Employee of the Month and Best Achievement awards to support positive employee behavior. The Employee of the Month award is given when a colleague recognizes a positive action by an employee, while the Best Achievement award is given for outstanding and unique accomplishments by employees.
- Youth support: The company continued to collaborate with one of the largest organizations, the Business Development Center (BDC), which was established in 2004 as a non-profit organization committed to promoting economic development and public reform in Jordan and the Middle East. BDC has been at the forefront of many successful projects valued at millions of dollars, operating within an ecosystem of contributors and potential participants such as business service providers, government entities, universities, and international partners. Gulf Insurance Group - Jordan collaborates closely with the BDC to attract young talents for training and potential employment.
- Medical day: The company invited several accredited medical entities to conduct medical and laboratory examinations for employees, which was widely welcomed by the staff.
- Working with INJAZ: The company continued to work with INJAZ, a non-profit organization focusing on youth empowerment, established in Jordan in 1999. The company signed an agreement with INJAZ to engage its employees in organizing training sessions and many employees participated in mentoring sessions in schools and colleges, which was a rewarding experience for them.
- Women's empowerment: The company signed an agreement with the Arab Women Organization to support women in our community in their small projects. The Arab Women Organization has been working tirelessly to enhance the status of Jordanian women to become equal and effective partners in development. Additionally, the company entered into cooperation agreements with Jordanian businesswomen to support and empower them professionally and personally through the Big Sister Little Sister agreement.
- Support for local charities: The company is committed to supporting various local charitable organizations by providing food and beverage services and office supplies.
- A memorandum of understanding was signed between Gulf Insurance Group - Jordan and the German Jordanian University to train new university students each year during the summer course throughout their university studies.
- The Environmental, Social, and Governance (ESG) Governance Committee held several meetings during the year 2023 to study proposals and good ideas supporting energy conservation and transitioning towards the use of environmentally friendly materials.

- A corporate social responsibility policy was developed to guide the company to become an active member of the community.
- A study was conducted for a project to use alternative energy through solar panels for the main building and all branches.
- Installation of air saturators and flow reducers on taps, as well as hand dryers in bathrooms and kitchens to reduce paper and water consumption.
- Reducing the use of printed paper and internal printing by digitizing and automating some processes.
- Reusing envelopes for internal mail, ensuring envelopes are used multiple times.
- Employees were encouraged not to print in color unless necessary and to print on both sides of the paper if possible.
- Employees were encouraged to use multiple signature formats for email in case of sending a new email, including employee and company identification briefly when replying to incoming emails.
- Efforts to reduce plastic usage within the company to minimize waste, with a list of plastic items used and their locations being identified.
- Environmentally friendly bags were purchased and distributed to customers and employees as an environmental recycling initiative.
- Promoting healthy lifestyles, and collaborating with several gyms to conduct Inbody tests and measure body mass index, subsidizing the subscription fees for employees who are physically fit.
- Agreement with the Aman Association for the Future of Orphans to provide financial support through monthly deductions from employees' accounts to the association's account.
- Agreement with the Charitable Clothing Bank to place a clothing donation box within the company, where employees can donate clothes or unnecessary items.
- Engaging in activities with the Jordanian Children's Villages Association.
- Organizing an Iced Coffee Day for employees.
- Participating in a football championship organized by the Jordan Insurance Federation for sector employees.
- Community Support and Donations: During the year 2023, the company and its employees provided financial support of 100,000 Jordanian Dinars through the Jordan Insurance Federation for the benefit of the Jordan Hashemite Charity Organization to extend assistance to families in Gaza affected by the devastating aggression.
- Community Support and Donations: During the year 2023, the company and its employees donated 10,000 Jordanian Dinars for their annual iftar event to the Hussein Cancer Center.
- Gulf Insurance Group - Jordan organized a Ramadan iftar at the Children's Museum for about 60 children, aiming to provide them with an enjoyable Ramadan evening. The company initiated this activity with the participation of volunteer employees, and the children, aged between six and twelve, enjoyed a museum tour, educational and entertainment activities, followed by a warm meal and distribution of gifts by company volunteers.
- Gulf Insurance Group - Jordan, in collaboration with INJAZ, organized the "Job of the Day" program to establish a real connection between school students and the job market. The program aimed to familiarize students with the real work environment through full-day work visits with employees at their workplaces, allowing students to experience different professions and jobs in the job market to help them determine their career paths in the future.
- The company planted approximately 150 trees in the Dibein Reserve in implementation of the vision of the Environmental, Social, and Governance (ESG) Standards Committee.
- The ESG Standards Committee announced the launch of an incentive initiative through a memo sent to employees to encourage environmental protection and reduce pollution in its various forms. The initiative aimed to encourage employees to adopt positive environmental habits and behaviors, such as purchasing hybrid and electric vehicles, installing solar panels on rooftops, quitting smoking in all its forms, participating in cleaning public squares and parks, planting home plants and fruit / forest trees, regulating the use of plastic materials, and replacing them with recyclable materials.
- Fairfax signed a partnership agreement with the Cleveland Clinic to provide health awareness lectures via visual communication technology on mental and psychological health for employees.

- The company carried out restructuring works for the restroom facilities in the main building to make them environmentally friendly.
- Restructuring works were undertaken for some floors, and a walking path was created.

### Declarations

1. The board of directors of Gulf Insurance Group - Jordan acknowledges that there are no material matters that may affect the company's continuity during the next financial year.
2. The board of directors of Gulf Insurance Group - Jordan acknowledges its responsibility for preparing the financial statements and providing an effective control system within the company.
3. The board of directors of Gulf Insurance Group - Jordan acknowledges that they did not receive any financial or in-kind benefits during their tenure at the company, which were not disclosed, whether personal or for any related parties, for the year 2023.

**HE. Naser Al Lozi**  
Chairman of the Board



**Mr. Khaled Al Hasan**  
Vice Chairman



**Mr. Bijan Khosrowshahi**  
Member



**Mr. Alaa Al Zoheiry**  
Member



**Mr. Tawfiq Mukahal**  
Member



**Mrs. Hiyam Habash**  
Member



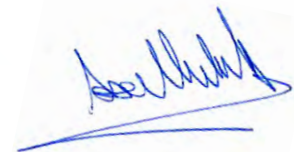
**Mr. Ali Al Henda**  
Member



**Mr. Mazen Tabbalat**  
Member



**Mr. Ahmad Sallakh**  
Member



4. Gulf Insurance Group - Jordan affirms the accuracy and completeness of the information and data contained in the annual report for the fiscal year ended on 31/12/2023.

**Mr. Saad Farah**  
CFO



**Dr. Ali Al Wazaney**  
CEO



**HE. Naser Al Lozi**  
Chairman of the Board.



## Company's achievements since establishment:

Year	Gross written premiums	Net written premiums	Total Assets	Net Equity	Net profit (loss) before taxes
1997	371,204	360,851	1,302,631	1,070,566	77,290
1998	2,294,858	2,213,654	2,435,462	907,876	(170,044)
1999	2,358,746	2,255,697	3,993,622	2,029,272	136,083
2000	2,155,871	1,856,694	4,143,534	2,129,615	146,785
2001	4,314,450	2,940,156	5,329,804	2,270,161	132,483
2002	6,553,051	3,778,417	6,991,192	2,923,781	836,355
2003	11,228,137	7,181,127	10,813,198	3,441,571	450,376
2004	12,447,517	7,876,479	12,346,901	4,642,303	1,440,497
2005	18,229,371	10,148,395	15,862,468	5,729,486	2,009,271
2006	22,136,637	10,297,478	23,855,858	12,071,669	1,878,259
2007	25,824,460	11,891,273	27,830,337	12,598,127	1,869,051
2008	32,221,120	14,161,664	33,234,488	14,445,018	2,794,985
2009	44,588,661	18,327,853	41,570,361	16,985,020	3,145,120
2010	53,267,129	25,537,833	51,528,036	19,957,697	4,014,750
2011	66,102,873	29,190,482	60,125,256	23,115,107	4,163,187
2012	77,585,752	37,752,314	70,992,812	25,584,447	4,437,381
2013	86,019,536	41,989,922	83,614,187	28,357,096	5,370,951
2014	94,949,636	43,429,568	94,036,218	31,981,959	6,369,301
2015	102,671,190	46,072,339	103,157,538	34,214,079	5,670,764
2016	110,205,059	37,155,121	110,513,441	33,810,770	1,446,279
2017	95,427,353	36,540,841	105,999,076	22,727,786	(14,478,875)
2018	85,232,935	38,804,672	100,146,509	23,604,192	4,245,952
2019	85,695,019	40,582,312	109,037,871	27,810,700	7,180,047
2020	82,191,649	38,185,700	117,701,760	33,593,653	8,959,833
2021	92,094,085	45,310,357	108,472,543	38,952,959	9,185,918
2022	99,860,910	50,066,792	115,121,472	44,935,074	8,452,172
2023	109,066,971	48,175,471	120,622,729	49,343,336	9,726,835

## Development of the company's key financial indicators 2012- 2023

Indicator	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets*	70,992	83,614	94,036	103,158	110,513	105,999	100,147	109,038	117,702	108,473	115,121	120,663
Equity*	25,584	28,357	31,982	34,214	33,811	22,728	23,604	27,811	33,594	35,953	43,435	49,343
Paid in Capital*	18,725	20,035	21,438	21,438	21,438	21,438	21,438	21,438	21,438	25,438	26,000	26,000
Net Book value per share	1,37	1,42	1,49	1,60	1,58	1,06	1,10	1,30	1,57	1,41	1,67	1,90
Technical Profit*	6,330	6,280	7,268	9,739	4,389	(11,784)	6,179	7,595	10,569	10,620	6,503	7,996
Number of Employees*	257	266	278	311	346	356	330	353	370	417	391	436
Cash and Bank Deposits*	26,631	32,236	41,003	38,764	36,192	43,936	49,565	58,294	55,464	60,902	67,726	22,428
Other Investments*	1,646	4,430	5,167	6,510	7,575	9,868	7,523	5,960	15,696	17,422	17,323	68,788

(\*) In Thousands JOD

## Company Branches:

### Main Branch

Amman / Jabal Amman

Phone: +(962) 6-5654550

Fax: +(962) 6-5654551

P.O. Box: 213590 Amman 11121 Jordan.

### Marka Branch

Branch Manager: Mr. Rami Saboh

Amman / DVLD Marka

Phone: +(962) 6-4872599

Fax: +(962) 6-4872599

### Aqaba Branch

Branch Manager: Mr. Tareq Abo Fares.

Aqaba / Jordan

Phone: +(962) 3-2030406

Fax: +(962) 3-2012012

P.O. Box:1777 Aqaba 77110 Jordan

### King Hussein Business Park

Branch Manager: Mr. Munther Feddah

Amman / King Hussein Business Park

Phone: +(962) 6-5804477

Fax: +(962) 6-5804480

### Irbid Branch

Branch Manager: Mr. Murad Al Muhur

Irbid / Jordan

Phone: +(962) 6-7255090

Fax: +(962) 6-7255092

### Abdali Mall Branch

Branch Manager: Mr. Rami Issa

Amman / Abdali

Phone: +(962) 6-5609888

Fax: +(962) 6-5654551

### Motor Claims Department

Branch Manager: Mr. Bashir Badarin

Amman / Prince Rashid Suburb

Phone: +(962) 6-5812128

Fax: +(962) 6-5829966

### Mecca Street Branch

Branch Manager: Mr. Modar Mukahal

Amman / Mecca Street

Phone: +(962) 6-5544399

Fax: +(962) 6-5544398

### Abdali Branch

Branch Manager: Mr. Rafat Khawaja

Amman / Abdali

Phone: +(962) 6-5669260

Fax: +(962) 6-5669263

## Company's Agents:

Agents Name	Phone number
Ghaith Basem Jeries Farraj	0776888880
Alaa Zaid Ahmad Al Hmoud	0795663662
Maher Mohamad Natheer Al Khateeb	0799692236
Hanady Faraj Rasheed Hasan	0795652224
Mohammad Ahmad Naim Al Faouri	0796999958
Fouad Fathi Mohamad Mizher	0798766449
Niveen Mahmoud Rasheed Al Khaledi	0795001823
Lina Zaid Mohammad Al Hijawi	0797738127
Faisal Ghazi Fouad Hasan	0790834171





# *Financial Statements*

31 December 2023

**INDEPENDENT AUDITOR'S REPORT**  
**To the Shareholders of Gulf Insurance Group/ Jordan Public Shareholding Company**  
**Amman – Jordan**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the Consolidated financial statements of Gulf Insurance Group/ Jordan public shareholding company and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context .

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

1. Adoption of International Financial Reporting Standard No. (17) "Insurance Contracts"	How the key audit matter was addressed in the audit
<p>IFRS 17 replaces IFRS 4 for annual periods beginning on or after 1 January 2023.</p> <p>The Group applied International Financial Reporting Standard No. (17) "Insurance Contracts" by restating the comparative figures for the year 2022 while applying the transitional provisions of International Financial Reporting Standard No. (17) by adopting the full retrospective approach method.</p> <p>The impact of applying International Financial Reporting Standard No. (17) on retained earnings as of 1 January 2022 is JD 5,515,127 and disclosed in Note (3) to the consolidated financial statements.</p> <p>The adoption of the standard resulted in changes in the measurement of insurance contracts using updated estimates and assumptions that reflect the timing of cash flows, discount rate measurement, risk adjustment and other requirements.</p> <p>IFRS 17 requires management to apply significant judgments when applying it to the Group's insurance contracts. The Group issues a wide range of insurance contracts and accordingly a significant number of judgments and estimates are applied and implemented respectively.</p> <p>The implementation of IFRS 17 has also had a consequential change in processes, systems and controls. Due to the complexity, and significant judgments applied and estimates made in determining the impact of IFRS 17, this is considered to be a key audit matter.</p> <p>The Group applies the Premium Allocation Approach (PAA) to all insurance contracts it issues and holds with a coverage period of less than one year. For other contracts issued and held where the coverage period is more than one year, the Group performs a premium allocation approach eligibility test to confirm whether the premium allocation approach can be applied. Subject to passing the eligibility test for the premium allocation approach, the Group applied the premium allocation approach to the contracts issued and reinsurance contracts that passed the test. According to the recent test conducted, the General Measurement Model (GMM) was applied to the life portfolio for individuals.</p>	<p>In relation to the application and impact of adoption of IFRS 17, with the assistance of the actuarial specialist, our audit procedures included:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the impact of the Group's adoption of International Financial Reporting Standard No. (17) and identified internal controls, including entity level controls, adopted by the Group for the accounting process and system in accordance with the standard.</li> <li>- Reviewing the impact of applying International Financial Reporting Standard No. (17), including the impact of the measurement and disclosure transition as of 1 January 2022 and 31 December 2022.</li> <li>- We evaluated the competence and objectivity of the actuary appointed by the management. We also utilized our actuary to review whether the calculation methods and the model used were appropriate or not and to evaluate the main assumptions and methodology followed.</li> <li>- We evaluated if the estimates applied in the current and prior year were consistent.</li> <li>- We assessed the key technical accounting decisions, judgments, assumptions and accounting policy elections made in applying the requirements of IFRS 17 to determine if they were in compliance with the requirements of this standard.</li> <li>- We reperformed the mathematical accuracy of the supporting calculations and adjustments used to determine the impact on the Group's equity opening balance as at 1 January 2022 and agreed the results of those calculations to the amounts reported in the consolidated financial statements.</li> <li>- We tested the completeness of insurance contract data by testing the reconciliations of the Group's insurance contract assets and liabilities to insurance contracts disclosed in the 2022 consolidated financial statements. We also assessed the adequacy of the disclosures in the consolidated financial statements regarding this matter in accordance with IFRS.</li> </ul> <p>The disclosures related to the impact of adoption of International Financial Reporting Standard No. (17) is disclosed in Note (3) to consolidated financial statements.</p>

2. Recognition of insurance contracts revenue	How the key audit matter was addressed in the audit
<p>Revenue is an important determinant of the Group's profitability. In addition, there is a risk of improper revenue recognition, particularly with regard to the procedures for recognizing revenues in the correct period. The total insurance contracts revenues amounted to JD 110,059,304 for the year ended 31 December 2023.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>- Evaluating the accounting policies used to recognize the Group's revenues and evaluate whether the policies followed are in accordance with International Financial Reporting Standard No. (17).</li> <li>- We examined the Group's controls over revenue recognition, in addition to the main controls for these revenues.</li> <li>- We selected and reviewed a sample of insurance contracts before and after the date of the consolidated financial statements to ensure that revenues were recognized in the correct periods.</li> <li>- We performed analytical procedures on revenues accounts based on business activities.</li> <li>- We recalculated revenues for each business activity using data extracted from the Group's systems and acquisition costs based on the earning pattern of contracts. We also examined a sample of transactions and linked them with relevant policies to assess the accuracy of the extracted data. In addition, we tested and reviewed a sample of the entries recorded on the closing date of the consolidated financial statements.</li> </ul> <p>The disclosures related to accounting policies for revenue recognition and disclosure related to insurance contracts revenues are disclosed in note (3) and note (25) to the consolidated financial statement.</p>

3. Measurement and completeness of insurance contracts liabilities in accordance with International Financial Reporting Standard No. (17)	How the key audit matter was addressed in the audit
<p>The Group's insurance contracts liabilities amounted to JD 64,773,537 representing 91% of the total liabilities as at 31 December 2023.</p> <p>Measuring the amount of insurance contracts liabilities involves assumptions and management's use of estimates to calculate and measure Insurance and reinsurance contracts liabilities through measuring the present value of cash flows, risk adjustments, measuring onerous contracts and measuring the discount rate and contract service margin.</p> <p>Based on all of the above, the measurement and completeness of insurance contracts liabilities was considered a key audit matter.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of the Group's procedures related to measuring insurance contracts liabilities, including entity-level controls, which the Group has adopted for the accounting process under the standard.</li> <li>- Evaluating the Group's methodology for calculating insurance contracts liabilities and evaluating the policies in accordance with International Financial Reporting Standard 17.</li> <li>- We tested the accuracy and completeness of the historical data used to measure insurance contracts liabilities by tracking a sample of data for the contracts and reconciling the data to previous accounting records.</li> <li>- Testing samples from the claims reserves by comparing the estimated reserve amount of the case with the appropriate documentation and the amounts paid in subsequent periods.</li> <li>- We performed analytical procedures on liabilities accounts based on business activity, and recalculated the unearned premium reserve and issuance costs that constitute the liability for remaining coverage for each business activity using data extracted from the Group's systems.</li> <li>- We evaluated the competence and objectivity of the actuary appointed by the management.</li> <li>- We assessed the adequacy of the disclosures of the consolidated financial statement regarding these liabilities.</li> <li>- We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRSs.</li> <li>- In addition, with the assistance of our internal actuarial, we performed the following: <ul style="list-style-type: none"> <li>• Determined if the calculation methods and the model used were appropriate.</li> <li>• Assessed the following key assumptions: <ul style="list-style-type: none"> <li>- Loss ratios</li> <li>- Claims development factors</li> <li>- Discount rates</li> </ul> </li> <li>• Determined if the estimates applied in the current and prior year were consistent.</li> </ul> </li> </ul> <p>The disclosures related to accounting policies for insurance contracts liabilities and disclosure related to insurance contracts liabilities are disclosed in note (3) and note (10) to the consolidated financial statement.</p>

### **Other information included in the Group's 2023 annual report**

Other information consists of the information included in the Group's 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

### **Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the consolidated Financial Statements**

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

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





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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

#### **Report on Other Legal and Regulatory Requirements**

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

The partner in charge of the audit resulting in this auditor's report was Osama Fayez Shakhathreh; license number 1079.

Amman – Jordan  
15 February 2024

**ERNST & YOUNG**  
Amman - Jordan

# CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

	Notes	2023	2022	1 January 2022
		JD	JD	JD
<b>Assets</b>			<b>(Restated)</b>	<b>(Restated)</b>
<b>Investments</b>				
Bank deposits	4	21,272,263	66,922,562	58,928,609
Financial assets at fair value through other comprehensive income	5	5,682,672	5,560,183	5,331,673
Financial assets at fair value through profit or loss	6	5,179,512	-	-
Financial assets at amortized cost	7	57,755,525	11,580,213	11,896,795
Investment property	8	170,464	170,464	170,464
Right of use assets	14	203,491	401,387	262,602
<b>Total Investments</b>		<b>90,263,927</b>	<b>84,634,809</b>	<b>76,590,143</b>
Cash and cash equivalents	9	1,155,421	802,963	1,973,783
Re-insurance contracts assets	10	6,176,683	7,991,916	8,808,250
Deferred tax assets	11	4,274,201	4,136,940	4,377,563
Property and equipment	12	7,425,908	7,258,450	6,567,059
Intangible assets	13	5,488,992	5,732,264	5,721,735
Other assets	15	5,048,642	3,790,696	3,683,244
Discontinued operations' assets	35	788,955	773,434	750,766
<b>Total Assets</b>		<b>120,622,729</b>	<b>115,121,472</b>	<b>108,472,543</b>
<b>Liabilities and Equity</b>				
<b>Liabilities</b>				
<b>Insurance contracts liabilities</b>				
Insurance contracts liabilities	10	64,773,537	63,564,886	58,105,501
<b>Total Insurance contract liabilities</b>		<b>64,773,537</b>	<b>63,564,886</b>	<b>58,105,501</b>
Accrued expenses	30	1,846,267	1,789,318	1,309,256
Re-insurance contracts liabilities	10	358,857	758,756	1,749,919
Lease contracts liabilities	16	232,848	394,287	235,371
Other provisions	17	2,887,598	2,225,993	2,634,977
Bank overdraft		-	-	1,199,828
Income tax provision	11	212,697	216,755	2,483,394
Other liabilities	18	723,373	969,845	1,251,014
Liabilities related to discontinued operations' assets	35	244,216	266,558	550,324
<b>Total Liabilities</b>		<b>71,279,393</b>	<b>70,186,398</b>	<b>69,519,584</b>
<b>Equity</b>				
Authorized and paid-in capital	19	26,000,000	26,000,000	25,438,252
Statutory reserve	20	6,500,000	6,500,000	6,359,563
Special reserve		-	-	40,221
Fair value reserve	21	(1,629,165)	(1,684,308)	(967,052)
Retained earnings	22	18,472,501	12,619,382	5,081,975
<b>Total Equity</b>		<b>49,343,336</b>	<b>43,435,074</b>	<b>35,952,959</b>
Subordinated loan	23	-	1,500,000	3,000,000
		<b>49,343,336</b>	<b>44,935,074</b>	<b>38,952,959</b>
<b>Total Liabilities and Equity</b>		<b>120,622,729</b>	<b>115,121,472</b>	<b>108,472,543</b>

The attached notes 1 to 50 form part of these consolidated financial statements

Chairman of the Board of Directors

Chief Executive Officer




# CONSOLIDATED STATEMENT OF INCOME

As At 31 December 2023

	Notes	2023 JD	2022 JD
<b>Continuing operations</b>			<b>(Restated)</b>
<b>Revenues</b>			
Insurance contracts revenues	25	110,059,304	101,324,633
Less: Insurance contracts expenses	26	85,594,055	83,598,418
<b>Insurance contracts services results</b>		<b>24,465,249</b>	<b>17,726,215</b>
Re-insurance contracts results		(47,338,624)	(40,466,000)
Re-insurance contracts recoveries		33,537,529	28,805,096
<b>Re-insurance contracts services results</b>		<b>(13,801,095)</b>	<b>(11,660,904)</b>
<b>Net insurance and re-insurance contracts results</b>		<b>10,664,154</b>	<b>6,065,311</b>
Finance (expense) income – insurance contracts	27	(3,446,278)	446,210
Finance income (expense) – re-insurance contracts	28	777,896	(8,377)
<b>Net insurance and re-insurance contracts results</b>		<b>7,995,772</b>	<b>6,503,144</b>
Interest income	24	4,331,926	3,375,387
(Loss) Gain from financial assets and investments	33	(419,562)	431,768
Other revenues	31	-	2,007
<b>Total revenues</b>		<b>11,908,136</b>	<b>10,312,306</b>
Unallocated general and administrative expenses	29	1,922,005	1,723,554
Unallocated depreciation and amortization	13,12	83,533	74,496
Provision for expected credit losses for financial assets at amortized cost	7	200,000	-
(Gains) losses from sale of property and equipment	32	(24,237)	62,084
<b>Total expenses</b>		<b>2,181,301</b>	<b>1,860,134</b>
<b>Profit for the year from continuing operations before income tax</b>		<b>9,726,835</b>	<b>8,452,172</b>
Less: income tax expense	11	199,943	556,712
<b>Profit for the year from continuing operations</b>		<b>9,526,892</b>	<b>7,895,460</b>
<b>Discontinued operations</b>			
Loss for the year after tax from discontinued operations		(38,237)	(66,864)
<b>Profit for the year</b>		<b>9,488,655</b>	<b>7,828,596</b>
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	34	0/365	0/301
Basic and diluted earnings per share for the year from continuing operations	34	0/366	0/304

The attached notes 1 to 50 form part of these consolidated financial statements

Chairman of the Board of Directors



Chief Executive Officer



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As At 31 December 2023

	2023	2022
	JD	JD
Profit for the year	9,488,655	7,828,596
<b>Add: Other comprehensive income not to be reclassified to consolidated statement of income in subsequent periods</b>		
Change in fair value of financial assets through other comprehensive income	439,607	925,432
Actuarial losses resulted from changes in assumptions	(120,000)	-
<b>Total comprehensive income for the year</b>	<b>9,808,262</b>	<b>8,754,028</b>

The attached notes 1 to 50 form part of these consolidated financial statements

Chairman of the Board of Directors



Chief Executive Officer



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As At 31 December 2023

2023	Authorized and paid-in capital	Statutory reserve	Special reserve	Fair value reserve	Retained earnings *			Total equity
					Realised	Unrealised	Total retained earnings	
	JD	JD	JD	JD	JD	JD	JD	JD
Balance as at 1 January 2023	26,000,000	6,500,000	-	(1,684,308)	12,619,382	-	12,619,382	43,435,074
Total comprehensive income for the year	-	-	-	319,607	10,235,454	(746,799)	9,488,655	9,808,262
Gain from sale of financial assets through other comprehensive income	-	-	-	(264,464)	264,464	-	264,464	-
Dividends distribution (note 22)	-	-	-	-	(3,900,000)	-	(3,900,000)	(3,900,000)
<b>Balance at 31 December 2023</b>	<b>26,000,000</b>	<b>6,500,000</b>	<b>-</b>	<b>(1,629,165)</b>	<b>19,219,300</b>	<b>(746,799)</b>	<b>18,472,501</b>	<b>49,343,336</b>
<b>2022</b>								
Balance at 1 January 2022	25,438,252	6,359,563	40,221	(967,052)	10,597,102	-	10,597,102	41,468,086
The effect of IFRS 17 adoption	-	-	-	-	(5,515,127)	-	(5,515,127)	(5,515,127)
<b>Balance as at 1 January 2022 (Restated)</b>	<b>25,438,252</b>	<b>6,359,563</b>	<b>40,221</b>	<b>(967,052)</b>	<b>5,081,975</b>	<b>-</b>	<b>5,081,975</b>	<b>35,952,959</b>
Total comprehensive income for the year	-	-	-	925,432	7,828,596	-	7,828,596	8,754,028
Gain from sale of financial assets through other comprehensive income	-	-	-	(1,642,688)	1,642,688	-	1,642,688	-
Dividends distribution (note 22)	-	-	-	-	(1,271,913)	-	(1,271,913)	(1,271,913)
Capital increase (note 19)	561,748	-	(40,221)	-	(521,527)	-	(521,527)	-
Transfer to statutory reserve	-	140,437	-	-	(140,437)	-	(140,437)	-
<b>Balance at 31 December 2022</b>	<b>26,000,000</b>	<b>6,500,000</b>	<b>-</b>	<b>(1,684,308)</b>	<b>12,619,382</b>	<b>-</b>	<b>12,619,382</b>	<b>43,435,074</b>

\* Retained earnings include an amount of JD 4,274,201 as at 31 December 2023 (31 December 2022: JD 4,136,940) representing deferred tax assets that is restricted from use in accordance with the Jordan Securities Commission instructions. Furthermore, an amount of JD 1,629,165 as at 31 December 2023 (31 December 2022: JD 1,684,308) of the retained earnings is restricted from use which represents the negative balance of the fair value reserve, and an amount of JD 746,799 as at 31 December 2023 is restricted from use which represents the unrealized losses from financial assets at fair value through profit or loss.

The attached notes 1 to 50 form part of these consolidated financial statements

Chairman of the Board of Directors

Chief Executive Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

As At 31 December 2023

	Notes	2023	2022
		JD	JD
			<b>(Restated)</b>
<b>Cash Flow From Operating Activities</b>			
Profit for the year from continuing operations before tax		9,726,835	8,452,172
Loss from discontinued operations before tax		(38,237)	(66,864)
<b>Adjustments</b>			
Interest income		(4,331,926)	(3,375,387)
Depreciation and amortization	13,12	645,455	631,333
Impairment loss on intangible assets	13	400,000	-
Depreciation on right of use assets		220,880	252,686
Interest on lease contracts liabilities		23,256	30,870
Unrealised losses for financial assets at fair value through profit or loss	33	746,799	-
Provision for expected credit losses on financial assets at amortized cost		200,000	100,000
Provision for expected credit losses	10	150,002	91,381
Gain from sale of financial assets at amortized cost		-	(197,380)
(Gain) loss from sale of property and equipment	32	(24,237)	62,084
End-of-service indemnity provision	17	722,877	433,331
<b>Cash flows from operating activities before changes in working capital</b>		<b>8,441,704</b>	<b>6,414,226</b>
Re-insurance contracts assets		1,715,231	816,334
Insurance contracts liabilities		1,158,651	5,268,004
Re-insurance contracts liabilities		(399,899)	(991,163)
Other assets		(710,765)	(106,867)
Accrued expenses		56,949	480,062
Other provisions		69,085	(365,743)
Other liabilities		(268,814)	(564,935)
Paid from end-of-service provision	17	(250,357)	(226,833)
Income tax paid	11	(341,262)	(2,756,615)
<b>Net cash flows from operating activities</b>		<b>9,470,523</b>	<b>7,966,470</b>
<b>Cash Flow From Investing Activities</b>			
Deposits at banks maturing after three months		45,650,299	(8,408,303)
Interest received		2,914,242	3,376,109
Purchase of property and equipment	12	(614,946)	(1,130,882)
Proceeds from sale of property and equipment		26,594	44,454
Purchase of financial assets at fair value through profit or loss		(5,926,311)	-
Purchase of financial assets at amortized cost		(45,505,166)	(2,523,750)
Purchase of intangible assets	13	(357,052)	(308,909)
Purchase of financial assets at fair value through other comprehensive income		(802,272)	(1,569,726)
Proceeds from sale of financial assets through other comprehensive income		1,119,390	2,277,591
Proceeds from sale of financial assets at amortized cost		-	2,950,195
<b>Net cash flows used in investing activities</b>		<b>(3,495,222)</b>	<b>(5,293,221)</b>
<b>Cash Flow From Financing Activities</b>			
Repayment of subordinated loan	23	(1,500,000)	(1,500,000)
Paid distributed dividends	22	(3,900,000)	(1,271,913)
Lease payments	16	(207,679)	(263,425)
<b>Net cash flow used in financing activities</b>		<b>(5,607,679)</b>	<b>(3,035,338)</b>
<b>Net increase (decrease) in cash and cash equivalent</b>		<b>367,622</b>	<b>(362,089)</b>
Cash and cash equivalents at the beginning of the year		1,556,701	1,918,790
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>1,924,323</b>	<b>1,556,701</b>

The attached notes 1 to 50 form part of these consolidated financial statements

Chairman of the Board of Directors

Chief Executive Officer




Gulf Insurance Group - Jordan  
26<sup>th</sup> Annual Report - 2023

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

## (1) General

Gulf Insurance Group Company/Jordan Public Shareholding Company was established in 1996 and registered under No. (309), with a paid in capital of JD 2,000,000 divided into 2,000,000 shares with a par value of JD 1 each. The paid in capital increased several times; the last of which was during 2022, the authorized and paid in capital became JD 26,000,000 divided into 26,000,000 shares with a par value of JD 1 each.

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

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

Gulf Insurance Group Company/ Jordan Public Shareholding Company is 89.91% owned by Gulf Insurance Company (parent Company) as at 31 December 2023. The Company's financial statements are consolidated with the parent Company.

The consolidated financial statements were approved by the Board of Directors in its meeting held on 15 February 2024.

## (2) Basis of Preparation Consolidated Financial Statements

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

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

The consolidated financial statements are presented in Jordanian Dinars ("JD") which is the functional currency of the Group.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of Gulf Insurance Group/ Jordan ("the Company") and its following subsidiaries (referred to as "the Group") as of 31 December 2023.

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

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

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



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

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non- controlling interests.
- Derecognizes the cumulative translation differences, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes the gain or loss resulted from loss of control.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or
- Retained earnings, in the event that the group has directly excluded its assets or liabilities.

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

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

### (3) Changes In Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments to the standards effective as of 1 January 2023 shown below:

#### IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Group has restated comparative figures for 2022, applying the transitional provisions in IFRS 17 adopting the full retrospective approach. The nature of the changes in accounting policies can be summarized, as follows:

#### Changes to classification and measurement:

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

The key principles of IFRS 17 are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards
- Divides the insurance and reinsurance contracts into groups it will recognise and measure

Recognises and measures groups of insurance contracts at:

- A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information

Plus

- An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- Recognises profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Group recognises the loss immediately.
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Under IFRS 17, the Group's insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the Premium Allocation Approach (PAA) or Variable fee approach (VFA). The PAA simplifies the measurement of insurance contracts in comparison with the General Model (GM) in IFRS 17.

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

- The liability for remaining coverage (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- For GMM and VFA measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (LIC) (previously outstanding claims and incurred-but-not-reported (IBNR) reserves) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Group's obligation to pay other incurred insurance contracts revenues.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Group has determined that the majority of its insurance contracts qualify for the simplified approach. As a result, the Group has established its policy choice to account for its insurance contracts under the Premium Allocation Approach, where eligible.

The application of the PAA model is optional. This means that if the eligibility criteria are fulfilled for a certain group of insurance contracts, an entity can choose between measuring this group of contracts under the General Model (GM) or under the PAA.

The Group has determined that contracts are eligible for the PAA if they have a coverage period of one year or less (Criteria 1) or the liability for remaining coverage would not differ materially from the liability for remaining coverage under the GM in any of the given reporting periods (Criteria 2) or if the volatility in historical expectations was low, i.e. when expectations were stable over time (Criteria 3).

Variable Fee Approach (VFA) will be applied to all those life contracts where an underlying item can be identified.

### **Changes to presentation and disclosure**

For presentation in the consolidated statement of financial position, the Group aggregates insurance and re-insurance contracts issued and re-insurance contracts held, respectively and presents separately:

- \* Portfolios of insurance and re-insurance contracts issued that are assets.
- \* Portfolios of insurance and re-insurance contracts issued that are liabilities.
- \* Portfolios of re-insurance contracts held that are assets.
- \* Portfolios of re-insurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the consolidated statement of income have been changed significantly compared with last year.

## Transition to IFRS 17

On transition date, 1 January 2022, the Group:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied.

At transition date, a recoverability assessment was performed, and no impairment loss was identified.

- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in retained earnings.

## Full retrospective approach

On transition to IFRS 17, the Group has applied the full retrospective approach unless impractical. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2022.

The impact of the adoption of IFRS 17 was as follows:

Items presented for primary insurance contracts and Re-insurance contracts	Impact on retained earnings as of 1 January 2022
	JD
Change in best estimate	(3,612,501)
Loss component impact	(575,494)
Risk adjustment	(2,299,002)
Deferred acquisition cost	(1,188,095)
Discounting impact	2,945,575
Issuance costs	(1,461,822)
Deferred tax assets	638,069
Others	38,143
	<b>(5,515,127)</b>

## Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

These amendments were applied from January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is allowed as long as it is disclosed.

The amendments had no impact on the Group's consolidated financial statements.

## Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments were applied from January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Early application is allowed as long as it is disclosed.

The amendments had no impact on the Group's consolidated financial statements.

#### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12**

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

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

The amendments had no impact on the Group's consolidated financial statements.

#### **International Tax Reform—Pillar Two Model Rules - Amendments to IAS 12**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

#### **Material accounting policies**

The following are the major material accounting policies applied:

##### **Business Sector**

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

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

## Date of Recognition of Financial Assets

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

## IFRS 17 Insurance Contracts

### Insurance Contract Definition

The definition of an insurance contract in IFRS 17 is 'a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, Groups of insurance contracts issued are initially recognized from the earliest of the following:

- the beginning of the coverage period;
- the date of the first payment
- the date when the contract is considered onerous.

As for insurance contracts that contain the direct participation feature and that have economic characteristics similar to the insurance contract (long coverage period, recurring premiums and the amount or timing of the return at the discretion of the issuer) and are linked to the same assets or participation in the performance of insurance contracts, contracts that contain that feature at the beginning of the contracts is as follows:

- Participation of the insured/beneficiaries with a share of the insurance contract portfolio.
- The possibility that the company will pay the insureds/beneficiaries a significant share of the fair value proceeds of the investments associated with the group of insurance contracts.
- There is a high possibility that the amounts paid to the insured/beneficiaries will change by changing the fair value of the investments associated with the group of insurance contracts.

As for contracts that are not classified as an insurance contract, they are, for example, the following:

- Investment contracts that have a legal form similar to an insurance contract, but they do not transfer material insurance risks to the insurance company and include financial risks such as implicit derivatives, change in the fair value of a financial instrument, change in interest rates, change in currency exchange rates, or credit rating, so that they are classified as investment contracts in accordance with IFRS 9.
- Investment contracts that contain the optional participation feature, which are investment contracts with a legal form similar to an insurance contract, except that they do not transfer substantial insurance risks to the issuer and do not meet the definition of an insurance contract, but are classified according to IFRS 17.
- Self-insurance (i.e. maintaining the risks that could have been covered by the insurance contract within the company, i.e. there is no other party to the contract), such as the company issuing an insurance contract in the name of the company, a subsidiary or an associate company, classified in accordance with IFRS 15.

## Insurance Contract Liabilities

Insurance contract liabilities are recognized when the Company has liabilities at the date of the consolidated financial statements arising from past events related to insurance contracts, and repayment of obligations is probable and reliably measurable.

The amounts recognized as insurance contract liabilities represent the best estimate of the amounts required to settle the obligation as at the date of the consolidated financial statements, taking into account the risks and uncertainties associated with insurance contract liabilities. When liabilities are valued on the basis of the estimated cash flows to settle the current obligation, the carrying amount represents the present value of those cash flows.

When some or all of the economic benefits required from third parties to settle liabilities are expected to be recovered, the receivable is recognized as an asset if the actual receipt of compensation is certain and its value can be reliably measured.



### **Retained reinsurance contracts**

They are contracts concluded with reinsurers to compensate the insurance company for claims arising from insurance contracts issued by it.

### **Reinsurance contracts held are recognized:**

- - The beginning of the coverage period of the reinsurance contract or upon the initial recognition of the insurance contract issued by the company if the reinsurance contract is proportional with the set of insurance contracts.
- - From the beginning of the coverage period for the set of reinsurance contracts held for other cases.

### **Liabilities for remaining coverage**

The amount that the company must monitor upon recognition of insurance contracts, which pertains to subsequent financial periods as a result of valid insurance contracts.

### **Liabilities for incurred claims**

It is the total value of the expected costs incurred by the company as a result of insurance contract covered notices that were signed before the end of the financial period and include those reported and unreported claims, in addition to related expenses.

### **Contractual Service Margin**

It is the unearned profit from the remaining coverage that is expected to be profitable, which is recognized in conjunction with the provision of insurance contract services.

### **Initial Recognition of Insurance Contracts / General Measurement Model**

The group of insurance contracts at initial recognition is measured according to the following:

1. Cash flows to meet obligations arising from contracts which include:
  - Estimates of future cash flows
  - Adjustments to the time value of money and financial risks associated with future cash flows by not including such financial risks in future cash flow estimates.
  - Non-financial risk adjustments
2. Contractual Service Margin

### **Post-measurement of insurance contracts / General measurement model**

The company shall recognize the book value of any of the insurance contract groups at the end of each period and the sum of the following shall be:

1. Liabilities for remaining coverage, which includes the net value of cash inflows and outflows after applying the discount rate plus adjustments for non-financial risks and contractual service margin.
2. Liabilities for incurred claims, which is calculated according to the best estimate of future cash flows for payment of claims plus adjustments for non-financial risks, taking into account the application of the discount rate on claims expected to be paid after more than one year.

### **Initial recognition of insurance contracts / Premiums allocation approach**

The group of insurance contracts at initial recognition is measured according to the following:

- Insurance premiums received upon initial recognition.
- Minus any costs paid for the acquisition of insurance contracts on that date.
- Plus or minus any amount arising from cash flows related to the costs of acquiring insurance contracts.

### Subsequent measurement / Premium allocation approach

1. At the end of each subsequent period, the company shall recognize the book value of the obligation, taking into account the following adjustments to the balance of the obligation:
  - Add insurance premiums received for the period.
  - Minus the cash flows to acquire insurance contracts.
  - Add any amounts related to the amortization of cash flows to acquire insurance contracts recognized as an expense.
  - Adding amendments to the financing component.
  - Minus the amount recognized as insurance income for coverage provided in that period.
  - Minus any paid investment component or transfer of liabilities related to claims incurred.
2. Liabilities for incurred claims, which is calculated according to the best estimate of future cash flows for the payment of claims plus adjustments for non-financial risks, taking into account the application of the discount rate on claims.

### Amendment of insurance contracts

The Company amends insurance contracts by addressing anticipated changes in future cash flows as a result of changes in estimates of cash flows for the fulfillment of contracts unless the conditions for the cancellation of recognition of insurance contracts apply.

### De-recognition of insurance contracts

The company derecognise the recognition of insurance contracts in the following cases:

- Termination of the contract (expiry, fulfillment or cancellation of the obligation specified in the insurance contract)
- In the event that the insurance contract is amended and this amendment does not meet the conditions of the amendment according to the requirements of the standard, the company cancels the contract and recognizes a new contract.

### Insurance contracts expected to be lost

The Company recognizes insurance contracts as contracts expected to lose if the contract is expected to be lost on the date of initial recognition and the loss component is measured by comparing the expected cash flows to meet the requirements of the contract or group of contracts with the cash flows obtained from this contract or group of contracts. The Company shall disclose the loss component if the contractual service margin is zero (applicable only to the general measurement model and variable fee approach).

### Summary of Measurement Approach

The group classifies insurance and reinsurance contracts according to the following:

Insurance contract		Reinsurance contract	
Type	Measurement approach	Type	Measurement approach
Motors	Premium allocation approach	Motors	Premium allocation approach
Marine	Premium allocation approach	Marine	Premium allocation approach
Fire and damages property	Premium allocation approach	Fire and damages property	Premium allocation approach
Liability	Premium allocation approach	Liability	Premium allocation approach
Medical	Premium allocation approach	Medical	Premium allocation approach
Life – Group	Premium allocation approach	Life – Group	Premium allocation approach
Life – Individual	General approach	Life – Individual	General approach
Others	Premium allocation approach	Others	Premium allocation approach



## Level of Aggregation

IFRS 17 requires the Group to determine the level of aggregation for applying its requirements.

Insurance contract portfolios are divided into groups by underwriting year so that they group portfolios of insurance contracts with similar risks and managed together.

The level of aggregation for the Group is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The group adopted the method of full retrospective application of the transition to IFRS 17 under the approach of premium allocation. Portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, the portfolios of contracts during each year of issue are divided into three groups, as follows:

- Any onerous contracts upon initial recognition.
- Any contracts that, upon initial recognition, do not have a substantial probability of becoming onerous later.
- Any remaining contracts in the portfolio.

## The level of profitability

The groups of contracts referred to in the previous level are classified into the classifications shown below, according to the expected net cash flows from the contract and the accounting approach used in processing the groups of contracts:

- Contracts for which there is no probability of becoming onerous upon initial recognition.
- Contracts expected to be onerous.
- Other contracts-if any -.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Historical information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

## Recognition

The Group recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Group recognises a group of re-insurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of re-insurance contracts held. (However, the Group delays the recognition of a group of re-insurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of re-insurance contracts held.
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related re-insurance contract held in the group of re-insurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

## Insurance contracts – modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

## Unit of account

The Group manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into Groups of contracts that are issued within a calendar year (annual cohorts) and are:

- contracts that are onerous at initial recognition
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- a Group of remaining contracts. These Groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such Groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses significant judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same Group without performing an individual contract assessment.

For life risk and savings product lines, sets of contracts usually correspond to policyholder pricing Groups that the Group determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Group monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing Groups with no information available at a more granular level.

Contracts issued within participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to Groups of contracts that have no significant possibility of becoming onerous at the time of initial recognition.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of

- contracts for which there is a net gain at initial recognition, if any;
- contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- remaining contracts in the portfolio, if any.

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

### **Fulfilment cash flows within contract boundary**

The FCF are the current estimates of the future cash flows within the contract boundary of a Group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) are based on a probability weighted mean of the full range of possible outcomes.
- (b) are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables; and
- (c) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the Groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Group's non-performance is not included in the measurement of Groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to Groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the Groups of underlying insurance contracts.

### **Contract boundary**

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of Groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- a) the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b) both of the following criteria are satisfied:
  - i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Liabilities or assets related to expected premiums or compensation outside the boundaries of the insurance contract are not recognized. These amounts relate to future insurance contracts.

## Measurement Model Application

The Group applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds for which the coverage period is less than one year. For other contracts issued and held where the coverage period is more than one year, the Group performs PAA Eligibility testing as disclosed in Note 2.3 to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Group applied PAA on contract issued and reinsurance contracts held that pass the testing. As per the recent testing performed the following could not pass the testing hence, General Measurement Model (GMM) has been applied.

When measuring liabilities for remaining coverage (LRC), the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

## Initial measurement – Groups of contracts not measured under the PAA -contractual service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a Group of insurance contracts issued representing the unearned profit that the Group will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a Group of contracts is onerous) arising from:

- a) the initial recognition of the FCF;
- b) the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
- c) cash flows arising from the contracts in the Group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in the consolidated statement of income immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognizes the net cost immediately in the consolidated statement of income. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognize as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired through business combination, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- a) the initial recognition of the FCF; and
- b) cash flows arising from the contracts in the Group at that date, including the fair value of the groups of contracts acquired at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

## Subsequent measurement – Groups of contracts not measured under the PAA

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

- a) the LRC, comprising:
  - i. the FCF related to future service allocated to the Group at that date; and
  - ii. the CSM of the Group at that date; and
- b) the LIC, comprising the FCF related to past service allocated to the Group at the reporting date.

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

- a) the remaining coverage, comprising:
  - i. the FCF related to future service allocated to the Group at that date; and
  - ii. the CSM of the Group at that date; and
- b) the incurred claims, comprising the FCF related to past service allocated to the Group at the reporting date.

### Changes in fulfilment cash flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- a) changes that relate to current or past service are recognized in the consolidated statement of income; and
- b) changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a) experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b) changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- c) differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- d) changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a, b and c above are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

### Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- a) The effect of any new contracts added to the Group.
- b) For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- c) Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d) The effect of any currency exchange differences.
- e) The amount recognized as insurance contracts revenues for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognized in the insurance service result.

### **Onerous contracts – Loss component on GMM**

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous, and the Group recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- a) expected incurred claims and expenses for the period;
- b) changes in the risk adjustment for non-financial risk for the risk expired; and
- c) finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in a. and b. above reduce the respective components of insurance contracts revenues and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

### **Initial and subsequent measurement – Groups of contracts measured under the PAA**

The Group uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing as stated above.

The excess of loss reinsurance contracts held provide coverage on the insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

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

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

- a) the LRC; and
- b) the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

- a) the remaining coverage; and
- b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- a) increased for premiums received in the period;
- b) decreased for insurance acquisition cash flows paid in the period;
- c) decreased for the amounts of expected premiums received recognized as insurance contracts revenues for the services provided in the period; and
- d) increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses.



For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- a) increased for ceding premiums paid in the period; and
- b) decreased for the amounts of ceding premiums recognized as reinsurance contracts revenues for the services received in the period.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since motor insurance contracts issued by the Group and measured under the PAA typically have a settlement period of over one year.

### **Onerous contracts – Loss component on PAA**

For all contracts measured under PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise.

For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

In addition, if facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. Once a group of contracts is determined as onerous on initial or subsequent assessment, loss is recognized immediately in the consolidated statement of income in insurance service expense.

The loss component is then amortized to the consolidated statement of income over the coverage period to offset incurred claims in insurance service expense. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the same and adjusts the loss component as required until the loss component is reduced to zero. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

### **Insurance acquisition costs**

The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- a) costs directly attributable to individual contracts and groups of contracts; and
- b) costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognized, the Group could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognized.

The acquisition costs are generally capitalized and recognized in the consolidated statement of income over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Group incurs those costs. The Group has elected not to choose the option except for insurance contracts and has capitalized the costs which would then be recognized over the life of contracts. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

### **Risk adjustment for non-financial risk**

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

### **Insurance contracts revenues**

As the Group provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance contracts revenues. The amount of insurance contracts revenues recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance contracts revenues comprises the following:

- Amounts relating to the changes in the LRC:
  - a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
    - i. amounts related to the loss component;
    - ii. repayments of investment components;
    - iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
    - iv. insurance acquisition expenses;
  - b. changes in the risk adjustment for non-financial risk, excluding:
    - i. changes included in insurance finance income (expenses);
    - ii. changes that relate to future coverage (which adjust the CSM); and
    - iii. amounts allocated to the loss component;
  - c. amounts of the CSM recognized in statement of income for the services provided in the period; and
  - d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Group recognizes insurance contracts revenues based on the passage of time over the coverage period of a Group of contracts.



### Insurance service expenses

Insurance service expenses include the following:

- a) incurred claims and benefits excluding investment components;
- b) other incurred directly attributable insurance service expenses;
- c) Insurance acquisitions costs incurred and amortization of insurance acquisition cash flows;
- d) changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- e) changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance contracts revenues as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of income.

### Net income (expenses) from reinsurance contracts held

The Group presents financial performance of groups of reinsurance contracts held on a net basis between the amounts recoverable from reinsurers and allocation of the premiums for reinsurance contracts held, comprising the following amounts:

- a) reinsurance contracts revenues;
- b) incurred claims recovery;
- c) other incurred directly attributable insurance service expenses;
- d) effect of changes in risk of reinsurer non-performance;
- e) for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
- f) changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance contracts revenues are recognized similarly to insurance contracts revenues. The amount of reinsurance contracts revenues recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance contracts revenues comprise the following amounts relating to changes in the remaining coverage:

- a) insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components.
- b) changes in the risk adjustment for non-financial risk, excluding:
  - changes included in finance income (expenses) from reinsurance contracts held; and
  - changes that relate to future coverage (which adjust the CSM);
- c) amounts of the CSM recognized in statement of income for the services received in the period; and
- d) ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Group recognizes reinsurance contracts revenues based on the passage of time over the coverage period of a group of contracts.

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

## Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a) the effect of the time value of money and changes in the time value of money; and
- b) the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a) interest accreted on the FCF and the CSM;
- b) the effect of changes in interest rates and other financial assumptions; and
- c) foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- a) changes in the fair value of underlying items;
- b) interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- c) the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a) interest accreted on the LIC; and
- b) the effect of changes in interest rates and other financial assumptions.

## Discount rates

The Group adopt a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves- taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the European Insurance and Occupational Pensions Authority curve, and the relevant country specific credit risk premium will be loaded as required.

## Risk adjustments

IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items:

- Future Cash Flow (FCF) and comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure.
- Risk Adjustment (RA) for non-financial risk.
- Contractual Service Margin (CSM).

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

## Derivation of the risk adjustment

The Group has determined that the derivation of the risk adjustment shall be performed at the operating Group level using an appropriate methodology that is in line with IFRS 17 guidelines.

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based the quantile approach performed on Group's triangles with consideration to market benchmarks.

The Group will a set confidence level in the range of the 60th to 75th percentile, on a diversified basis. The Group applies judgment to determine the appropriate Risk Adjustment based on the non-financial risks associated with their portfolios of insurance contracts to determine the desired Risk Adjustment.

## Fair Value

The closing prices (purchase of assets/sale of liabilities) at the date of the consolidated financial statements in active markets represent the fair value of instruments that have market prices.

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

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

The objective of the valuation method is to show a fair value that reflects market expectations. Where the fair value of an investment cannot be reliably measured, it is stated at cost less any impairment in the value.

### A- Financial assets at amortized cost

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

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

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

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

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

### B- Financial assets at fair value through other comprehensive income

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

### C- Financial assets at fair value through profit or loss

These assets represent investments in shares of companies for trading purposes and that their purpose is to generate profits from short-term market price fluctuations or trading profit margin.

These assets are recognized at fair value upon purchase (acquisition expenses are charged to the Consolidated Statement of income and expenses upon purchase) and subsequently revalued at fair value. The change in fair value is reflected in the Consolidated Statement of income and expenses, including the change in fair value resulting from the differences in the conversion of items of non-cash assets in foreign currencies. In the event of the sale of these assets or part of them, the resulting profit or loss is taken into account in the Consolidated Statement of income.

Dividends or accrued interest are recorded in the consolidated statement of income.

### Impairment in Financial Assets Value

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

Impairment amounts are determined by the following:

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

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

### Investment Properties

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

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

### Cash and Cash equivalents

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

### Property and equipment

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

	%
Building	2
Computers	20
Decorations	15-20
Tools and equipment	15
Furniture	10
Vehicles	15

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

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

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

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

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

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

### **Right-of-use assets**

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

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

### **Pledged financial assets**

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

### **Intangible assets**

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

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

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

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

### **Lease contract liabilities**

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

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

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

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

### **Provisions**

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

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

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

### **Provision for expected credit losses**

The Group has applied the standard's simplified approach of International Financial Reporting Standard (IFRS 9) and has calculated the expected credit losses on accounts receivable and checks under collection, The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors and economic environment.

### **End of service provision**

The plans liability is determined actuarial expert. The obligation provision and pension costs are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Past service costs are recognized in profit or loss on the earlier of the date of plan amendment or the date that the company recognizes related costs. Actuarial gains or losses are recognized in OCI in the period in which they occur. Gain or loss is realized from amendment or payment of the benefits when it occurs. The end of service obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bonds.



### **Liability adequacy test**

At each statement of financial position date, the Group assesses whether its recognized insurance contracts revenues are adequate using current estimates of future cash flows under its insurance contracts.

If the valuation shows that the present value of insurance contracts revenues is insufficient compared to the expected future cash flows, then the full value of the deficiency is included in the consolidated statement of income.

### **Income Tax**

Income tax represents accrued and deferred tax.

#### **A- Accrued Income Tax**

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

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

#### **B- Deferred Tax**

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

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

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

### **Offsetting**

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

### **Dividend and interest revenues**

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

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

### **Expenses recognition**

Expenses are recognized using the accrual basis.

## Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the transactions dates.

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

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

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

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

## Use of Estimates

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

The details of significant estimates made by management as follows:

- A provision for expected credit losses is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial year is charged with its related income tax in accordance with laws and regulations.
- The management periodically reviews tangible and intangible assets useful life in order to calculate the depreciation and amortization amount depending on the status of these assets and future benefit, The impairment loss (if any) appears on the consolidated statement of income.
- A provision on lawsuit against the Group is made based on the Group's lawyers' studies in which contingent risk is determined, review of such study is performed periodically.
- The management periodically reviews whether a financial asset or group of financial assets is impaired, if so, this impairment is taken to the consolidated statement of income for the year.
- The management of the Group assesses the factors that affect the measurement of the right of use assets and lease liabilities related to them and takes into account all the factors related to the option to extend or renew the lease contracts, noting that the management conducts tests to determine whether the contract contains rent. Management also uses estimates to determine the appropriate discount rate to measure lease contracts liabilities.

## Insurance and reinsurance contracts

### A. PAA Eligibility Assessment

The Group has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year. After calculating the liabilities/assets applying PAA and GMM approach respectively, the Group then checks for any material differences for the contracts with coverage period of more than one year. In case the Group notes any material differences, it follows the GMM approach, and where there is no material difference, the Group has opted for PAA approach. The calculation was performed under both simplified approaches i.e., Premium Allocation Approach (PAA) and General Measurement Model (GMM).



Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the group's initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference, this difference compounds over longer contract durations.

#### **b. Liability for incurred claims**

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

#### **c. Onerousness determination**

For contracts measured under GMM a group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense.

For contracts measured under PAA, the Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Group also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratios.
- Historical combined ratio of similar and comparable sets of contracts.
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Group also relies on the same group of contracts' weighted actual emerging experience.

#### **D. Expense attribution**

The Group identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling /maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the consolidated statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Group has determined costs directly identified to the groups of contracts, as well as costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses and overheads are recognized in the consolidated statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

#### (4) Bank Deposits

	2023				2022
	Deposits maturing in 1 month	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to one year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	-	-	21,272,263	21,272,263	66,922,562

Interest rates on bank deposits balances range between 6% to 6.8% during 2023 compared to 3.75% to 6.25% during 2022.

Deposits pledged in favor of the Central Bank of Jordan Governor amounted to JD 814,140 as at 31 December 2023 (31 December 2022: JD 800,000).

There are no restricted balances except for restricted balances which represent pledged deposits in favor of the Central Bank of Jordan Governor.

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

	2023	2022
	JD	JD
Jordan Kuwait Bank	3,218,563	21,655,916
Cairo Amman Bank	2,642,124	11,436,460
Capital Bank of Jordan	3,228,072	10,338,288
Housing Bank	3,085,068	-
Jordan Commercial Bank	-	5,984,929
Egyptian Arab Land Bank	-	5,232,422
Etihad Bank	3,100,000	3,670,950
Arab Banking Corporation Bank	2,848,436	3,187,457
Jordan Ahli Bank	-	1,673,192
Bank of Jordan	-	674,739
Invest Bank	3,250,000	3,168,209
	<b>21,372,263</b>	<b>67,022,562</b>
Less: Provision for expected credit losses*	(100,000)	(100,000)
	<b>21,272,263</b>	<b>66,922,562</b>

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

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>100,000</b>	<b>-</b>
Transferred from provision for expected credit losses for trade receivable	-	100,000
<b>Balance at the end of the year</b>	<b>100,000</b>	<b>100,000</b>

## (5) Financial Assets At Fair Value Through Other Comprehensive Income

Inside Jordan	2023	2022	2023	2022
	Number of shares	Number of shares	JD	JD
<b>Listed shares</b>				
Afaq for Energy	724,937	1,140,147	1,362,881	2,097,871
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	816,995	1,464,425
Cairo Amman Bank	113,000	113,000	153,680	151,420
Jordan Kuwait Bank	1,009,530	588,234	2,594,492	970,586
			<b>4,928,048</b>	<b>4,684,302</b>
<b>Unlisted shares</b>				
Saraya Aqaba Real Estate Development Company	500,000	500,000	154,880	154,880
Al-Motarabetah Investment Company	29,851	29,851	9,579	9,579
			<b>164,459</b>	<b>164,459</b>
<b>Outside Jordan</b>				
<b>Listed shares</b>				
Gulf Warehousing Company	685,000	685,000	414,555	534,999
SafaBank/ Palestine owned by Cairo Amman Bank	9,562	9,562	4,610	5,423
			419,165	540,422
<b>Unlisted shares</b>				
Iraq International Insurance Company	548,136,473	482,195,655	171,000	171,000
			<b>590,165</b>	<b>711,422</b>
<b>Financial assets at fair value through other comprehensive income</b>			<b>5,682,672</b>	<b>5,560,183</b>

## (6) Financial Assets at Fair Value Through Profit or Loss

Inside Jordan	2023	2022	2023	2022
	Number of shares	Number of shares	JD	JD
<b>Listed shares</b>				
Jordan Phosphate Mining Company	162,000	-	1,731,780	-
Arab Potash Company	57,100	-	1,492,024	-
National Petroleum Refinery Company	167,000	-	784,900	-
			<b>4,008,704</b>	-
<b>Outside Jordan</b>				
<b>Listed shares</b>				
Riyad Bank	102,400	-	551,425	-
Saudi National Bank	84,814	-	619,383	-
			<b>1,170,808</b>	-
<b>Total financial assets at fair value through profit or loss</b>			<b>5,179,512</b>	-

## (7) Financial Assets at Amortized Cost

Inside Jordan	2023	2022	2023	2022
	Number of bonds	Number of bonds	JD	JD
<b>Unlisted Bonds in financial market</b>				
Arab Real Estate Development Company*	120	120	1,200,000	1,200,000
<b>Listed bonds in financial markets</b>				
Treasury Bond/ the Hashemite Kingdom of Jordan**	32,630	12,830	23,201,475	9,133,668
<b>Total financial assets at amortized cost inside Jordan</b>			<b>24,401,475</b>	<b>10,333,668</b>
<b>Outside Jordan</b>				
Treasury bonds/ Kingdom of Saudi Arabia****	28,000	-	19,613,653	-
Treasury bonds/ United Arab Emirates***	8,000	-	5,697,391	-
Treasury bonds/ Egypt*****	4,000	4,000	2,745,080	2,545,545
Ooredoo bonds/Qatar*****	3,500	-	2,370,157	-
Abu Dhabi Commercial Bank bonds*****	2,800	-	1,961,862	-
First Abu Dhabi Bank*****	2,500	-	1,771,315	-
The Abu Dhabi National Energy Company bonds*****	1,000	-	693,592	-
<b>Total financial assets at amortized cost outside Jordan</b>			<b>34,853,050</b>	<b>2,545,545</b>
			<b>59,254,525</b>	<b>12,879,213</b>
Provision for impairment of financial assets at amortized cost*			(1,499,000)	(1,299,000)
			<b>57,755,525</b>	<b>11,580,213</b>

- \* Following the decision of the General Assembly of the Bonds owners in its meeting held on 26 October 2011 the Housing Bank for Trade and Finance, as the trustee, initiated legal proceedings against Arab Real Estate Development Company (Arab Corp) and filed a lawsuit under number (3460/2011) at the First Instance Court of Amman to demand the rights of the Bonds owners, therefore Arab Real Estate Development Company Bonds are stated at cost less impairment loss for an amount of JD 1,199,000 during previous years.
- \*\* Maturity dates of Treasury Bonds / the Hashemite Kingdom of Jordan range between 29 January 2026 to 13 January 2029, bear interest rate between 5.75% to 7.75% and are repayable in equal semi - annual installments.
- \*\*\* Maturity date of Treasury bonds/ United Arab Emirates is on 7 November 2028 and bear interest rate of 4.5% and are repayable in equal semi - annual installments.
- \*\*\*\* Maturity date of Treasury bonds/ Kingdom of Saudi Arabia range between 17 June 2026 to 27 September 2028 and bear interest rate between 1.6% to 5% and are repayable in equal semi - annual installments.
- \*\*\*\*\* Maturity date of Treasury bonds/ Egypt is on 29 May 2024 and bear interest rate of 5.75% and are repayable in equal semi - annual installments.
- \*\*\*\*\* Maturity date of Ooredoo bonds/Qatar is on 31 January 2024 and bear interest rate of 3.875% and are repayable in equal semi - annual installments.
- \*\*\*\*\* Maturity date of Abu Dhabi Commercial Bank bonds is on 18 July 2028 and bear interest rate of 5.375% and are repayable in equal semi - annual installments.
- \*\*\*\*\* Maturity date of First Abu Dhabi Bank is on 22 January 2026 and bear interest rate of 4.375% and are repayable in equal semi - annual installments.
- \*\*\*\*\* Maturity date of The Abu Dhabi National Energy Company bonds is on 22 June 2026 and bear interest rate of 4.375% and are repayable in equal semi - annual installments.

The movement on the provision for impairment on financial assets at amortized cost provision is as follows:

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>1,299,000</b>	<b>1,199,000</b>
Provision for expected credit losses	200,000	-
Transferred from provision for expected credit losses for trade receivables related to insurance operations	-	100,000
<b>Balance at the end of the year</b>	<b>1,499,000</b>	<b>1,299,000</b>

## (8) Investment Property

This item consists of land which was acquired in exchange of a receivable balance from a client who was not able to make payment. The land was valued and recorded at its fair value in exchange for a portion of the receivable balance. There are no material differences between the book value and the fair value as at 31 December 2023 and 2022.

## (9) Cash And Cash Equivalents

	2023	2022
	JD	JD
Cash on hand	21,935	24,004
Bank balances	1,133,486	778,959
	<b>1,155,421</b>	<b>802,963</b>

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

	2023	2022
	JD	JD
Cash on hand and at banks	1,155,421	802,963
Add: Deposits at banks	21,272,263	66,922,562
Less: Deposits at banks with original maturity date more than three months	20,458,123	66,122,562
Less: Restricted deposits to the favor of the Governor of the Central Bank of Jordan	814,140	800,000
Add: Cash related to discontinued operations' assets	768,902	753,738
<b>Net cash and cash equivalents at the end of the year</b>	<b>1,924,323</b>	<b>1,556,701</b>

## (10) Insurance Contracts Assets/Liabilities

### Insurance contracts liabilities

	2023			2022			1 January 2022		
	Premium allocation approach (10-A)	General approach (10-B)	Total	Premium allocation approach (10-A)	General approach (10-B)	Total	Premium allocation approach (10-A)	General approach (10-B)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liability of remaining coverage	11,898,747	-	11,898,747	14,623,163	-	14,623,163	6,515,168	-	6,515,168
Liability of incurred claims	52,273,989	-	52,273,989	48,430,314	-	48,430,314	51,119,982	-	51,119,982
Present value of future cash flows	-	520,844	520,844	-	501,463	501,463	-	435,374	435,374
Risk adjustment - non-financial	-	15,431	15,431	-	9,946	9,946	-	34,977	34,977
CSM	-	64,526	64,526	-	-	-	-	-	-
<b>Total</b>	<b>64,172,736</b>	<b>600,801</b>	<b>64,773,537</b>	<b>63,053,477</b>	<b>511,409</b>	<b>63,564,886</b>	<b>57,635,150</b>	<b>470,351</b>	<b>58,105,501</b>

### Re-insurance contracts liabilities

	2023			2022			1 January 2022		
	Premium allocation approach (10-C)	General approach (10-C)	Total	Premium allocation approach (10-C)	General approach (10-C)	Total	Premium allocation approach (10-C)	General approach (10-C)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liability of remaining coverage	(395,666)	-	(395,666)	(1,404,596)	-	(1,404,596)	(10,294,093)	-	(10,294,093)
Liability of incurred claims	46,411	-	46,411	761,293	-	761,293	8,544,174	-	8,544,174
Present value of future cash flows	-	(3)	(3)	-	295,812	295,812	-	-	-
CSM	-	(9,599)	(9,599)	-	(411,265)	(411,265)	-	-	-
<b>Total</b>	<b>(349,255)</b>	<b>(9,602)</b>	<b>(358,857)</b>	<b>(643,303)</b>	<b>(115,453)</b>	<b>(758,756)</b>	<b>(1,749,919)</b>	<b>-</b>	<b>(1,749,919)</b>

### Re-insurance contracts assets

	2023			2022			1 January 2022		
	Premium allocation approach (10-C)	General approach (10-C)	Total	Premium allocation approach (10-C)	General approach (10-C)	Total	Premium allocation approach (10-C)	General approach (10-C)	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Liability of remaining coverage	(14,527,352)	-	(14,527,352)	(10,773,795)	-	(10,773,795)	(2,195,300)	-	(2,195,300)
Liability of incurred claims	20,704,035	-	20,704,035	18,765,711	-	18,765,711	11,003,550	-	11,003,550
<b>Total</b>	<b>6,176,683</b>	<b>-</b>	<b>6,176,683</b>	<b>7,991,916</b>	<b>-</b>	<b>7,991,916</b>	<b>8,808,250</b>	<b>-</b>	<b>8,808,250</b>

## (10-A) Insurance Contracts Assets/Liabilities – Premium Allocation Approach

2023	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
	JD	JD	JD	JD	
<b>Insurance contracts liabilities as at 1 January 2023</b>	<b>12,094,163</b>	<b>2,529,000</b>	<b>44,979,874</b>	<b>3,450,440</b>	<b>63,053,477</b>
<b>Insurance contracts assets as at 1 January 2023</b>	-	-	-	-	-
<b>Insurance contracts liabilities as at 1 January 2023</b>	<b>12,094,163</b>	<b>2,529,000</b>	<b>44,979,874</b>	<b>3,450,440</b>	<b>63,053,477</b>
Insurance contracts revenues	(110,041,472)	-	-	-	(110,041,472)
Incurred claims and other directly attributable expenses	-	2,515,593	88,389,510	1,272,694	92,177,797
Changes that relate to past service-changes in FCF relating to LIC	-	-	(7,927,782)	(2,409,794)	(10,337,576)
Losses on onerous contracts	-	(3,042,593)	-	-	(3,042,593)
Insurance acquisition cash flows assets impairment	6,742,471	-	-	-	6,742,471
<b>Insurance services expenses</b>	<b>6,742,471</b>	<b>(527,000)</b>	<b>80,461,728</b>	<b>(1,137,100)</b>	<b>85,540,099</b>
<b>Insurance services results</b>	<b>(103,299,001)</b>	<b>(527,000)</b>	<b>80,461,728</b>	<b>(1,137,100)</b>	<b>(24,501,373)</b>
Finance expenses from insurance contracts issued	-	-	2,958,442	413,667	3,372,109
<b>Total amounts recognised in the statement of income</b>	<b>(103,299,001)</b>	<b>(527,000)</b>	<b>83,420,170</b>	<b>(723,433)</b>	<b>(21,129,264)</b>
<b>Cash flows</b>					
Premiums received	107,697,156	-	-	-	107,697,156
Claims and other directly attributable expenses paid	-	-	(78,853,062)	-	(78,853,062)
Insurance contracts acquisition cash flows	(6,595,571)	-	-	-	(6,595,571)
<b>Total cash flows</b>	<b>101,101,585</b>	<b>-</b>	<b>(78,853,062)</b>	<b>-</b>	<b>22,248,523</b>
<b>Insurance contracts liabilities as at 31 December 2023</b>	<b>9,896,747</b>	<b>2,002,000</b>	<b>49,546,982</b>	<b>2,727,007</b>	<b>64,172,736</b>
<b>Insurance contracts assets as at 31 December 2023</b>	-	-	-	-	-
<b>Insurance contracts liabilities as at 31 December 2023</b>	<b>9,896,747</b>	<b>2,002,000</b>	<b>49,546,982</b>	<b>2,727,007</b>	<b>64,172,736</b>

## Insurance Contracts Assets/Liabilities – Premium Allocation Approach

2022	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
	JD	JD	JD	JD	
<b>Insurance contracts liabilities as at 1 January 2022</b>	<b>5,255,674</b>	<b>1,259,494</b>	<b>47,799,297</b>	<b>3,320,685</b>	<b>57,635,150</b>
<b>Insurance contracts assets at 1 January 2022</b>	-	-	-	-	-
<b>Insurance contracts liabilities as at 1 January 2022</b>	<b>5,255,674</b>	<b>1,259,494</b>	<b>47,799,297</b>	<b>3,320,685</b>	<b>57,635,150</b>
Insurance contracts revenues	(101,082,839)	-	-	-	(101,082,839)
Incurred claims and other directly attributable expenses	-	1,244,495	86,125,577	1,490,041	88,860,113
Changes that relate to past service-changes in FCF relating to LIC	-	-	(11,010,126)	(1,410,838)	(12,420,964)
Losses on onerous contracts	-	25,011	-	-	25,011
Insurance acquisition cash flows assets impairment	6,730,448	-	-	-	6,730,448
<b>Insurance services expenses</b>	<b>6,730,448</b>	<b>1,269,506</b>	<b>75,115,451</b>	<b>79,203</b>	<b>83,194,608</b>
<b>Insurance services results</b>	<b>(94,352,391)</b>	<b>1,269,506</b>	<b>75,115,451</b>	<b>79,203</b>	<b>(17,888,231)</b>
Finance expenses from insurance contracts issued	-	-	(342,034)	50,552	(291,482)
<b>Total amounts recognised in the statement of income</b>	<b>(94,352,391)</b>	<b>1,269,506</b>	<b>74,773,417</b>	<b>129,755</b>	<b>(18,179,713)</b>
<b>Cash Flows</b>					
Premiums received	107,750,312	-	-	-	107,750,312
Claims and other directly attributable expenses paid	-	-	(77,592,840)	-	(77,592,840)
Insurance contracts acquisition cash flows	(6,559,432)	-	-	-	(6,559,432)
<b>Total cash flows</b>	<b>101,190,880</b>	<b>-</b>	<b>(77,592,840)</b>	<b>-</b>	<b>23,598,040</b>
<b>Insurance contracts liabilities as at 31 December 2022</b>	<b>12,094,163</b>	<b>2,529,000</b>	<b>44,979,874</b>	<b>3,450,440</b>	<b>63,053,477</b>
<b>Insurance contracts assets as at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Insurance contracts liabilities as at 31 December 2022</b>	<b>12,094,163</b>	<b>2,529,000</b>	<b>44,979,874</b>	<b>3,450,440</b>	<b>63,053,477</b>



## (10-B) Insurance Contracts Assets/Liabilities – General Approach

2023	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
<b>Insurance contracts liabilities as at 1 January 2023</b>	<b>501,463</b>	<b>9,946</b>	<b>-</b>	<b>511,409</b>
<b>Insurance contracts assets as at 1 January 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Insurance contracts liabilities as at 1 January 2023</b>	<b>501,463</b>	<b>9,946</b>	<b>-</b>	<b>511,409</b>
<b>Changes related to current service</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	-	6,011	-	6,011
Experience adjustments-relating to insurance services expenses	75,873	-	-	75,873
<b>Changes related to future service</b>				
Changes in estimates that adjust the CSM	80,973	(64,626)	(311)	16,036
Changes in estimate that results in onerous contract losses or reversal of such losses	(125,079)	63,283	-	(61,796)
Experience adjustments-arising from premiums received in the period that relate to future service	(60,238)	-	60,238	-
<b>Insurance services results</b>	<b>(28,471)</b>	<b>4,668</b>	<b>59,927</b>	<b>36,124</b>
Finance expenses from insurance contracts issued	68,753	817	4,599	74,169
<b>Total amounts recognised in the statement of income</b>	<b>40,282</b>	<b>5,485</b>	<b>64,526</b>	<b>110,293</b>
<b>Cash flows</b>				
Premiums received	74,315	-	-	74,315
Claims and other directly attributable expenses paid	(95,216)	-	-	(95,216)
<b>Total cash flows</b>	<b>(20,901)</b>	<b>-</b>	<b>-</b>	<b>(20,901)</b>
<b>Insurance contracts liabilities as at 31 December 2023</b>	<b>520,844</b>	<b>15,431</b>	<b>64,526</b>	<b>600,801</b>
<b>Insurance contracts assets as at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Insurance contracts liabilities as at 31 December 2023</b>	<b>520,844</b>	<b>15,431</b>	<b>64,526</b>	<b>600,801</b>

## Insurance Contracts Assets/Liabilities – General Approach

2022	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
<b>Insurance contracts liabilities as at 1 January 2022</b>	<b>435,374</b>	<b>34,977</b>	<b>-</b>	<b>470,351</b>
<b>Insurance contracts assets as at 1 January 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Insurance contracts liabilities as at 1 January 2022</b>	<b>435,374</b>	<b>34,977</b>	<b>-</b>	<b>470,351</b>
<b>Changes related to current service</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	-	(18,851)	-	(18,851)
Experience adjustments-relating to insurance services expenses	(222,926)	-	-	(222,926)
<b>Changes related to future service</b>				
Changes in estimates that adjust the CSM	16,685	(5,583)	(11,102)	-
Changes in estimate that results in onerous contract losses or reversal of such losses	339,392	85	-	339,477
Contracts initially recognised in the period	64,316	-	-	64,316
Experience adjustments-arising from premiums received in the period that relate to future service	(11,102)	-	11,102	-
<b>Insurance services results</b>	<b>186,365</b>	<b>(24,349)</b>	<b>-</b>	<b>162,016</b>
Finance expenses from insurance contracts issued	(154,046)	(682)	-	(154,728)
<b>Total amounts recognised in the statement of income</b>	<b>32,319</b>	<b>(25,031)</b>	<b>-</b>	<b>7,288</b>
<b>Cash flows</b>				
Total premiums received	90,297	-	-	90,297
Claims and other directly attributable expenses paid	(56,527)	-	-	(56,527)
<b>Total cash flows</b>	<b>33,770</b>	<b>-</b>	<b>-</b>	<b>33,770</b>
<b>Insurance contracts liabilities as at 31 December 2022</b>	<b>501,463</b>	<b>9,946</b>	<b>-</b>	<b>511,409</b>
<b>Insurance contracts assets as at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Insurance contracts liabilities as at 31 December 2022</b>	<b>501,463</b>	<b>9,946</b>	<b>-</b>	<b>511,409</b>

### Checks Under Collection related to insurance operations

This item represents checks under collection related to insurance operations, which were taken into account in calculating the insurance contracts assets and liabilities.

	2023	2022
	JD	JD
Checks under collection due within six months	5,481,895	4,242,287
Checks under collection due within more than six months up to one year	720,408	741,007
	<b>6,202,303</b>	<b>4,983,294</b>
Less: Provision for expected credit losses*	(504,469)	(504,469)
	<b>5,697,834</b>	<b>4,478,825</b>

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

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>504,469</b>	<b>513,000</b>
Transferred to provision for doubtful re-insurance receivables	-	(8,531)
<b>Balance at the end of the year</b>	<b>504,469</b>	<b>504,469</b>

### Accounts Receivable related to insurance operations

This item represents receivables related to insurance operations that were taken into account in the calculation of insurance contracts assets and liabilities.

	2023	2022
	JD	JD
Policyholders *	35,905,464	32,462,164
Brokers receivables	2,290,264	2,464,365
Employees' receivables	142,899	98,564
Other receivables	634,253	1,022,380
	<b>38,972,880</b>	<b>36,047,473</b>
Less: Provision for expected credit losses **	(9,303,341)	(9,271,339)
	<b>29,669,539</b>	<b>26,776,134</b>

The details of the aging of receivables are as follows:

	Undue receivables	0-90 days	91-180 days	181-365 days	More than 365 days	Total
	JD	JD	JD	JD	JD	JD
2023	20,504,684	6,027,248	2,032,850	906,016	198,741	29,669,539
2022	17,760,881	6,023,144	1,933,865	870,304	187,940	26,776,134

\* Policy holders receivables includes scheduled payments in the amount of JD 20,504,684 as at 31 December 2023 (JD 17,760,881 as at 31 December 2022).

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

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>9,271,339</b>	<b>10,005,284</b>
Provision for expected credit losses for the year	50,000	191,381
Receivables written off	-	(469,023)
Transferred to provision for doubtful debts of reinsurance receivables	(17,998)	(256,303)
Transferred to provision for impairment on financial assets at amortized cost	-	(100,000)
Transferred to provision for expected credit loss for deposits at banks	-	(100,000)
<b>Balance at the end of the year</b>	<b>9,303,341</b>	<b>9,271,339</b>

### Life Policyholders' Loans related to insurance operations

This item represents policyholder loans related to insurance operations, which are taken into account in the calculation of insurance contracts assets and liabilities.

This item consists of the following:

	2023	2022
	JD	JD
Loans to life policyholders which do not exceed the surrender value	-	11,757

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

	From 1 month to 3 months	From 3 months to 6 months	From 6 months to a year	More than a year	Total
	JD	JD	JD	JD	JD
2023	-	-	-	-	-
2022	-	-	-	11,757	11,757

### Account Payables related to insurance operations

This item represents the payables related to insurance operations that were taken into account in the calculation of insurance contracts assets and liabilities.

	2023	2022
	JD	JD
Trade and Companies' payables	3,798,030	3,862,219
Medical network payables	2,264,277	2,155,471
Agents' payables	729,179	584,221
Garages' payables and vehicle's parts	456,299	476,241
Employees' payables	32,855	37,180
	<b>7,280,640</b>	<b>7,115,332</b>

## (10-C) Re-insurance Contracts Assets/ Liabilities – Premium Allocation Approach

2023	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
	JD	JD	JD	JD	
<b>Re-insurance contracts liabilities as at 1 January 2023</b>	<b>(1,404,596)</b>	<b>-</b>	<b>674,646</b>	<b>86,647</b>	<b>(643,303)</b>
<b>Re-insurance contracts assets as at 1 January 2023</b>	<b>(10,773,795)</b>	<b>-</b>	<b>17,691,933</b>	<b>1,073,778</b>	<b>7,991,916</b>
<b>Re-insurance contracts assets as at 1 January 2023</b>	<b>(12,178,391)</b>	<b>-</b>	<b>18,366,579</b>	<b>1,160,425</b>	<b>7,348,613</b>
Re-insurance contracts revenues	(47,329,411)	-	-	-	(47,329,411)
Incurred claims recovery	-	-	44,047,196	540,690	44,587,886
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(10,038,790)	(798,437)	(10,837,227)
Effect of changes in risk of non-performance by issuer of re-insurance contracts held	-	-	(234,137)	-	(234,137)
<b>Re-insurance services results</b>	<b>(47,329,411)</b>	<b>-</b>	<b>33,774,269</b>	<b>(257,747)</b>	<b>(13,812,889)</b>
Finance income from re-insurance contracts held	-	-	533,020	129,810	662,830
<b>Total amounts recognised in the statement of income</b>	<b>(47,329,411)</b>	<b>-</b>	<b>34,307,289</b>	<b>(127,937)</b>	<b>(13,150,059)</b>
<b>Cash flows</b>					
Total premiums paid net of ceding commissions and other directly attributable expenses	44,584,784	-	-	-	44,584,784
Recoveries from re-insurance	-	-	(32,955,910)	-	(32,955,910)
<b>Total cash flows</b>	<b>44,584,784</b>	<b>-</b>	<b>(32,955,910)</b>	<b>-</b>	<b>11,628,874</b>
<b>Re-insurance contracts liabilities as at 31 December 2023</b>	<b>(395,666)</b>	<b>-</b>	<b>44,679</b>	<b>1,732</b>	<b>(349,255)</b>
<b>Re-insurance contracts assets as at 31 December 2023</b>	<b>(14,527,352)</b>	<b>-</b>	<b>19,673,279</b>	<b>1,030,756</b>	<b>6,176,683</b>
<b>Re-insurance contracts net assets as at 31 December 2023</b>	<b>(14,923,018)</b>	<b>-</b>	<b>19,717,958</b>	<b>1,032,488</b>	<b>5,827,428</b>

## Re-insurance Contracts Assets/ Liabilities – Premium Allocation Approach

2022	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
	JD	JD	JD	JD	JD
<b>Re-insurance contracts liabilities as at 1 January 2022</b>	<b>(10,294,093)</b>	<b>-</b>	<b>8,328,473</b>	<b>215,701</b>	<b>(1,749,919)</b>
<b>Re-insurance contracts assets as at 1 January 2022</b>	<b>(2,195,300)</b>	<b>-</b>	<b>9,960,326</b>	<b>1,043,224</b>	<b>8,808,250</b>
<b>Re-insurance contracts liabilities as at 1 January 2022</b>	<b>(12,489,393)</b>	<b>-</b>	<b>18,288,799</b>	<b>1,258,925</b>	<b>7,058,331</b>
Re-insurance contracts revenues	(40,466,000)	-	-	-	(40,466,000)
Incurred claims recovery	-	-	39,136,293	604,144	39,740,437
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(9,953,667)	(732,899)	(10,686,566)
Effect of changes in risk of non-performance by issuer of re-insurance contracts held	-	-	(248,781)	-	(248,781)
<b>Insurance services results</b>	<b>(40,466,000)</b>	<b>-</b>	<b>28,933,845</b>	<b>(128,755)</b>	<b>(11,660,910)</b>
Finance income from re-insurance contracts held	-	-	76,821	30,255	107,076
<b>Total amounts recognised in the statement of income</b>	<b>(40,466,000)</b>	<b>-</b>	<b>29,010,666</b>	<b>(98,500)</b>	<b>(11,553,834)</b>
<b>Cash flows</b>					
Total premiums paid net of ceding commissions and other directly attributable expenses	40,777,002	-	-	-	40,777,002
Recoveries from re-insurance	-	-	(28,932,886)	-	(28,932,886)
<b>Total cash flows</b>	<b>40,777,002</b>	<b>-</b>	<b>(28,932,886)</b>	<b>-</b>	<b>11,844,116</b>
<b>Re-insurance contracts liabilities as at 31 December 2022</b>	<b>(1,404,596)</b>	<b>-</b>	<b>674,646</b>	<b>86,647</b>	<b>(643,303)</b>
<b>Re-insurance contracts assets as at 31 December 2022</b>	<b>(10,773,795)</b>	<b>-</b>	<b>17,691,933</b>	<b>1,073,778</b>	<b>7,991,916</b>
<b>Re-insurance contracts (liabilities) assets as at 31 December 2022</b>	<b>(12,178,391)</b>	<b>-</b>	<b>18,366,579</b>	<b>1,160,425</b>	<b>7,348,613</b>

## Re-insurance Contracts Assets/ Liabilities – General Approach

2023	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
<b>Re-insurance contracts liabilities as at 1 January 2023</b>	<b>295,812</b>	<b>-</b>	<b>(411,265)</b>	<b>(115,453)</b>
<b>Re-insurance contracts assets as at 1 January 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Re-insurance contracts (liabilities) assets as at 1 January 2023</b>	<b>295,812</b>	<b>-</b>	<b>(411,265)</b>	<b>(115,453)</b>
<b>Changes related to current service</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	6,247	-	-	6,247
Experience adjustments-relating to insurance services expenses	-	5,547	-	5,547
<b>Changes related to future service</b>				
Changes in estimates that adjust the CSM	(413,894)	(5,547)	419,441	-
Contracts initially recognised in period	8,415	-	(8,415)	-
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	8,258	-	(8,258)	-
<b>Re-insurance services results</b>	<b>(390,974)</b>	<b>-</b>	<b>402,768</b>	<b>11,794</b>
Finance expenses from insurance contracts issued	116,168	-	(1,102)	115,066
<b>Total amounts recognised in the statement of income</b>	<b>(274,806)</b>	<b>-</b>	<b>401,666</b>	<b>126,860</b>
<b>Cash flows</b>				
Premiums received	-	-	-	-
Claims and other directly attributable expenses paid	(21,009)	-	-	(21,009)
Insurance contracts acquisition cash flows	-	-	-	-
<b>Total cash flows</b>	<b>(21,009)</b>	<b>-</b>	<b>-</b>	<b>(21,009)</b>
<b>Re-insurance contracts liabilities as at 31 December 2023</b>	<b>(3)</b>	<b>-</b>	<b>(9,599)</b>	<b>(9,602)</b>
<b>Re-insurance contracts assets as at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Re-insurance contracts (liabilities) assets as at 31 December 2023</b>	<b>(3)</b>	<b>-</b>	<b>(9,599)</b>	<b>(9,602)</b>



## Re-insurance Contracts Assets/ Liabilities – General Approach

2022	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
<b>Re-insurance contracts liabilities as at 1 January 2022</b>	-	-	-	-
<b>Re-insurance contracts assets as at 1 January 2022</b>	-	-	-	-
<b>Re-insurance contracts liabilities as at 1 January 2022</b>	-	-	-	-
<b>Changes related to current service</b>				
Changes in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustments-relating to insurance service expenses	6	-	-	6
<b>Changes related to future service</b>				
Changes in estimates that adjust the CSM	411,265	-	(411,265)	-
Changes in estimate that results in onerous contract losses or reversal of such losses	-	-	-	-
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	-	-	-	-
<b>Insurance services results</b>	<b>411,271</b>	<b>-</b>	<b>(411,265)</b>	<b>6</b>
Finance expenses from insurance contracts issued	(115,453)	-	-	(115,453)
Total amounts recognised in the statement of income	295,818	-	(411,265)	(115,447)
<b>Cash flows</b>				
Premiums received	-	-	-	-
Claims and other directly attributable expenses paid	(6)	-	-	(6)
Insurance contracts acquisition cash flows	-	-	-	-
<b>Total cash flows</b>	<b>(6)</b>	<b>-</b>	<b>-</b>	<b>(6)</b>
<b>Re-insurance contracts liabilities as at 31 December 2022</b>	<b>295,812</b>	<b>-</b>	<b>(411,265)</b>	<b>(115,453)</b>
<b>Re-insurance contracts assets as at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Re-insurance contracts assets (liabilities) as at 31 December 2022</b>	<b>295,812</b>	<b>-</b>	<b>(411,265)</b>	<b>(115,453)</b>

## Accounts Receivable related to re-insurance operations

This item represents receivables related to reinsurance operations that have been taken into account in the calculation of reinsurance contracts assets and liabilities.

	2023	2022
	JD	JD
Re-insurance contract assets (local)	2,078,243	2,007,976
Re-insurance contract assets (foreign)	485,599	794,826
	<b>2,563,842</b>	<b>2,802,802</b>
Less: Provision for expected credit losses *	(1,269,004)	(1,151,004)
	<b>1,294,838</b>	<b>1,651,798</b>

\* Movements on provision for expected credit losses during the year:

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>1,151,004</b>	<b>886,170</b>
Provision for expected credit losses for the year	100,002	-
Transferred from allowance for expected credit losses for checks under collection	-	8,531
Transferred to provision for expected credit losses on accounts receivable	17,998	256,303
<b>Balance at end of the year</b>	<b>1,269,004</b>	<b>1,151,004</b>

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

	Undue receivables	0-90 days	91-180 days	181-365 days	More than 365 days	Total
	JD	JD	JD	JD		JD
2023	19,118	513,301	164,759	597,760	-	1,294,838
2022	-	1,010,779	275,315	340,729	24,975	1,651,798

## Account Payables related to re-insurance operations

This item represents payables related to reinsurance operations that were taken into account in the calculation of reinsurance contracts assets and liabilities.

	2023	2022
	JD	JD
Foreign reinsurance Companies	27,005,017	22,386,285
Local insurance Companies	234,096	357,947
	<b>27,239,113</b>	<b>22,744,232</b>

## (11) Income Tax

### A- Income tax provision

Movements on the income tax provision were as follows:

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>216,755</b>	<b>2,483,394</b>
National contribution tax	216,895	169,769
Taxes on the investments outside Jordan	120,309	49,196
Income tax paid	(341,262)	(2,756,615)
Income tax on bank interests	-	271,011
<b>Balance at the end of the year</b>	<b>212,697</b>	<b>216,755</b>

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

	2023	2022
	JD	JD
		(Restated)
Taxes on the investments outside Jordan	120,309	49,196
National contribution tax	216,895	169,769
Income tax for previous years	-	97,124
Deferred tax assets	(137,261)	240,623
	<b>199,943</b>	<b>556,712</b>

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

	2023	2022
	JD	JD
		(Restated)
Accounting profit	9,726,835	8,452,172
Non-taxable profits	(1,437,489)	(2,251,888)
Non-deductible expenses	2,436,062	931,922
Gain on sale of financial assets through other comprehensive income	119,346	1,356,628
<b>Taxable profit</b>	<b>10,844,754</b>	<b>8,488,834</b>
Income tax expense	-	-
National contribution tax	216,895	169,769
Effective income tax and national contribution rate	2%	2%
Statutory income tax rate	2%	2%

Gulf Insurance Group / Jordan became exempt from income tax starting from 17 November 2021 for a period of three years due to its merger with Arab Life and Accident Insurance Company, in accordance with the decision of the prime ministry No. (12583) dated 19 November 2015 in accordance with Article (8/B) of Investment Law No. 30 of 2014.

Final settlement for income tax was reached with the Income and Sales Tax Department until the end of the year 2019. Income tax return was submitted for the years 2022, 2021, and 2020. The Income and Sales Tax Department have reviewed the tax returns but have not issued its final decision as at the date of the consolidated financial statements. In the opinion of the management and the Company's tax advisor, the income tax provision is sufficient to meet any tax obligations.

## B- Deferred tax assets

	2023					2022	1 January 2022
	Balance at the beginning of the year	Additions	Released Amounts	Balance at the end of the year	Deferred Tax	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD
						(Restated)	(Restated)
<b>Deferred tax assets:</b>							
Provision for expected credit losses on accounts receivable and provision for doubtful debt for re-insurance receivable	3,321,298	-	-	3,321,298	863,537	863,537	863,537
Provision for employees' incentives	-	-	-	-	-	-	156,000
Impairment loss on financial liabilities	1,199,000	-	-	1,199,000	311,740	311,740	311,740
Insurance contracts liabilities	8,973,486	-	93,778	8,879,708	2,308,724	2,333,106	2,521,115
Provision for end of service indemnity	2,417,525	722,877	101,171	3,039,231	790,200	628,557	525,171
	<b>15,911,309</b>	<b>722,877</b>	<b>194,949</b>	<b>16,439,237</b>	<b>4,274,201</b>	<b>4,136,940</b>	<b>4,377,563</b>

Movements on deferred tax assets were as follows:

	2023	2022	1 January 2022
	JD	JD	JD
		(Restated)	(Restated)
<b>Balance at the beginning of the year</b>	<b>4,136,940</b>	<b>4,377,563</b>	<b>3,739,493</b>
Addition (released), net	137,261	(240,623)	638,070
<b>Balance at the end of the year</b>	<b>4,274,201</b>	<b>4,136,940</b>	<b>4,377,563</b>

## (12) Property and Equipment

2023	Land	Building	Computers	Decorations	Tools, equipment and furniture	Vehicles	Projects under progress*	Total
	JD	JD	JD	JD	JD	JD	JD	JD
<b>Cost</b>								
Balance at the beginning of the year	3,532,896	3,716,205	1,668,805	1,835,051	2,216,924	329,104	-	13,298,985
Additions	-	-	147,095	84,100	68,168	105,000	210,583	614,946
Disposals	-	-	(17,318)	(3,401)	(28,038)	(50,000)	-	(98,757)
Balance at the end of the year	3,532,896	3,716,205	1,798,582	1,915,750	2,257,054	384,104	210,583	13,815,174
<b>Accumulated depreciation</b>								
Balance at the beginning of the year	-	1,091,997	1,320,926	1,514,194	1,883,408	230,010	-	6,040,535
Depreciation for the year**	-	74,324	150,864	109,337	77,007	33,599	-	445,131
Disposals	-	-	(16,606)	(2,879)	(26,916)	(49,999)	-	(96,400)
Balance at the end of the year	-	1,166,321	1,455,184	1,620,652	1,933,499	213,610	-	6,389,266
<b>Net book value at the end of the year</b>	<b>3,532,896</b>	<b>2,549,884</b>	<b>343,398</b>	<b>295,098</b>	<b>323,555</b>	<b>170,494</b>	<b>210,583</b>	<b>7,425,908</b>
<b>2022</b>								
<b>Cost</b>								
Balance at the beginning of the year	2,757,000	3,716,205	1,607,126	1,754,083	2,183,196	381,828	-	12,399,438
Additions	775,896	-	77,657	101,719	76,484	99,126	-	1,130,882
Disposals	-	-	(15,978)	(20,751)	(42,756)	(151,850)	-	(231,335)
Balance at the end of the year	3,532,896	3,716,205	1,668,805	1,835,051	2,216,924	329,104	-	13,298,985
<b>Accumulated depreciation</b>								
Balance at the beginning of the year	-	1,017,673	1,203,343	1,432,225	1,831,980	347,158	-	5,832,379
Depreciation for the year**	-	74,324	133,007	100,428	92,061	34,702	-	434,522
Disposals	-	-	(15,424)	(18,459)	(40,633)	(151,850)	-	(226,366)
Balance at the end of the year	-	1,091,997	1,320,926	1,514,194	1,883,408	230,010	-	6,040,535
<b>Net book value at the end of the year</b>	<b>3,532,896</b>	<b>2,624,208</b>	<b>347,879</b>	<b>320,857</b>	<b>333,516</b>	<b>99,094</b>	<b>-</b>	<b>7,258,450</b>

Property and equipment includes fully depreciated assets of JD 4,358,889 as at 31 December 2023 compared to JD 2,931,892 as at 31 December 2022 and is still in use to date.

\* This item represents the cost incurred for the expansion and improvement of the second floor of the company's main building, in addition to the costs incurred to purchase computers, and the project is expected to be completed during the first quarter of 2024 at a total cost of JD 339,824.

\*\*Depreciation expense was allocated as follows:

	2023	2022
	JD	JD
Depreciation and amortization under insurance contract expenses (note 26)	264,196	261,430
Acquisition costs under insurance contract expenses (note 26)	113,428	114,340
Undistributed depreciation and amortization	67,507	58,752
	<b>445,131</b>	<b>434,522</b>

### (13) Intangible Assets

2023	Life insurance license	Programs and computer systems	Projects under progress*	Total
	JD	JD	JD	JD
<b>Cost</b>				
Balance at the beginning of the year	5,199,149	2,543,230	-	7,742,379
Additions	-	331,959	25,093	357,052
Disposals	-	(1,600)	-	(1,600)
<b>Balance at the end of the year</b>	<b>5,199,149</b>	<b>2,873,589</b>	<b>25,093</b>	<b>8,097,831</b>
<b>Accumulated Amortization</b>				
Balance at the beginning of the year	-	2,010,115	-	2,010,115
Amortization for the year**	-	200,324	-	200,324
Disposals	-	(1,600)	-	(1,600)
<b>Balance at the end of the year</b>	<b>-</b>	<b>2,208,839</b>	<b>-</b>	<b>2,208,839</b>
Less: impairment provision for the year***	(400,000)	-	-	(400,000)
<b>Net book value at the end of the year</b>	<b>4,799,149</b>	<b>664,750</b>	<b>25,093</b>	<b>5,488,992</b>
<b>2022</b>				
<b>Cost</b>				
Balance at the beginning of the year	5,199,149	2,524,707	-	7,723,856
Additions	-	308,909	-	308,909
Disposals	-	(290,386)	-	(290,386)
<b>Balance at the end of the year</b>	<b>5,199,149</b>	<b>2,543,230</b>	<b>-</b>	<b>7,742,379</b>
<b>Accumulated Amortization</b>				
Balance at the beginning of the year	-	2,002,121	-	2,002,121
Amortization for the year**	-	196,811	-	196,811
Disposals	-	(188,817)	-	(188,817)
<b>Balance at the end of the year</b>	<b>-</b>	<b>2,010,115</b>	<b>-</b>	<b>2,010,115</b>
<b>Net book value at the end of the year</b>	<b>5,199,149</b>	<b>533,115</b>	<b>-</b>	<b>5,732,264</b>

\* This item represents the cost incurred life insurance system project. The project is expected to be completed during the first quarter of 2024 at a total cost of JD 83,643.

\*\* Amortization expense was allocated as follows:

	2023	2022
	JD	JD
Depreciation and amortization under insurance contract expenses (note 26)	128,207	125,958
Undistributed depreciation and amortization	16,026	15,744
Acquisition costs under insurance contract expenses (note 26)	56,091	55,109
	<b>200,324</b>	<b>196,811</b>

\*\*\* Movements on the impairment provision were as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	-	-
Impairment provision for the year	(400,000)	-
	<b>(400,000)</b>	<b>-</b>

## (14) Right of Use Assets

This item represents the right to use assets for leases for offices and branches.

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

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>401,387</b>	<b>262,602</b>
Additions	22,984	391,471
Depreciation on right of use assets	(220,880)	(252,686)
<b>Balance at the end of the year</b>	<b>203,491</b>	<b>401,387</b>

## (15) Other Assets

	2023	2022	1 January 2022
	JD	JD	JD
		(Restated)	(Restated)
Accrued interest revenues	1,770,805	1,223,267	1,136,472
Tax receivable	2,100,406	1,571,850	1,653,171
Refundable deposits	466,802	464,437	507,431
Income tax paid on interest income	440,842	174,700	43,652
Prepaid expenses	262,645	163,582	290,993
Advance payments for income tax	-	31,360	51,525
Insurance guarantees	-	1,877	-
Income tax deposits	4,342	123,733	-
Others	2,800	35,890	-
	<b>5,048,642</b>	<b>3,790,696</b>	<b>3,683,244</b>



## (16) Lease contracts liabilities

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

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>394,287</b>	<b>235,371</b>
Additions	22,984	391,471
Interest on lease contracts liabilities	23,256	30,870
Paid during the year	(207,679)	(263,425)
<b>Balance at the end of the year</b>	<b>232,848</b>	<b>394,287</b>

\* Lease contracts liabilities details are as follows:

2023			2022		
Short term	Long term	Total	Short term	Long term	Total
JD	JD	JD	JD	JD	JD
137,038	95,810	232,848	221,024	173,263	394,287

## (17) Other provisions

	2023	2022
	JD	JD
End of service provision *	2,632,713	2,040,193
Contingent liabilities provision **	249,884	180,425
Others	5,001	5,375
	<b>2,887,598</b>	<b>2,225,993</b>

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

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>2,040,193</b>	<b>1,833,695</b>
Provision for the year (note 30)	722,877	433,331
Paid during the year	(250,357)	(226,833)
Actuarial losses resulted from changes in assumptions	120,000	-
<b>Balance at the end of the year</b>	<b>2,632,713</b>	<b>2,040,193</b>

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

	2023	2022
Discount rate	5%	5%
Mortality rate	0.060%	0.020%
Annual salaries increments rate	1%	0.5%
Resignation rate	7.4%	7.5%

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

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>180,425</b>	<b>796,125</b>
Provision for the year	69,459	-
Paid during the year	-	(615,700)
<b>Balance at the end of the year</b>	<b>249,884</b>	<b>180,425</b>

## (18) Other Liabilities

	2023	2022	1 January 2022
	JD	JD	JD
		(Restated)	(Restated)
Social security deposits and governmental fees	330,112	321,103	356,256
Income tax withholdings	122,725	110,282	428,006
Stamps	140,552	136,364	143,123
Accrued expenses	-	110,040	122,557
Sales tax withholdings	43,453	109,288	82,650
Due to shareholders – subscription refunds	56,918	57,712	57,797
Due to customers	-	122,410	-
Others	29,613	2,646	60,625
	<b>723,373</b>	<b>969,845</b>	<b>1,251,014</b>

## (19) Authorized And Paid In Capital

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

The authorized and paid in capital is JD 26,000,000 divided into 26,000,000 shares at par value of JD 1 each as at 31 December 2023.

## (20) Legal Reserves

### Statutory reserve

This amount represents appropriations at 10% of net income before income tax during this year and prior years, this reserve is not available for distribution to shareholders. The transfer of the statutory reserve should not be stopped before its balance reaches 25% of the authorized capital. However, with the approval of the company's general assembly, the transfer may continue until the balance of the statutory reserve reaches 100% of the Company's authorized capital.

## (21) Fair Value Reserve

Movements on the fair value reserve were as follows:

	2023	2022
	JD	JD
<b>Balance at the beginning of the year</b>	<b>(1,684,308)</b>	<b>(967,052)</b>
Change in fair value of financial assets through other comprehensive income	439,609	925,432
Realized gains from sale of financial assets at fair value through other comprehensive income	(264,464)	(1,642,688)
Actuarial losses resulting from a change in assumptions	(120,000)	-
<b>Balance at the end of the year</b>	<b>(1,629,165)</b>	<b>(1,684,308)</b>

## (22) Retained Earnings

Movements on retained earnings during the year were as follows:

	2023	2022
	JD	JD
		(Restated)
<b>Balances at the beginning of the year</b>	<b>12,619,382</b>	<b>10,597,102</b>
Effect of the implementation of IFRS 17	-	(5,515,127)
Adjusted Balance	12,619,382	5,081,975
Profit for the year	9,488,655	7,828,596
<b>Less</b>		
Change in non-controlling interest	-	-
Capital increase	-	(521,527)
Retained earnings*	(3,900,000)	(1,271,913)
Gain (losses) on sale of financial assets through other comprehensive income	264,464	1,642,688
Transfer to statutory reserve	-	(140,437)
<b>Balance at the end of the year</b>	<b>18,472,501</b>	<b>12,619,382</b>

\* The General Assembly of the Company decided in its extraordinary meeting held on 27 April 2023 to distribute 15% of the capital as cash dividends to the shareholders equivalent to JD 3,900,000.

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

### Dividend suggested to be distributed

The Board of Directors will submit in its meeting to be held during 2024 the recommendation to the General Assembly of the Group to distribute cash dividends of JD 3,900,000 to shareholders, which equals to 15% of the company's capital as at 31 December 2023.

### (23) Subordinated Loan

On 15 November 2017, the Company borrowed from Gulf Insurance Group an amount of (USD 16,361,071) equivalent to JD 11,600,000 as a subordinated loan to increase the Company solvency margin in line with the Insurance Administration Instruction No.3 of 2002 and the decisions issued there under. This loan bears no interest and no repayment schedule. During 2019, the Company paid an amount of (USD 3,667,137) equivalent to JD 2,600,000 and during 2020, the Company paid an amount of (USD 4,231,312) equivalent to JD 3,000,000. During 2021, the Company paid an amount of (USD 4,231,312) equivalent to JD 3,000,000. During 2022, the Company paid an amount of (USD 2,118,644) equivalent to JD 1,500,000. During the first quarter of 2023, the Company paid the balance of the subordinated loan in the amount of (USD 2,118,644) equivalent to JD 1,500,000.

### (24) Interest Income

	2023	2022
	JD	JD
Interest on bank deposits	1,975,951	2,556,410
Interest on financial assets at amortized cost	2,355,975	818,977
	<b>4,331,926</b>	<b>3,375,387</b>

## (25) Insurance Contracts Revenues

2023	Motor	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	27,825,611	10,663,992	633,765	1,518,469	1,757,835	58,174,047	3,434,503	2,601,323	106,609,545
Insurance contract issuance fees	318,041	158,550	25,884	21,119	57,580	2,553,193	237,437	60,123	3,431,927
Expected incurred claims	-	-	-	-	-	-	-	17,251	17,251
Allocation of a portion of the premiums related to the recovery of cash flows for the acquisition of insurance	-	-	-	-	-	-	-	4,500	4,500
Expected incurred expenses	-	-	-	-	-	-	-	2,092	2,092
Change in risk adjustments - non- financial	-	-	-	-	-	-	-	(6,011)	(6,011)
	<b>28,143,652</b>	<b>10,822,542</b>	<b>659,649</b>	<b>1,539,588</b>	<b>1,815,415</b>	<b>60,727,240</b>	<b>3,671,940</b>	<b>2,679,278</b>	<b>110,059,304</b>
2022	Motor	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	24,792,452	10,363,141	595,824	1,376,986	2,005,058	53,861,944	3,880,958	663,282	97,539,645
Insurance contract issuance fees	368,594	160,108	15,943	19,640	79,757	2,670,895	200,248	28,009	3,543,194
Expected incurred claims	-	-	-	-	-	-	-	219,251	219,251
Change in risk adjustments - non- financial	-	-	-	-	-	-	-	18,851	18,851
Expected incurred expenses	-	-	-	-	-	-	-	3,692	3,692
	<b>25,161,046</b>	<b>10,523,249</b>	<b>611,767</b>	<b>1,396,626</b>	<b>2,084,815</b>	<b>56,532,839</b>	<b>4,081,206</b>	<b>933,085</b>	<b>101,324,633</b>

## (26) Insurance Contracts Expenses

2023	Motor	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurring insurance claims	18,556,416	1,434,986	402,713	507,021	522,142	44,631,677	392,256	1,653,614	68,100,825
Amortization of acquisition costs	1,653,328	632,973	55,511	109,569	107,087	3,536,730	426,624	220,650	6,742,472
Depreciation and amortization (note 12,13)	98,650	34,078	3,231	5,244	5,641	208,606	9,953	27,000	392,403
Administrative expenses (note 29)	2,426,902	838,427	66,398	129,038	138,768	5,132,169	257,932	664,287	9,653,921
Loss from onerous contracts	2,515,593	-	-	-	-	-	-	(45,761)	2,469,832
Recovered from loss from onerous contracts	(3,042,593)	-	-	-	-	-	-	-	(3,042,593)
Risk adjustments - non-financial	467,441	141,888	21,463	21,429	33,935	506,839	21,019	58,681	1,272,695
Transferred from amortization costs	-	-	-	-	-	-	-	4,500	4,500
	<b>22,675,737</b>	<b>3,082,352</b>	<b>549,316</b>	<b>772,301</b>	<b>807,573</b>	<b>54,016,021</b>	<b>1,107,784</b>	<b>2,582,971</b>	<b>85,594,055</b>
2022	Motor	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurring insurance claims	18,711,291	2,465,301	341,163	311,566	619,154	42,187,260	(334,524)	287,292	64,588,503
Amortization of acquisition costs	1,807,642	666,988	56,589	122,674	102,632	3,424,814	468,721	80,389	6,730,449
Depreciation and amortization (note 12,13)	98,319	36,628	3,257	4,660	6,562	215,410	10,935	11,617	387,388
Administrative expenses (note 29)	2,215,353	825,308	46,957	105,001	147,874	4,853,661	272,818	261,750	8,728,722
Loss from onerous contracts	1,244,495	-	-	-	-	-	-	403,810	1,648,305
Recovered from loss from onerous contracts	25,011	-	-	-	-	-	-	-	25,011
Risk adjustments - non-financial	868,862	143,209	6,992	27,874	38,151	380,022	14,647	10,283	1,490,040
	<b>24,970,973</b>	<b>4,137,434</b>	<b>454,958</b>	<b>571,775</b>	<b>914,373</b>	<b>51,061,167</b>	<b>432,597</b>	<b>1,055,141</b>	<b>83,598,418</b>

## (27) Finance (expense) Income – Insurance Contracts

	2023	2022
	JD	JD
Finance (expense) income	(3,446,278)	446,210
	<b>(3,446,278)</b>	<b>446,210</b>

The Group used discount rates that ranged between 10.43% and 11.26% as at 31 December 2023 (31 December 2022: 11.29% and 13.09%).

## (28) Finance Income (Expense) – Re-insurance Contracts

	2023	2022
	JD	JD
Finance income	777,896	(8,377)
	<b>777,896</b>	<b>(8,377)</b>

The Group used discount rates that ranged between 10.43% and 11.26% as at 31 December 2023 (31 December 2022: 11.29% and 13.09%).

## (29) General and Administrative Expenses

	2023	2022
	JD	JD
Salaries and bonuses	5,810,446	6,092,811
Group's share of social security	632,125	591,393
End-of-service provision expense	547,557	311,518
Travel and transportation	116,819	109,470
Medical expenses	400,600	411,769
Staff training and development	21,935	18,281
Insurance federation fees	62,012	114,886
Lawyer fees and expenses	717,944	658,272
Impairment provision for intangible assets	400,000	-
Depreciation on right of use assets	177,504	188,475
Advertisements	319,136	306,445
Technical consulting fees	466,151	281,390
Postage telecommunications and stamps	151,916	148,378
Stationery and printing	156,719	163,762
Government and other fees	266,142	256,026
Maintenance	181,935	141,786
Donations	136,408	1,330
Water, electricity and heating	76,405	86,595
Board members transportation fees	95,340	112,280
Cleaning expenses	54,518	53,351
Subscriptions	117,544	68,267
Interest on lease contracts liabilities	15,787	22,484
Rent	53,137	41,279
Professional fees	106,156	39,099
Hospitality	59,082	42,061
Insurance expenses	63,320	19,230
Building management fees	11,887	10,487
Vehicles expenses	6,994	10,005
Board Members Committee Fees	9,380	3,220
Other expenses	341,027	147,926
	<b>11,575,926</b>	<b>10,452,276</b>
Allocated general and administrative expenses to the insurance contracts expenses (note 26)	9,653,921	8,728,722
Unallocated general and administrative expenses to the insurance contracts expenses	1,922,005	1,723,554



### (30) Accrued Expenses

	2023	2022
	JD	JD
Accrued executive management performance results	463,050	460,640
Accrued expenses	583,217	328,678
Employees incentive bonus allowance	800,000	1,000,000
	<b>1,846,267</b>	<b>1,789,318</b>

### (31) Other Revenues

This item consists of the following:

	2023	2022
	JD	JD
Closing Abdali branch rent contract	-	4,949
Others	-	(2,982)
	<b>-</b>	<b>2,007</b>

### (32) (Gain) Loss from Sale of Property Plant and Equipment

This item consists of the following:

	2023	2022
	JD	JD
(Gain) loss from sale of property, plant and equipment	(24,237)	62,084
	<b>(24,237)</b>	<b>62,084</b>

### (33) Net (Loss) Gain from Financial Assets and Investments

This item consists of the following:

	2023	2022
	JD	JD
Dividends income from financial assets at fair value through other comprehensive income	327,237	234,388
Gain from sale of financial assets at amortized cost	-	197,380
Unrealized gains on financial assets at fair value through profit or loss	(746,799)	-
	<b>(419,562)</b>	<b>431,768</b>

### (34) Basic and Diluted Earnings Per Share from Profit for the Year

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

	2023	2022
Profit for the year (JD)	9,488,655	7,828,596
Weighted average number of shares (shares)	26,000,000	26,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the year	0/365	0/301
Basic and diluted earnings per share for the year from continuing operations	0/366	0/304

## (35) Discontinued Operations

The Board of Directors of Arab Life and Accidents Insurance Company (the merged Company) decided on a previous date, to close Palestine's branches and, therefore, Palestine's branches' assets were classified as discontinued operations' assets and its obligations as liabilities related to discontinued operations' assets as at 31 December 2023. In additions, the results of these branches were presented in the consolidated statement of income within discontinued operations for the year ended 31 December 2023.

## (36) Related Party Transactions and Balances

The Group entered into transactions with major shareholders, board members and directors within the normal activities of the Company using insurance premium and commercial commission. All related parties' balances are considered performing and no provision has been taken against them as at 31 December 2023.

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

	Related parties			Total	Total	Total
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company)	Gulf Insurance Group (Parent Company)	Top Executive Management	2023	2022	1 January 2022
	JD	JD	JD	JD	JD	JD
					(Restated)	(Restated)
<b>Consolidated statement of financial position items</b>						
Time deposits	3,218,563	-	-	3,218,563	21,655,916	18,890,121
Debit current accounts	168,992	-	-	168,992	152,128	457,494
Current accounts	242,845	-	-	242,845	216,540	505,906
Letters of guarantee deposits	393,278	-	-	393,278	400,659	443,127
Insurance contracts liabilities	100,237	-	-	100,237	1,801,808	1,753,746
Overdraft account	-	-	-	-	-	1,199,828
Subordinated loan	-	-	-	-	1,500,000	3,000,000
Financial assets at fair value through other comprehensive income	2,594,492	-	-		970,586	-
Accrued expenses	-	-	463,050	463,050	460,640	192,000
<b>Off-statement of interim consolidated statement of financial position Items</b>						
Letters of guarantee	3,932,780	-	-	3,932,780	4,006,590	4,431,270

	Related parties		Total	Total
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company)	Top Executive Management	2023	2022
	JD	JD	JD	JD
<b>Consolidated Statement of comprehensive income Items</b>				
Bank interest income	423,530	-	423,530	672,795
Insurance revenues	3,214,900	-	3,214,900	2,192,873
Bank expenses and interest	248,859	-	248,859	118,596
Salaries	-	1,056,982	1,056,982	1,011,404
Bonuses	-	354,923	354,923	402,865
Transportation for members of the Board of Directors	-	136,200	136,200	125,400
Bonuses for members of the Board of Directors	-	45,000	45,000	35,000
Board of Directors committees' bonuses	-	13,400	13,400	4,600

During 2011, it was agreed with Gulf Insurance Group (Parent Company) to settle all treaty reinsurance accounts through Gulf Insurance Company, where the Group's credit balance amounts to JD 274,405 at the end of the year 2023 (2022: JD 458,408).

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

	2023	2022
	JD	JD
Salaries and bonuses	1,411,905	1,414,269
Travel expenses	8,800	8,700
	<b>1,420,705</b>	<b>1,422,969</b>

### (37) The fair value of financial assets and liabilities that are not shown at fair value in the financial statements

There are no material differences between the book value and fair value of the financial assets and financial liabilities at the end of 2023 and 2022.

## (38) Risk Management

### Explanatory Disclosures:

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

- First:** Material risks such as (natural catastrophes, fires, accidents, and other external risks not relating to the Group's operations).
- Second:** Legal risks resulting from legal claims or any risks arising from the laws and regulations issued by the Insurance Commission and the related non-compliance.
- Third:** Risks arising from financial matters such as (interest rate, credit risk, foreign currencies risks, and market risk).
- Fourth:** Intangible risks that are difficult to identify such as knowledge risk that occurs upon the application of inadequate knowledge by employees, Moreover, relationships risks occur when there is inefficient cooperation with clients. All these risks reduce the employee's productivity in knowledge and lessen the effectiveness of expenditures, profit, service, quality, reputation, and the quality of gains.

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

### Risk Management Policy

#### First: Planning and Preparation

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

#### Second: Identification of Risks

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

#### Third: Risk Treatment Method

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

- Transfer:** This represents the process of transferring the risk to another party through contracts or financial protection.
- Avoidance:** This is an active process to ward off risk through avoiding works that lead to risks. Avoidance is the best preventive method against risk. This may deprive the Group from conducting certain activities profitable for the Group.
- Reduction:** This is the process of decreasing the loss arising from the occurrence of risk.
- Acceptance:** There should be a policy to accept unavoidable risks as acceptance of small risks is an effective strategy.

#### Fourth: Plan

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

#### Fifth: Execution

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

#### Sixth: Plan Review and Evaluation

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

### Risk Management Arrangements Determinants

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

#### Risks Management Responsibilities

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

#### Risk Treatment Strategy

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

### Second: Quantitative Disclosures:

#### A. Insurance Risk

##### 1. Insurance Risk

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

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

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

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

### Steps in Determining Assumptions

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

## 2. Claims Development

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

### Motor Insurance:

#### Gross :

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	98,578,324	14,878,117	19,549,760	18,944,804	27,168,024	179,119,029
After one year	116,233,292	18,150,725	20,666,459	21,871,351	-	176,921,827
After two years	126,291,722	19,056,400	22,936,169	-	-	168,284,291
After three years	131,136,993	20,030,581	-	-	-	151,167,574
After four years	133,573,356	-	-	-	-	133,573,356
After five years	107,963,691	-	-	-	-	107,963,691
After six years	82,699,587	-	-	-	-	82,699,587
After seven years	52,274,881	-	-	-	-	52,274,881
Total accumulated claims paid	124,114,368	17,238,948	18,221,382	15,667,392	12,419,302	187,661,392
Total liabilities	133,675,714	20,030,581	22,936,169	21,871,351	27,168,024	225,681,839
Liability for incurred claims	9,561,346	2,791,633	4,714,787	6,203,959	14,748,722	38,020,447
Discounting effect	-	-	-	-	-	3,850,466
Total liabilities for incurred claims	9,561,346	2,791,633	4,714,787	6,203,959	14,748,722	34,169,981

## Net

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	95,100,022	13,938,170	18,523,093	17,790,551	25,710,605	171,062,441
After one year	112,791,251	17,165,020	19,672,261	20,603,930	-	170,232,462
After two years	122,266,114	18,040,744	21,802,387	-	-	162,109,245
After three years	126,764,955	18,892,019	-	-	-	145,656,974
After four years	128,663,784	-	-	-	-	128,663,784
After five years	103,992,189	-	-	-	-	103,992,189
After six years	79,348,720	-	-	-	-	79,348,720
After seven years	49,582,635	-	-	-	-	49,582,635
Total accumulated claims paid	119,739,917	16,288,256	17,448,717	14,836,007	12,072,835	180,385,732
Total liabilities	128,180,626	18,892,019	21,802,387	20,603,930	25,710,605	215,189,567
Liability for incurred claims	8,440,709	2,603,763	4,353,670	5,767,923	13,637,770	34,803,835
Discounting effect	-	-	-	-	-	3,468,029
Total liabilities for incurred claims	8,440,847	2,603,763	4,353,670	5,767,923	13,637,770	31,335,806

## Marine:

### Gross:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	1,822,806	359,380	250,092	587,357	813,163	3,832,798
After one year	2,092,620	398,501	309,261	590,038	-	3,390,420
After two years	2,091,364	392,887	309,264	-	-	2,793,515
After three years	2,090,734	393,979	-	-	-	2,484,713
After four years	2,176,989	-	-	-	-	2,176,989
After five years	1,174,114	-	-	-	-	1,174,114
After six years	1,002,750	-	-	-	-	1,002,750
After seven years	448,674	-	-	-	-	448,674
Total accumulated claims paid	1,422,054	385,887	309,243	569,140	530,217	3,216,541
Total liabilities	2,176,575	393,979	309,264	590,038	813,163	4,283,019
Liability for incurred claims	754,521	8,092	21	20,898	282,946	1,066,478
Discounting effect	-	-	-	-	-	30,710
Total liabilities for incurred claims	754,521	8,092	21	20,898	282,946	1,035,768



## Net:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	438,701	153,520	134,350	245,154	323,711	1,295,436
After one year	607,869	171,700	167,722	285,188	-	1,232,479
After two years	613,816	171,007	167,724	-	-	952,547
After three years	613,501	171,728	-	-	-	785,229
After four years	647,716	-	-	-	-	647,716
After five years	497,847	-	-	-	-	497,847
After six years	427,009	-	-	-	-	427,009
After seven years	179,754	-	-	-	-	179,754
Total accumulated claims paid	528,247	167,507	167,713	272,499	210,966	1,346,932
Total liabilities	668,563	171,728	167,724	285,188	323,711	1,616,914
Liability for incurred claims	140,316	4,221	11	12,689	112,745	269,982
Discounting effect	-	-	-	-	-	8,368
Total liabilities for incurred claims	140,316	4,221	11	12,689	112,745	261,614

## Fire:

### Gross:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	20,142,336	4,309,684	980,350	3,175,216	2,012,495	30,620,081
After one year	17,106,108	3,813,311	958,547	3,358,567	-	25,236,533
After two years	17,427,969	3,454,392	978,226	-	-	21,860,587
After three years	17,424,444	3,352,145	-	-	-	20,776,589
After four years	17,620,373	-	-	-	-	17,620,373
After five years	13,697,668	-	-	-	-	13,697,668
After six years	12,134,565	-	-	-	-	12,134,565
After seven years	10,881,418	-	-	-	-	10,881,418
Total accumulated claims paid	16,343,595	3,269,772	745,417	3,214,825	764,086	24,337,695
Total liabilities	17,295,349	3,352,145	978,226	3,358,567	2,012,495	26,996,782
Liability for incurred claims	951,754	82,373	232,809	143,742	1,248,409	2,659,087
Discounting effect	-	-	-	-	-	150,941
Total liabilities for incurred claims	951,754	82,373	232,809	143,742	1,248,409	2,508,146

## Net:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	2,157,507	1,508,419	315,389	911,839	331,356	5,224,510
After one year	1,882,936	1,059,932	319,447	980,423	-	4,242,738
After two years	1,903,744	701,943	329,733	-	-	2,935,420
After three years	1,894,956	684,876	-	-	-	2,579,832
After four years	2,080,447	-	-	-	-	2,080,447
After five years	1,705,249	-	-	-	-	1,705,249
After six years	1,309,031	-	-	-	-	1,309,031
After seven years	1,094,439	-	-	-	-	1,094,439
Total accumulated claims paid	1,888,995	660,834	258,109	916,507	226,650	3,951,095
Total liabilities	2,036,726	684,876	329,733	980,423	331,356	4,363,114
Liability for incurred claims	147,731	24,042	71,624	63,916	104,706	412,019
Discounting effect	-	-	-	-	-	(22,389)
Total liabilities for incurred claims	147,731	24,042	71,624	63,916	104,706	434,408

## Social liability:

### Gross:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	5,584,451	586,909	81,814	303,911	633,213	7,190,298
After one year	7,080,969	1,270,926	485,509	928,533	-	9,765,937
After two years	7,494,239	1,285,296	562,963	-	-	9,342,498
After three years	8,026,842	1,310,924	-	-	-	9,337,766
After four years	9,183,907	-	-	-	-	9,183,907
After five years	6,575,743	-	-	-	-	6,575,743
After six years	4,501,753	-	-	-	-	4,501,753
After seven years	3,438,302	-	-	-	-	3,438,302
Total accumulated claims paid	7,673,574	1,241,482	410,912	448,509	293,415	10,067,892
Total liabilities	9,702,420	1,310,924	562,963	928,533	633,213	13,138,053
Liability for incurred claims	2,028,846	69,442	152,051	480,024	339,798	3,070,161
Discounting effect	-	-	-	-	-	186,028
Total liabilities for incurred claims	2,028,846	69,442	152,051	480,024	339,798	2,884,133

## Net:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	1,791,232	311,936	(42,863)	136,524	476,650	2,673,479
After one year	1,969,293	395,815	385,677	719,147	-	3,469,932
After two years	1,757,594	418,765	444,405	-	-	2,620,764
After three years	1,830,197	442,589	-	-	-	2,272,786
After four years	1,912,927	-	-	-	-	1,912,927
After five years	1,358,488	-	-	-	-	1,358,488
After six years	984,785	-	-	-	-	984,785
After seven years	857,942	-	-	-	-	857,942
Total accumulated claims paid	1,726,313	391,965	349,464	347,252	249,523	3,064,517
Total liabilities	2,392,048	442,589	444,405	719,147	476,650	4,474,839
Liability for incurred claims	665,735	50,624	94,941	371,895	227,127	1,410,322
Discounting effect	-	-	-	-	-	72,829
Total liabilities for incurred claims	665,735	50,624	94,941	371,895	227,127	1,337,493

## Medical: Gross:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	192,856,872	31,789,137	37,982,075	41,326,029	49,795,430	353,749,543
After one year	221,116,354	33,173,473	39,684,611	43,072,184	-	337,046,622
After two years	221,215,249	33,192,614	39,692,851	-	-	294,100,714
After three years	221,215,242	33,191,944	-	-	-	254,407,186
After four years	221,233,637	-	-	-	-	221,233,637
After five years	182,595,125	-	-	-	-	182,595,125
After six years	137,113,545	-	-	-	-	137,113,545
After seven years	75,830,219	-	-	-	-	75,830,219
Total accumulated claims paid	221,215,238	33,191,944	39,635,003	43,018,755	39,923,308	376,984,248
Total liabilities	221,235,205	33,191,944	39,692,851	43,072,184	49,795,430	386,987,614
Liability for incurred claims	19,967	-	57,848	53,429	9,872,122	10,003,366
Discounting effect	-	-	-	-	-	-
Total liabilities for incurred claims	19,967	-	57,848	53,429	9,872,122	10,003,366

## Net:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	65,823,604	11,245,298	14,462,030	16,090,366	10,635,512	118,256,810
After one year	75,721,576	11,863,068	15,235,276	16,854,591	-	119,674,511
After two years	75,743,134	11,881,472	15,239,087	-	-	102,863,693
After three years	75,743,131	11,881,238	-	-	-	87,624,369
After four years	75,749,570	-	-	-	-	75,749,570
After five years	62,360,939	-	-	-	-	62,360,939
After six years	46,360,502	-	-	-	-	46,360,502
After seven years	23,592,649	-	-	-	-	23,592,649
Total accumulated claims paid	75,743,129	11,881,238	15,218,087	16,835,195	12,953,448	132,631,097
Total liabilities	75,750,378	11,881,238	15,239,087	16,854,591	10,635,512	130,360,806
Liability for incurred claims	7,249	-	21,000	19,396	(2,317,936)	(2,270,291)
Discounting effect	-	-	-	-	-	-
Total liabilities for incurred claims	7,249	-	21,000	19,396	(2,317,936)	(2,270,291)

## Others:

### Gross:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	4,116,493	1,857,035	369,000	251,958	370,770	6,965,256
After one year	4,359,986	1,205,941	395,827	320,885	-	6,282,639
After two years	4,190,867	1,204,403	414,549	-	-	5,809,819
After three years	4,003,835	1,204,794	-	-	-	5,208,629
After four years	4,037,919	-	-	-	-	4,037,919
After five years	3,888,672	-	-	-	-	3,888,672
After six years	3,450,855	-	-	-	-	3,450,855
After seven years	3,132,503	-	-	-	-	3,132,503
Total accumulated claims paid	3,789,621	1,201,903	275,846	189,480	189,273	5,646,123
Total liabilities	4,297,548	1,204,794	414,549	320,885	370,770	6,608,546
Liability for incurred claims	507,927	2,891	138,703	131,405	181,497	962,423
Discounting effect	-	-	-	-	-	46,964
Total liabilities for incurred claims	507,927	2,891	138,703	131,405	181,497	915,459

## Net:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	634,148	557,689	57,329	92,479	153,406	1,495,051
After one year	572,736	576,083	79,041	128,004	-	1,355,864
After two years	506,441	575,628	90,131	-	-	1,172,200
After three years	533,117	575,811	-	-	-	1,108,928
After four years	538,334	-	-	-	-	538,334
After five years	582,732	-	-	-	-	582,732
After six years	515,818	-	-	-	-	515,818
After seven years	439,744	-	-	-	-	439,744
Total accumulated claims paid	549,350	575,070	30,996	76,147	94,062	1,325,625
Total liabilities	680,589	575,811	90,131	128,004	153,406	1,627,936
Liability for incurred claims	131,239	741	59,135	51,857	59,344	302,316
Discounting effect	-	-	-	-	-	16,969
Total liabilities for incurred claims	131,239	741	59,135	51,857	59,344	285,347

## Life:

### Gross:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	-	-	30,000	299,842	1,688,613	2,018,455
After one year	-	-	33,629	383,993	-	417,622
After two years	18,723	-	33,629	-	-	52,352
After three years	(491)	-	-	-	-	(491)
After four years	31,385	-	-	-	-	31,385
After five years	27,976	-	-	-	-	27,976
After six years	29,606	-	-	-	-	29,606
After seven years	11,786	-	-	-	-	11,786
Total accumulated claims paid	32,874	-	33,629	379,395	902,286	1,348,184
Total liabilities	52,015	-	33,629	383,993	1,688,613	2,158,250
Liability for incurred claims	19,141	-	-	4,598	786,327	810,066
Discounting effect	-	-	-	-	-	52,930
Total liabilities for incurred claims	19,141	-	-	4,598	786,327	757,136

Net:

The accident year	2019 and before	2020	2021	2022	2023	Total
	JD	JD	JD	JD	JD	JD
At the end of the year	-	-	11,392	104,628	346,710	462,730
After one year	-	-	11,573	193,731	-	205,304
After two years	1,872	-	11,573	-	-	13,445
After three years	(17,342)	-	-	-	-	(17,342)
After four years	(7,783)	-	-	-	-	(7,783)
After five years	9,731	-	-	-	-	9,731
After six years	10,409	-	-	-	-	10,409
After seven years	5,440	-	-	-	-	5,440
Total accumulated claims paid	6,461	-	11,573	189,132	262,609	469,775
Total liabilities	12,750	-	11,573	193,731	346,710	564,764
Liability for incurred claims	6,289	-	-	4,599	84,101	94,989
Discounting effect	-	-	-	-	-	26,181
Total liabilities for incurred claims	6,289	-	-	4,599	84,101	68,808

### 3. Insurance Risk Concentrations

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

Insurance liabilities are concentrated based on insurance type as follows:

Insurance types	2023		2022	
	Net	Gross	Net	Gross
	JD	JD	JD	JD
Motor	29,477,602	32,236,283	28,118,267	30,234,384
Marine	273,353	955,096	307,836	1,201,329
Fire and properties	667,833	2,240,604	479,979	3,247,546
Social liability	926,977	1,325,630	480,073	960,337
Medical	2,028,778	5,840,991	2,098,974	5,166,438
Life	115,357	659,349	38,385	79,778
Others	608,306	2,381,820	413,932	2,164,645
<b>Total</b>	<b>34,098,206</b>	<b>45,639,773</b>	<b>31,937,446</b>	<b>43,054,457</b>

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

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

	2023			
	Assets	Liabilities	Re-insurance assets	Re-insurance liabilities
	JD	JD	JD	JD
<b>A- According to geographical area</b>				
Inside Jordan	90,738,588	51,663,237	4,646,417	260,099
Other Middle East Countries	27,535,480	2,903,262	1,409,999	14,617
Europe	111,607	15,501,560	5,715	78,043
Asia *	68,985	5,116	3,533	26
Africa *	2,168,069	44,218	111,019	223
United states of America	-	1,162,000	-	5,849
<b>Total</b>	<b>120,622,729</b>	<b>71,279,393</b>	<b>6,176,683</b>	<b>358,857</b>
	2022			
	Assets	Liabilities	Re-insurance assets	Re-insurance liabilities
	JD	JD	JD	JD
<b>A- According to geographical area</b>				
Inside Jordan	112,140,086	52,090,128	7,784,944	567,218
Other Middle East Countries	695,892	2,801,796	48,310	29,655
Europe	94,989	15,243,663	6,594	161,345
Asia *	64,915	5,545	4,506	59
Africa *	2,125,590	45,266	147,562	479
<b>Total</b>	<b>115,121,472</b>	<b>70,186,398</b>	<b>7,991,916</b>	<b>758,756</b>

\* Excluding Middle East countries.

	2023			2022		
	Assets	Liabilities	Off- Consolidated Statement of Financial Position	Assets	Liabilities	Off- Consolidated Statement of Financial Position
	JD	JD	JD	JD	JD	JD
<b>B- According to Sector</b>						
Public sector	27,083,991	1,411,311	2,831,762	16,015,353	1,178,067	2,831,762
Private Sector:						
Companies and corporations	90,969,238	65,056,743	1,198,940	97,008,122	63,969,842	1,198,940
Individuals	2,569,500	4,811,339	-	2,097,997	5,038,489	-
<b>Total</b>	<b>120,622,729</b>	<b>71,279,393</b>	<b>4,030,702</b>	<b>115,121,472</b>	<b>70,186,398</b>	<b>4,030,702</b>

## Insurance Risk Sensitivity

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

2023		CSM		Effect on the current year pre-tax profit		Effect on equity*	
	Change	Gross	Net	Gross	Net	Gross	Net
	%	JD	JD	JD	JD	JD	JD
Mortality rate	5	(3,226)	(2,746)	(5,515)	(829)	(5,404)	(812)
Longevity	5	(968)	(824)	(1,654)	(249)	(1,621)	(244)
Age expectancy	5	(645)	(549)	(1,103)	(166)	(1,081)	(162)
Expenses	5	(323)	(275)	(551)	(83)	(540)	(81)
Expiration rate	5	(484)	(412)	(827)	(124)	(811)	(122)
2022		CSM		Effect on the current year pre-tax profit		Effect on equity*	
	Change	Gross	Net	Gross	Net	Gross	Net
	%	JD	JD	JD	JD	JD	JD
Mortality rate	5	-	20,563	(364)	6,137	(357)	6,014
Longevity	5	-	6,169	(109)	1,841	(107)	1,804
Age expectancy	5	-	4,113	(73)	1,227	(71)	1,203
Expenses	5	-	2,056	(36)	614	(36)	601
Expiration rate	5	-	3,084	(55)	921	(54)	902

If there is a negative change the effect equals and is opposite to the change above.

\* Net after deducting income tax effect.

## B- Financial Risks

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

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

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

### 1- Market Risks

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



## 2- Interest Rate Risk

Interest rate risks relate to long term bank deposits, development bonds, and other deposits, Moreover, the Group always aims to mitigate these risks through monitoring the changes in interest rates in the market. Interest rate risks relate to fixed deposits at banks and overdraft accounts, as of 31 December 2022. The interest rate on bank deposits range between 6% to 6.8% annually on Jordanian Dinar deposits.

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

	+ 0.5%		- 0.5%	
	For the Year Ended 31 December			
	2023	2022	2023	2022
	JD	JD	JD	JD
Increase (decrease) in profit for the year	106,361	334,613	(106,361)	(334,613)
Shareholders' equity	106,361	334,613	(106,361)	(334,613)

The table below shows the sensitivity of exposure to interest rates on the sovereign bonds of Egypt, the Government of the Hashemite Kingdom of Jordan, Kingdom of Saudi Arabia, Qatar bonds, United Arab of Emirates bonds and other bonds as at 31 December 2023. Sovereign bonds of Egypt and the Government of the Hashemite Kingdom of Jordan as at 31 December 2022, Moreover, the analysis below has been prepared assuming that the amount of bonds outstanding of financial position date was outstanding for the whole financial year. An increase/ decrease of 0.5% (half percent) is used representing the Group's assessment of the probable and acceptable change of interest rates.

	+ 0,5%		- 0,5%	
	For the Year Ended 31 December			
	2023	2022	2023	2022
	JD	JD	JD	JD
Increase (decrease) in profit for the year	296,273	64,396	(296,273)	(64,396)
Shareholders' equity	296,273	64,396	(296,273)	(64,396)

The table below shows the sensitivity of exposure to interest rates related to insurance contract liabilities and reinsurance contract liabilities as at 31 December 2023. An increase or decrease of 0.5% (half a percent) is used which represents the Group's management's assessment of the potential and acceptable change in interest rates.

	+ 0,5%		- 0,5%	
	For the Year Ended 31 December			
	2023	2022	2023	2022
	JD	JD	JD	JD
Insurance contracts liabilities	249,789	245,495	(249,789)	(245,495)
Re-insurance contracts assets	58,074	55,481	(58,074)	(55,481)
Re-insurance contracts liabilities	3,374	5,267	(3,374)	(5,267)

### 3- Foreign Currencies Risks

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

- The US Dollar exchange rate is fixed within a range from 0.708 to 0.710 selling and buying by the Central Bank of Jordan.
- All of the Group's accounts with the various parties including reinsurers are in Jordanian Dinar.
- There are no other foreign currencies denominated accounts. However, the Group monitors the fluctuation in the foreign currency exchange rate continuously.

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

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

### 4- Liquidity Risk

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

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

The table below summarizes the maturity profile of financial liabilities (based on the remaining maturity period from the date of the consolidated financial statements).

2023	Less than month	1 month to 3 months	3-6 months	6 months to 1 year	1-3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD
<b>Liabilities</b>							
Insurance contracts liabilities	8,258,626	19,270,127	16,517,252	11,011,501	7,772,824	1,943,207	64,773,537
Re-insurance contracts liabilities	8,074	18,840	16,149	10,766	244,023	61,005	358,857
Accrued expenses	206,222	1,263,050	142,597	-	-	234,398	1,846,267
Income tax provision	84,211	-	128,486	-	-	-	212,697
Lease contracts liabilities	60,998	17,747	23,941	34,352	95,810	-	232,848
Other provisions	349,814	-	-	-	-	2,537,784	2,887,598
Other liabilities	584,430	39,872	42,153	-	-	56,918	723,373
Liabilities related to discontinued operations' assets	-	-	-	-	-	244,216	244,216
<b>Total</b>	<b>9,552,375</b>	<b>20,609,636</b>	<b>16,870,578</b>	<b>11,056,619</b>	<b>8,112,657</b>	<b>5,077,528</b>	<b>71,279,393</b>
<b>Total Assets</b>	<b>7,862,784</b>	<b>4,171,257</b>	<b>10,281,838</b>	<b>14,678,928</b>	<b>60,725,083</b>	<b>22,902,839</b>	<b>120,622,729</b>
<b>2022</b>							
<b>Liabilities</b>							
Insurance contracts liabilities	8,104,523	18,910,553	16,209,046	10,806,031	7,627,786	1,906,947	63,564,886
Re-insurance contracts liabilities	17,072	39,835	34,144	22,763	515,954	128,988	758,756
Accrued expenses	119,229	1,550,640	119,449	-	-	-	1,789,318
Income tax provision	200,099	-	16,656	-	-	-	216,755
Lease contracts liabilities	123,001	9,441	16,001	72,581	173,263	-	394,287
Other provisions	1,337	5,120	77,728	125,227	-	2,016,581	2,225,993
Other liabilities	463,439	433,513	28,293	19,615	-	24,985	969,845
Liabilities related to discontinued operations' assets	-	-	-	-	-	266,558	266,558
<b>Total</b>	<b>9,028,700</b>	<b>20,949,102</b>	<b>16,501,317</b>	<b>11,046,217</b>	<b>8,317,003</b>	<b>4,344,059</b>	<b>70,186,398</b>
<b>Total Assets</b>	<b>7,504,185</b>	<b>3,981,018</b>	<b>9,812,913</b>	<b>14,009,464</b>	<b>57,955,586</b>	<b>21,858,306</b>	<b>115,121,472</b>

## 5- Share Price Risk

The following table shows the sensitivity of the consolidated statement of income (for financial assets at fair value through the profit or loss) and the cumulative change in fair value (for financial assets through other comprehensive income) as a result of reasonably possible changes in share prices, while remaining all other variables are fixed.

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

2023	Change in Index	Impact on Shareholders' equity	Impact on the consolidated statement of income
		JD	JD
Stock Exchange	5% Increase	267,361	258,976
Stock Exchange	5% Decrease	(267,361)	(258,976)
2022			
Stock Exchange	5% Increase	261,236	-
Stock Exchange	5% Decrease	(261,236)	-

## 6- Insurance Risk

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

- Reinsurers.
- Policyholders.
- Insurance agents.

To mitigate insurance risks, the Group performs the following:

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

## 7- Reinsurance Risk

As is the case with insurance companies, in order to reduce its exposure to major losses that may arise from major insurance claims, the Group, within the normal course of its business, enters into reinsurance agreements with other parties.

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

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

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

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

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

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

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

## 8- Operational Risks

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

## 9- Legal Risks

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

## (39) Maturity Analysis of Assets and Liabilities

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

2023	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>Assets</b>			
Banks deposits	21,272,263	-	21,272,263
Financial assets at fair value through other comprehensive income	-	5,682,672	5,682,672
Financial assets at fair value through profit or loss	5,179,512	-	5,179,512
Financial assets at amortized cost	4,516,395	53,239,130	57,755,525
Investment property	-	170,464	170,464
Cash and cash equivalents	1,155,421	-	1,155,421
Re-insurance assets	5,250,180	926,503	6,176,683
Deferred tax assets	-	4,274,201	4,274,201
Property and equipment	-	7,425,908	7,425,908
Intangible assets	-	5,488,992	5,488,992
Right of use assets	71,731	131,760	203,491
Other assets	5,048,642	-	5,048,642
Discontinued operations' assets	-	788,955	788,955
<b>Total Assets</b>	<b>42,494,144</b>	<b>78,128,585</b>	<b>120,622,729</b>
<b>Liabilities</b>			
Insurance contracts liabilities	55,057,506	9,716,031	64,773,537
Accrued expenses	1,846,267	-	1,846,267
Re-insurance contracts liabilities	53,828	305,029	358,857
Lease contracts liabilities	137,038	95,810	232,848
Other provisions	2,887,598	-	2,887,598
Income tax provision	212,697	-	212,697
Other liabilities	723,373	-	723,373
Liabilities related to discontinued operations' assets	-	244,216	244,216
<b>Total Liabilities</b>	<b>60,918,307</b>	<b>10,361,086</b>	<b>71,279,393</b>
<b>Net</b>	<b>(18,424,163)</b>	<b>67,767,499</b>	<b>49,343,336</b>

2022	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>Assets</b>			
Banks deposits	66,922,562	-	66,922,562
Financial assets at fair value through other comprehensive income	-	5,560,183	5,560,183
Financial assets at amortized cost	-	11,580,213	11,580,213
Investment property	-	170,464	170,464
Cash and cash equivalents	802,963	-	802,963
Re-insurance assets	6,793,129	1,198,787	7,991,916
Deferred tax assets	-	4,136,940	4,136,940
Property and equipment	-	7,258,450	7,258,450
Intangible assets	-	5,732,264	5,732,264
Right of use assets	213,712	187,675	401,387
Other assets	3,790,696	-	3,790,696
Discontinued operations' assets	-	773,434	773,434
<b>Total Assets</b>	<b>78,523,062</b>	<b>36,598,410</b>	<b>115,121,472</b>
<b>Liabilities</b>			
Insurance contracts liabilities	54,030,153	9,534,733	63,564,886
Accrued expenses	1,789,318	-	1,789,318
Re-insurance contracts liabilities	113,813	644,943	758,756
Lease contracts liabilities	221,024	173,263	394,287
Other provisions	209,412	2,016,581	2,225,993
Income tax provision	216,755	-	216,755
Other liabilities	969,845	-	969,845
Liabilities related to discontinued operations' assets	-	266,558	266,558
<b>Total Liabilities</b>	<b>57,550,320</b>	<b>12,636,078</b>	<b>70,186,398</b>
<b>Net</b>	<b>20,972,742</b>	<b>23,962,332</b>	<b>44,935,074</b>

## (40) Analysis Of Main Sectors

### A- Background for the Group business sectors

For administrative purposes as explained in insurance contract revenues (note 25) and insurance contract expenses (note 26), the Group is organized to include the general insurance sector and includes (motor insurance, marine and transportation insurance, fire and other property damage insurance, liability insurance, medical insurance, life insurance, and others). This sector forms the basis used by the Group to show information related to key sectors. The above segment also includes investments and cash management for the company's own account. Transactions between business sectors are carried out on the basis of estimated market prices and on the same terms as those dealing with third parties.

The following is the distribution of the assets and liabilities of the Group by product type:

	Motor		Marine		Fire and damages property		Social Liability		Medical		Others		Life		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Assets</b>																
Insurance contracts assets	2,243,080	1,985,303	373,784	449,693	1,824,610	2,882,084	104,156	276,356	118,781	886,301	25,466	-	1,486,806	1,512,179	6,176,683	7,991,916
Accounts receivable	7,766,375	6,859,725	479,745	550,960	2,985,115	2,728,710	431,477	370,615	16,391,464	15,020,901	253,844	105,034	1,361,519	1,140,189	29,669,539	26,776,134
Financial assets	-	-	4,573,708	1,142,492	7,135,177	1,782,335	513,464	128,261	51,071,637	12,757,466	-	-	5,323,723	1,329,842	68,617,709	17,140,396
Investments property	170,464	170,464	-	-	-	-	-	-	-	-	-	-	-	-	170,464	170,464
Other assets	-	-	336,517	252,669	524,980	394,174	37,779	28,366	3,757,666	2,821,386	-	-	391,700	294,101	5,048,642	3,790,696
<b>Total assets</b>	<b>10,179,919</b>	<b>9,015,492</b>	<b>5,763,754</b>	<b>2,395,814</b>	<b>12,469,882</b>	<b>7,787,303</b>	<b>1,086,876</b>	<b>803,598</b>	<b>71,339,548</b>	<b>31,486,054</b>	<b>279,310</b>	<b>105,034</b>	<b>8,563,748</b>	<b>4,276,311</b>	<b>109,683,037</b>	<b>55,869,606</b>
<b>Liabilities</b>																
Insurance contracts liabilities	39,221,044	38,147,255	638,811	814,959	6,444,821	7,369,977	1,715,663	1,357,542	12,177,693	12,342,503	1,294,492	831,877	3,281,013	2,700,773	64,773,537	63,564,886
Re-insurance contracts Liabilities	-	-	328,293	314,876	-	-	-	-	-	-	30,564	422,325	-	21,555	358,857	758,756
Other provisions	-	-	192,473	148,373	300,265	231,469	21,608	16,657	2,149,217	1,656,790	-	-	224,035	172,704	2,887,598	2,225,993
Other liabilities	-	-	48,216	64,645	75,220	100,850	5,413	7,257	538,401	721,848	-	-	56,123	75,245	723,373	969,845
<b>Total liabilities</b>	<b>39,221,044</b>	<b>38,147,255</b>	<b>1,207,793</b>	<b>1,342,853</b>	<b>6,820,306</b>	<b>7,702,296</b>	<b>1,742,684</b>	<b>1,381,456</b>	<b>14,865,311</b>	<b>14,721,141</b>	<b>1,325,056</b>	<b>1,254,202</b>	<b>3,561,171</b>	<b>2,970,277</b>	<b>68,743,365</b>	<b>67,519,480</b>



The following is the distribution of the consolidated statement of income items of the Group by product type:

	Motor		Marine		Fire and damages property		Social Liability		Medical		Life		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Continued operations</b>																
<b>Revenues</b>																
Insurance contracts revenues	28,143,652	25,161,046	1,815,415	2,084,815	10,822,542	10,523,249	1,539,588	1,396,626	60,727,240	56,532,839	2,679,278	933,085	4,331,589	4,692,973	110,059,304	101,324,633
Less: insurance contracts expenses	22,675,737	24,970,973	807,573	914,373	3,082,352	4,137,434	772,301	571,775	54,016,021	51,061,167	2,582,971	1,055,141	1,657,100	887,555	85,594,055	83,598,418
<b>Insurance contracts services results</b>	<b>5,467,915</b>	<b>190,073</b>	<b>1,007,842</b>	<b>1,170,442</b>	<b>7,740,190</b>	<b>6,385,815</b>	<b>767,287</b>	<b>824,851</b>	<b>6,711,219</b>	<b>5,471,672</b>	<b>96,307</b>	<b>(122,056)</b>	<b>2,674,489</b>	<b>3,805,418</b>	<b>24,465,249</b>	<b>17,726,215</b>
Re-insurance contracts results	(1,708,475)	(1,457,154)	(652,019)	(712,925)	(7,632,529)	(7,182,634)	(1,161,959)	(1,067,368)	(31,981,794)	(26,311,321)	(1,439,036)	(507,314)	(2,762,812)	(3,227,284)	(47,338,624)	(40,466,000)
Re-insurance contracts recoveries	989,290	257,593	237,084	320,310	815,031	2,244,858	(63,956)	(61,551)	30,204,703	25,740,208	1,147,456	181,273	207,921	122,405	33,537,529	28,805,096
<b>Re-insurance contracts services results</b>	<b>(719,185)</b>	<b>(1,199,561)</b>	<b>(414,935)</b>	<b>(392,615)</b>	<b>(6,817,498)</b>	<b>(4,937,776)</b>	<b>(1,225,915)</b>	<b>(1,128,919)</b>	<b>(1,777,091)</b>	<b>(571,113)</b>	<b>(291,580)</b>	<b>(326,041)</b>	<b>(2,554,891)</b>	<b>(3,104,879)</b>	<b>(13,801,095)</b>	<b>(11,660,904)</b>
<b>Net insurance and re-insurance contracts results</b>	<b>4,748,730</b>	<b>(1,009,488)</b>	<b>592,907</b>	<b>777,827</b>	<b>922,692</b>	<b>1,448,039</b>	<b>(458,628)</b>	<b>(304,068)</b>	<b>4,934,128</b>	<b>4,900,559</b>	<b>(195,273)</b>	<b>(448,097)</b>	<b>119,598</b>	<b>700,539</b>	<b>10,664,154</b>	<b>6,065,311</b>
Finance (expense) income - insurance contracts	(2,817,875)	411,052	(60,322)	(17,294)	(274,407)	(54,422)	(56,789)	(12,194)	-	-	(82,355)	153,598	(154,530)	(34,530)	(3,446,278)	446,210
Finance income (expense) - re-insurance contracts	181,841	(1,703)	40,751	14,774	226,262	44,377	29,783	9,398	-	-	121,141	(114,784)	178,118	39,561	777,896	(8,377)
<b>Net insurance and re-insurance contracts results</b>	<b>2,112,696</b>	<b>(600,139)</b>	<b>573,336</b>	<b>775,307</b>	<b>874,547</b>	<b>1,437,994</b>	<b>(485,634)</b>	<b>(306,864)</b>	<b>4,934,128</b>	<b>4,900,559</b>	<b>(156,487)</b>	<b>(409,283)</b>	<b>143,186</b>	<b>705,570</b>	<b>7,995,772</b>	<b>6,503,144</b>



## B- Geographic concentration of risk

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

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

	Inside the Kingdom		Outside the Kingdom		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total assets	90,738,586	112,140,086	29,884,143	2,981,386	120,622,729	115,121,472
Insurance contracts revenues	82,792,238	98,700,554	27,267,066	2,624,079	110,059,304	101,324,633
Capital expenditures	971,998	1,439,791	-	-	971,998	1,439,791

## (41) Capital Management

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

- To adhere to the Group's minimum capital issued by the Insurance Law. Moreover, the Group's minimum capital prior to the enforcement of the law according to which it was licensed to practice general insurance in all of its branches, jointly and severally, is JD 4 million.
- To secure the continuity of the Group, and consequently, the Group's ability to provide the shareholders with good returns on capital.
- To make available the proper return to shareholders through pricing insurance policies in a manner compatible with the risks associated with those policies.
- To comply with the Insurance Commission instructions associated with the solvency margin.
- The below table shows the summary of the Group's capital and the minimum required capital:

	2023	2022
	JD	JD
Paid in Capital	26,000,000	26,000,000
Minimum Capital According to the Insurance Law	8,000,000	8,000,000

f. The following table shows the amount contributed to capital by the Group and the net solvency margin ratio as of 31 December 2023 and 2022:

	2023	2022
	JD	JD
<b>Core capital:</b>		
Paid-in capital	26,000,000	26,000,000
Statutory reserve	6,500,000	6,500,000
Special reserve	-	-
Profit for the year net of deductions	5,517,147	7,303,633
Retained earnings	17,609,546	10,305,913
<b>Total core capital</b>	<b>55,626,693</b>	<b>50,109,546</b>
<b>Supplementary capital:</b>		
Cumulative change in fair value	(1,629,165)	(1,684,308)
Subordinated loan – over 5 years	-	1,500,000
<b>Total Supplementary Capital</b>	<b>(1,629,165)</b>	<b>(184,308)</b>
<b>Total regulatory capital (a)</b>	<b>53,997,528</b>	<b>49,925,238</b>
<b>Total required capital (b)</b>	<b>31,335,593</b>	<b>27,310,848</b>
<b>Solvency margin (a) / (b)</b>	<b>172.3%</b>	<b>182.8%</b>

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

## (42) Lawsuits Against the Group

The Group appears as defendant in a number of lawsuits, the Group booked a sufficient provision to meet any obligations towards these lawsuits, In the opinion of the Group's management and its legal consultant, the provision for a total amount of JD 4,966,961 as at 31 December 2023 (31 December 2022: JD 5,726,043) is sufficient to meet any obligations towards these lawsuits, Total amount of the cases raised by the Group against others is JD 13,056,379 as at 31 December 2023 (31 December 2022: JD 8,245,310).

## (43) Contingent Liabilities

At 31 December 2023, the Group has letters of guarantees in the amount of JD 3,951,550 (2022: JD 4,030,702) against cash margins of JD 395,155 are recorded (2022: JD 402,536).

## (44) Fair Value Hierarchy

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

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

**Level 2:** Information not included in level (1) quoted prices monitored for the asset or liability, either directly (e.g. prices) or indirectly (i.e. derived from prices);

**Level 3:** Information on the asset or liability not based on those observed from the market (unobservable inputs),

2023	Level (1)	Level (2)	Level (3)	Total
	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income	5,347,213	-	335,459	5,682,672
Financial assets at fair value through profit or loss	5,179,512	-	-	5,179,512
	10,526,725	-	335,459	10,862,184
2022				
Financial assets at fair value through other comprehensive income	5,224,724	-	335,459	5,560,183
	5,224,724	-	335,459	5,560,183

## (45) Written Premiums by Insurance Branch

	Motor		Marine		Fire and damages property		Social Liability		Medical		Others		Life		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Written premiums	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct premiums	27,103,645	24,872,468	1,613,852	1,761,618	10,612,968	9,661,360	1,648,792	1,402,275	58,991,503	54,986,905	2,182,777	1,001,371	4,588,380	3,988,171	106,741,917	97,674,168
Indirect premiums	1,490,229	1,426,622	13,942	5,845	340,591	580,082	338	3,722	-	-	354,528	122,982	125,426	47,489	2,325,054	2,186,742
<b>Total written premiums</b>	<b>28,593,874</b>	<b>26,299,090</b>	<b>1,627,794</b>	<b>1,767,463</b>	<b>10,953,559</b>	<b>10,241,442</b>	<b>1,649,130</b>	<b>1,405,997</b>	<b>58,991,503</b>	<b>54,986,905</b>	<b>2,537,305</b>	<b>1,124,353</b>	<b>4,713,806</b>	<b>4,035,660</b>	<b>109,066,971</b>	<b>99,860,910</b>
<b>Less:</b>																
Re-insurance premiums - local	1,621,670	1,508,069	23,999	36,714	311,718	400,821	21,801	22,360	-	-	331,445	20,428	69,929	92,256	2,380,562	2,080,648
Re-insurance premiums - foreign	104,323	64,883	1,255,089	1,339,916	9,700,542	8,626,207	1,397,173	1,163,312	41,598,457	33,131,704	1,107,785	675,864	3,347,569	2,711,584	58,510,938	47,713,470
<b>Net re-insurance premiums</b>	<b>26,867,881</b>	<b>24,726,138</b>	<b>348,706</b>	<b>390,833</b>	<b>941,299</b>	<b>1,214,414</b>	<b>230,156</b>	<b>220,325</b>	<b>17,393,046</b>	<b>21,855,201</b>	<b>1,098,075</b>	<b>428,061</b>	<b>1,296,308</b>	<b>1,231,820</b>	<b>48,175,471</b>	<b>50,066,792</b>

## (46) Expected Recognition in the CSM of the General Approach Model

2023	Issued insurance contracts		Reinsurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
<b>Expected years of CSM recognition</b>				
One year	(68)	(68)	5,813	5,813
Two years	17,269	17,269	884	884
Three years	7,009	7,009	377	377
Four years	6,830	6,830	378	378
Five years	6,120	6,120	385	385
Six to ten years	23,960	23,960	1,750	1,750
More than ten years	3,406	3,406	12	12
<b>Total</b>	<b>64,526</b>	<b>64,526</b>	<b>9,599</b>	<b>9,599</b>
2022	Issued insurance contracts		Reinsurance contracts	
	Life	Total	Life	Total
	JD	JD	JD	JD
<b>Expected years of CSM recognition</b>				
One year	-	-	87,286	87,286
Two years	-	-	81,924	81,924
Three years	-	-	67,655	67,655
Four years	-	-	50,634	50,634
Five years	-	-	39,702	39,702
Six to ten years	-	-	82,746	82,746
More than ten years	-	-	1,318	1,318
<b>Total</b>	<b>-</b>	<b>-</b>	<b>411,265</b>	<b>411,265</b>

## (48) Amortization of Acquisition Expenses for Insurance Contracts Assets

	2023							
	Motor	Marine	Fire and damages property	Social Liability	Medical	Others	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Expected years for the amortization of acquisition expenses for insurance contracts assets								
One year	647,612	258,227	60,841	8,142	1,188,453	18,790	226,549	2,408,614
Two years	-	-	-	-	-	-	8,165	8,165
<b>Total</b>	<b>647,612</b>	<b>258,227</b>	<b>60,841</b>	<b>8,142</b>	<b>1,188,453</b>	<b>18,790</b>	<b>234,714</b>	<b>2,416,779</b>
	2022							
	Motor	Marine	Fire and damages property	Social Liability	Medical	Others	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Expected years for the amortization of acquisition expenses for insurance contracts assets								
One year	629,475	307,586	60,268	8,701	1,175,008	56,954	175,195	2,413,187
Two years	-	-	-	-	-	-	5,531	5,531
<b>Total</b>	<b>629,475</b>	<b>307,586</b>	<b>60,268</b>	<b>8,701</b>	<b>1,175,008</b>	<b>56,954</b>	<b>180,726</b>	<b>2,418,718</b>

## (49) Analysis of Accounts Receivable

	2023			2022		
	Accounts receivable	Provision for expected credit losses	Total	Accounts receivable	Provision for expected credit losses	Total
	JD	JD	JD	JD	JD	JD
Motor	11,183,524	3,417,149	7,766,375	10,295,867	3,436,142	6,859,725
Liability	509,331	77,854	431,477	449,437	78,822	370,615
Marine	589,411	109,666	479,745	662,352	111,392	550,960
Engineering	353,092	92,950	260,142	235,464	93,790	141,674
Fire	3,644,363	659,248	2,985,115	3,399,106	670,396	2,728,710
Life	253,844	-	253,844	105,034	-	105,034
Medical	20,887,506	4,496,042	16,391,464	19,448,011	4,427,110	15,020,901
Others	1,551,809	450,432	1,101,377	1,452,202	453,687	998,515
	<b>38,972,880</b>	<b>9,303,341</b>	<b>29,669,539</b>	<b>36,047,473</b>	<b>9,271,339</b>	<b>26,776,134</b>

## (50) Standards issued but not yet effective

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

### **Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

### **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.









# Governance Report 2023

## Scope of Application of Governance and Adherence to its Principles

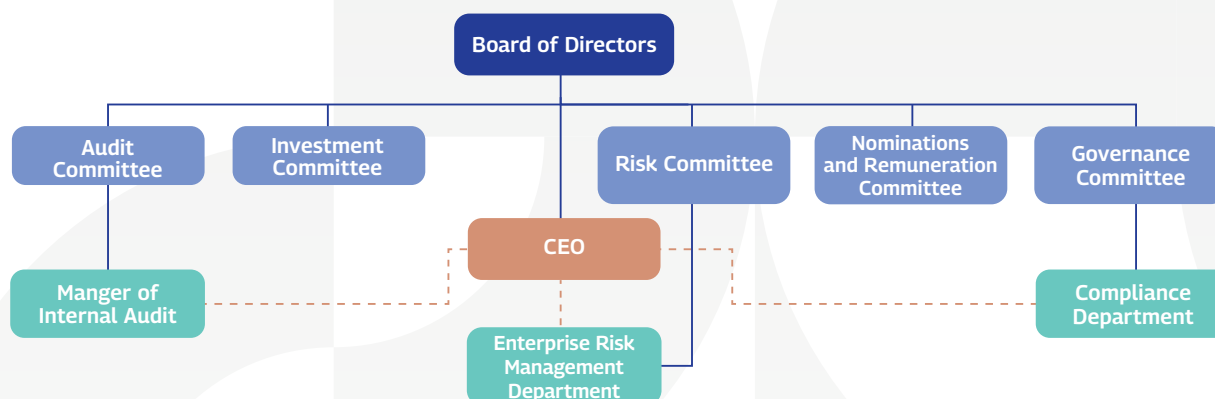
Gulf Insurance Group/ Jordan Company gives special importance to the principles of governance, which aim to identify and achieve the corporate objectives of the Company, securely manage the Company's operations to ensure the protection of the Company's shareholders and the interests of the insured and beneficiaries and contribute in maintaining the safety of the insurance sector. Additionally, this would ensure the compliance with the due responsibility towards shareholders and other stakeholders, and the Company's commitment to relevant laws, instructions, legislation, approved governance guide and any internal policy. The Company also seeks to establish a close relationship with the Board of Directors and the other concerned parties and the diligent work to achieve this relationship within the general framework of the strategy followed by the Company and the necessary means to achieve its objectives, achieving justice and equality among all shareholders in terms of rights and duties, the possibility of obtaining access to all important information about the Company, and give priority to the general interest of the Company and its stakeholders over any private interest. In addition to ensuring that the members of the Board of Directors perform their responsibilities towards the Company and shareholders in good faith, integrity, honor and sincerity.

Accordingly, the Company has adopted the "Governance Guide" in 2022, which was prepared in accordance with the best international standards and practices in this regard, based on the instructions of the Central Bank of Jordan and the relevant supervisory authorities, so that the Company, through this Guide, ensures the achievement of the best standards of transparency and disclose of the Company's financial position, achieves the principle of accountability and responsibility for making all decisions by the Company's Board of Directors, and thus dealing with fairness and transparency towards the Company's clients and shareholders. It aims to identify the duties of the Board of Directors, its committees and the supervisory departments of the Company to ensure the aforementioned. The Company also ensures to publish this Guide on its official website to achieve the mentioned related to standards of justice and transparency. The Board of Directors also reviews and updates the governance applications in the Company from time to time in order to be consistent with the best practices of the governance systems, in light of the periodic reports submitted by the Audit Committee and other relevant departments, and the Board also constantly develops, from time to time, and updates the code of conduct and ethics.

## 2. Board of Directors

The Board has dedicated all its expertise to increase the performance level of the Company to match the aspirations of shareholders and stakeholders, and we have kept pace with the governance frameworks to ensure the effectiveness of the Board of Directors and qualify its members to carry out their responsibilities towards key issues as well as encourage and facilitate their positive and effective contributions. The Board employed its affiliated committees to assign some tasks and responsibilities to them, so that each committee submits its reports and recommendations periodically to the Board of Directors, as the Company is keen to achieve the principle of responsibility and transparency. Mr. Abdelnaser Nabeel Abdallah has been appointed to be a principal liaison officer and Mr. Amer Jamal Al-Dabbas as an alternative liaison officer for the corporate governance affairs and applications.

The following figure shows the corporate governance structure:



## 2.1 Statement on the formation of the Board of Directors

It is well known that diversity, today, is the main factor for success in light of the rapid development in the business environment globally and locally. Therefore, the Board of Directors of Gulf Insurance Group / Jordan consists of individuals with extensive and diverse experiences, skills and knowledge, which results in a balanced and positive form of the Board. This enables the Board to exercise its duties and responsibilities, taking into account the needs of the renewable businesses.

Consequently, the Board of Directors of Gulf Insurance Group / Jordan has an organizational structure commensurate with the size and nature of the Company's activities and also with the duties and responsibilities assigned to its members. The diversity of professional, scientific and practical experiences and technical skills has been taken into account when forming the Board. In addition, the Nominations and Remuneration Committee of the Board validates that the members of the Board of Directors and the executive management meet the requirements of efficiency and integrity.

The Board of Directors of Gulf Insurance Group / Jordan consists of Nine members; all of whom are non-executive; three of them are independent members, and the Board of Directors will invite the Company's general assembly, as per the time periods specified by the instructions in force, to rectify the situation of the Board of Directors and its committees in terms of the and their independence. All the Board of Directors' members are professionals with a proven record of membership in the boards of directors of many companies, and they possess the necessary skills to fill these positions, as well as experience and knowledge in the insurance industry. Furthermore, all the Board of Directors' members are elected by the general assembly every four years. The following table shows the formation of the Board of Directors:

No.	Name	Member Classification (Executive / Non-executive / Independent)	Qualifications & Experience	Election Date
1	Naser Ahmad Abdul Kareem Al- Lozi	Non-independent, non-executive	Academic and practical experience is mentioned below	31/12/2021
2	Khaled Soud Abdul Aziz Al Hasan	Non-independent, non-executive		31/12/2021
3	Alaa Mohammad Ali Al Zoheiry	Non-independent, non-executive		31/12/2021
4	Bijan Khosrochahi	Non-independent, non-executive		31/12/2021
5	Ali Kathem Abdul Aziz Al-Hendal	Non-independent, non-executive		31/12/2021
6	Tawfiq Abdul Qader Mohammad Mukahal	Independent, non-executive		31/12/2021
7	Hiyam Salim Youssef Habash	Non-independent, non-executive		31/12/2021
8	Ahmad Adnan Ahmad Al Sallakh	Independent, non-executive		27/04/2023
9	Mazen Ali Abdelghani Tabbalat	Independent, non-executive		27/04/2023

Gulf Insurance Group / Jordan adheres to the rules of insurance companies governance instructions No. 1 for the year 2022, and the instructions for the governance of listed joint-stock companies for the year 2017, regarding the independence of board members.

## 2. Names of the board members who resigned during 2023:

None.

### 2.3 The memberships held by the members of the Board of Directors

#### 1- Naser Ahmad Abdul Kareem Al- Lozi (non-independent)

##### Chairman of Board of Directors

Mr. Naser Al-Lozi holds a Bachelor's degree in Civil Engineering from the University of Texas at Arlington - USA. He has held several managerial and leadership positions for more than thirty years in the Hashemite Kingdom of Jordan. He is currently the Chairman of the Board of Directors of Gulf Insurance Group / Jordan, Chairman of the Board of Directors of the Jordan Kuwait Bank (until 20/02/2024), Chairman of the Board of Directors of the King Abdullah Fund for Development, and a member of the Senate. He has no other memberships with public shareholding companies.

#### 2- Khaled Soud Abdul Aziz Al Hasan (a representative of Gulf Insurance Group) - (non-independent)

##### Vice-Chairman of the Board

Mr. Khaled Al Hassan holds a Bachelor's degree in Economics and Political Science from Kuwait University in 1976, and he has insurance and administrative experience of more than thirty years in many administrative and leadership positions. He joined Gulf Insurance Company in 1978. Mr. Khaled Al-Hassan currently holds the position of a member and Vice-Chairman of the Board of Directors of Gulf Insurance Group / Jordan, CEO of Gulf Insurance Group, Chairman of the Board of Directors of Kuwait Insurance Federation, member of the Board of Directors of several companies affiliated with the Gulf Insurance Group, and he is a member of the Board of Directors of General Arab Insurance Federation, also he is member of the Board of Directors of the Arab Reinsurance Company in Beirut.

#### 3- Alaa Mohammad Ali Al Zoheiry (a representative of Gulf Insurance Group Company) - (non-independent)

##### Member of the Board of Directors

Mr. Alaa Al- Al Zoheiry holds a higher diploma in general insurance, other than life insurance, from Cairo University - Egypt, and has insurance and administrative experience of more than thirty years in many administrative and leadership positions. Mr. Alaa Al- Al Zoheiry is currently a member of the Board of Directors of Gulf Insurance Group / Jordan, he is member representative of Gulf Insurance Group Company - Egypt, former CEO of Afro-Asian Insurance and Reinsurance Federation and current Vice - Chairman, former CEO of General Arab Insurance Federation, and he is currently a member of the General Arab Insurance Federation, Vice-Chairman of the Board of Directors of Gulf Insurance Group / Life Takaful, and a member of the Board of Directors of the Arab Egyptian Insurance Group - Egypt, a member of the Board of Directors of Gulf Sigurta - Turkey, Vice Chairman of the Board of Directors of the Egyptian Takaful Insurance - Egypt, President of the Egyptian Insurance Federation and Managing Director of Arab Misr Insurance Group.

#### 4- Bijan Khosrowshahi (a representative of Gulf Insurance Group Company) - (non-independent)

##### Member of the Board of Directors

Mr. Bijan Khosrochahi holds a master's degree in mechanical engineering from Drexel University in the USA and has held many managerial and leadership positions. Mr. Bijan Khosrochahi is currently the President of Fairfax International - London, a member of the Board of Directors of Gulf Insurance Group - Kuwait, a member of the Board of Directors of Gulf Insurance and Reinsurance Company - Kuwait, a member of the Board of Directors of Gulf Sigurta - Turkey, a member of the Board of Directors of Gulf Insurance Group / Bahrain, a member of the Board of Directors of the Arab Misr Insurance Group - Egypt, a member of the Board of Directors of the Commercial International Bank - Egypt, a member of the Board of Directors of Gulf Insurance Group / Jordan, a member of the Board of Directors of the Jordan Kuwait Bank - Jordan, and a member of the Board of Directors of the Alliance Insurance Company - Dubai

**5- Ali Kathem Abdul Aziz Al-Hendal (a representative of Gulf Insurance Group Company) - (non-independent)**  
**Member of the Board of Directors**

Mr. Ali Al- Hendal holds a Bachelor's degree in Information Technology, a Master's in Business Administration and an advanced diploma in insurance. He currently occupies the position of Executive Vice President of Operations for all technical businesses of Gulf Insurance Group - Kuwait, a member of the Board of Directors of Gulf Insurance Group / Jordan, and a member of the Board of Directors of the Egyptian Takaful Insurance - Egypt. an Executive member of the Board of Directors of Bahrain Kuwait Insurance Company - Bahrain, He also held several positions, including Assistant General Manager at Gulf Insurance Group - Kuwait, Senior Manager (Life and Group Medical Insurance) at Gulf Insurance Group - Kuwait, Secretary of the Board of Directors at Gulf Insurance Group - Kuwait, Director (Life and Group Medical Insurance - Underwriting ) in Gulf Insurance Group - Kuwait, Acting Head of Medical Operations Unit in Gulf Insurance Group - Kuwait, Manager (Life and Group Medical Insurance - Underwriting) in Gulf Insurance Group - Kuwait, and Executive Director of Accounts for Kuwait Petroleum Corporation KPC - (Life and Group Medical Insurance) in Gulf Insurance Group - Kuwait

**6- Tawfiq Abdul Qader Mohammad Mukahal (a representative of the Strategic Investments Company) - (Independent)**  
**Member of the Board of Directors**

Mr. Tawfiq Mukahal holds a high school degree and currently occupies the position of a member of the Board of Directors of Gulf Insurance Group / Jordan and a member of the Board of Directors of the Jordanian Loan Guarantee Company, and he held the position of Deputy General Manager / Head of the Banking Group in the Jordan Kuwait Bank and Chairman of the Board of Directors of the Arab Life and Accident Insurance Company (Formerly), and he is the Chairman of Board of Directors of the Jordan Mortgage Refinance Company, a board member of the Strategic Investments Company - Jordan, a representative of the Jordan Kuwait Bank, and a board member of the Jordan Loan Guarantee Corporation.

**7- Hiyam Salim Yousef Habash (a representative of the Jordan Kuwait Bank) (non-independent)**  
**Member of the Board of Directors**

Ms. Hiyam Habash holds a Junior Degree in Applied Sciences from Beirut University College under the powers given to it by the State University of New York. She is currently a member of the Board of Directors of Gulf Insurance Group / Jordan and has held the position of Head of Financial Department at the Jordan Kuwait Bank, Head of Financial Department at the Near East Tourist Agency (Jerusalem), CFO at Modern English Schools, and CFO at Petra Bank.

**8- Ahmad Adnan Ahmad Al-Sallakh (Independent)**

Mr. Ahmad Al-Sallakh holds a bachelor's degree in mechanical engineering from the University of Jordan. He currently serves as a board member of Gulf Insurance Group/ Jordan, a board member of Jordan Vegetable Oil industries, a board Member of the Council of the College of Science - Al-Hussein Technical University, Member of the Investment Committee of the Jordanian Entrepreneurship Fund, and has previously held a position as a board member of Arab Life and Accident Insurance Company (Formerly). He is also a member of the investment committee at the Innovative Startups and SMEs Fund, CEO of al Nabil food industries company industries, CEO of KADDB Investment Group - King Abdullah II Design and Development Center, CEO of Middle East Specialized Cables Company.

**9- Mazen Ali Abdelghani Tabbalat (Independent)**

Mr. Mazen Tabbalat holds a bachelor's degree in accounting from the University of Jordan and a master's degree in development and Peace Studies from Juba University in Sudan. He currently serves as a board member of Gulf Insurance Group/ Jordan and the CEO of the King Abdullah II Fund for Development, He has previously held positions as Vice Chairman of the Board of Directors of Arab Life and Accident Insurance Company (Formerly), held a Ministerial Rank in the Royal Hashemite Court, served as Director of the Office of the Chief of the Hashemite Royal Court, and served as Financial Advisor to Afkar Promoseven Advertising Agency.

It is noteworthy that during 2023, internal training workshops were held for the members of the Board of Directors on the foundations and applications of corporate governance in Jordan. It should also be noted that none of the members of the Board of Directors occupies the membership of another similar or competing board of directors, and no cash loans of any kind were provided to the Chairman of the Board of Directors or members.

## 2.4 Statement of the Board of Directors Meetings

The meetings of the Board are held in the presence of the majority of the members. In the fiscal year ending on December 31st, 2023, (9) meetings of the Board of Directors were held. The invitation and the meeting agenda are sent at least fifteen days prior to the specified date so that the members of the Board can have sufficient time to study the issues raised and take the appropriate decisions. The decisions of the Board are issued by the absolute majority of the members present, and if the votes are equal, the side with which the Chairman voted prevails.

The Board of Directors met during 2023 as follows:

Members/ Board of Directors Meetings	Capacity	The meeting held on 12-02-2023		The meeting held on 23-02-2023		The meeting held on 27-03-2023	
		Attendance	Means of Attendance	Attendance	Means of Attendance	Attendance	Means of Attendance
His Excellency Mr. Naser Ahmad Abdul Kareem AL- Lozi	Chairman of Board of Directors	Attended	In person	Attended	In person	Attended	audio-visual means of communication
Gulf Insurance Group Company represented by Mr. Khaled Soud Abdul Aziz AL Hasan	Vice Chairman of the Board of Directors	Attended	via audio -visual means of communication	Attended	In person	Attended	audio-visual means of communication
Gulf Insurance Group Company, represented by Mr. Alaa Mohammad Ali AL Zoheiry	Member of the Board of Directors	Did not Attended / with an acceptable excuse	-	Attended	In person	Attended	audio-visual means of communication
Gulf Insurance Group Company represented by Mr. Bijan Khosrochahi	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	audio-visual means of communication
Gulf Insurance Group Company, represented by Mr. Ali Kathem Abdul Aziz AL-Hendal	Member of the Board of Directors	Attended	via audio -visual means of communication	Attended	In person	Attended	audio-visual means of communication
The Strategic Investments Company, represented by Mr. Tawfiq Abdul Qader Mohammad Mukahal	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	audio-visual means of communication
Jordan Kuwait Bank, represented by Mrs. Hiyam Salim Yousef Habash	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	audio-visual means of communication
Mr. Ahmad Adnan Ahmad AL Sallakh	Member of the Board of Directors	Non-elected	-	Non-elected	-	Non-elected	-
Mr. Mazen Ali Abdelghani Tabbalat	Member of the Board of Directors	Non-elected	-	Non-elected	-	Non-elected	-



Members / Board of Directors Meetings	Capacity	The meeting held on 27-04-2023		The meeting held on 19-06-2023		The meeting held on 30-07-2023	
		Attendance	Means of Attendance	Attendance	Means of Attendance	Attendance	Means of Attendance
His Excellency Mr. Naser Ahmad Abdul Kareem Al- Lozi	Chairman of Board of Directors	Attended	In person	Attended	In person	Attended	In person
Gulf Insurance Group Company represented by Mr. Khaled Soud Abdul Aziz Al Hasan	Vice Chairman of the Board of Directors	Attended	In person	Did not Attend / with an acceptable excuse	—	Attended	In person
Gulf Insurance Group Company, represented by Mr. Alaa Mohammad Ali Al Zoheiry	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	In person
Gulf Insurance Group Company represented by Mr. Bijan Khosrochahi	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	In person
Gulf Insurance Group Company, represented by Mr. Ali Kathem Abdul Aziz Al-Hendal	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	audio-visual means of communication
The Strategic Investments Company, represented by Mr. Tawfiq Abdul Qader Mohammad Mukahal	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	audio-visual means of communication
Jordan Kuwait Bank, represented by Mrs. Hiyam Salim Yousef Habash	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	In person
Mr. Ahmad Adnan Ahmad Al Sallakh	Member of the Board of Directors	Attended	In person	Did not Attend / with an acceptable excuse	—	Attended	In person
Mr. Mazen Ali Abdelghani Tabbalat	Member of the Board of Directors	Attended	In person	Attended	In person	Attended	In person

Members/ Board of Directors Meetings	Capacity	The meeting held on 28-9-2023		The meeting held on 29-10-2023		The meeting held on 14-12-2023	
		Attendance	Means of Attendance	Attendance	Means of Attendance	Attendance	Means of Attendance
His Excellency Mr. Naser Ahmad Abdul Kareem AL- Lozi	Chairman of Board of Directors	Attended	audio-visual means of communication	Attended	In person	Attended	audio-visual means of communication
Gulf Insurance Group Company represented by Mr. Khaled Soud Abdul Aziz Al Hasan	Vice Chairman of the Board of Directors	Attended	audio-visual means of communication	Did not Attend / with an acceptable excuse	-	Attended	audio-visual means of communication
Gulf Insurance Group Company, represented by Mr. Alaa Mohammad Ali Al Zoheiry	Member of the Board of Directors	Attended	audio-visual means of communication	Attended	In person	Attended	audio-visual means of communication
Gulf Insurance Group Company represented by Mr. Bijan Khosrochahi	Member of the Board of Directors	Attended	audio-visual means of communication	Attended	audio-visual means of communication	Attended	audio-visual means of communication
Gulf Insurance Group Company, represented by Mr. Ali Kathem Abdul Aziz Al-Hendal	Member of the Board of Directors	Attended	audio-visual means of communication	Attended	audio-visual means of communication	Attended	audio-visual means of communication
The Strategic Investments Company, represented by Mr. Tawfiq Abdul Qader Mohammad Mukahal	Member of the Board of Directors	Attended	audio-visual means of communication	Attended	In person	Attended	audio-visual means of communication
Jordan Kuwait Bank, represented by Mrs. Hiyam Salim Yousef Habash	Member of the Board of Directors	Attended	audio-visual means of communication	Attended	In person	Attended	audio-visual means of communication
Mr. Ahmad Adnan Ahmad Al Sallakh	Member of the Board of Directors	Attended	audio-visual means of communication	Did not Attend / with an acceptable excuse	—	Attended	audio-visual means of communication
Mr.Mazen Ali Abdelghani Tabbalat	Member of the Board of Directors	Attended	audio-visual means of communication	Attended	In person	Attended	audio-visual means of communication

## 2.5 Brief about the implementation of the requirements for the Board of Directors to form specialized independent committees

Committees are formed and their members are appointed by the Board of Directors after each election session of the Board. The committees formed by the Board are considered the links between the executive management and the Board of Directors. The purpose of forming these committees is to enable the Board to perform its duties effectively. The Board of Directors of Gulf Insurance Group / Jordan has five main committees, which are as follows:

1. Audit Committee.
2. Risk Management Committee.
3. Governance and Compliance Committee.
4. The Nominations and Remuneration Committee.
5. Investment Committee.



The Board of Directors of the Company has approved the policies and charters of all committees, which include identifying the tasks of each committee, the duration of its work, the powers granted to it during this period, and how the Board of Directors supervises it in a specific work charter for each committee, noting that the tasks and powers of the committees have been identified and delegated to the committees by the Board of Directors.

### 2.5.1 Audit Committee

The Company believes that the existence of an independent Audit Committee is one of the main features which indicates the application of good governance rules, as the Audit Committee establishes a culture of commitment within the Company by ensuring the integrity of internal audit reports submitted to the Company's management, in addition to ensuring the adequacy and effectiveness of the control and internal control systems applied in the Company.

The Audit Committee of Gulf Insurance Group / Jordan has complete independence, in addition to the fact that all its members have specialized expertise. The Audit Committee consists of five members. The Manager of the Internal Audit Department and his deputy attend the meetings of the Committee, in addition to a representative of the external auditor who attends when invited. The Audit Committee, on behalf of the Board of Directors, also supervises matters related to the follow-up of internal audit tasks in accordance with the annual audit plan, and ensures that the tasks performed are carried out within the necessary professional controls. It should be noted that the meetings of the Audit Committee are held in a manner that takes into account the time considerations for issuing the Company's financial reports to external parties, The Committee meets at least four times a year on a quarterly basis.

### Number of Audit Committee Meetings during 2023

The Committee met five times during 2023 as follows:

Members / Committee Meetings	Capacity	Meeting held on 23/2/2023	Meeting held on 27/4/2023	Meeting held on 24/7/2023	Meeting held on 22/8/2023	Meeting held on 24/10/2023	Means of Attendance
Ms. Hiyam Habash	Chairman of the Committee until 24/07/2023	Attended	Attended	Attended	Did not Attend / with an acceptable excuse	Attended	In person
Mazen Ali Abdelghani Tabbalat	Chairman of the Committee since 24/07/2023	Non-elected	Non-elected	Attended	Attended	Attended	In person
Mr. Alaa Al-Zuhairi	Committee member	Attended	Attended	Attended	Attended	Attended	In person
Mr. Tawfiq Mukahal	Committee member	Attended	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Via audio- visual means of communication
Mr. Ahmad Adnan Ahmad Al Sallakh	Committee member	Non-elected	Non-elected	Did not Attend / with an acceptable excuse	Attended	Attended	Via audio- visual means of communication
Mrs. Baraa Sharif	Secretary of the Committee	Attended	Attended	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Attended	In person
Mrs. Heba Abu-Kar	Senior Officer- Internal Audit Invited	Attended	Attended	Attended	Attended	Attended	In person

The Audit Committee met with the external auditor four times during the year, and two times with the appointed actuary and one time with the Risk department and Compliance department. A time is set for a meeting between the Audit Committee and the external auditor at each meeting within the agenda of the meeting, at least once and individually with the committee.

### **This Committee undertakes the following tasks:**

- Reviewing the scope, results and adequacy of the Company's internal and external audit, reviewing accounting issues that have a fundamental impact on the Company's financial statements, and reviewing the Company's internal controls and control systems.
- Studying the offers submitted by the external auditor offices, ensuring that they meet the conditions contained in the relevant instructions in force, and making recommendations to the Board of Directors regarding the best offer in terms of professional competence, quality of audit service, fees and contracting terms; in order for the Board of Directors to take the appropriate decision regarding the nomination of one of these proposals to the General Assembly, and the Committee takes into account any other work assigned to the external auditor outside the scope of auditing.
- Studying the extent of the independence of the external auditor when submitting his offer, monitoring the independence and objectivity of the office and the audit team annually during the period of audit service, and submitting its recommendations to the Board of Directors in this regard.
- Meeting with the external auditor and actuary at least twice annually, and meeting with the internal audit manager on a quarterly basis, without the presence of the Company's CEO, his deputy or assistant.
- Meeting with the Manager of Risk Management and the Manager of Compliance in the Company, as appropriate, at least once a year.
- Reviewing and monitoring the procedures that enable the Company's employees to confidentially report any defect in the financial reports or any other matters. The Committee ensures that the necessary arrangements for independent investigation are in place and that the results of the investigation are followed up and dealt with objectively.
- Checking if there is coordination between the external auditor in terms of the tasks and duties assigned to them in the event that there is more than one external auditor of the Company.
- Reviewing the observations contained in the reports of the Central Bank, the reports of the external auditor, and the reports of the actuary, and following up on the actions taken in this regard.
- Studying the annual internal audit plan, reviewing the observations contained in the internal audit reports, and following up on the actions taken in this regard.
- Ensuring the accuracy and integrity of accounting, financial and control procedures and the extent of compliance with them.
- Verifying the review of the financial statements by the Internal Audit Department before presenting them to the Board of Directors, and verifying compliance with the requirements of the Central Bank in particular.
- Ensuring that the Company complies with the laws, regulations, instructions and decisions to which the Company's business and activities are subject.
- Submitting a recommendation to the Board of Directors approving the appointment, resignation or dismissal of the Company's internal audit manager.
- Submitting the minutes of its meetings and its reports to the Board of Directors.
- Verifying that the Internal Audit Department complies with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, including conducting independent external assessments of internal audit activity at least once every five years and providing the Central Bank with a copy of the results of these assessments.
- Verifying that the internal audit staff are not assigned any executive tasks.

### 2.5.2 Risk Management Committee

The Risk Management Committee in Gulf Insurance Group Company / Jordan sets policies and regulations for risk management, in line with the Company's tendency to bear risks. The Risk Management Committee consists of six members.

#### Number of Meetings of the Risk Management Committee During 2023

The Risk Management Committee holds periodic meetings, at least twice a year, and when the need arises, and records the minutes of its meetings.

#### The Committee met during 2023 as follows:

Members / Committee Meetings	Capacity	The meeting held on 03/09/2023	The meeting held on 12/12/2023	Means of Attendance
Mr. Ahmad Adnan Ahmad Al Sallakh	Chairman of the Committee	Attended	Attended	In person
His Excellency Mr. Naser Al-Lozi	Committee member	Attended	Attended	In person
Mr. Ali Al-Hindal	Committee member	Did not Attend / with an acceptable excuse	Attended	via audio- visual means of communication
Dr. Ali Al-Wazani	Committee member	Attended	Attended	In person
Mr. Bijan Khosrochahi	Committee member	Attended	Attended	via audio- visual means of communication
Mrs. Ola Samour	Member and Secretary of the Committee	Attended	Attended	In person

#### This Committee undertakes the following tasks:

- Periodic review of the Company's risk management methodology and strategy and submitting relevant recommendations to the Board of Directors for approval.
- Supervising the presence of sufficient, qualified and trained staff in the department entrusted with risk management tasks and ensuring its independence and not assigning any daily executive tasks to it.
- Keeping up with the developments affecting the Company's risk management, and submitting periodic reports thereon to its Board of Directors.
- Verifying that there are no deviations in the level of actual risks to which the Company is exposed from the level of acceptable risks approved by its Board of Directors, submitting reports to the Board of Directors, and following up on their treatment if they occur.
- Creating appropriate conditions that ensure the identification of risks with a significant impact, and any activities carried out by the Company that may expose it to risks greater than the level of acceptable risks, submitting reports thereon to the Board of Directors and following up on their treatment.
- Submitting a recommendation to the Board of Directors approving the appointment, resignation or dismissal of the risk management manager in the Company.

### 2.5.3 Governance and Compliance Committee

The Governance and Compliance Committee in Gulf Insurance Group / Jordan is concerned with governance applications, as its primary role is to set a governance framework, guide and supervise its implementation and amend it when necessary. The Governance and Compliance Committee consists of five members. It holds periodic meetings, at least twice a year, and when the need arises, and records the minutes of its meetings.

**Number of Meetings of the Governance and Compliance Committee during 2023**  
**The Committee met during 2023 as follows:**

Members / committee meetings	Capacity	The meeting held on 23/10/2023	The meeting held on 14/12/2023	Means of Attendance
Mr. Tawfiq Makhal	Chairman of the Committee	Attended	Attended	In person and via audio-visual means of communication
His Excellency Mr. Naser Al-Lozi	Committee member	Attended	Attended	In person and via audio-visual means of communication
Mr. Ali Al-Hindal	Committee member	Attended	Attended	Via audio- visual means of communication
Mr. Mazen Ali Abdelghani Tabbalat	Committee member	Attended	Attended	In person and via audio-visual means of communication
Mr. Ahmad Adnan Ahmad Al Sallakh	Committee member	Did not Attend / with an acceptable excuse	Attended	via audio-visual means of communication
Dr. Ali Al-Wazani	Chief Executive Officer - invited	Attended	Attended	In person
Mr. Saad Farah	Secretary of the Board of Directors - invited	Attended	Attended	In person
Mrs. Rawan Zabaneh	Secretary of the Committee	Attended	Resigned	In person
Mr. Abdelnaser Abdallah	Secretary of the Committee	Non-appointed	Attended	In person

**This Committee undertakes the following tasks:**

- Directing and supervising the preparation and updating of the Governance Guide and monitoring its implementation.
- Preparing the governance report and submitting it to the Board of Directors.
- Following up on compliance with the applicable legislations related to the Company and its business and taking the necessary measures to achieve this, and coordinating with the department in charge of compliance in the Company to lay down effective bases to comply with.
- Supervising the presence of sufficient, qualified and trained staff in the department entrusted with compliance tasks in the Company, ensuring its independence and not assigning any daily executive tasks to it.
- Reviewing the compliance policy prepared by the department in charge of compliance in the Company, which ensures the Company's compliance with all applicable legislations related to it and its business, and addresses any new tasks or responsibilities that arise in compliance, and recommends it for approval by the Board of Directors.
- Supervising and controlling compliance bases in the Company through reports submitted to the Board of Directors.
- Reviewing the compliance reports issued by the department in charge of compliance and issuing recommendations to the Board of Directors based on them and after studying them.
- Issuing recommendations to the Board of Directors regarding any new legislation issued by the regulatory authorities and how to implement them.
- Evaluating the degree of effectiveness with which the Company manages non-compliance risks and the periodicity of this evaluation, and reviewing it when any changes are made.
- Submitting a recommendation to the Board of Directors approving the appointment, resignation or dismissal of the Company's Compliance Manager.

#### 2.5.4 Nominations and Remuneration Committee

The Nominations and Remuneration Committee of Gulf Insurance Group / Jordan is responsible for supervising and giving advice to the Board of Directors on all matters related to nominations, remunerations, governance practices and policies with regard to members of the Board of Directors, executive management and the rest of the employees, and the compensation and rewards strategy of the Company. The Committee applies and implements its internal policies approved by the Company, and it consists of four members.

#### Number of Meetings of the Nominations and Remuneration Committee during 2023

The Company's Nominations and Remuneration Committee holds periodic meetings, at least twice a year, and when the need arises, and records the minutes of its meetings.

#### The committee met during 2023 as follows:

Members / Committee Meetings	Capacity	The meeting held on 02/2/2023	The meeting held on 23/02/2023	The meeting held on 18/03/2023	The meeting held on 26/03/2023	The meeting held on 09/07/2023	The meeting held on 26/10/2023	The meeting held on 11/12/2023
His Excellency Mr. Naser Al-Lozi	Chairman of the Committee	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Khaled Al-Hassan	Committee member	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Ms. Hiyam Habash	Committee member	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Tawfiq Makhal	Committee member	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Did not Attend / with an acceptable excuse	Attended
Dr. Ali Al-Wazani	Chief Executive Officer - invited	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Saad Farah	Secretary of the Board of Directors - invited	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Dr. Reem Abu Okab	Secretary of the Committee	Attended	Did not Attend / with an acceptable excuse	Attended	Attended	Did not Attend / with an acceptable excuse	Attended	Attended
Means of Attendance		Via audio-visual means of communication	In person	Via audio-visual means of communication	Via audio-visual means of communication	Via audio-visual means of communication	Via audio-visual means of communication	Via audio-visual means of communication

### **This Committee undertakes the following tasks:**

- Preparing and recommending the adequacy policy for the members of the Board of Directors to the Board of Directors.
- Verifying the compliance of the adequacy conditions stipulated in the law and instructions before nominating any person for the membership of the Board of Directors, and in the event that the member is re-nominated, the Committee should take into account the number of times he attends and the effectiveness of his participation in the meetings of the Board of Directors.
- Submitting recommendations to the Board of Directors approving the appointment, resignation or dismissal of any member of the Senior Executive Management.
- Ensuring the participation of the members of the Board of Directors in workshops or seminars related to insurance, especially risk management, governance and the latest developments in the insurance business.
- Ensuring the independence of the independent members in accordance with the provisions of these instructions and reviewing that on an annual basis, and informing the Central Bank in the event that any member is no longer independent.
- Following specific and approved principles in evaluating the performance of the Board of Directors and the Chief Executive Officer, so that the standard for performance evaluation is objective.
- Ensuring that there is a policy for rewards in the Company and that this policy is implemented and reviewed periodically. The Committee also recommends to the Board of Directors the specification of salaries for the Chief Executive Officer and the rest of the main employees, their bonuses and other privileges.
- The Nominations and Remuneration Committee annually evaluates the work of the Board of Directors as a whole and the work of its committees and members, and informs the Central Bank of the outcome of this evaluation at the end of each year.
- Preparing two policies to determine the bonuses for the members of the Board of Directors of the Company and granting financial rewards to the employees and presenting them to the Board of Directors for approval, so that these policies contain the following:
  1. To enable the Company to attract talents with the necessary competencies, skills and experience, and to maintain and motivate them to improve their performance.
  2. To preserve of the solvency and reputation of the Company.
  3. To take into account the Company's risks, liquidity requirements and the timing of realizing its profits.
  4. The reward should not be based on the person's performance in the current year only, but rather on the medium or long term of his performance.
  5. To express the Company's objectives, values and strategy.
  6. The reward shall be in the form of fees, salaries, allowances, bonuses or stock options.
  7. To enable deferring the payment of a reasonable percentage of the rewards, and this percentage and the deferral period should be determined on the basis of the nature and risks of the work.
  8. The granting of financial rewards to employees of the departments entrusted with control tasks should not be related to the work results of the departments they supervise.
  9. To allow the possibility of withdrawing the deferred rewards in the event that there are problems in the employee's performance or that he exposed the Company to high risks because of the decisions he took within his powers and could have been avoided.



### 2.5.5 Investment Committee

The Executive and Investment Committee of Gulf Insurance Group / Jordan aims to achieve the highest possible investment return while achieving a balance between liquidity and solvency and the requirements of laws and legislations in this regard. The Committee applies and implements its internal policies approved by the Company, and it consists of four members.

Number of Meetings of the Investment Committee During 2023

The Executive and Investment Committee holds periodic meetings, at least twice a year, and when the need arises, and records the minutes of its meetings.

The Committee met during 2023 as follows:

Members / Committee Meetings	Capacity	The meeting held on 12/02/2023	The meeting held on 27/04/2023	The meeting held on 25/07/2023	The meeting held on 28/09/2023	The meeting held on 13/12/2023
His Excellency Mr. Naser Al-Lozi	Chairman of the Committee	Attended	Attended	Attended	Attended	Attended
Mr. Khaled Al-Hassan	Committee member	Attended	Attended	Attended	Attended	Attended
Mr. Bijan Khosrochahi	Committee member	Attended	Attended	Attended	Attended	Attended
Dr. Ali Al-Wazani	Committee member	Attended	Attended	Attended	Attended	Attended
Mr. Saad Farah	Secretary of the Board of Directors - invited	Attended	Attended	Attended	Attended	Attended
Means of Attendance		Via audio-visual means of communication	Via audio-visual means of communication	Via audio-visual means of communication	Via audio-visual means of communication	Via audio-visual means of communication

This Committee undertakes the following tasks:

- Developing the investment strategy and policy and submitting recommendations thereon to the Board of Directors for approval.
- Reviewing and monitoring investment decisions and their approval of the permissible investment limits for the various types of investments approved by the Board of Directors.
- Reviewing the Company's investment policy periodically to ensure that the risk management methodology is compatible with it.
- Cooperating with the Audit Committee to define the scope of audit procedures, in order to ensure that they cover all investment activities and able to detect weaknesses in internal control and defects in operational systems in a timely manner.
- Identifying, preparing and reviewing the reports to be presented to the Board of Directors, and laying the foundations for preparing periodic reports, with the need to include cases of deviation and corrective measures.

### 3. Executive Positions in the Company and the Persons Occupying them

#### 3.1 Names of key employees who hold executive management positions:

The executive positions at Gulf Insurance Group / Jordan are held by individuals with high professional, practical and scientific experience in addition to the technical skills, and they meet the requirements of competency and integrity required by the Company, so that the Company can manage its business according to the highest standards required and the size and nature of the Company's activities. The following are the names of the executive managers at Gulf Insurance Group / Jordan:

- Dr. Ali Adel Ahmad Al Wazaney - Chief Executive Officer
- Mr. Saad Amin Tawfiq Farah - Chief Financial Officer - Secretary of the Board
- Mr. Tarek Tayseer Nema Ammari - Head of Technical Department to 5/4/2023.
- Mr. Rami Kamal Odeh Dababneh - Executive Director/ Business Development and Marketing Department
- Mr. Suleiman Abdul Hafez Muhammad Dandis - Executive Director / Medical Insurance Department
- Mr. Mohammad Amin Mahmoud Sobh - Executive Director / Branches and Indirect Businesses
- Mrs. Baraa Sharif - Manager/ Internal Audit Department
- Advocate Omar Ali Othman Al-Jilani - Manager / Legal Department.

#### 3.2 Names of key employees who resigned during the year 2023.

- Mr. Tariq Tayseer Neama Amari - Chief Technical Officer.

### 4. Supervisory Departments of Gulf Insurance Group / Jordan

#### 4.1 Internal Audit Department

The major tasks and operations carried out by the department are:

1. Verifying the adequacy and effectiveness of the internal control system, and the suitability of the Company's operations with the size and nature of its activity in terms of:
  - 1- The Company operates in accordance with the provisions of the law, regulations, instructions and decisions issued pursuant thereto, and the relevant legislation in force.
  - 2- The Company conducts its business properly and in harmony with its strategic objectives and policies approved by its Board of Directors.
  - 3- All operations in the Company are carried out in accordance with the responsibilities and powers specified by its Board of Directors.
  - 4- The Company applies accurate and sound accounting and control procedures.
  - 5- The Company's assets and properties are used in a correct, appropriate and due manner.
  - 6- The Company's records and files are complete, comprehensive and accurate and contain all necessary information.
  - 7- The internal audit standards are applied to the services provided by external parties in the same manner as applied to other internal operations in the Company.
  - 8- The key employees constantly identify, evaluate and manage business risks.
  - 9- The key employees respond to the decisions of the Board of Directors related to the recommendations of the Audit Committee based on the internal audit reports.
  - 10- Informing the Board of Directors immediately of any defect, incapacity or danger that threatens the Company when it is discovered and following up with those concerned to take the necessary corrective measures.
  - 11- Submitting regular reports to the Board of Directors on the adequacy and effectiveness of the internal control system.



- 12- Ensuring the consistency of stress tests with the methodology approved by the Board of Directors, in order to set the procedures that shall be applied to develop the risk management methodology in the Company.
  - 13- Preparing a report for the Board of Directors on the results of internal audits, which includes the following:
    - a) Scope, procedures and time of completion of the internal audit.
    - b) The Company's financial position, the quality of its assets, the extent of its compliance with the relevant legislation in force, and the observations of the external auditor.
    - c) Weaknesses, fraud or material violations, if any.
    - d) Corrective actions to be taken, if necessary.
  - 14- Submitting the internal audit plan for the subsequent year before the end of the current year to the Audit Committee, whereas the plan shall include the scope of the internal audit, its procedures and the time required for its completion.
  - 15- Keeping the report of the results of the internal audit operations and the documents related thereto for a period of no less than five years from the date of conducting the internal audit.
2. The internal audit manager works independently to be able to carry out the tasks entrusted to him and submits their reports and recommendations directly to the Audit Committee, with a copy sent to the CEO of the Company.
  3. The employees of the internal audit department in the Company are required to have the appropriate knowledge and experience to carry out the work of internal audit, and they must adhere to the following:
    - 1- Maintaining the confidentiality of work and documents they have.
    - 2- Applying international practices and standards related to the internal audit profession.
  4. The Company provides the Central Bank with internal audit reports on an annual basis, which include the observations discovered regarding any violations or abuses, the executive management's responses to them, and the corrective measures taken by the Company to address them.

## 4.2 Risk Management Department

### The major tasks and operations carried out by the department are:

1. Reviewing the Company's risk management methodology in coordination with the Company's Risk Management Committee.
2. Implementing the Company's risk management strategy and developing policies and procedures for managing all types of risks.
3. Developing methodologies to identify, measure, monitor and control each type of risk.
4. Submitting reports to the Board of Directors through the Risk Management Committee and providing members of the senior executive management with a copy that include information on the actual risk system for all the Company's activities in comparison with the accepted risk document, and following up on addressing negative deviations.
5. Verifying the integration of the risk measurement mechanisms with the used management information systems.
6. Studying and analyzing all types of risks that the Company faces.
7. Submitting recommendations to the Risk Management Committee on the Company's exposure to risks, and recording cases of exceptions to the risk management policy.
8. Providing the necessary information about the Company's risks to be used for disclosure purposes.
9. The department in charge of risk management monitors the commitment of the Company's departments to the specified levels of acceptable risks.

#### 4.3 The significant development that occurred within the Risk Department

The reporting structure of the Risk department has been revised, now it reports directly to the Risk Committee, and indirectly to the Company's CEO, this change has been reflected in the company's Organizational structure and has been approved by the Board of Directors.

#### 4.4 Compliance Department

The major tasks and operations carried out by the department are:

1. Submitting periodic reports to the Governance and Compliance Committee, regarding the results reached in case of a violation of any of the relevant applicable legislation or any of the policies related to the Company's business, and conducting necessary recommendations to reduce the risks arising from the same, and sending a copy of such reports to the CEO of the Company.
2. Conducting recommendations to the relevant key personnel regarding:
  - a- projects related to any new products or services expected to be offered by the Company, and reviewing them to ensure their compliance with the relevant legislation in force.
  - b- policies and procedures regulating the Company's business and operations.
3. Raising the awareness of all employees in the Company regarding compliance, informing them of their duties in relation to the relevant applicable legislation and their responsibilities in case of violation, and reporting any violations or violations of laws, regulations, instructions, decisions, sound and safe practices, or incompatibility of any practices with business procedures that have been developed to the Company's Compliance Manager.
4. Presenting all legislations, policies, procedures, agreements and announcements related to the Company's business and operations to the employees and guiding them in this regard.
5. Coordinating with the relevant departments of the Company to follow up on providing the regulatory authorities with the requirements contained in the relevant legislation in force in accordance with the dates specified therein.

#### 4.5 The significant development that occurred within the Compliance Department.

The reporting structure of the Compliance department has been revised, now it reports directly to the Governance and Compliance Committee, and indirectly to the Company's CEO, this change has been reflected in the company's Organizational structure and has been approved by the Board of Directors.

**Naser Al-Lozi**

Chairman of the Board of Directors

