

GULF INSURANCE GROUP/ JORDAN

PUBLIC SHAREHOLDING COMPANY

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)**

30 SEPTEMBER 2024

**GULF INSURANCE GROUP/ JORDAN
PUBLIC SHAREHOLDING COMPANY**

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	<u>PAGE</u>
REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	1
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7 - 64



**REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF GULF INSURANCE GROUP - JORDAN
(PUBLIC SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Insurance Group /Jordan (the “Company”) and its subsidiaries (together the “Group”) as at 30 September 2024, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three month and nine month period ended 30 September 2024, and the interim condensed consolidated statement of changes in equity and cash flows for nine month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) “interim financial reporting” as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

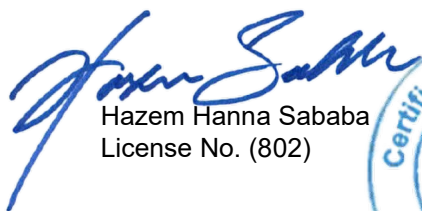
Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with International Accounting Standard (34) as amended by the Central Bank of Jordan instructions.

For and on behalf of PricewaterhouseCoopers “Jordan”


Hazem Hanna Sababa
License No. (802)



Amman, Jordan
30 October 2024

GULF INSURANCE GROUP/ JORDAN
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	Note	30 September 2024	31 December 2023
		JD (Reviewed not audited)	JD (Audited)
Assets			
Investments			
Deposits at banks	3	19,585,825	21,272,263
Financial assets at fair value through other comprehensive income	4	6,191,923	5,682,672
Financial assets at fair value through profit or loss	5	10,425,539	5,179,512
Financial assets at amortized cost	6	60,781,893	57,755,525
Investment property		170,464	170,464
Right of use assets		488,252	203,491
Total Investments		97,643,896	90,263,927
Cash on hand and at banks	18-A	1,671,280	1,155,421
Re-insurance contracts assets - net	7	7,946,033	6,176,683
Deferred tax assets	8-B	3,755,002	4,274,201
Property and equipment		7,500,742	7,425,908
Intangible assets		5,769,855	5,488,992
Other assets		5,238,008	5,048,642
Discontinued operations' assets		791,887	788,955
Total Assets		130,316,703	120,622,729
Liabilities			
Insurance contract liabilities			
Insurance contracts liabilities	7	71,138,600	64,773,537
Total Insurance contract liabilities		71,138,600	64,773,537
Accrued expenses		1,745,923	1,846,267
Re-insurance contracts liabilities	7	1,090,794	358,857
Lease liabilities		434,526	232,848
Other provisions		2,929,222	2,887,598
Income tax provision	8-A	360,451	212,697
Other liabilities		895,425	723,373
Discontinued operations' liabilities		244,216	244,216
Total Liabilities		78,839,157	71,279,393
Equity			
Authorized and paid-in capital	14	26,000,000	26,000,000
Statutory reserve		6,500,000	6,500,000
Fair value reserve	16	(1,423,970)	(1,629,165)
Retained earnings		20,401,516	18,472,501
Net equity		51,477,546	49,343,336
Total Liabilities and Net equity		130,316,703	120,622,729

The attached notes 1 to 25 integral part of these interim condensed consolidated financial statements.

GULF INSURANCE GROUP/ JORDAN
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	Note	For the three months ended		For the nine months ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
		JD	JD	JD	JD
		(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Continuing operations					
Revenues					
Insurance contracts revenues	9	31,350,798	27,648,620	92,479,672	81,422,000
Less: Insurance contracts expenses	10	(24,944,622)	(22,344,771)	(72,613,500)	(63,997,040)
Insurance contracts services results		6,406,176	5,303,849	19,866,172	17,424,960
Re-insurance contracts expenses		(15,848,379)	(12,126,822)	(45,549,015)	(34,742,371)
Re-insurance contracts recoveries		11,296,534	8,584,723	32,115,805	23,332,406
Re-insurance contracts services results		(4,551,845)	(3,542,099)	(13,433,210)	(11,409,965)
Net insurance and re-insurance contracts results		1,854,331	1,761,750	6,432,962	6,014,995
Finance expense insurance contracts	11	(640,633)	(949,254)	(2,668,623)	(2,797,431)
Finance income – re-insurance contracts	12	65,369	288,292	441,752	692,339
Net insurance and re- insurance contracts results		1,279,067	1,100,788	4,206,091	3,909,903
Interest income		1,204,070	1,026,982	3,635,547	2,999,032
Gain (Loss) from financial assets and investments - net	13	38,424	(477,652)	496,486	(119,145)
Total revenues		2,521,561	1,650,118	8,338,124	6,789,790
Unallocated general and administrative expenses		501,851	446,402	1,499,451	1,350,726
Unallocated depreciation and amortization		-	4,213	-	30,173
(Gains) losses from sale of property and equipment		27,487	(3,320)	27,991	(24,237)
Total expenses		529,338	447,295	1,527,442	1,356,662
Profit for the period from continuing operations before income tax		1,992,223	1,202,823	6,810,682	5,433,128
Less: income tax expense	8	(217,117)	360,044	(783,561)	(31,155)
Profit for the period from continuing operations		1,775,106	1,562,867	6,027,121	5,401,973
Discontinued operations					
(Loss) profit for the period after tax from discontinued operations		1,326	(4,455)	(1,678)	(38,727)
Profit for the period		1,776,432	1,558,412	6,025,443	5,363,246
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	17	0/068	0/060	0/232	0/206
Basic and diluted earnings per share for the year from continuing operations	17	0/068	0/060	0/232	0/206

The attached notes 1 to 25 integral part of these interim condensed consolidated financial statements.

**GULF INSURANCE GROUP/ JORDAN
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)**

	For the three months ended		For the nine months ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)
Profit for the period	1,776,432	1,558,412	6,025,443	5,363,246
Change in fair value of financial assets through other comprehensive income	<u>154,555</u>	<u>(260,368)</u>	<u>8,767</u>	<u>830,889</u>
Total comprehensive income for the period	<u>1,930,987</u>	<u>1,298,044</u>	<u>6,034,210</u>	<u>6,194,135</u>

**The attached notes 1 to 25 integral part of these interim condensed consolidated
financial statements**

**GULF INSURANCE GROUP/ JORDAN
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)**

	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Net Equity
	JD	JD	JD	JD	JD
For the period ended 30 September 2024 (Reviewed not audited)					
Balance as at 1 January 2024	26,000,000	6,500,000	(1,629,165)	18,472,501	49,343,336
Total comprehensive income for the period	-	-	8,767	6,025,443	6,034,210
Loss from sale of financial assets through other comprehensive income	-	-	196,428	(196,428)	-
Dividends distribution (Note 15)	-	-	-	(3,900,000)	(3,900,000)
Balance at 30 September 2024	<u>26,000,000</u>	<u>6,500,000</u>	<u>(1,423,970)</u>	<u>20,401,516</u>	<u>51,477,546</u>

	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Net Equity
	JD	JD	JD	JD	JD
For the period ended 30 September 2023 (Reviewed not audited)					
Balance as at 1 January 2023	26,000,000	6,500,000	(1,684,308)	12,619,382	43,435,074
Total comprehensive income for the period	-	-	830,889	5,363,246	6,194,135
Loss from sale of financial assets through other comprehensive income	-	-	(264,464)	264,464	-
Dividends distribution (Note 15)	-	-	-	(3,900,000)	(3,900,000)
Balance at 30 September 2023	<u>26,000,000</u>	<u>6,500,000</u>	<u>(1,117,883)</u>	<u>14,347,092</u>	<u>45,729,209</u>

* Retained earnings include an amount of JD 3,755,002 as at 30 September 2023 (31 December 2023: JD 4,274,201) representing deferred tax assets that is restricted from use in accordance with the Jordan Securities Commission instructions. Furthermore, an amount of JD 1,423,970 as at 30 September 2024 (31 December 2023: JD 1,629,165) of the retained earnings is restricted from use which represents the negative balance of the fair value reserve.

The attached notes 1 to 25 integral part of these interim condensed consolidated financial statements

**GULF INSURANCE GROUP/ JORDAN
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)**

	30 September Note	30 September 2023
	JD (Reviewed not audited)	JD (Reviewed not audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year from continuing operations before tax	6,810,682	5,433,128
Loss from discontinued operations after tax	(1,678)	(38,727)
Adjustments:		
Interest income	(3,480,098)	(2,999,032)
Depreciation and amortization	526,262	681,741
Depreciation on right of use assets	104,595	167,427
Interest on lease contracts liabilities	30,842	18,100
Unrealised losses for financial assets at fair value through profit or loss	13 306,120	(611,220)
(Gain) loss from sale of financial assets through other comprehensive income	196,428	(264,464)
Impairment loss on intangible assets	13 (155,449)	(164,839)
Loss (gain) from sale of property and equipment	27,991	(24,237)
Provision for expected credit losses	350,000	-
End-of-service indemnity provision	456,499	749,852
changes in working capital:	<u>5,172,194</u>	<u>4,170,169</u>
Re-insurance contracts assets	(2,119,350)	2,054,343
Insurance contracts liabilities	6,365,063	3,879,538
Re-insurance contracts liabilities	731,937	(202,685)
Other assets	(190,470)	(995,270)
Accrued expenses	(100,344)	(492,824)
Other provisions	(247,040)	(191,060)
Other liabilities	172,052	541,740
Net cash flows from operating activities before payments for end-of-service benefits and income tax	<u>9,784,042</u>	<u>8,763,951</u>
Paid from end-of-service provision	(167,835)	(206,491)
Income tax paid	8/A (116,608)	(341,262)
Net cash flows from operating activities	<u>9,499,599</u>	<u>8,216,198</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Deposits at banks maturing after three months	872,298	40,518,548
Interest received	3,480,098	2,999,032
Purchase of property and equipment	(603,745)	(530,055)
Proceeds from sale of property and equipment	653	26,594
Purchase of financial assets at fair value through profit or loss	(5,552,147)	(5,926,311)
Purchase of financial assets at amortized cost	(7,479,419)	(39,901,102)
Purchase of intangible assets	(306,858)	(262,186)
Purchase of financial assets at fair value through other comprehensive income	(984,465)	(802,273)
Proceeds from sale of financial assets through other comprehensive income	287,553	1,383,854
Proceeds from sale of financial assets at amortized cost	4,608,500	-
Net cash flows used in investing activities	<u>(5,677,532)</u>	<u>(2,493,899)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of subordinated loan	-	(1,500,000)
Paid distributed dividends	15 (3,900,000)	(3,900,000)
Lease payments	(218,520)	(181,955)
Net cash flow used in financing activities	<u>(4,118,520)</u>	<u>(5,581,955)</u>
Net increase (decrease) in cash and cash equivalents	(296,453)	140,344
Cash and cash equivalents at the beginning of the year	1,924,323	1,556,701
Cash and cash equivalents at the end of the year	18 <u>1,627,870</u>	<u>1,697,045</u>

The attached notes 1 to 25 integral part of these interim condensed consolidated financial statements

(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 30 September 2024. The Company's financial statements are consolidated with the parent Company.

The interim condensed consolidated financial statements were approved by the Board of Directors in its meeting held on 28 October 2024.

(2) MATERIAL ACCOUNTING POLICY INFORMATION

(2-1) BASIS OF PREPARATION INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying interim condensed consolidated financial statements of the Company, and its subsidiaries (together the "Group") have been prepared in accordance with International Accounting Standard number 34 "Interim Financial Reporting" as amended by the instructions of the Central Bank of Jordan.

The main differences between the applicable IFRS Accounting Standards and the models issued by the Central Bank of Jordan for presenting financial statements lie in the presentation of the statement of financial position. According to IAS 1, "Presentation of Financial Statements," the items in the statement of financial position are classified based on liquidity under a single category. However, according to the Central Bank of Jordan's models, the items in the statement of financial position are required to be presented under two categories: "Assets" and "Investments." Additionally, any exposures to or guaranteed by the Jordanian government are excluded, and no expected credit loss provisions are calculated for such exposures.

The interim condensed consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of financial assets at fair value through the condensed consolidated statement of income and financial assets at fair value through other comprehensive income that appear at fair value at the date of the condensed consolidated financial statements.

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

**GULF INSURANCE GROUP/ JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)**

The interim condensed consolidated statement of financial position is not presented using a current/non-current classification. However, the following balances are generally classified as current: cash and cash equivalents, financial assets at fair value through profit or loss, other assets, accrued expenses, other liabilities and income tax provision. The following balances are generally classified as non-current: financial assets at amortized cost, financial assets at fair value through other comprehensive income, property and equipment, right-of-use assets, and intangible assets. Balances that are mixed in nature, meaning they include both current and non-current portions, typically include deposits at banks, insurance contract liabilities, reinsurance contract assets, and lease liabilities.

The interim condensed consolidated financial statements do not include all the information and explanations required for the annual financial statements prepared in accordance with IFRS Accounting Standards as amended in accordance with the instructions of the Central Bank of Jordan, and it must be read with the Group's annual report as of 31 December 2023 and the business results for the nine Months ended 30 September 2024 are not necessarily indicative of the expected results for the year ending 31 December 2024.

(2-2) Basis of Consolidation for the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries (together the "The Group"). Control exists when the Company controls the subsidiaries and relevant activities, and is exposed, or has right, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns with its power over the subsidiaries.

The interim condensed 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 30 September 2024.

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.

(2-3) 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 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024.

a- New and amended standards and interpretations issued and adopted by the Company in the financial year beginning on 1 January 2024:

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Non-current Liabilities with Covenants – Amendments to IAS 1:	1 January 2024
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These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16:	1 January 2024
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These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7:	1 January 2024
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These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28:	n/a
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The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

The implementation of the above standards did not have a material impact on the interim condensed financial statements.

- b. **The Company has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:**

Amendments to IAS 21 – Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Annual periods beginning on or after 1 January 2025 (early adoption is available)

The management is still in the process of evaluating the impact of these new amendments on the Company's interim condensed financial statements, and it believes that there will be no significant impact upon implementation.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current year starting 1 January 2024 or future reporting periods and on foreseeable future transactions.

IFRS 17 Insurance Contracts

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 expenses.
- 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).

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.

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.

Separation of Components from Insurance and Reinsurance Contracts

The group evaluates its general risk insurance and reinsurance products to determine whether they contain distinct components that should be accounted for under other International Financial Reporting Standards (IFRS) instead of IFRS 17. After separating any distinct components, the group applies IFRS 17 to all remaining components of the (primary) insurance contract. Currently, the group's products do not include any distinct components that require separation.

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 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 recognized
- Environmental factors, e.g., a change in market experience or regulations

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.

Recognition

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.

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.

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 derocognise 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).

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.

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.

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 revenue 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 revenue 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 revenue 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 expenses 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 revenue

As the Group provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue 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 revenue 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 revenue 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 revenue 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 expenses;
- 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 expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses 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 expenses 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 expenses 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 expenses.

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 adopts 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 Moody's analytics, 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.

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.

(3) BANK DEPOSITS

	30 September 2024			31 December 2023	
	Deposits maturing in 1 month JD	Deposits maturing in 1 month to 3 months JD	Deposits maturing in 3 months to one year JD	Total JD (Reviewed not audited)	Total JD (audited)
Inside Jordan	-	-	19,685,825	19,685,825	21,372,263
Expected credit loss provision	-	-	(100,000)	(100,000)	(100,000)
	-	-	19,585,825	19,585,825	21,272,263

Interest rates on bank deposits balances range between 5.750% to 6.750% during 2024 compared to 6% to 6.8% during 2023.

Deposits pledged in favor of the Central Bank of Jordan Governor amounted to JD 814,140 as of 30 September 2024 (31 December 2023: JD 814,140).

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

The balances reserved against the current overdraft limit and the guarantees limit amounted to JD 667,470 as of September 30, 2024 (JD 632,913 as of December 31, 2023)

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

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (audited)
Jordan Kuwait Bank	1,568,720	3,218,563
Cairo Amman Bank	5,204,861	2,642,124
Capital Bank of Jordan	4,800,593	3,228,072
Housing Bank	3,263,215	3,085,068
Etihad Bank	-	3,100,000
Arab Banking Corporation Bank	2,848,436	2,848,436
Arab Bank	2,000,000	-
Invest Bank	-	3,250,000
	<u>19,685,825</u>	<u>21,372,263</u>
Less: Provision for expected credit losses	<u>(100,000)</u>	<u>(100,000)</u>
	<u>19,585,825</u>	<u>21,272,263</u>

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

	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	Number of shares (Reviewed not audited)	Number of shares (audited)	JD (Reviewed not audited)	JD (audited)
<u>Inside Jordan:</u>				
<u>Listed shares:</u>				
Afaq for Energy	724,937	724,937	1,014,912	1,362,881
Afaq for Investment and Real Estate Development	1,541,500	1,541,500	955,730	816,995
Cairo Amman Bank	79,081	113,000	88,571	153,680
Jordan Kuwait Bank	1,241,546	1,009,530	3,426,667	2,594,492
	3,587,064	3,388,967	<u>5,485,880</u>	<u>4,928,048</u>
<u>Unlisted shares:</u>				
Saraya Aqaba Real Estate Development Company	500,000	500,000	117,484	154,880
Al-Motarabetah Investment Company	29,851	29,851	4,053	9,579
	529,851	529,851	<u>121,537</u>	<u>164,459</u>
<u>Outside Jordan:</u>				
<u>Listed shares:</u>				
Gulf Warehousing Company	-	685,000	-	414,555
SafaBank/ Palestine owned by Cairo Amman Bank	6,647	9,562	3,770	4,610
Agility global PLC	1,740,000	-	409,736	-
	1,746,647	694,562	413,506	419,165
<u>Unlisted shares:</u>				
Iraq International Insurance Company	548,136,473	548,136,473	171,000	171,000
Financial assets at fair value through other comprehensive income			<u>6,191,923</u>	<u>5,682,672</u>

**GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)**

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

	<u>30 September 2024</u>	<u>31 December 2023</u>	<u>30 September 2024</u>	<u>31 December 2023</u>
	Number of shares (Reviewed not audited)	Number of Shares (audited)	JD (Reviewed not audited)	JD (audited)
<u>Inside Jordan:</u>				
Listed shares:				
Jordan Phosphate Mining Company	398,000	162,000	4,457,600	1,731,780
Arab Potash Company	94,260	57,100	2,469,612	1,492,024
National Petroleum Refinery Company	515,000	167,000	2,466,850	784,900
			<u>9,394,062</u>	<u>4,008,704</u>
<u>Outside Jordan:</u>				
Listed shares:				
Riyad Bank	102,400	102,400	481,993	551,425
Saudi National Bank	84,814	84,814	549,484	619,383
			<u>1,031,477</u>	<u>1,170,808</u>
Total financial assets at fair value through profit or loss			<u>10,425,539</u>	<u>5,179,512</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(6) FINANCIAL ASSETS AT AMORTIZED COST

	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	Number of bonds (reviewed not audited)	Number of bonds (audited)	JD (reviewed not audited)	JD (audited)
<u>Inside Jordan -</u>				
Unlisted Bonds in financial market				
Arab Real Estate Development Company*	120	120	1,200,000	1,200,000
Listed bonds in financial markets				
Treasury Bond/ the Hashemite Kingdom of Jordan2027	4,000	4,000	2,843,782	2,847,909
Treasury Bond/ the Hashemite Kingdom of Jordan2026	8,830	8,830	6,272,378	6,275,950
Treasury Bond/ the Hashemite Kingdom of Jordan2028	13,800	9,800	9,892,048	7,012,580
Treasury Bond/ the Hashemite Kingdom of Jordan2029	16,500	10,000	11,655,193	7,065,036
Total financial assets at amortized cost inside Jordan			<u>31,863,401</u>	<u>24,401,475</u>
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	Number of bonds (reviewed not audited)	Number of bonds (audited)	JD (reviewed not audited)	JD (audited)
<u>Outside Jordan -</u>				
Treasury Bonds / Arab Republic of Egypt	-	4,000	-	2,745,080
Saudi International Bond	12,000	12,000	8,296,946	8,254,873
Saudi Electricity Global	5,000	5,000	3,606,341	3,616,755
Public Investment Fund / Saudi Arabia	8,000	8,000	5,743,293	5,759,467
SA Global Sukuk Limited (Saudi Aramco)	3,000	3,000	2,024,838	1,982,558
Al Maamoura Diversified Global Holding	8,000	8,000	5,693,808	5,697,391
Abu Dhabi Commercial Bank	2,800	2,800	1,965,308	1,961,862
Abu Dhabi National Energy Company	1,000	1,000	698,044	693,592
Ooredoo International Finance-Qatar Telecom	3,500	3,500	2,388,914	2,370,157
First Abu Dhabi Bank	-	2,500	-	1,771,315
Total financial assets at amortized cost outside Jordan			<u>30,417,492</u>	<u>34,853,050</u>
			<u>62,280,893</u>	<u>59,254,525</u>
Provision for impairment of financial assets at amortized cost*			<u>(1,499,000)</u>	<u>(1,499,000)</u>
			<u>60,781,893</u>	<u>57,755,525</u>

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

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (audited)
Balance at the beginning of the period/year	1,499,000	1,299,000
Transferred from provision for expected credit losses for trade receivables related to insurance operations	-	200,000
Balance at the end of the period/year	<u>1,499,000</u>	<u>1,499,000</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(7) INSURANCE CONTRACTS ASSETS/LIABILITIES

Insurance contracts liabilities

	30 September 2024			31 December 2023		
	Premium allocation approach (7-A)	General approach (7-B)	Total	Premium allocation approach (7-A)	General approach (7-B)	Total
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (audited)	JD (audited)	JD (audited)
Liability of remaining coverage	15,526,607	746,481	16,273,088	11,898,747	600,801	12,499,548
Liability of incurred claims	54,865,512	-	54,865,512	52,273,989	-	52,273,989
Total	70,392,119	746,481	71,138,600	64,172,736	600,801	64,773,537

Re-insurance contracts liabilities

	30 September 2024			31 December 2023		
	Premium allocation approach (7-C)	General approach (7-C)	Total	Premium allocation approach (7-C)	General approach (7-C)	Total
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (audited)	JD (audited)	JD (audited)
Liability of remaining coverage	(2,478,255)	(10,470)	(2,488,725)	(395,666)	(9,602)	(405,268)
Liability of incurred claims	1,397,931	-	1,397,931	46,411	-	46,411
Total	(1,080,324)	(10,470)	(1,090,794)	(349,255)	(9,602)	(358,857)

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

Re-insurance contracts assets

	30 September 2024			31 December 2023		
	Premium allocation approach (7-C)	General approach (7-C)	Total	Premium allocation approach (7-C)	General approach (7-C)	Total
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (audited)	JD (audited)	JD (audited)
Liability of remaining coverage	(16,781,260)	-	(16,781,260)	(14,527,352)	-	(14,527,352)
Liability of incurred claims	24,727,293	-	24,727,293	20,704,035	-	20,704,035
Total	7,946,033	-	7,946,033	6,176,683	-	6,176,683

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(7-A) INSURANCE CONTRACTS ASSETS/LIABILITIES – PREMIUM ALLOCATION APPROACH

30 September 2024	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 (reviewed not audited)	JD (reviewed not audited)	JD (reviewed not audited)	JD (reviewed not audited)	
Insurance contracts liabilities as at 1 January 2024	9,896,747	2,002,000	49,546,982	2,727,007	64,172,736
Insurance contracts assets at 1 January 2024	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2024	9,896,747	2,002,000	49,546,982	2,727,007	64,172,736
Insurance revenue	(92,463,005)	-	-	-	(92,463,005)
Incurred claims and other directly attributable expenses	-	(1,841,877)	70,045,827	1,493,639	69,697,589
Changes that relate to past service-changes in FCF relating to LIC	-	-	(12,993,536)	(1,109,490)	(14,103,026)
Losses on onerous contracts	-	2,877,877	-	-	2,877,877
Insurance acquisition cash flows assets impairment	5,704,921	-	-	-	5,704,921
Administrative expenses	-	-	8,422,216	-	8,422,216
Insurance services expenses	5,704,921	1,036,000	65,474,507	384,149	72,599,577
Insurance services results	(86,758,084)	1,036,000	65,474,507	384,149	(19,863,428)
Finance expenses from insurance contracts issued	-	-	2,574,611	-	2,574,611
Total amounts recognized in the statement of income	(86,758,084)	1,036,000	68,049,118	384,149	(17,288,817)
Cash flows:					
Premiums received	94,986,085	-	-	-	94,986,085
Claims and other directly attributable expenses paid			(65,841,744)		(65,841,744)
Insurance contracts acquisition cash flows	(5,636,141)	-	-	-	(5,636,141)
Total cash flows	89,349,944	-	(65,841,744)	-	23,508,200
Insurance contracts liabilities as at 30 September 2024	12,488,607	3,038,000	51,754,356	3,111,156	70,392,119
Insurance contracts assets as at 30 September 2024	-	-	-	-	-
Insurance contracts liabilities as at 30 September 2024	12,488,607	3,038,000	51,754,356	3,111,156	70,392,119

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

INSURANCE CONTRACTS ASSETS/LIABILITIES – PREMIUM ALLOCATION APPROACH

	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 (audited)	JD (audited)	JD (audited)	JD (audited)	
31 December 2023					
Insurance contracts liabilities as at 1 January 2023	12,094,163	2,529,000	44,979,874	3,450,440	63,053,477
Insurance contracts assets at 1 January 2023	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2023	12,094,163	2,529,000	44,979,874	3,450,440	63,053,477
Insurance revenue	(110,041,472)	-	-	-	(110,041,472)
Incurred claims and other directly attributable expenses	-	2,515,593	78,343,186	1,272,694	82,131,473
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
administrative expenses	-	-	10,046,324	-	10,046,324
Insurance services expenses	6,742,471	(527,000)	80,461,728	(1,137,100)	85,540,099
Insurance services results	(103,299,001)	(527,000)	80,461,728	(1,137,100)	(24,501,373)
Finance expenses from insurance contracts issued	-	-	2,958,442	413,667	3,372,109
Total amounts recognised in the statement of income	(103,299,001)	(527,000)	83,420,170	(723,433)	(21,129,264)
Cash flows:					
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)
Total cash flows	101,101,585	-	(78,853,062)	-	22,248,523
Insurance contracts liabilities as at 31 December 2023	9,896,747	2,002,000	49,546,982	2,727,007	64,172,736
Insurance contracts assets as at 31 December 2023	-	-	-	-	-
Insurance contracts liabilities as at 31 December 2023	9,896,747	2,002,000	49,546,982	2,727,007	64,172,736

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(7-B) INSURANCE CONTRACTS ASSETS/LIABILITIES – GENERAL APPROACH

30 September 2024	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding the loss component	Loss component	Present value of future cash flows	Risk adjustment - non-financial	
	JD (reviewed not audited)	JD (reviewed not audited)	JD (reviewed not audited)	JD (reviewed not audited)	
Insurance contracts liabilities as at 1 January 2024	(37,691)	638,492	-	-	600,801
Insurance contracts assets at 1 January 2024	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2024	(37,691)	638,492	-	-	600,801
Insurance revenue	(16,667)	-	-	-	(16,667)
Incurred claims and other directly attributable expenses	-	(71,837)	30,009	-	(41,828)
Acquisition expenses	(3,708)	-	-	-	(3,708)
Losses on onerous contracts	-	59,461	-	-	59,461
Insurance services expenses	(3,708)	(12,376)	30,009	-	13,925
Insurance services results	(20,375)	(12,376)	30,009	-	(2,742)
Finance expenses from insurance contracts issued	70,667	23,343	-	-	94,010
Total amounts recognised in the statement of comprehensive income	50,292	10,967	30,009	-	91,268
Cash flows:	84,421	-	-	-	84,421
Premiums received	-	-	(30,009)	-	(30,009)
Claims and other directly attributable expenses paid	-	-	-	-	-
Total cash flows	84,421	-	(30,009)	-	54,412
Insurance contracts liabilities as at 30 September 2024	97,022	649,459	-	-	746,481
Insurance contracts assets as at 30 September 2024	-	-	-	-	-
Insurance contracts liabilities as at 30 September 2024	97,022	649,459	-	-	746,481

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

30 September 2024	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
	(reviewed not audited)	(reviewed not audited)	(reviewed not audited)	(reviewed not audited)
Insurance contracts liabilities as at 1 January 2024	520,844	15,431	64,526	600,801
Insurance contracts assets as at 1 January 2024	-	-	-	-
Insurance contracts liabilities as at 1 January 2024	520,844	15,431	64,526	600,801
Changes related to current service:				
Changes in the risk adjustment for non-financial risk for the risk expired	-	9,482	(59,130)	(49,648)
Experience adjustments-relating to insurance services expenses	(12,554)	-	-	(12,554)
Changes related to future service:				
Changes in estimates that adjust the CSM	6,866	-	(6,866)	-
Changes in estimate that results in onerous contract losses or reversal of such losses	6,767	(7,343)	-	(576)
Experience adjustments-arising from premiums received in the period that relate to future service	(17,310)	9,251	68,095	60,036
Insurance services results	<u>(16,231)</u>	<u>11,390</u>	<u>2,099</u>	<u>(2,742)</u>
Finance expenses from insurance contracts issued	85,934	3,945	4,131	94,010
Total amounts recognised in the statement of income	<u>69,703</u>	<u>15,335</u>	<u>6,230</u>	<u>91,268</u>
Cash flows:				
Premiums received	84,421	-	-	84,421
Claims and other directly attributable expenses paid	(30,009)	-	-	(30,009)
Cash flows from holding insurance contracts	-	-	-	-
Total cash flows	<u>54,412</u>	<u>-</u>	<u>-</u>	<u>54,412</u>
Insurance contracts liabilities as at 30 September 2024	<u>644,959</u>	<u>30,766</u>	<u>70,756</u>	<u>746,481</u>
Insurance contracts assets as at 30 September 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Insurance contracts liabilities as at 30 September 2024	<u>644,959</u>	<u>30,766</u>	<u>70,756</u>	<u>746,481</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

31 December 2023	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding the loss component	Loss component	Present value of future cash flows	Risk adjustment - non-financial	
	JD (audited)	JD (audited)	JD (audited)	JD (audited)	
Insurance contracts liabilities as at 1 January 2023	(164,941)	676,350	-	-	511,409
Insurance contracts assets as at 1 January 2023	-	-	-	-	-
Insurance contracts liabilities as at 1 January 2023	(164,941)	676,350	-	-	511,409
Insurance revenue	(17,832)	-	-	-	(17,832)
Incurred claims and other directly attributable expenses	-	-	95,216	-	95,216
Acquisition expenses	4,500	-	-	-	4,500
Losses on onerous contracts	-	(45,761)	-	-	(45,761)
Insurance services expenses	4,500	(45,761)	95,216	-	53,955
Insurance services results	(13,332)	(45,761)	95,216	-	36,123
Finance expenses from insurance contracts issued	66,267	7,903	-	-	74,170
Total amounts recognised in the statement of comprehensive income	52,935	(37,858)	95,216	-	110,293
Cash flows:					
Premiums received	74,315	-	-	-	74,315
Claims and other directly attributable expenses paid	-	-	(95,216)	-	(95,216)
Total cash flows	74,315	-	(95,216)	-	(20,901)
Insurance contracts liabilities as at 31 December 2023	(37,691)	638,492	-	-	600,801
Insurance contracts assets as at 31 December 2023	-	-	-	-	-
Insurance contracts liabilities as at 31 December 2023	(37,691)	638,492	-	-	600,801

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

December 31 2023	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
	(audited)	(audited)	(audited)	(audited)
Insurance contracts liabilities as at				
1 January 2023	501,463	9,946	-	511,409
Insurance contracts assets as at 1 January 2023	-	-	-	-
Insurance contracts liabilities as at 1 January 2023	501,463	9,946	-	511,409
Changes related to current service:				
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
Changes related to future service:				
Changes in estimates that adjust the CSM	80,973	(64,626)	(320)	16,027
Changes in estimate that results in onerous contract losses or reversal of such losses	(125,079)	63,283	-	(61,796)
Contracts initially recognized	-	-	-	-
Experience adjustments-arising from premiums received in the period that relate to future service	(60,238)	-	60,246	8
Insurance services results	<u>(28,471)</u>	<u>4,668</u>	<u>59,926</u>	<u>36,123</u>
Finance expenses from insurance contracts issued	68,753	817	4,600	74,170
Total amounts recognised in the statement of income	<u>40,282</u>	<u>5,485</u>	<u>64,526</u>	<u>110,293</u>
Cash flows:				
Premiums received	74,315	-	-	74,315
Claims and other directly attributable expenses paid	(95,216)	-	-	(95,216)
Total cash flows	<u>(20,901)</u>	<u>-</u>	<u>-</u>	<u>(20,901)</u>
Insurance contracts liabilities as at				
31 December 2023	<u>520,844</u>	<u>15,431</u>	<u>64,526</u>	<u>600,801</u>
Insurance contracts assets as at				
31 December 2023	-	-	-	-
Insurance contracts liabilities as at				
31 December 2023	<u>520,844</u>	<u>15,431</u>	<u>64,526</u>	<u>600,801</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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.

	30 September 2024	31 December 2023
	JD (reviewed not audited)	JD (audited)
Checks under collection due within six months	5,786,257	5,481,895
Checks under collection due within more than six months up to one year	694,158	720,408
	<u>6,480,415</u>	<u>6,202,303</u>
Less: Provision for expected credit losses*	<u>(505,133)</u>	<u>(504,469)</u>
	<u>5,975,282</u>	<u>5,697,834</u>

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

	30 September 2024	31 December 2023
	JD (reviewed not audited)	JD (audited)
Balance at the beginning of the period/year	504,469	504,469
Transferred to provision for doubtful re-insurance receivables	664	-
Balance at the end of the period/year	<u>505,133</u>	<u>504,469</u>

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.

	30 September 2024	31 December 2023
	JD (reviewed not audited)	JD (audited)
Policyholders *	43,920,658	35,905,464
Brokers receivables	2,295,836	2,290,264
Other receivables	1,195,704	777,152
	<u>47,412,198</u>	<u>38,972,880</u>
Less: Provision for expected credit losses **	<u>(9,217,085)</u>	<u>(9,303,341)</u>
	<u>38,195,113</u>	<u>29,669,539</u>

The details of the aging of receivables are as follows:

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	Undue receivables	0-90 days	91-180 days	181-365 days	More than 365 days	Total
	JD	JD	JD	JD	JD	JD
30 September 2024	24,135,060	9,401,051	2,236,568	1,674,817	747,617	38,195,113
31 December 2023	20,504,684	6,027,248	2,032,850	906,016	198,741	29,669,539

* Policy holders receivables includes scheduled payments in the amount of 24,135,060 JD as at 30 September 2024 (JD 20,504,684 as at 31 December 2023).

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

	30 September 2024	31 December 2023
	JD (reviewed not audited)	JD (audited)
Balance at the beginning of the period/year	9,303,341	9,271,339
Provision for expected credit losses for the year	350,000	50,000
Transferred to provision for expected credit loss for receivables from reinsurers	(436,256)	(17,998)
Balance at the end of the period/year	<u>9,217,085</u>	<u>9,303,341</u>

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.

	30 September 2024	31 December 2023
	JD (reviewed not audited)	JD (audited)
Trade and Companies' payables	43,920,660	3,798,030
Medical network payables	969,959	2,264,277
Agents' payables	2,295,835	729,179
Garages' payables and vehicle's parts	88,855	456,299
Employees' payables	136,890	32,855
	<u>47,412,199</u>	<u>7,280,640</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(7-C) RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – PREMIUM ALLOCATION APPROACH

	Liability for remaining coverage		Liability for incurred claims		Total
	Non-onerous contracts	Onerous contracts	Present value of future cash flows	Risk adjustment - non-financial	
30 September 2024	JD	JD	JD	JD	JD
	(reviewed not audited)	(reviewed not audited)	(reviewed not audited)	(reviewed not audited)	(reviewed not audited)
Re-insurance contracts liabilities as at 1 January 2024	(395,666)	-	44,679	1,732	(349,255)
Re-insurance contracts assets as at 1 January 2024	(14,527,352)	-	19,673,279	1,030,756	6,176,683
Re-insurance contracts assets as at 1 January 2024	(14,923,018)	-	19,717,958	1,032,488	5,827,428
Re-insurance expenses	(45,549,015)	-	-	-	(45,549,015)
Incurred claims recovery	-	-	42,930,059	689,869	43,619,928
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(10,730,899)	(507,388)	(11,238,287)
Effect of changes in risk of non-performance by issuer of re-insurance contracts held	-	-	-	-	-
Re-insurance services results	(45,549,015)	-	32,199,160	182,481	(13,167,374)
Finance income from re-insurance contracts held	-	-	442,622	-	442,622
Other changes	-	-	(289,845)	-	(289,845)
Total amounts recognised in the statement of comprehensive income	(45,549,015)	-	32,351,937	182,481	(13,014,597)
Cash flows:					
Total premiums paid net of ceding commissions and other directly attributable expenses	41,212,518	-	-	-	41,212,518
Recoveries from re-insurance	-	-	(27,159,640)	-	(27,159,640)
Total cash flows	41,212,518	-	(27,159,640)	-	14,052,878
Re-insurance contracts liabilities as at 30 September 2024	(2,478,255)	-	1,261,838	136,093	(1,080,324)
Re-insurance contracts assets as at 30 September 2024	(16,781,260)	-	23,648,417	1,078,876	7,946,033
Re-insurance contracts net assets as at 30 September 2024	(19,259,515)	-	24,910,255	1,214,969	6,865,709

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

RE-INSURANCE CONTRACTS ASSETS/ LIABILITIES – GENERAL APPROACH

30 September 2024	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 (audited)	JD (audited)	JD (audited)	JD (audited)	
Re-insurance contracts liabilities as at 1 January 2024	(9,602)	-	-	-	(9,602)
Re-insurance contracts assets as at 1 January 2024	-	-	-	-	-
(liability) Re-insurance contracts assets as at 1 January 2024	(9,602)	-	-	-	(9,602)
Re-insurance expenses	-	-	-	-	-
Incurring claims recovery	-	-	24,009	-	24,009
	-	-	24,009	-	24,009
Finance income from re-insurance contracts held	(868)	-	-	-	(868)
Total amounts recognised in the statement of income	(868)	-	24,009	-	23,141
Cash flows:					
Recoveries from re-insurance	-	-	(24,009)	-	(24,009)
Total cash flows	-	-	(24,009)	-	(24,009)
Re-insurance contracts liabilities as at 30 September 2024	(10,470)	-	-	-	(10,470)
Re-insurance contracts assets as at 30 September 2024	-	-	-	-	-
Re-insurance contract liability (assets) as at 30 September 2024	(10,470)	-	-	-	(10,470)

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	Present value of future cash flows	Risk adjustment - non-financial	CSM	Total
	JD	JD	JD	JD
	(reviewed not audited)	(reviewed not audited)	(reviewed not audited)	(reviewed not audited)
30 September 2024				
Re-insurance contracts liabilities as at 1 January 2024	(3)	-	(9,599)	(9,602)
Re-insurance contracts assets as at 1 January 2024	-	-	-	-
Re-insurance contracts (liabilities) assets as at 1 January 2024	<u>(3)</u>	<u>-</u>	<u>(9,599)</u>	<u>(9,602)</u>
Changes related to current service:				
Changes in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustments-relating to insurance services expenses	24,009	-	-	24,009
Changes related to future service:				
Changes in estimates that adjust the CSM	-	-	-	-
Contracts initially recognised in period	-	-	-	-
Experience adjustments – arising from ceded premiums paid in the period that relate to future service	-	-	-	-
Re-insurance services results	<u>24,009</u>	<u>-</u>	<u>-</u>	<u>24,009</u>
Finance expenses from insurance contracts issued	-	-	(868)	(868)
Total amounts recognised in the statement of income	<u>24,009</u>	<u>-</u>	<u>(868)</u>	<u>23,141</u>
Cash flows:				
Premiums received	-	-	-	-
Claims and other directly attributable expenses paid	(24,009)	-	-	(24,009)
Insurance contracts acquisition cash flows	-	-	-	-
Total cash flows	<u>(24,009)</u>	<u>-</u>	<u>-</u>	<u>(24,009)</u>
Re-insurance contracts liabilities as at 30 September 2024	<u>(3)</u>	<u>-</u>	<u>(10,467)</u>	<u>(10,470)</u>
Re-insurance contracts assets as at 30 September 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Re-insurance contracts (liabilities) assets as at 30 September 2024	<u>(3)</u>	<u>-</u>	<u>(10,467)</u>	<u>(10,470)</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	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 (audited)	JD (audited)	JD (audited)	JD (audited)	
31 December 2023					
Re-insurance contracts liabilities as at 1 January 2023	(1,404,596)	-	674,646	86,647	(643,303)
Re-insurance contracts assets as at 1 January 2023	(10,773,795)	-	17,691,933	1,073,778	7,991,916
Re-insurance contracts assets as at 1 January 2023	(12,178,391)	-	18,366,579	1,160,425	7,348,613
Re-insurance expenses	(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)
Re-insurance services results	(47,329,411)	-	33,774,269	(257,747)	(13,812,889)
Finance income from re-insurance contracts held	-	-	533,020	129,810	662,830
Total amounts recognised in the statement of income	(47,329,411)	-	34,307,289	(127,937)	(13,150,059)
Cash flows:					
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)
Total cash flows	44,584,784	-	(32,955,910)	-	11,628,874
Re-insurance contracts liabilities as at 31 December 2023	(395,666)	-	44,679	1,732	(349,255)
Re-insurance contracts assets as at 31 December 2023	(14,527,352)	-	19,673,279	1,030,756	6,176,683
Re-insurance contracts net assets as at 31 December 2023	(14,923,018)	-	19,717,958	1,032,488	5,827,428

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	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 (audited)	JD (audited)	JD (audited)	JD (audited)	
31 December 2023					
Re-insurance contracts liabilities as at 1 January 2023	(115,453)	-	-	-	(115,453)
Re-insurance contracts assets as at 1 January 2023	-	-	-	-	-
Re-insurance contracts assets as at 1 January 2023	(115,453)	-	-	-	(115,453)
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	(9,215)	-	-	-	(9,215)
Expected claims recoverable during the period	-	-	21,009	-	21,009
Re-insurance services results	(9,215)	-	21,009	-	11,794
Finance income from re-insurance contracts held	115,066	-	-	-	115,066
Total amounts recognised in the statement of income	105,851	-	21,009	-	126,860
Cash flows:					
Recoveries from re-insurance	-	-	(21,009)	-	(21,009)
Total cash flows	-	-	(21,009)	-	(21,009)
Re-insurance contracts liabilities as at 31 December 2023	(9,602)	-	-	-	(9,602)
Re-insurance contracts assets as at 31 December 2023	-	-	-	-	-
Re-insurance contracts liabilities (Assets) as at 31 December 2023	(9,602)	-	-	-	(9,602)

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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.

	30 September 2024	31 December 2023
	JD	JD
	(reviewed not audited)	(audited)
Re-insurance contract assets (local)	2,613,393	2,078,243
Re-insurance contract assets (foreign)	1,468,871	485,599
	<u>4,082,264</u>	<u>2,563,842</u>
Less: Provision for expected credit losses *	(1,705,260)	(1,269,004)
	<u><u>2,377,004</u></u>	<u><u>1,294,838</u></u>

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

	30 September 2024	31 December 2023
	JD	JD
	(reviewed not audited)	(audited)
Balance at the beginning of the period/year	1,269,004	1,151,004
Provision for expected credit losses for the year	-	100,002
Transferred to provision for expected credit losses on accounts receivable	436,256	17,998
Balance at end of the period/year	<u><u>1,705,260</u></u>	<u><u>1,269,004</u></u>

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	JD
30 September 2024	-	1,370,687	726,384	80,045	199,888	2,377,004
31 December 2023	19,118	513,301	164,759	597,660	-	1,294,838

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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.

	30 September 2024	31 December 2023
	JD	JD
	(reviewed not audited)	(audited)
Foreign reinsurance Companies	33,947,588	27,005,017
Local insurance Companies	276,598	234,096
	<u>34,224,186</u>	<u>27,239,113</u>

(8) INCOME TAX

A- Income tax provision

Movements on the income tax provision were as follows:

	30 September 2024	31 December 2023
	JD	JD
	(reviewed not audited)	(audited)
Balance at the beginning of the year	212,697	216,755
National contribution tax	111,131	216,895
Taxes on the investments outside Jordan	153,231	120,309
Income tax paid*	(116,608)	(341,262)
Balance at the end of the year	<u>360,451</u>	<u>212,697</u>

* Income tax paid is shown net of tax refunds received amounting to 143,552JD as of 30 September 2024.

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

	30 September 2024	30 September 2023
	JD	JD
	(reviewed not audited)	(reviewed not audited)
Taxes on the investments outside Jordan	153,231	74,676
National contribution tax	111,131	103,232
Deferred tax assets	519,199	(146,753)
	<u>783,561</u>	<u>31,155</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

Gulf Insurance Group has been exempted from income tax as of November 17, 2021, for a period of three years due to the merger with Arab Life and Accident Insurance Company, in accordance with Cabinet Decision No. (12583) dated November 19, 2015, based on the provisions of Article (8/B) of the Investment Law No. 30 of 2014.

A final settlement was reached with the Income and Sales Tax Department for the year 2019.

The records for 2020 have been reviewed and are still under discussion with the Income and Sales Tax Department.

Income tax returns for the years 2023, 2022, and 2021 have been submitted, but the Income and Sales Tax Department has not yet reviewed the records as of the date of preparation of the consolidated interim financial statements. In the opinion of management and the group's tax consultant, the income tax provision is sufficient to meet any tax liabilities.

B- Deferred tax assets

	30 September 2024			31 December 2023		
	Balance at the beginning of the year	Additions	Released Amounts	Balance at the end of the year	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets:						
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
Impairment loss on financial liabilities	1,199,000	-	-	1,199,000	311,740	311,740
Insurance contracts liabilities	8,879,708	-	2,160,783	6,718,925	1,746,920	2,308,724
Provision for end of service indemnity	3,039,231	456,499	292,633	3,203,097	832,805	790,200
	<u>16,439,237</u>	<u>456,499</u>	<u>2,453,416</u>	<u>14,442,320</u>	<u>3,755,002</u>	<u>4,274,201</u>

Movements on deferred tax assets were as follows:

	30 September 2024	31 December 2023
	JD	JD
Balance at the beginning of the period/year	4,274,201	4,136,940
(Released) addition, net	(519,199)	137,261
Balance at the end of the period/year	<u>3,755,002</u>	<u>4,274,201</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(9) INSURANCE CONTRACTS REVENUES

	Vehicles - Supplementary	Vehicles - Mandatory	Bus Terminal	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
30 September 2024 (reviewed not audited)	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	8,559,086	10,648,926	2,348,293	10,409,291	1,385,798	1,217,494	1,989,042	48,190,259	3,218,176	4,513,307	92,479,672

	Vehicles - Supplementary	Vehicles - Mandatory	Bus Terminal	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
30 September 2023 (reviewed not audited)	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Insurance contracts revenues	8,943,511	9,762,391	2,089,153	8,059,467	439,799	1,117,334	1,438,396	45,075,599	2,629,548	1,866,802	81,422,000

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(10) INSURANCE CONTRACTS EXPENSES

30 September 2024	Vehicles - Supplementary	Vehicles – Mandatory	Bus Terminal	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
(reviewed not audited)	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurring insurance claims	2,780,385	10,669,693	217,878	1,762,378	395,157	746,048	549,566	34,425,960	145,834	4,263,827	55,956,726
Amortization of acquisition costs	459,724	744,421	120,928	640,952	99,437	99,788	102,901	2,802,502	376,137	407,911	5,854,701
Administrative expenses	813,436	1,202,423	259,415	859,728	126,005	102,974	104,998	4,307,720	237,606	258,130	8,272,435
Loss from onerous contracts	-	1,036,000	-	-	-	-	-	-	-	-	1,036,000
Risk adjustments - non-financial	103,675	389,345	12,781	141,238	24,932	72,770	68,601	523,290	25,091	131,915	1,493,638
	<u>4,157,220</u>	<u>14,041,882</u>	<u>611,002</u>	<u>3,404,296</u>	<u>645,531</u>	<u>1,021,580</u>	<u>826,066</u>	<u>42,059,472</u>	<u>784,668</u>	<u>5,061,783</u>	<u>72,613,500</u>

30 September 2023	Vehicles - Supplementary	Vehicles - Mandatory	Bus Terminal	Fire	Engineering	Social liability	Marine	Medical	General accidents	Life	Total
(reviewed not audited)	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Incurring insurance claims	5,412,986	10,539,924	258,377	877,271	219,174	(925)	280,682	32,141,111	404,616	731,441	50,864,657
Amortization of acquisition costs	509,554	670,259	144,633	539,370	41,860	87,677	83,028	2,677,469	309,430	145,814	5,209,094
Administrative expenses	785,418	785,515	189,180	645,045	44,772	92,428	84,091	3,943,054	158,759	356,679	7,174,941
Loss from onerous contracts	-	(693,000)	-	-	-	-	-	-	-	14,261	(678,739)
Risk adjustments - non-financial	208,244	665,961	26,674	64,362	6,738	8,572	38,183	333,235	26,787	48,331	1,427,087
	<u>6,916,202</u>	<u>12,058,659</u>	<u>618,864</u>	<u>2,126,048</u>	<u>312,544</u>	<u>187,752</u>	<u>485,984</u>	<u>39,094,869</u>	<u>899,592</u>	<u>1,296,526</u>	<u>63,997,040</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(11) FINANCE EXPENSE – INSURANCE CONTRACTS

	30 September 2024	30 September 2023
	JD	JD
	(reviewed not audited)	(reviewed not audited)
Finance expense	<u>(2,668,623)</u>	<u>(2,797,431)</u>

The Group used discount rates that ranged between 7.38% and 10.09 % as at 30 September 2024 (30 September 2023: 10.14% and 12.46%).

(12) FINANCE INCOME– RE-INSURANCE CONTRACTS

	30 September 2024	30 September 2023
	JD	JD
	(reviewed not audited)	(reviewed not audited)
Finance income	<u>441,752</u>	<u>692,339</u>

The Group used discount rates that ranged between 7.38% and 10.09% as at 30 September 2024 (30 September 2023: 10.14% and 12.46%).

(13) NET (LOSS) GAIN FROM FINANCIAL ASSETS AND INVESTMENTS

This item consists of the following:

	30 September 2024	30 September 2023
	JD	JD
	(reviewed not audited)	(reviewed not audited)
Dividends income from financial assets at fair value through other comprehensive income	194,319	283,595
Dividends income from financial assets at fair value through profit and loss)	608,287	43,641
Gain from sale of financial assets at amortized cost	155,449	164,839
Unrealized gains on financial assets at fair value through profit or loss	(306,120)	(611,220)
	<u>651,935</u>	<u>(119,145)</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(14) 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 30 September 2024, and 31 December 2023.

(15) DIVIDENDS

The General Assembly of the company, in its extraordinary meeting held on August 15, 2024, decided to distribute 15% of the capital as cash dividends to the shareholders, amounting to JD 3,900,000.

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

(16) FAIR VALUE RESERVE

Movements on the fair value reserve were as follows:

	30 September 2024	31 December 2023
	JD	JD
	(reviewed not audited)	(audited)
Balance at the beginning of the period/year	(1,629,165)	(1,684,308)
Change in fair value of financial assets through other comprehensive income	8,767	319,607
Realized losses (gains) from sale of financial assets at fair value through other comprehensive income	196,428	(264,464)
Balance at the end of the period/year	<u>(1,423,970)</u>	<u>(1,629,165)</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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

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:

	For the three months ending		For the nine months ending	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	JD (reviewed not audited)	JD (reviewed not audited)	JD (reviewed not audited)	JD (reviewed not audited)
Profit for the period (JD)	1,776,432	1,558,412	6,025,443	5,363,246
Weighted average number of shares (shares)	26,000,000	26,000,000	26,000,000	26,000,000
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Earnings per share for the period	<u>0/068</u>	<u>0/060</u>	<u>0/232</u>	<u>0/206</u>

(18) CASH

(18-A) CASH ON HAND AND AT BANKS

	30 September 2024	31 December 2023
	JD (reviewed not audited)	JD (audited)
Cash on hand	27,141	21,935
Bank balances	1,644,139	1,133,486
Cash on hand and at banks	<u>1,671,280</u>	<u>1,155,421</u>

(18-B) CASH AND CASH EQUIVALENTS

	30 September 2024	30 September 2023
	JD (reviewed not audited)	JD (reviewed not audited)
Cash on hand and at banks	1,671,280	933,751
Add: Deposits at banks	-	814,140
Less: Restricted deposits to the favor of the Governor of the Central Bank of Jordan	(814,140)	(814,140)
Add: Cash related to discontinued operations' assets	770,730	763,294
Net cash and cash equivalents at the end of the year	<u>1,627,870</u>	<u>1,697,045</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(19) 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 30 September 2024.

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

	Related parties			Total	Total
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company)	Gulf Insurance Group (Parent Company)	Top Executive Management	30 September 2024	31 December 2023
	JD	JD	JD	JD	JD
<u>Consolidated statement of financial position items:</u>				(reviewed not audited)	(audited)
Time deposits	1,568,720	-	-	1,568,720	3,218,563
Debit current accounts – on demand	820,299	-	-	820,299	168,992
Current accounts	243,872	-	-	243,872	242,845
Guarantee insurance	484,003	-	-	484,003	393,278
Insurance contracts liabilities	90,358	-	-	90,358	100,237
Financial assets at fair value through other comprehensive income	3,426,667	-	-	3,426,667	2,594,492
Accrued expenses	-	-	744,306	744,306	463,050
<u>Off-statement of interim consolidated statement of financial position Items:</u>					
Letters of guarantee	4,840,030	-	-	4,840,030	3,932,780
		Top Executive Management	30 September 2024	30 September 2023	
		JD	JD	JD	
<u>Consolidated Statement of comprehensive income</u>					
<u>Items:</u>					
Insurance revenues		2,726,994	2,726,994	2,477,245	
Salaries		715,302	715,302	827,207	
Bonuses		440,030	440,030	352,773	
Transportation for members of the Board of Directors		48,600	48,600	45,000	
Bonuses for members of the Board of Directors		56,250	56,250	56,250	
Board of Directors committees' bonuses		9,400	9,400	4,800	

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

	30 September 2024	30 September 2023
	JD	JD
	(reviewed not audited)	(reviewed not audited)
Salaries and bonuses	1,155,332	1,179,980
Travel expenses	7,800	8,650
	<u>1,163,132</u>	<u>1,188,630</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(20) ANALYSIS OF MAIN SECTORS

A- Background for the Group business sectors

For administrative purposes as explained in insurance contract revenues (note 9) and insurance contract expenses (note 10), 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:

	<u>Motors</u>	<u>Fire and damages property</u>	<u>Social Liability</u>	<u>Marine</u>	<u>Medical</u>	<u>General accidents</u>	<u>Life</u>	<u>Total</u>
	JD	JD	JD	JD	JD	JD	JD	JD
30 September 2024								
Assets								
Insurance contracts assets	-	-	-	-	-	-	-	-
Re Insurance contracts assets	2,006,330	1,680,782	208,863	302,747	2,894,495	561,828	290,988	7,946,033
Accounts receivable	8,902,990	4,871,500	502,838	821,496	19,903,102	1,329,142	1,864,045	38,195,113
Financial assets	-	8,822,326	579,176	5,159,048	57,607,749	5,231,056	-	77,399,355
Investments property	170,464	-	-	-	-	-	-	170,464
Other assets	1,220,940	668,069	68,958	112,658	2,729,475	182,276	255,632	5,238,008
Total assets	12,300,724	16,042,677	1,359,835	6,395,949	83,134,821	7,304,302	2,410,665	128,948,973
Liabilities								
Insurance contracts liabilities	43,079,328	6,473,516	2,150,075	609,823	16,081,702	1,447,595	1,296,561	71,138,600
Re-insurance contracts Liabilities	-	558,165	-	504,404	102	7,626	20,497	1,090,794
Other provisions	682,778	373,600	38,563	63,001	1,526,389	101,933	142,958	2,929,222
Total liabilities	43,970,822	7,519,486	2,200,426	1,196,487	18,074,790	1,588,314	1,503,716	76,054,041

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	<u>Motors</u>	<u>Fire and damages property</u>	<u>Social Liability</u>	<u>Marine</u>	<u>Medical</u>	<u>General accidents</u>	<u>Life</u>	<u>Total</u>
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2023								
Assets								
Insurance contracts assets	-	-	-	-	-	-	-	-
Re Insurance contracts assets	2,243,080	2,527,833	104,156	373,784	118,781	783,584	25,465	6,176,683
Accounts receivable	7,766,375	2,985,115	431,477	479,745	16,391,464	1,361,519	253,844	29,669,539
Financial assets	-	7,821,354	513,464	4,573,708	51,071,637	4,637,546	-	68,617,709
Investments property	170,464	-	-	-	-	-	-	170,464
Other assets	-	524,980	37,779	336,517	3,757,666	391,700	-	5,048,642
Total assets	10,179,919	13,859,282	1,086,876	5,763,754	71,339,548	7,174,349	279,309	109,683,037
Liabilities								
Insurance contracts liabilities	39,221,044	7,769,170	1,715,663	638,811	12,177,693	1,956,664	1,294,492	64,773,537
Re-insurance contracts Liabilities	-	-	-	328,292	-	-	30,565	358,857
Other provisions	-	300,265	21,608	192,473	2,149,217	224,035	-	2,887,598
Other liabilities	-	75,220	5,413	48,216	538,401	56,123	-	723,373
Total liabilities	39,221,044	8,144,655	1,742,684	1,207,792	14,865,311	2,236,822	1,325,057	68,743,365

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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

	Motors	Fire and damages property	Social Liability	Marine	Medical	General accidents	Life	Total
	JD	JD	JD	JD	JD	JD	JD	JD
30 September 2024								
Insurance contracts revenues	21,556,305	11,795,089	1,217,494	1,989,042	48,190,259	3,218,176	4,513,307	92,479,672
Less: insurance contracts expenses	(18,810,104)	(4,049,827)	(1,021,580)	(826,066)	(42,059,472)	(784,668)	(5,061,783)	(72,613,500)
Insurance contracts services results	2,746,201	7,745,262	195,914	1,162,976	6,130,787	2,433,508	(548,476)	19,866,172
Re-insurance contracts results	(1,378,089)	(9,358,656)	(911,013)	(973,851)	(28,061,370)	(1,495,725)	(3,370,311)	(45,549,015)
Re-insurance contracts recoveries	199,288	1,630,754	284,398	358,062	25,938,569	(2,236)	3,706,970	32,115,805
Re-insurance contracts services results	(1,178,801)	(7,727,902)	(626,615)	(615,789)	(2,122,801)	(1,497,961)	336,659	(13,433,210)
Net insurance and re-insurance contracts results	1,567,400	17,360	(430,701)	547,187	4,007,986	935,547	(211,817)	6,432,962
Finance (expense) income – insurance contracts	(2,245,733)	(141,612)	(50,558)	(24,174)	-	(71,958)	(134,588)	(2,668,623)
Finance income (expense) – re-insurance contracts	177,916	143,815	18,927	18,591	-	59,366	23,137	441,752
Net insurance and re-insurance contracts results	(500,417)	19,563	(462,332)	541,604	4,007,986	922,955	(323,268)	4,206,091

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	<u>Motors</u>	<u>Fire and damages property</u>	<u>Social Liability</u>	<u>Marine</u>	<u>Medical</u>	<u>General accidents</u>	<u>Life</u>	<u>Total</u>
	JD	JD	JD	JD	JD	JD	JD	JD
30 September 2023								
Insurance contracts revenues	20,795,055	8,499,266	1,117,334	1,438,396	45,075,599	2,629,548	1,866,802	81,422,000
Less: insurance contracts expenses	(19,593,725)	(2,438,592)	(187,752)	(485,984)	(39,094,869)	(899,592)	(1,296,526)	(63,997,040)
Insurance contracts services results	1,201,330	6,060,674	929,582	952,412	5,980,730	1,729,956	570,276	17,424,960
Re-insurance contracts results	(1,269,479)	(6,591,050)	(852,273)	(550,372)	(23,407,858)	(1,138,054)	(933,285)	(34,742,371)
Re-insurance contracts recoveries	865,768	510,825	78,317	658	21,358,588	47,568	470,682	23,332,406
Re-insurance contracts services results	(403,711)	(6,080,225)	(773,956)	(549,714)	(2,049,270)	(1,090,486)	(462,603)	(11,409,965)
Net insurance and re-insurance contracts results	797,619	(19,551)	155,626	402,698	3,931,460	639,470	107,673	6,014,995
Finance (expense) income – insurance contracts	(2,258,668)	(260,202)	(47,536)	(51,645)	-	(94,355)	(85,025)	(2,797,431)
Finance income (expense) – re-insurance contracts	176,109	218,816	24,538	35,253	-	108,980	128,643	692,339
Net insurance and re-insurance contracts results	<u>(1,284,940)</u>	<u>(60,937)</u>	<u>132,628</u>	<u>386,306</u>	<u>3,931,460</u>	<u>654,095</u>	<u>151,291</u>	<u>3,909,903</u>

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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	
	30 September 2024 JD	31 December 2023 JD	30 September 2024 JD	31 December 2023 JD	30 September 2024 JD	31 December 2023 JD
Total assets	98,283,228	90,738,586	32,033,475	29,884,143	130,316,703	120,622,729
	30 September 2024 JD	30 September 2023 JD	30 September 2024 JD	30 September 2023 JD	30 September 2024 JD	30 September 2023 JD
Capital expenditures	-	971,998	-	-	-	971,998
Insurance contracts revenues	92,479,672	81,422,000	-	-	92,479,672	81,422,000

(21) 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.

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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

	30 September 2024	31 December 2023
	JD	JD
	(reviewed not audited)	(audited)
Paid in Capital	26,000,000	26,000,000
Minimum Capital According to the Insurance Law	8,000,000	8,000,000

The following table shows the amount contributed to capital by the Group and the net solvency margin ratio as of 30 September 2024 and 31 December 2023:

	30 September 2024	31 December 2023
	JD	JD
	(reviewed not audited)	(audited)
Core capital:		
Paid-in capital	26,000,000	26,000,000
Statutory reserve	6,500,000	6,500,000
Profit for the year net of deductions	7,554,415	5,517,147
Retained earnings	19,033,459	17,609,546
Total core capital	<u>59,087,874</u>	<u>55,626,693</u>
Supplementary capital:		
Cumulative change in fair value	(1,423,970)	(1,629,165)
Subordinated loan – over 5 years	<u>-</u>	<u>-</u>
Total Supplementary Capital	<u>(1,423,970)</u>	<u>(1,629,165)</u>
Total regulatory capital (a)	<u>57,663,904</u>	<u>53,997,528</u>
Total required capital (b)	<u>33,385,267</u>	<u>31,335,593</u>
Solvency margin (a) / (b)	<u>%172.7</u>	<u>172.3%</u>

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.

GULF INSURANCE GROUP JORDAN
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

(22) LAWSUITS AGAINST AND BY 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 7,213,420 as at 30 September 2024 (31 December 2023: JD 4,966,961) is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the Group against others is JD 13,038,441 as at 30 September 2024 (31 December 2023: JD 13,056,379). These lawsuits are considered part of the group's normal business activities.

(23) CONTINGENT LIABILITIES

At 30 September 2024, the Group has letters of guarantee in the amount of JD 4,840,030 (31 December 2023: JD 3,932,780) against cash margins of JD 484,003 (31 December 2023: JD 393,278).

(24) THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT PRESENTED AT FAIR VALUE IN THE FINANCIAL STATEMENTS

There are no material differences between the carrying value and the fair value of financial assets and liabilities as of 30 September 2024 and 31 December 2023.

(25) 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),

	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total</u>
	JD	JD	JD	JD
30 September 2024				(reviewed not audited)
Financial assets at fair value through other comprehensive income	5,899,386	-	292,537	6,191,923
Financial assets at fair value through profit or loss	10,425,539	-	-	10,425,539
	<u>16,324,925</u>	<u>-</u>	<u>292,537</u>	<u>16,617,462</u>
	<u>Level (1)</u>	<u>Level (2)</u>	<u>Level (3)</u>	<u>Total</u>
	JD	JD	JD	JD
31 December 2023				(audited)
Financial assets at fair value through other comprehensive income	5,347,213			5,682,672
Financial assets at fair value through profit or loss	5,179,512	-	335,459	5,179,512
	<u>10,526,725</u>	<u>-</u>	<u>335,459</u>	<u>10,862,184</u>