المشرق للتأمين

Al Mashreq Insurance

Annual Report 2021

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المشرق للتأمين Al Mashreq Insurance

Al Mashreq Insurance has been keen, since its establishment, to provide various insurance services and solutions that meet the needs of different sectors, in addition to providing many job opportunities for the Palestinian people.

Content

Al Mashreq Insurance Company

Al Mashreq Insurance Company was founded in 1992 as a public joint stock company with the help of a number of Palestinian financial and economic institutions. The first day of March 1993 marked the beginning of the company's operations and the beginning of delivering service to the public .

The company has been a market leader in the insurance industry for more than 29 years. As a result, it has differentiated itself in terms of offering the greatest insurance services, preserving its leadership, and capitalizing on attractive investment prospects within a framework of safety, interest, and accessibility of obtaining services, while generating a satisfactory investment return for its shareholders.

The joining of Jordan French Insurance Company, as a strategic partner in the middle of 2000, and a group of distinguished businessmen and administrators to Al Mashreq had a great impact on returning the company to the path of its professional and economic development. This was accompanied by great and major advantages on the company's internal structure and the formulation of new business strategies thus resulting in positive effects.

The company's active presence and creation of a wide range of innovative insurance products make it the best choice for meeting the needs of all segments of society. The company enjoys strategic relationships with major global insurers and reinsurers, as well as strategic partnerships locally and internationally.

Al Mashreq Insurance invests in a team of professionals, technicians and specialists in the insurance industry. The company has also documented its relationship with its agents and has been distinguished in supporting and expanding their marketing activities and businesses. The company has developed a package of new insurance services that meet the needs and desires of all segments of society.

The company dedicates great attention to its customers, suppliers, agents, producers, as well as to the growth of its human resources, & continually seeks to improve and deliver the best management approaches. Al Mashreq Insurance is also committed to its social responsibility by supporting many sustainable activities and contributions towards the less privileged groups of society. In addition to sponsoring many events, exhibitions and festivals.

Al Mashreq Insurance provides its insurance services through its branches, offices and agents' offices located in all governorates of the country. The company is keen to develop and update these offices continuously to keep pace with the requirements and aspirations of customers.

Our Mission

To provide security to the individuals and companies of the community, and encourage them to move forward by helping them face future risks.

Our Vision

To increase the awareness of insurance products and services, in addition to developing the company's insurance portfolio through innovative products and digital insurance services that place the company at the frontline of competing companies in the industry, while expanding across different cities.

Our Purpose

To provide high quality insurance services for individuals and companies, in addition to achieving the utmost satisfaction of our stakeholders through a team of diligent and hardworking employees, who operate in accordance to a set of guidelines that place the consumers at the heart of their interest.

Board of Directors Message

Submitted to the shareholders of Al Mashreq Insurance Company for the business year ended 2021.

Esteemed Shareholders,

On behalf of the Board of Directors, I am pleased to summarize to you the company's most significant milestones throughout the year 2021, analyzing the most significant challenges and accomplishments the year witnessed.

The continuation of the Corona Pandemic and its negative effects on all aspects of life, as well as the new reality imposed by this pandemic, which necessitates new working methods and flexible working conditions in order to mitigate these effects and enhance the ability to deal with them, are the most important characteristics of 2021.

The high costs of shipping and distribution, as well as the high prices of vehicle parts, are perhaps the most visible negative consequences of the epidemic on the insurance industry. This is directly reflected in the costs and volume of compensation, which has also been accompanied by an unprecedented rise in the frequency of accidents, especially vehicle accidents. This has been evident in the results of insurers whose profits have fallen markedly, and as an inevitable result of the above challenges a new challenge has emerged: automating business processes and ensuring continuity of service delivery in various circumstances. Therefore, your company has adopted an integrated program that includes the automation of all aspects of the business to ensure the maximum use of fintech and in line with the financial inclusion plan.

Owing to the company's intelligent and trustworthy policy, which it has worked hard to establish over the years and despite the issues mentioned above, the insurance portfolio continued to develop, with the company achieving a 31% growth rate in 2021 while maintaining as much consistency as possible in the selection criteria and prioritizing commitments, the firm became the first choice for enterprises and customers wanting service rather than just the lowest price. Through direct investments and affiliates, the company also continues to enhance and develop its investment portfolio.

Dear Shareholders,

During the previous year, the company continued to follow the essential principles of its business that were developed from the late former Chairman of the Board of Directors, Mr. Wael Zurub "Abu Al Walid," ideas and direction. the company kept implementing community responsibility programs and paying attention to the development of its cadres.

As a result of our previous years' efforts, your Company was rewarded "Best Insurance Company of the Year 2021," after placing first among Palestinian insurance companies in the Excellence and Creativity Referendum for the year 2021. Al Mashreq's commitment to ethical and professional insurance towards its insureds, as well as quality and creativity in producing, creating, and marketing insurance products that fulfill the requirements of individuals and institutions of all sorts, is reflected in this award.

Finally, please accept my heartfelt gratitude for the trust you have placed in us, which was the first motivation to achieve the goals, as well as the company's loyal insureds, network of suppliers and service providers, and all of the company's employees, agents, advisors, shareholders, and board of directors for their efforts. I want to express my gratitude to all regulatory and governmental authorities for their support, particularly the Chairman and members of the Palestinian Capital Market Authority's Board of Directors, as well as the Authority's General Manager, the General Manager of the General Department of Insurance, His Excellency the Minister of National Economy, and the Companies Controller, the General Manager of the General Administration of Securities and the Palestine Exchange, the Coordinating Council for Private Sector Institutions, and the Palestinian Insurance Federation in addition to other relevant institutions for their cooperation and standing by our side, in confirmation of the strong relationship that exists between us.

Jalal Kathem Nasir Alddin
Chairman of Board of Directors

Subsidiaries

PAL Med Service for Medical Insurance Management

It is a leading company working in the field of medical claims management for insurance companies, and health insurance funds in Palestine. The company serves thousands of subscribers from companies and institutions affiliated to the governors of insurance companies and health insurance funds in Palestine. This is accomplished through a program designed in collaboration with Med Service Jordan.

The company is committed to providing professional services through human cadres that are stable and specialize in technical, financial, and administrative auditing, as well as having a high level of expertise and efficiency. The staff includes doctors, nurses, pharmacists, dental and laboratories technicians, computer engineers, programmers, administrators and quality management managers, to guarantee that the best and fastest services are provided.

Al Aqariya Trading Investment Company

Al Mashreq Insurance owns Aqariya Trading Investment Company which is a public joint stock company specializing in real estate investment. It is concerned with the development of Palestine's land sector. The company has completed many residential and commercial building and land development projects. It focused on offering real estate investment solutions to the market while adhering to the highest management standards.

Baby Cord Company to store and secure stem cells (Baby Cord)

It is one of the companies of Al Mashreq Insurance which became the first and pioneer in Palestine in this sector through collaboration with Jordan's stem cell technology bank / Baby Cord.

Baby Cord specializes in preserving stem cells, as they are one of the basic components of the human body. The stem cells are characterized by their ability to divide to renew their selves and also to form more than 200 different types of specialized cells such as muscle cells, liver cells, nerve cells and skin cells.

Stem cells have the potential to regenerate and protect the body from within with its ability to evolve into different types of blood and tissue cells. In cases where disease or condition affects the tissue of cells, stem cell treatments can be used to repair damaged tissue, repair organs and treat diseases. Thus, stem cells are an insurance document that can prevent human exposure to potential future illnesses.

Affiliates

Jordan French Insurance Company (JOFICO)

Jordan French Insurance Company "JOFICO" was founded in 1976 in cooperation with Compagnie Financière Du Groupe Victoire. It is one of the leading companies in the insurance sector to this day. JOFICO has been keen to establish its name as one of the contributors to the development of the insurance sector in Jordan. It adopts a vision centered on excellence in providing its insurance services with high flexibility and transparency, it also seeks to build a long-term relationship with its customers to provide them with everything that is new and update in the insurance market.

Other Investments

Tamkeen Insurance Company

Is a limited public shareholding company providing a package of services and insurance solutions that are consistent with the provisions of the Islamic sharia through the sales points spread in the governorates of the West Bank and Gaza Strip. It was founded in 2017 by a group of Palestinian businessmen and a number of Palestine enterprises and companies, headed by the Establishment of Manage and Development Orphans Fund and the Palestine Pension Authority (PPA). Al Mashreq Insurance Company has been selected as a strategic associate company to support the company in its business and provide it with the necessary expertise.

The Company's Business And Scope of Work

Al Mashreq Insurance Company offers and markets all types of general insurance, in all regions of the Palestinian National Authority, including Jerusalem. This is done through its offices, a network of branches, agents and producers spread in the various governorates of the country. In this context, the company attracts a distinguished group of major companies and economic and civil institutions operating in the country.

Al Mashreq provides its insurance services in accordance with the highest standards followed in this field, which includes the best coverage and insurance conditions in accordance with the equation of mutual partnership with its insured which is based on the principle of achieving and protecting the interests and objectives of both parties. It has the highest quality reinsurance agreements with the most well-known reinsurance companies in the world to ensure that it meets its responsibilities.

External Auditor

The company's accounts are audited by Deloitte & Touche (Middle East).


شهادة التميز و الإبداع

تشهد شركة فكرة جديدة للدعاية و التسويق بأن السادة

شركة المشرق للتأمين تصنيف شركات تأمين

حصلوا على المركز الأول في استفتاء التميز والإبداع للعام 2021،

و الذي شمل 20000 مواطن.

فكرة جديدة
للدعاية والتسويق

"Is not a coincidence that Al Mashreq Insurance was awarded 'The Best Insurance Company in Palestine.' It is the result of the continuous efforts and commitment over the previous years. And that the ripe fruit of success is the harvest of intensified efforts and affiliation of all the company's cadre's different positions."

Ayoub Wael Zurub, Board Member and CEO of Al Mashreq Insurance

Branches And Offices

Qabatya
Abu Aysar Khziemeh Building, next to Palestine Islamic Bank
☎ 04 2512428
🖷 04 2512428

Arraba
Diwan Al-Halouh Building - in front of the Al-Iman Pharmacy
☎ 04 2462935
🖷 04 2462933

Qalqiliya
Al Sabe' Street, above Al Shifa' Supermatket
☎ 09 2931676
🖷 09 2931696

Nour Shams
Main Street, close to Nour Shams entrance
☎ 09 2696915
🖷 09 2696915

Jenin
Jenin Roundabout, Widad Al Saad Building
☎ 04 2504186
🖷 04 2501342

Al Sileh
Main Street, next to Al-Quds Bank
☎ 04 2501324
🖷 04 2501324

Jericho
Amman Street
☎ 02 2323158
🖷 02 2323155

Attil
Attil, Al Asad Mountain, next to Civil Defense
☎ 09 2669485
🖷 09 2669485

Tubas
Main Street, next to Al Tawhid Mosque
☎ 09 2574116
🖷 09 2574317

Ramallah
Al Masyoun, Al Nahda Neighborhood, Al Idrissi Street, Al Mashreq Insurance Building
☎ 02 2958090
🖷 02 2958089

Deir Dibwan
Main Street, Next to Sbaih press
☎ 02 2897239
🖷 02 2897239

Tulkarm
Nablus Street, Bisan Building, next to Bank of Palestine
☎ 09 2682620
🖷 09 2683390

Nablus
Fisal Street, Al Aker Building, next to Al Tamimi Gas Station
☎ 09 2387176
🖷 09 2387178

Al Bireh
Nablus Street, Misk Building, next to Al Fahim Motor Showroom
☎ 02 2403971
🖷 02 2403961

Huwwara
Main Street, next to Palestine Investment Bank
☎ 09 2591320
🖷 09 2591158

Al Ram
Main Street, next to Sbaitani sale

Salfit
Civil Defense Street, next to Al Rayyan Bakery
☎ 09 2517177
🖷 09 2517265

Bidya
Bidya, Main Street, next to Bank of Palestine, Al Rani building, above Taxi Al Baha'
☎ 09 2995205
🖷 09 2995205

Bethlehem
Bethlehem, Halima Building, next to Al Radi Supermarket
☎ 02 2770672
02 2773832
02 2750884
🖷 02 2773831

Gaza
Al Yarmouk Street, extension of the Directorate of Education next to Al-Quds Bank
☎ 08 2827101
🖷 08 2827281

Hebron
Al Salam Street, above Hundai Showroom, next to Al Rayyan Restaurant
☎ 02 2221717
🖷 02 2214340

Beit Jala
Al Sahel Street, Al Normandi Building
☎ 02 2758672
🖷 02 2758696

Beit Sahour
Sbaih Street, next to Dawn Town SuperMarke
☎ 02 2750665
🖷 02 2750679

The company's Board of Directors, the Number of Shares of Each Member, And The Percentage of Shareholding

Name	Position	Number of Shares	Percentage of Shareholding
Mr. Jalal Kathem Nasir Aldeen	Chairman	598,166	10.88 %
Mr. Yasser Mahmoud Abbas	Vice Chairman	156,481	2.85 %
Mr. Ayoub Wael Zurub	Board Member/ CEO	1,288,582	23.43 %
Mr. Walid Wael Zurub	Member of the Board of Directors	205,437	3.74 %
Mr. Wassim Wael Zurub	Member of the Board of Directors	205,437	3.74 %
Mr. "Nader Elias" Ahmed Moghrabi	Member of the Board of Directors	10,576	0.19 %
Jerusalem Cigarette Company Represented by Mr. Adnan Adel Abdel Latif	Member of the Board of Directors	315,601	5.74 %
Jordan French Insurance Company Represented by Mr. Ismail Abdel Karim Hussein	Member of the Board of Directors	132,791	2.41 %
Mashreq Insurance Company Employees Provident Fund Represented by Mr. Tawfiq Issa Habash	Member of the Board of Directors	468,099	8.51 %
Total		3,381,170	61.49 %

CV of The Members of The Board of Directors

Name	Year of Birth	Qualification	Experiences
Mr. Jalal Kathem Nasir Aldeen Chairman	1950	Bachelor of Business Administration	Businessman
Mr. Yasser Mahmoud Abbas Vice chairman	1962	Bachelor of Mechanical Engineering	Chairman of the Board of Directors of Falcon Group Company
Mr. Ayoub Wael Zurub Board Member/ CEO	1976	Bachelor's degree in Financial Business AdministrationChairman	CEO of Al Mashreq Insurance Company Chairman of the Board of Directors of Aqarya
Mr. Adnan Adel Abdel Latif Member of the Board of Directors	1946	Bachelor of Economics	Deputy General Manager of Jerusalem Cigarette Company
Mr. Walid Wael Zurub Member of the Board of Directors	1967	Bachelor of Risk Management, Insurance and Finance	General Manager of the Jordan French Insurance Company
Mr. Tawfiq Issa Habash Member of the Board of Directors	1962	MA International Business Finance	General Manager of Habash Commercial Printing Vice Chairman of the Board of Directors of Aqarya
Mr. Wassim Wael Zurub Member of the Board of Directors	1969	Bachelor of Business Administration and Marketing	Managing Director of the Jordan Company for Management and Consulting
Mr. "Nader Elias" Ahmed Moghrabi Member of the Board of Directors	1971	Bachelor of Laws	Counsel
Mr. Ismail Abdel Karim Hussein Member of the Board of Directors	1978	Bachelor of Laws	Counsel

Company Shares And Number of Shareholders

Category	For the year 2020	For the year 2021
The Number of Company Shares	5,200,000	5,500,000
Number of Shareholders	94	86

Shareholders Categories

Contribution Category	For the year 2020		For the year 2021	
	The Number of Company Shares	Number of Shareholders	The Number of Company Shares	Number of Shareholders
100 shares or less	1,103	42	1,156	42
101 to 500 shares	2,310	7	1,818	6
501 to 1,000 shares	3,013	4	2,889	4
1,001 up to 5,000 shares	37,336	19	30,322	13
5,001 up to 10,000 shares	42,540	6	19,254	3
10,001 up to 50,000 shares	56,312	2	77,853	4
50,001 and up to 100,000 shares	-	-	-	-
100,001 shares or more	5,057,386	14	5,366,708	14
Total	5,200,000	94	5,500,000	86

Our Social Responsibility

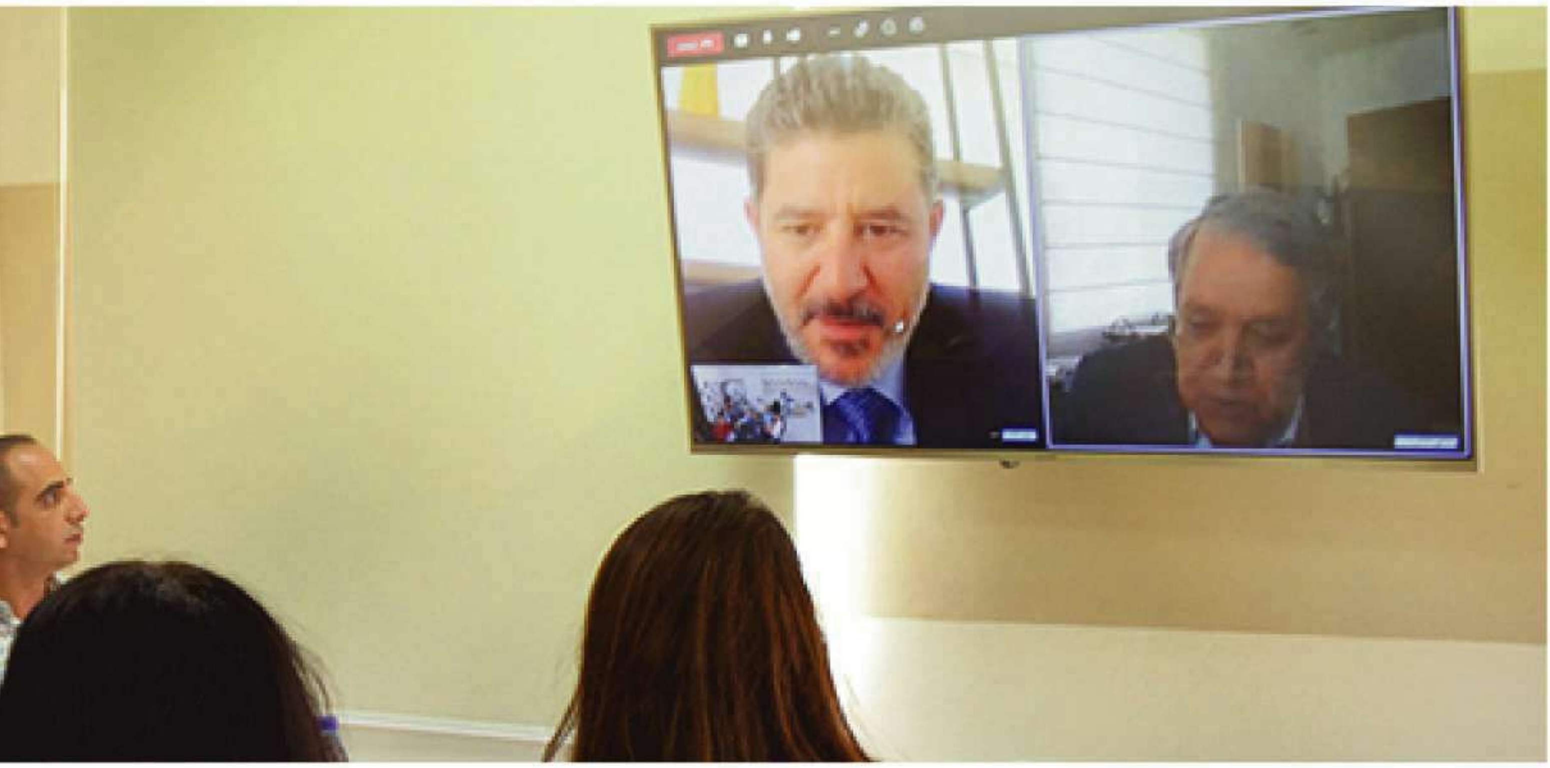
Al Mashreq Insurance aspires to be a model of excellence in the consolidation of its relationships, the development of internal processes and procedures, the creation of a leadership culture, trust, transparency, innovation, environmental responsibility, work ethics, and societal responsibility. The company also makes several serious efforts to turn its social responsibility projects into a tangible reality that improves people's lives, builds sustainable development infrastructure, and preserves the environment.

Humanitarian Action Strategy and Community Commitment

Al Mashreq Insurance supported SOS Children's Villages Palestine by guaranteeing a full house for the children in the village, thus covering the costs of education, living, health care, and other expenses for them for a year as part of its humanitarian and responsible role towards all segments of Palestinian society. The intersection of the company's strategy of fulfilling its human and national duty with the vision of SOS children's villages, which believes that children are entitled to grow up in a loving family atmosphere surrounded by respect and security, makes the company's commitment and adoption of meaningful and sustainable initiatives a key element in creating a responsible and transformative generation.

As an expression of its humanitarian strategy and its societal and moral commitment, Al Mashreq supported the Ramallah and Al-Bireh Health Directorate in the coronavirus vaccination campaign by donating mineral water for drinking to meet the needs of the elderly and reviewers who received the vaccine. Al Mashreq Insurance Company coordinated, for the safety of its employees and auditors, with the Palestinian Ministry of Health to provide the vaccine against COVID-19 to its employees.

A number of the company's employees visited the oncology department of the Istishari Arab Hospital as part of the pink October "Breast Cancer Awareness Month", which often focuses on the importance of screening and early detection of the disease and ways to prevent it. This initiative has been supportive of patients and their families, with psychological and moral support being among the most important factors in overcoming the fears and constraints faced by those infected and survivors of this disease.

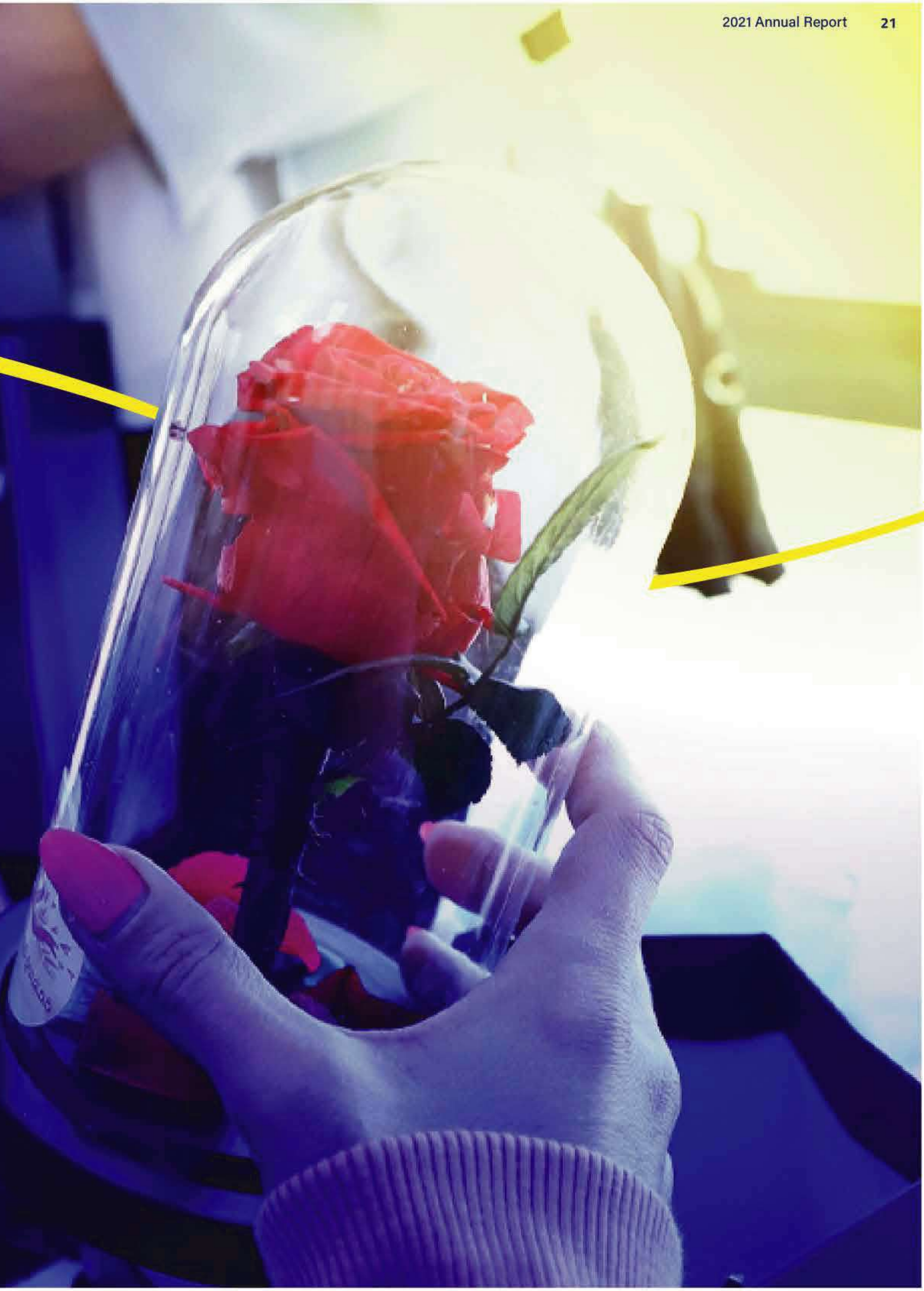


Integration of Roles to Support The Most Affected

In 2021, Al Mashreq Insurance launched several targeted initiatives, including the " Fina Al Khair" initiative in cooperation with the Palestinian Agricultural Cooperatives Union and Mawares. This was done by purchasing a large quantity of farmers' vegetable products and packaging them within the established quality standards, and distributing them to institutions and societies of the coutry that care for the elderly, orphans and those with special needs, with a view to contributing to the mitigation of the damage caused by the decrease of prices which lead the farmers to the destruction of agricultural crops.

Al Mashreq Insurance has also invested in efforts based on the continuation of youth village initiatives aimed at empowering young people to become active in their community.

Al Mashreq Insurance continued, within a thoughtful strategic plan, to support Inash Alusra Association in the performance of its national, humanitarian and social mission. This contributed to the development of the Association's projects for the year 2021, alleviating its burden and enhancing its income in order to achieve its lofty goals of preserving the identity and heritage and advancing Palestinian women and the Palestinian family. This was achieved through the various services it provides to them, in accordance with the requirements of today's scientific and technical progress, especially in the fields of vocational and technical education and educational and development activities.



A societal commitment in parallel with the development of the company's services

The company continued to deal with flexible management plans to ensure that the public received insurance services easily and conveniently, away from any bureaucratic complexities or procedures. The company continued to provide its various insurance services 24 hours a day a week and the emergency conditions did not prevent the continuous development of the company's services.

Al Mashreq Insurance has, during the year, launched genuine electronic services to care for its insured public, enabling them to apply for insurance services, in an online integrated manner, without needing to come personally to the company's headquarters. It has developed an online incident reporting program, and has provided numerous and rapid services such as the “WhatsApp Chat” service for immediate communication and response to any inquiries, all of which take into account the safety of the public, and maintain their time in the busyness of life concerns.

Al Mashreq Insurance Company has provided, in addition to the installment service through the "Easy Life" card of the Bank of Palestine without any interest, electronic payment services through PalPay for electronic payment services, in order to benefit from the services of the application of the integrated electronic payment wallet system “PalPay My Wallet.” In addition to signing a partnership agreement with Maalchat for electronic payment services to adopt it as an official payment channel for the payment of premiums for insurance services through the Malchat application. Al Mashreq Insurance Company also enabled its insureds to benefit from electronic payment services via the Jawwal Pay electronic platform through an easy, fast and secure environment.

Al Mashreq Insurance Company will, under these agreements and channels, enable its insureds to pay insurance premiums electronically instead of cash, with ease and security.

Various Community Initiatives

Al Mashreq is used to providing support to Palestinian society, and efforts were also concentrated in 2021 to raise the level of insurance awareness among citizens. Al Mashreq Insurance participated in the launch of the winter vehicle screening campaign organized by the Ministry of Transport and Communications and in partnership with the Palestinian Police in several governorates where road safety patrols work with the police to examine vehicle safety and compliance with safety requirements. In addition to raising drivers' awareness of the risks of non-compliance with traffic regulations and laws, especially in rainy weather.

Al Mashreq Insurance Company continued, despite the aggravation of economic and living conditions due to the economic repercussions of the Corona pandemic, to realize the hopes and aspirations of Palestinian youth to join university studies. The company offered comprehensive scholarships to students from different governorates of the country in various specializations, as part of a sustainable program to support education within the framework of its social responsibility.

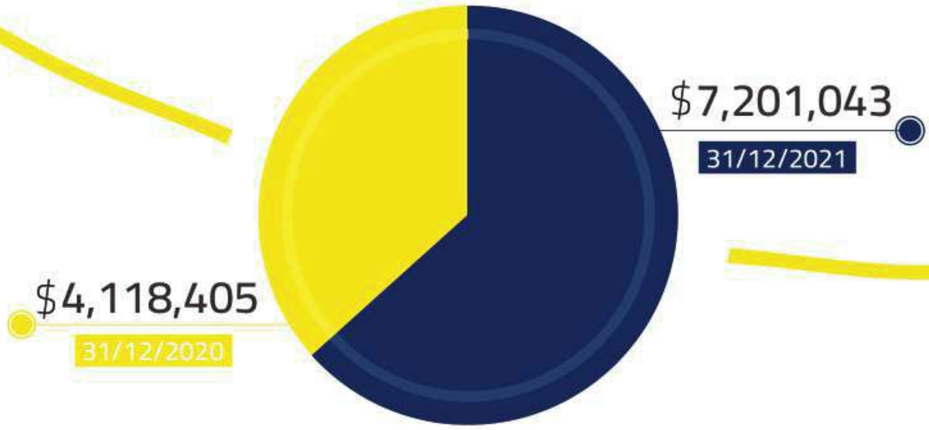
It actively participated in the "Steps Towards the Future" graduation ceremony hosted by Birzeit University's Centre for Continuing Education, which is a digital marketing training program that seeks to build graduates' capacities in this field in order to increase opportunities for business integration and create new career opportunities for them.

Al Mashreq Insurance sponsored several youth, volunteer, scouting, and employment days around the country, where youths were informed about training and career prospects in a different field.

Participants in youth activities and scouting camps also benefited from the diverse skills that served to consolidate the values of volunteering and community service, as well as to strengthen youth roles that benefit society.

Investing in Securities

The market value of the company's investment portfolio in securities amounted U.S. $ 7,201,043 as at December 2021 ,31, compared to U.S. $ 4,118,405 as at December ,31 2020.



Internal Control Systems Adequacy

Executive management pays special attention to internal control systems through the development of policies and practical procedures that ensure the achievement of the set forth objectives. Executive management must review internal controls, control policies, and regulations on a regular basis and make the necessary changes to align with the plan and achieve the objectives. These policies have contributed to building an integrated financial and management system that enjoys maximum flexibility and which in turn develops and implements a regulatory system aimed at measuring and realizing risks and reducing the incidence and correcting any deviations directly.

Company Control

There are no indications that any shareholder intends to take action to control the company.

List of Major Shareholders

First: Executive and Investment Committee, Formed by:	
Mr. Jalal Kathem Nasir Aldeen	Board Chairman
Mr. Ayoub Wael Zurub	Member of the Board / CEO
Mr. Tawfiq Issa Habash	Member of the Board

Second: Internal Audit and Risk Committee, Formed by:	
Mr. Jalal Kathem Nasir Aldeen	Board Chairman
Mr. Tawfiq Issa Habash	Board Member
Mr. Ismail Abdelkarem Hussein	Board Member

Third: Governance Committee, Formed by:	
Mr. Jalal Kathem Nasir Aldeen	Board Chairman
Mr. Tawfiq Issa Habash	Board Member
Mr. Adnan Adel Abdel Latif	Board Member

Senior Executive Management:

Mr. Ayoub Wael Zurub	Board Member / CEO
Mr. Nihad Mohammad Zawatiya	General Manager
Mr. Naseem Mohammad Abu Mahmoud	Deputy General Manager
Mr. Yousef Abdelkarem Barghouthi	Assistant General Manager Marketing
Mr. Hatef Hasan Baraghtha	Assistant General Manager Production
Mr. Nidal Yousef Zaid	Assistant General Manager Development

Board of Directors Meeting

During 2021, the Board of Directors convened six times. There were no members of the Board who were absent without a legitimate justification. The dates and outcomes of these meetings were duly disclosed. The Executive Committee, which has the entire power of the Board of Directors, convened three times in 2021.

Internal Audit Committee

Internal Audit Committee meetings are usually convened on the sidelines of the company's board of directors meetings, where the members of the committee deliberate and coordinate the progress and results of the internal audit department.

Staff:

Academic Qualification	Number of Employees in 2020	Number of Employees in 2021
PhD	1	1
M.A.	7	9
BA	122	145
Diploma	24	28
High School	19	22
Below High School	5	4
Total	**178**	**209**

- Number of Employees until 2021/12/31 is 209 employee.
- As of 2021 /12/31, the following branches and offices have been 23:
  - 15 branches located as followes: Headquarter Ramallah, Nablus, Bethlehem, Hebron, Tulkarm, Jenin, Tupas, Gaza, Hewara, Qabatiya, Salfeet, Qalqilya, Jericho, Bedia, and Beit Sahur.
  - 8 Offices located in: Etihal, Al-Bireh, Nourshams, Deir Debwan, Selat AlThaher, Araba, Beit Jala, Al-Ram.

Good Governance

The company's Board of Directors and Executive Management put a high priority on the concept of good governance, in line with the company's belief in the importance of practicing the highest levels of transparency. From this perspective, the disclosure of information about the company, its business outcomes, financial data, activities, and all of its fundamental matters to the company's shareholders, all investors, and insiders is of the utmost importance. This is to establish logical handling regulations to enhance the company's public interest, securities sector shareholders, and all others interested in this field.

Financial Position

The final financial statements, audited according to IFRS by the company's external auditor, clearly show all material aspects of the company's financial position, business outcomes, and cash flows as of December 2021 ,31.
Based on the company's adoption of good governance principles and rules in its holistic content, the company's priorities include the continuous and clear disclosure of all activities and its business outcomes, investments, and fundamental issues, as well as communication with its stakeholders and shareholders.

Mechanism For Delivering Information To Shareholders:

- All shareholders registered with the Clearing Depositary & Settlement Center (CDS) at the Palestine Exchange shall be invited to attend the annual ordinary General Assembly meeting 15 days prior to the meeting.
- The announcement of the General Assembly's invitation shall be published in two daily newspapers a week prior to the meeting.
- The annual report shall be prepared with the help of the Secretariat of the Board of Directors at the company's headquarters as well as with the company's branches in various regions to inform interested shareholders.

Research & Development

During the year 2021, the topic of research and development occupied a prominent position in the company's executive management's concerns, particularly in light of the continuation of the COVID-19 pandemic. In this context, efforts have been focused on modernizing working methods, developing and automating insurance policy-making mechanisms, developing insurance services, and developing public-facing communication mechanisms. This has resulted in the activation of speed and accuracy factors in the issuance process in order to facilitate the public, including both insurers and employees.

As a result, the company has maintained its interest in and focus on training its staff members and personnel. It has held numerous training courses and workshops across various electronic platforms with the objective of enhancing and expanding the insurance culture, developing the technical and administrative performance of the company's employees, and promoting a sense of belonging, believing in the importance of investing in human resources as the company's true wealth and the primary tool for achieving sustainable growth.

Legal Proceedings and Lawsuits

During the year 2021, the executive management of the company continued to pay close attention to addressing all lawsuits filed against the company, which are essentially outside the scope of the normal procedures relating to the nature of the company's business. In addition to the fact that they arise as a direct result of disputes related to the values of compensation and damages arising from various vehicle accidents and public insurance policies, which confirms the company's expertise over the past years, in the absence of any abnormal impact on the company’s financial position due to the background of these lawsuits as a result of adequate financial provisions to be met in the company's financial statements.

Future Changes and Indicators

The insurance sector in Palestine have continued to suffer from the same obstacles experienced in previous years. The persistence of the COVID-19 virus pandemic has contributed to these obstacles. Violations of the mandatory insurance tariff established by the General Insurance Administration of the Palestinian Capital Market Authority (PMA) continued in addition to the continuation of intense competition between Palestinian insurance companies operating in the market, and their prices reaching minimal levels. Furthermore, the continuity of competition in the level of competencies, insurance cadres, agents and products.

The company's executive management continued with its stated policy of not being dragged behind the unexamined market practices and was able to distance itself from exposing the company to unpredictable risks through its conservative policy of subscribing to certain types of insurance classified as dangerous, but the company developed a thoughtful growth plan for the company's portfolio taking into account all factors affecting the market.

During the year 2021, a large portion of the company's executive management interests were focused on establishing clear underwriting policies and completing internal work procedures, which will allow the staff to fully perform their duties and enhance the company's position and relaunch it towards taking its rightful place in the Palestinian insurance market.

Competitive Situation

The Palestinian insurance market is highly competitive due to the small size of the market compared with the number of companies working in it. Some companies have chosen price competition as a means to gain greater market share, affecting market stability, size, and profitability, as competition has extended to all types of insurance and not only vehicle insurance. However, our company maintained its approach based on retained technical underwriting away from high-risk insurance and focused on results, not just production, relying on continuous improvement of after-sales services, which propelled the company to the forefront of insurance companies and distinguished it with quality and speed of service.

Strategic Orientation

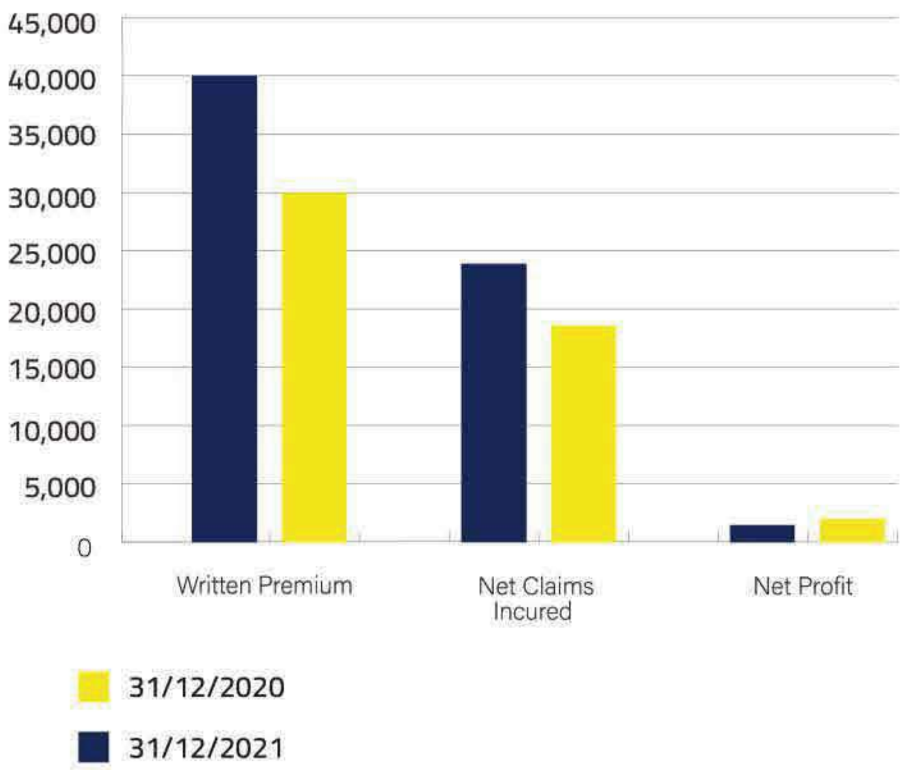
The Company's Board of Directors and Executive Management are determined to move forward to achieve a new success story that adds to the Company's assets and reputation with a diverse range of Palestinian companies and institutions, believing in the potential elements of success and development of human capabilities, as well as a good reputation based on distinguished service and meeting obligations.

Financial Performance Report

Growth in Premiums , Incurred Claims And Net Profits

(Thousand USD)

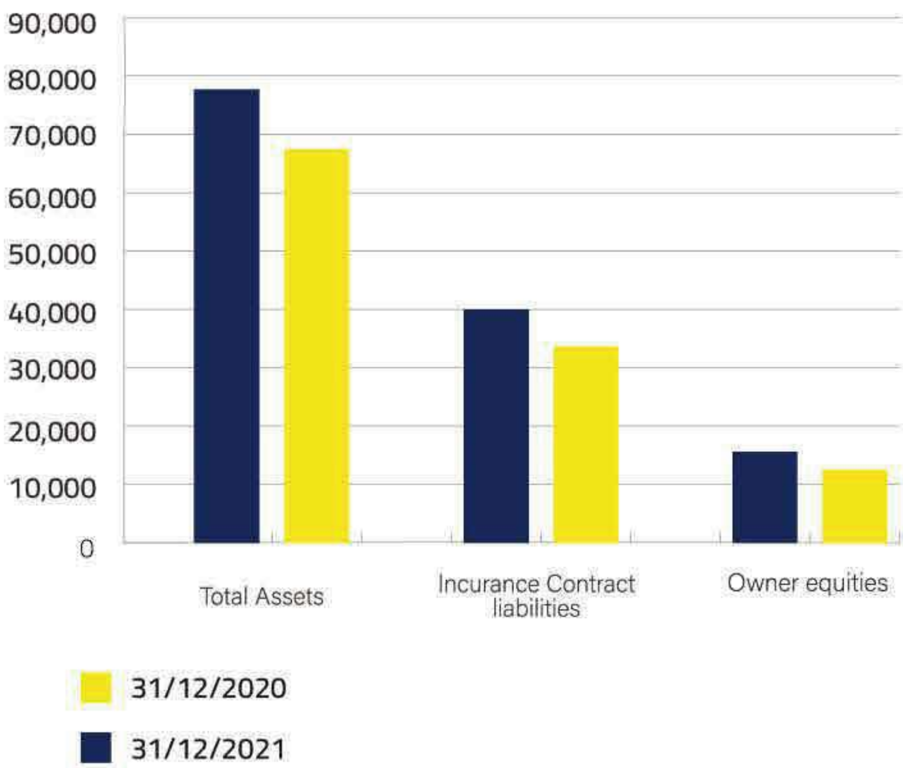
Statement	31/12/2020	31/12/2021
Written premiums	30,450	39,845
Net Claims Incured	18,852	24,378
Net Profit	1,252	1,069

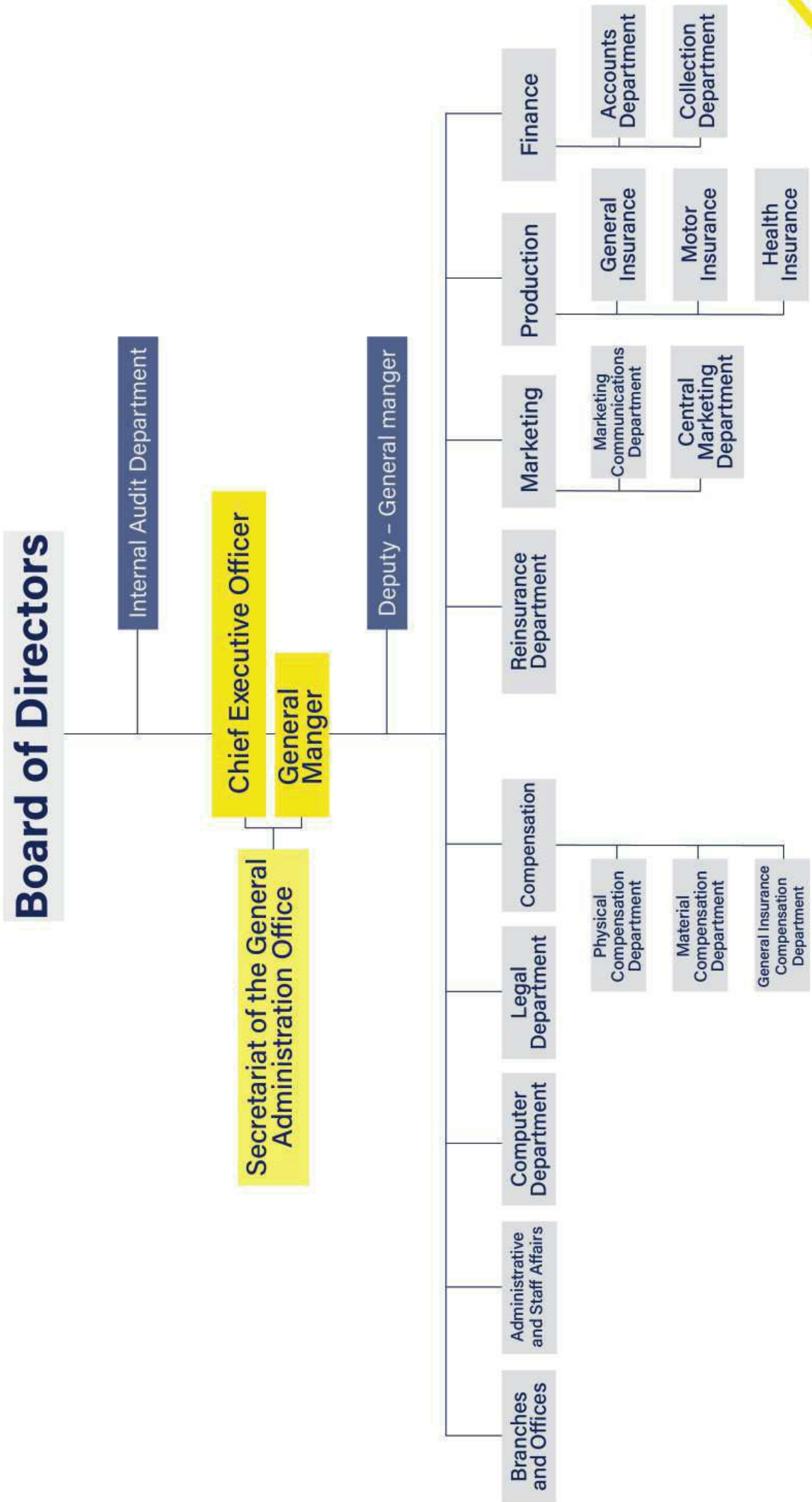


Growth in Total Assets , Insurance Contract Liability And Owner Equities

(Thousand USD)

Statement	31/12/2020	31/12/2021
Total Assets	67,669	78,367
Incurance Contract liabilities	34,363	40,467
Owner equities	15,601	17,621




Board of Directors
Internal Audit Department
Chief Executive Officer
General Manger
Secretariat of the General Administration Office
Deputy – General manger
Branches and Offices
Administrative and Staff Affairs
Computer Department
Legal Department
Compensation
Physical Compensation Department
Material Compensation Department
General Insurance Compensation Department
Reinsurance Department
Marketing
Marketing Communications Department
Central Marketing Department
Production
General Insurance
Motor Insurance
Health Insurance
Finance
Accounts Department
Collection Department

Consolidated Financial Statements and Auditors’ Report

December 31 ,2021

Al Mashreq Insurance Company
And its subsidiaries
Public Shareholding Company
Ramallah - Palestine

Independent auditor's report and consolidated financial statements

For the year ended 31 December 2021

Al Mashreq Insurance Company and its subsidiaries
Public Shareholding Company
Ramallah – Palestine

Table of Contents

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Palestine

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Mashriq Insurance Company
Public Shareholding Company
Palestine

Opinion

We have audited the consolidated financial statements of **Al-Mashriq Insurance Company ("the Company") and its subsidiaries (together "The Group")**, which comprise the consolidated statement of financial position as of December 31, 2021, consolidated statement of income and other comprehensive income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key audit matters

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters	How our audit addressed the key audit matter
Technical Provisions As at December 31, 2021 the Group had technical reserves of USD 40,466,772 which includes claims incurred but not reported (IBNR) and other technical reserves. The Group uses a range of actuarial methodologies to estimate these claims. This requires significant judgements to be made, for example inflation rates, claims development patterns and interpretations of regulatory requirements. The measurement of technical reserves is a key judgement area for management given the level of subjectivity inherent in estimating the impact of claim events that have occurred for which the ultimate outcome remains uncertain. We have determined that this area is a key audit matter due to the significance of the amounts involved and of the level of significant judgements applied by management in the process for determination of gross outstanding claims. Refer to note 13 in the consolidated financial statements for further details relating to this matter.	Our audit procedures included: We evaluated the design and tested the implementation and operating effectiveness of key controls over management's processes for claims processing and payment, including controls over the completeness and accuracy of the claim estimates recorded. We performed substantive tests on the amounts recorded for a sample of claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims and technical reserves. Using our actuarial specialists, we assessed the methodologies and assumptions used by management against recognized actuarial practices and industry standards to identify and evaluate any anomalies. We assessed the completeness and accuracy of data used by management in their calculation of technical reserves. We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Other Information

Management is responsible for the other information. The other information consists of information provided in the annual report other than the consolidated financial statements and the auditor's report thereon. We expect that the annual report will be presented at a later date of our report and do not include our opinion on the consolidated financial statements and other information. We do not express any kind of assurance or conclusion.

In addition to the audit of the consolidated financial statements, it is our responsibility to read the above information when it becomes available to us, assessing whether the other information is not materially consistent with the consolidated financial statements or information obtained through our audit or that other information includes substantial errors.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA’s, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Legal and Regulatory Requirements

The Group maintains accounting records in a duly organized manner in accordance with the accompanying consolidated financial statements.

Raed Abu Eletham - Certified Public Accountant
License No. (109/2002)

Deloitte & Touche (M.E.)
Certified Public Accountants
Ramallah - Palestine
Deloitte.

Deloitte & Touche (M.E.)
Ramallah - Palestine
March 21, 2022

Al Mashreq Insurance Company and its Subsidiaries
Public Shareholding Company

Consolidated Statement of Financial Position
As of December 31, 2021

	Notes	December 31 2021 USD	December 31 2020 USD
Assets			
Non Current Assets			
Property and Equipment	**6**	5,562,255	5,273,203
Right of Use Assets	**17**	136,513	188,498
Investment Property	**7**	12,188,917	14,169,370
Financial Investments through Other Comprehensive Income	**8**	4,736,246	3,164,384
Mandatory Deposits	**9**	250,000	250,000
Deferred Tax Assets	**10**	1,069,966	910,379
Cheques Under Collection Due After a Year	**18-c**	4,525,421	2,542,976
Total Non Current Assets		**28,469,318**	**26,498,810**
Current Assets			
Accounts Receivable, Net	**11**	14,768,508	14,001,039
Insurance and Reinsurance Companies Receivables	**12**	295,637	398,038
Reinsurance Contract Asset	**13**	5,796,038	4,549,579
Financial Investments through Profit and Loss	**14**	2,464,797	954,021
Property Inventory	**15**	2,595,601	1,367,980
Other Debit Balances	**16**	199,710	179,913
Cheques Under Collection Due Within a Year	**18-c**	17,087,751	12,157,776
Deposits at Banks	**18-b**	2,960,259	2,794,549
Cash and Cash Equivalent	**18-a**	3,729,661	4,767,086
Total Current Assets		**49,897,962**	**41,169,981**
Total Assets		**78,367,280**	**67,668,791**
Owners' Equity and Liability			
Owners' Equity			
Share Capital	**2**	5,500,000	5,200,000
Statuary Reserve	**11-4**	1,203,424	1,115,833
Cumulative Change In Fair Value	**19**	2,751,846	1,561,512
Financial Statements Currency Translation Variance		(952,772)	(1,005,018)
Retained Earnings		3,271,494	2,913,174
Equity Attributable to Owners of the Parent Company		**11,773,992**	**9,785,501**
Non Controlling Interests		5,846,759	5,815,868
Total Equity		**17,620,751**	**15,601,369**
Non Current Liabilities			
Provision for Employees End of Service Benefits	**20**	1,809,510	1,352,511
Bank Loans - Long Term	**25**	2,223,819	1,780,387
Lease Liability - Long Term	**17**	124,154	176,562
Total Non Current Liabilities		**4,157,483**	**3,309,460**
Current Liabilities			
Accounts Payable	**21**	7,616,603	6,627,178
Insurance And Reinsurance Companies Payable	**22**	1,605,746	1,203,988
Other Credit Balances	**23**	1,861,888	1,764,734
Other Provisions	**24**	2,429,416	2,673,726
Insurance Contract Liability	**13**	40,466,772	34,362,829
Postdated Cheques Payables		1,533,018	1,112,135
Lease Liability - Short Term	**17**	17,568	16,968
Bank Loans - Short Term	**25**	1,058,035	996,404
Total Current Liabilities		**56,589,046**	**48,757,962**
Total Liabilities		**60,746,529**	**52,067,422**
Total Equity And Liability		**78,367,280**	**67,668,791**

The accompanying notes form an integral part of these consolidated financial statements.

Al Mashreq Insurance Company and its Subsidiaries
Public Shareholding Company

Consolidated Statement of Profit and Loss
For the Year Ended December 31, 2021

	Notes	December 31 2021 USD	December 31 2020 USD
Gross Written Premium	27	39,844,510	30,450,163
Change in Unearned Premium Reserve	27	(2,616,361)	239,556
Earned Premium Revenue		**37,228,149**	**30,689,719**
Reinsurance Premium share	27	(2,843,742)	(2,642,113)
Change in Reinsurance Share of Unearned Premium Reserve	27	252,487	(76,883)
Net Reinsurance Premium		**(2,591,255)**	**(2,718,996)**
Net Insurance Premium Earned	27	**34,636,894**	**27,970,723**
Gross Reinsurance Premium Commission Earned	27	287,202	261,206
Less: Commission Paid	27	(1,448,167)	(1,202,128)
Net Insurance Premium Earned After Commission		**33,475,929**	**27,029,801**
Investment Income		**367,253**	**267,522**
Claims Incurred			
Gross Claims Incurred		(25,609,426)	(19,259,421)
Reinsurance Share of Claims Incurred		1,231,482	406,925
Net Claims Incurred	27	**(24,377,944)**	**(18,852,496)**
Net Insurance Activity Before Administrative Expenses	27	**9,465,238**	**8,444,827**
General and Administrative Expenses Allocated to Insurance Activities	28	(7,753,338)	(5,880,468)
Net Insurance Activity After Administrative Expenses	27	**1,711,900**	**2,564,359**
Bank interest and Charges		(44,039)	(33,773)
(Loss) on Currency Exchange Revaluation		(292,650)	(151,560)
Expected credit loss	11	(166,285)	(434,593)
(Loss) Gain from Sale of Property and Equipment		(3,644)	1,064
General and Administrative Expenses not Allocated to Insurance Activities	28	(1,467,933)	(1,238,133)
Amortization of Right of Use Assets	17	(56,474)	(56,474)
Interest expense on lease liability		(9,967)	(2,606)
Other Income not allocated to Insurance Activities	29	867,774	191,684
Gain from Revaluation of Investment Property	7	333,072	1,109,794
Gain (loss) From Revaluation of Investments Through Profit and Loss		474,536	(160,841)
(Loss) on Sale of Investment Property		(3,446)	-
Net Profit Before Taxes		**1,342,844**	**1,788,921**
Deferred Tax Benefits	10	159,587	173,848
Value Added Tax and Income Tax	24	(433,921)	(710,298)
Net Profit After Taxes		**1,068,510**	**1,252,471**
Attributable to:			
Owners of the Company		875,911	1,031,052
Non Controlling Interests	3-4	192,599	221,419
		1,068,510	**1,252,471**
Earnings Per Share for Parent Company	31	**0.16**	**0.19**

The accompanying notes form an integral part of these consolidated financial statements.

Al Mashreq Insurance Company and its Subsidiaries
Public Shareholding Company

Consolidated statement of other comprehensive income
For the Year Ended December 31, 2021

	Notes	December 31 2021 USD	December 31 2020 USD
Net Profit for the Period		**1,068,510**	**1,252,471**
Other Comprehensive Income			
Items that will not be Re-classified Subsequently to Profit or Loss			
Change in Fair Value	**19**	1,190,334	16,470
		1,190,334	**16,470**
Items that may be Re-classified Subsequently to Profit or Loss			
Financial Statements Currency Translation Variance		51,226	(524,004)
		51,226	**(524,004)**
Other Comprehensive Income (Loss) for the Period		**1,241,560**	**(507,534)**
Total Other Comprehensive Income for the Period		**2,310,070**	**744,937**
Attributable To:			
Owners of the Company		2,118,491	523,518
Non Controlling Interests		191,579	221,419
		2,310,070	**744,937**

The accompanying notes form an integral part of these consolidated financial statements.

Al Mashreq Insurance Company and its Subsidiaries
Public Shareholding Company

Consolidated statement of changes in equity
For the Year Ended December 31, 2021

	Share Capital USD	Statuary Reserve USD	Cumulative Change in Fair Value USD	Currency Translation Variance USD	Retained Earnings * USD	Equity Attributable to Owners of the Company USD	Equity Attributable -to the non controlling interest USD	Total Equity USD
Balance as of January 1, 2021	**5,200,000**	**1,115,833**	**1,561,512**	**(1,005,018)**	**2,913,174**	**9,785,501**	**5,815,868**	**15,601,369**
Profit for the Period	-	-	-	-	875,911	**875,911**	192,599	**1,068,510**
Other Comprehensive Income	-	-	1,190,334	52,246	-	**1,242,580**	(1,020)	**1,241,560**
Total Other Comprehensive For The Period	**-**	**-**	**1,190,334**	**52,246**	**875,911**	**2,118,491**	**191,579**	**2,310,070**
Dividends Paid (Note 26)	-	-	-	-	(130,000)	**(130,000)**	-	**(130,000)**
Increase in Capital (Note 2)	300,000	-	-	-	(300,000)	**-**	-	**-**
Change in Non Controlling Interest	-	-	-	-	-	**-**	(160,688)	**(160,688)**
Transfer to Statutory Reserve	-	87,591	-	-	(87,591)	-	-	-
Balance as of December 31, 2021	**5,500,000**	**1,203,424**	**2,751,846**	**(952,772)**	**3,271,494**	**11,773,992**	**5,846,759**	**17,620,751**
Balance as of January 1, 2020	**5,200,000**	**1,012,728**	**1,545,042**	**(481,014)**	**2,115,227**	**9,391,983**	**5,665,382**	**15,057,365**
Profit for the Period	-	-	-	-	1,031,052	**1,031,052**	221,419	**1,252,471**
Other Comprehensive Income	-	-	16,470	(524,004)	-	**(507,534)**	-	**(507,534)**
Total Other Comprehensive For The Period	**-**	**-**	**16,470**	**(524,004)**	**1,031,052**	**523,518**	**221,419**	**744,937**
Dividends Paid (Note 26)	-	-	-	-	(130,000)	**(130,000)**	-	**(130,000)**
Change in Non Controlling Interest	-	-	-	-	-	**-**	(70,933)	**(70,933)**
Transfer to Statutory Reserve	-	103,105	-	-	(103,105)	-	-	-
Balance as of December 31, 2020	**5,200,000**	**1,115,833**	**1,561,512**	**(1,005,018)**	**2,913,174**	**9,785,501**	**5,815,868**	**15,601,369**

* Retained earnings balance includes an amount of USD 794,127 held against the financial impact that may result from the application of IFRS 17 on unearned premium reserve.

The accompanying notes form an integral part of these consolidated financial statements.

Al Mashreq Insurance Company and its subsidiaries
Public Shareholding Company

Notes to the consolidated financial statements
For the year ended December 31, 2021

7. Investment Property 9

	2021 USD	2020 USD
Plots of land	11,604,769	13,327,833

Al Mashreq Insurance Company and its Subsidiaries
Public Shareholding Company

Consolidated statement of cash flows
For the Year Ended December 31, 2021

	December 31 2021 USD	December 31 2020 USD
Operating Activities		
Net Profit Before Tax	1,342,844	1,788,921
Adjustments:		
(Increase) Decrease in Reinsurance Contract Asset	(1,246,459)	29,671
Increase in Insurance Contract Liability	6,103,943	3,995,445
Depreciation on Property and Equipment	300,902	252,435
Amortization on Right of Use	56,474	56,474
Expected Credit Loss on Accounts Receivables and Cheques	166,285	434,593
Foreign Currency Difference	137,823	233,885
Loss on Sale of Investments through Profit and Loss	4,939	33,298
(Gain) Loss from Revaluation of Investments through Profit and Loss	(474,536)	160,841
(Gain) from Revaluation of Investment Property	(333,072)	(1,109,794)
Loss on Sale of Investment Property	3,446	-
Loss (Gain) From Disposal of Property, Plant and Equipment	3,644	(1,064)
Provision for End of Service Indemnity	544,235	262,848
Cash Flow Before Changes in Operating Assets and Liabilities	**6,610,468**	**6,137,553**
(Increase) in Cheques Under Collection	(6,912,420)	(2,199,736)
(Increase) in Accounts Receivables	(1,012,559)	(5,005,493)
Decrease (Increase) in the Insurance and Reinsurance Companies Receivables	102,401	(5,067)
(Increase) in Property Inventory	(1,227,621)	(181,255)
Decrease in Investment Property	2,310,079	3,100,661
(Increase) in Other Debit Balances	(19,797)	(29,240)
Increase in Accounts Payable	989,425	656,053
Increase in Insurance and Reinsurance Companies Payable	401,758	99,631
Increase in Other Credit Balances	97,154	586,398
(Decrease) Increase in Other Provisions	(374,770)	327,249
Cash Generated From Operating Activities	**964,118**	**3,486,754**
Employee's End of Service Benefits Paid	(147,274)	(255,534)
Income Tax Paid	(303,461)	(273,747)
Net Cash Generated From Operating Activities	**513,383**	**2,957,473**
Investing Activities		
Proceeds From Sale of Property, Plant and Equipment	44,116	19,967
Proceed From Sale of Financial Assets	14,014	260,041
Purchase of Financial Assets	(1,436,721)	(1,228,836)
Purchase of Property, Plant and Equipment	(637,714)	(369,500)
Change in Non Controlling Interest	(160,688)	(70,933)
Net Cash (Used in) Investing Activities	**(2,176,993)**	**(1,389,261)**
Financing Activities		
Increase (Decrease) Increase in Bank Loans	505,063	(79,148)
Dividends Paid	(130,000)	(130,000)
Paid From Lease Liability	(56,297)	(56,124)
(Increase) Decrease in Deposits at Banks Due Within Three Months	(883,163)	1,680,375
Increase in Postdated Cheques Payables	420,883	395,356
Net Cash (Used in) Generated From Financing Activities	**(143,514)**	**1,810,459**
Net (Decrease) Increase in Cash and Cash Equivalent	**(1,807,124)**	**3,378,671**
Financial Statements Currency Translation Variance	52,246	(524,004)
Cash and Cash Equivalent at the Beginning of the Period	7,524,325	4,669,658
Cash and Cash Equivalent at the end of the Period	**5,769,447**	**7,524,325**
Represent The Following:		
Cash And Cash Equivalent	3,729,661	4,767,086
Bank Deposits Due Within Three Months	2,039,786	2,757,239
Cash and Cash Equivalent at the end of the Period	**5,769,447**	**7,524,325**

The accompanying notes form an integral part of these consolidated financial statements.

1. General Information

- Al Mashreq Insurance Company was established in 1992 under the provisions of Companies Law No. (12) of 1964 and it is registered as a public limited company under No. (562600361), and its main headquarters is in Ramallah.
- The company carries out all insurance business in accordance with laws and regulations framework related to insurance business applicable in Palestine.
- The company carries out its activities through its branches and offices in the West Bank, the number of branches and offices as of December 31, 2021 was (23) and (20) as of December 31, 2020 in addition to agents whose average number was (25) agents as of December 31, 2021 and December 31, 2020.
- The number of the company's employees reached (209) employees as of December 31, 2021, and (178) employees as of December 31, 2020.
- The consolidated financial statements of the group were approved by the Executive Committee of the Board of Directors on February 22, 2022, provided that they are presented for approval by the General Assembly at its next annual meeting.
- The consolidated financial statements of the group were approved by the Palestinian Capital Market Authority / General Insurance Administration on March 21, 2022.

2. Capital

The company's fully paid capital as of December 31, 2021 amounted to 5,500,000 USD distributed over 5,500,000 shares at 1 USD per share, compared to 5,200,000 USD distributed over 5,200,000 shares at 1 USD per share as of December 31, 2020, during the year 2021, 300,000 free shares were distributed to shareholders at 1 USD per share, bringing the total capital to 5,500,000 US dollars as of the date of the financial statements.

3. Application of new and revised International Financial Reporting Standards (“IFRSs”)

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2021, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- *Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*— In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as ‘risk free rates’ or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognized in the appropriate componentsof equity as at 1 January 2021.
- *COVID-19-Related Rent Concessions (Amendment to IFRS 16)* — In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date

3. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

3.1 New and revised IFRS standards and interpretations but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

3.1.1 IFRS 17 'Insurance Contracts' establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.
IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

3.1.2 Amendments to IFRS 10 *'Consolidated Financial Statements'* and IAS 28 *'Investments in Associates and Joint Ventures'* (2011) deals with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. (effective date deferred indefinitely, early adoption permitted).

3.1.3 IAS 1 'Presentation of Financial Statements' – Amendments on Classifications. Effective for annual period beginning on or after January 1, 2023.

3.1.4 Amendments relating IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after January 1, 2022).

3.1.5 IFRS 4 relating to amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now January 1, 2023.

3.1.6 Amendments to IFRS 9 that clarifies that for the purpose of performing the ''10 per cent test' forderecognition of financial liabilities in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including feespaid or received by either the borrower or lender on the other's behalf. The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

3.1.7 Amendments regarding Disclosure of Accounting policies (IAS 1 and IFRS practice statement 2), amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'—Definition of Accounting Estimates and Amendments to IAS 12 'Income Taxes'—Deferred Taxrelated to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after January 1, 2023).

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17, mentioned below, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

Management anticipates that IFRS 17 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2023. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of its insurance contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Group performs a detailed review.

4. Summary of Significant Accounting Policies

4.1 Statement of compliance

The attached consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, requirements of applicable local laws, Insurance Law No. (20) of 2005, and instructions issued by the Capital Market Authority / General Insurance Administration.

4.2 Basis of preparing the financial statements

The consolidated financial statements have been prepared on the historical cost. except for property investments and financial assets that were measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

The Group presents its consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), as this has been presented in the notes. The US dollar is the presentation currency for the consolidated financial statements.

4. Summary of Significant Accounting Policies (continued)

4.3 Basis of consolidation of financial statements

The consolidated financial statements comprise the financial statements of Mashreq Insurance Company, a public shareholding company, and the financial statements of Aqariya Trading Investment Company and Pal Med Service for Medical Insurance Management in which the company has the right of control (its subsidiaries). (together referred to as the "Group").

The Group controls an investee if and only if the Group has:

- Power over 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.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total profit or loss and other comprehensive income of subsidiaries is attributed to the owners of the Company 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 the accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. Summary of Significant Accounting Policies (continued)

4.3 Basis of consolidation of financial statements (continued)

The following are the details of the subsidiaries as at December 31, 2021:

Company name	Record number	Ownership %	Authorized Capital (USD)	Paid Capital (USD)	Main activity
Aqariya Trading Investment Company *	562600734	62%	7,757,405	7,757,405	Real estate investments and trading
PAL Med Service Company	562563973	99%	40,000	40,000	Management of medical expenses and insurance services

* During the year 2021, there was an increase in the percentage of ownership in Aqariya Trading Investment Company, whereby Mashreq Company purchased an additional 222,091 shares at a cost of USD 160,689 with an average price of 0.72 for a total number of shares of 4,824,150 as of December 31, 2021, which led to an increase in the total ownership percentage from 59% in the year 2020 to 62% in the year 2021.

The following is a summary of the statement of financial position of the subsidiaries as of December 31, 2021:

	Aqariya Trading Investment Company USD	PAL Med Service Company USD
Current Assets	6,904,130	24,348
Non-Current Assets	9,142,800	69,737
Current Liabilities	(3,804,007)	(30,407)
Non-Current Liabilities	(2,317,702)	(18,446)
Total Equity	**9,925,221**	**45,232**
Non-Controlling Interests	**5,748,177**	**(912)**

The following is a summary of the income statement for the subsidiaries for the year ended December 31, 2021:

	Aqariya Trading Investment Company USD	PAL Med Service Company USD
Operating and other income	847,107	269,401
General and administrative expenses	(634,638)	(166,606)
Currency Difference Profits	30,979	551
profit for the year	**243,448**	**103,346**
Attributable to Owners of the Company	**151,376**	**102,313**
Attributable to Non-Controlling Interests	**92,072**	**1,033**

4. Summary of Significant Accounting Policies (continued)

4.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

4. Summary of Significant Accounting Policies (continued)

4.5 Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies

are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purposes of preparing the consolidated financial statements, the Group's assets and liabilities are presented in US dollars based on the exchange rates prevailing at the date of the consolidated financial statements. Income and expenses are retranslated on the basis of the average exchange rates prevailing during the year, and the exchange rate differences resulting from the translation of these items into US dollars are included in the consolidated statement of income.

The exchange rates against the new shekel as at the date of the consolidated financial statements were as follows:

	December 31,2021 USD	**December 31,2020 USD**	**(%) change**
Israeli Shekel	0.322	0.310	%3.9
Jordanian Dinar	1.413	1.413	%0

4. Summary of Significant Accounting Policies (continued)

4.6 Revenue recognition and recording of expenses

Revenue from insurance contracts

Revenue from insurance contracts is measured based on the recognition of revenue specified in insurance contracts and included in these notes to the consolidated financial statements (note 4-7).

Costs of acquiring insurance policies

Acquisition costs represent the costs incurred by the Group in exchange for selling, subscribing or initiating new insurance contracts. Acquisition costs are recorded in the consolidated statement of income.

Commissions and other costs

All commissions and other costs for obtaining new or renewed insurance policies are recorded in the consolidated income statement in the year of their occurrence, and other expenses are recognized according to the accrual principle.

Commission income

Commission income is recognized when the reinsurance policy is issued based on terms and percentages agreed upon with the reinsurance companies.

interest income

Interest on deposits with banks is accrued on an accrual basis based on the periods due, principal amounts and the interest rate earned.

Bank interest and commission fees

Interest and bank commissions for loans and debit current accounts are recorded within the financing expenses in the consolidated income statement and according to the accrual principle.

stock dividends

Dividends are recognized when the shareholders have the right to receive payments for the dividends when they are approved by the general assembly of the shareholders of the investee company.

General and administrative expenses

General and administrative expenses are distributed among the various insurance branches as follows:

A- 10% is charged directly to the consolidated income statement.

B - 90% is charged to insurance branches in proportion to the basic premiums for each branch attributed to the total basic premiums.

4. Summary of Significant Accounting Policies (continued)

4.7 Insurance contracts

Contracts under which the Company 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 are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Group to pay significant additional benefits due to happening of the insured event compared to its non-happening.

Premiums arising from insurance contracts are recorded as revenue (earned premiums) on the basis of the time periods due. Insurance premiums written through insurance contracts and related to risks that still exist as at the date of the consolidated statement of financial position are recorded within the liabilities as unearned insurance premiums. Insurance premiums are shown in profit and loss before commissions are deducted.

Claims and loss adjustment expenses incurred are charged to profit and loss based on the expected obligation to compensate the insurance contract holders or third parties damaged by the contract holders.

Reinsurance contracts

Contracts with reinsurance companies under which the Group is compensated for losses arising from one or more insurance contracts issued by the Group that comply with the classification requirements for insurance contracts are classified as reinsurance contracts. Contracts entered into by the Group with other insurance parties are included in insurance contracts. The benefits arising from the Group's entry into entered into reinsurance contracts are treated as reinsurance assets. The Group periodically evaluates its reinsurance assets. In the event that there is an indication of losses in the reinsurance assets, the group reduces the carrying amount of the reinsurance assets to the recoverable value and the resulting impairment losses are included in the consolidated statement of income. The amounts required from or to reinsurers are measured on an ongoing basis, with the value related to the reinsurance contracts and according to the terms of each of those contracts separately. Amounts due to reinsurers mainly represent premiums payable on reinsurance contracts and are recognized as an expense when due.

The Group also accepts reinsurance risks in the normal course of business of insurance contracts as and when applicable. Premiums and claims for reinsurance accepted as income or expense are recognized in the same way as when reinsurance is considered as direct business, taking into account the classification of the reinsurance business. Reinsurance obligations represent the balances owed to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contracts.

Reinsurance assets and liabilities are derecognized upon cancellation or expiry of contractual rights, or upon transfer of the contract to another party.

4. Summary of Significant Accounting Policies (continued)

4.8 Reinsurance Contract Liability

Outstanding Claims Reserve

Insurance contracts reserve in respect of outstanding claims are created for all reported and unpaid claims up to the date of the Financial Statements, as well as for claims incurred but not reported as at that date.

Insurance contract Liabilities related to unpaid claims are recognized when contracts are made, and premiums are charged as of the balance sheet date. These obligations are known as outstanding claims reserve and are based on the estimated final cost of all claims that occurred and were not paid as of the date of the Statement of Financial Position, after deducting the expected value of the wreckage and the amounts expected to be recovered as well as the expected to remain. There may be delays in the reporting and payment of some types of claims, therefore the final cost of the claims is not highly reliable at the balance sheet date. The obligation value is not discounted to meet its present value. The obligation is derecognized upon its expiration, nullity, or cancellation.

Reserves represent management's best estimate of the contingent liability as of the date of the Financial Statements. Liabilities are estimated for unpaid reported claims using assessment inputs for individual cases reported to the Group. Management's estimates of outstanding and unreported claims are based on the frequency of past claims settlement of IBNR claims using the actuarial valuation method and as instructed and approved by the Palestinian Capital Market Authority. As at the date of the financial statements, the estimate of previous claims is reassessed to ensure the adequacy of the provision by the Group's actuary and changes are made to this provision.

Unearned premium reserve
Unearned insurance premiums included in insurance contract liabilities represent the estimated portion of the total written premiums relating to insurance periods subsequent to the date of the consolidated financial statements. Unearned premiums are estimated based on the number of days remaining from each insurance policy after the date of the consolidated financial statements. The unearned premiums estimated according to the above method cover the minimum required for the unearned premiums reserve. The unearned premium reserve takes into account the estimated acquisition costs incurred by the Group to obtain insurance policies to be amortized over the life of the policy.
The reinsurance share of the above suspended claims including claims incurred but not reported, as well as the reinsurance share of unearned premiums are classified as reinsurance assets in the consolidated financial statements.

Claims Settlement Expenses Reserve
Represents expenses related to the settlement of accident files incurred and unpaid. Expenses usually include fees for investigators, attorneys, experts, and others.

Wreckage compensation and concession
The expected return from debris and assignment compensation is taken into account when measuring the liability to meet the claims and is deducted from the outstanding claims reserve as at the date of the consolidated financial statements. Certain insurance contracts allow the Group to sell recovered accident wrecks "cars written off" and repossessed property in exchange for claims payments. The Group also has the right to recourse to third parties causing the accidents to compensate for the claims paid. The recoverable amount represents the reasonable value obtained from the sale of vehicle wreckage or property and is estimated based on the experience of damage assessors working in the group or the value expected to be collected from third parties after referring to them.

Acquisition costs
Commissions and costs for securing new insurance contracts and renewing existing insurance contracts vary from contract to contract as they are recognized as expenses when incurred.

4. Summary of Significant Accounting Policies (continued)

4.9 Provision for employee benefits

• Provision for employees end of service benefits

A provision is calculated to meet the legal and contractual obligations related to the employees' end of service for the employees' accumulated service period according to Labor Law No. (7) of 2000 at the rate of one month's salary for each year of service based on the last salary received by the employee during the year. The amounts to be deducted annually are recorded in the consolidated income statement, and the value of the provision is reduced by the amounts paid to employees at the end of their services or their leaving work.

• Provident fund

The group contributes to the provident fund for the employees of Al-Mashreq Insurance Company in accordance with the special system of the fund in the company, where the group contributes 5% of the basic salary, and the employees of the group contribute the same percentage, and thus the group's obligations to this fund are limited to the contribution percentage mentioned above and this contribution is included in the Consolidated income statement where the contributions are transferred on a monthly basis to the management committee of the provident fund.

4.10 Palestinian Road Accident Victims Compensation Fund Provision and Palestinian Capital Market Authority Provision

The Palestinian Capital Market Authority's provision is calculated at 3% and the Palestinian Fund's provision for compensation for road accident victims is calculated at 15% of the basic premiums for mandatory vehicle insurance according to the fee system No. (4) of 2007 issued in accordance with the provisions of the Palestinian Capital Market Authority Law No. (13) of 2004 and the instructions of General Department of Insurance.

4.11 Reserves

Statutory Reserve

The compulsory reserve is formed by deducting 10% of the profit for the year until the balance of this reserve reaches a quarter of the paid-up capital, and it may be increased to reach 100% of the paid-up capital, in accordance with the requirements of the Companies Law No. (12) of 1964 and its amendments. This reserve is not available for distribution to shareholders.

Optional reserves

The Group has the right to deduct a percentage of its net annual profits at the rate of 10% for the voluntary reserve. According to the law, the total amounts deducted in the name of the voluntary reserve may not exceed half of the capital. The voluntary reserve is disposed of as determined by the Group's Board of Directors.

4. Summary of Significant Accounting Policies (continued)

4.12 Property, Plant and Equipment

Property, Plant and Equipment are presented at historical cost and are depreciated on a straight-line basis among the expected useful in annual average varies from 10% to 25%, details of these percentages are as follows:

Furniture and Fixtures	6%-20%
Computers Equipment	15%
Motor Vehicles	20%
Decorations and Improvements	6%-10%
Buildings	2%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Group has adopted the fair value principle in recording lands and real estate and is recognized at fair value upon acquisition. They are re-valued at fair value at the date of the consolidated financial statements based on the average estimate of the reports of accredited evaluators, and the differences in fair value are recorded in calculating the cumulative change in the fair value of lands within equity.

4.13 Property Inventory

They are the properties and investments that the group has purchased or created with the aim of selling them through the group's normal activities and not for the purpose of leasing or keeping them for the purpose of benefiting from the increase in their value in the future. It is shown at cost or refund value, whichever is lower. The cost includes amounts paid for the rights to own real estate, amounts paid to contractors and engineers for construction and amounts paid for preparing these properties from legal fees, property taxes and other indirect expenses.

The value of the real estate inventory recognized in the consolidated income statement is recorded upon exclusion by determining the value of the actual costs recorded on the properties sold in addition to any other relatively specific costs based on the level of completion and with the help of engineering reports.

Upon completion of the projects in progress so that they are ready for sale, they are transferred to the real estate stock where it is proven as real estate stock at the actual cost recorded in the records.

4. Summary of Significant Accounting Policies (continued)

4.14 Investment property

They are investments held with the aim of benefiting from the increase in their market value over time or obtaining rental income from them, and they appear at their fair value as on the date of the consolidated financial statements.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when a change in use is evidenced at the end of the owner's use period at the commencement of an operating lease to another party. For transfers made from investments in owner-occupied property, the considered cost for subsequent accounting is the fair value at the date of change in use.

investment properties are revalued according to the market price based on the average price of the reports of accredited evaluators, and the difference in the market value from the book value is recorded in the investment revaluation profit in the consolidated income statement.

4.15 Impairment of Non-Monetary Assets

On the date of the consolidated financial statements, the Group reviews the present value of tangible assets to determine whether there is any indication of a decrease in the carrying value of those assets, and if such indication exists, the recoverable value of the assets is estimated in order to determine the extent of the loss resulting from the decline in value (if any). If it is difficult to estimate the recoverable amount of the asset individually, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs. When there are reasonable bases for distribution, the assets are distributed to the cash-generating units individually, and below that, they are distributed to the smallest company of the cash-generating units based on reasonable and identifiable bases.

The recoverable amount is the higher of fair value less cost of sale and realizable value in use.

If the estimated recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is charged directly to the statement of profit or loss, unless the asset has been revalued, in that case the impairment loss is treated as a revaluation decrease.

If the impairment loss is subsequently recovered, the carrying amount of the asset is increased until it reaches the estimated recoverable value, provided that the increase is not higher than the carrying amount had there been no impairment in the asset value in previous years. The recovery of the impairment loss is recognized in the statement of profit or loss unless the asset has been revalued, in which case the recovery of the impairment loss is treated as a revaluation increase.

4. Summary of Significant Accounting Policies (continued)

4.16 Financial Assets

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added or deducted from the fair value of the financial assets or financial liabilities, as appropriate, upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value are recognized through consolidated statement of profit or loss.

Financial Assets Classification

The Group's financial assets include cash and bank balances, accounts receivable, checks under collection and other debit balances. The classification of financial assets in the aforementioned form is based on the nature and purpose of acquiring those financial assets and is measured when recognized.

Investments in financial assets at fair value through profit or loss

Financial assets at fair value through the consolidated income statement represent investments in corporate stocks and bonds for trading purposes, and the objective of keeping them is to achieve profits from short-term market price fluctuations or trading profit margin.

Financial assets are recognized through the consolidated statement of profit or loss at fair value at purchase (acquisition expenses are charged to the consolidated income statement upon purchase) and subsequently re-evaluated at fair value. The change in fair value appears in the consolidated statement of profit or loss, including the change in fair value resulting from differences in transferring items Non-monetary assets in foreign currencies, and in the event of selling these assets or part of them, the resulting profits or losses are taken into the consolidated statement of profit or loss.

Dividends or interest earned are taken to the consolidated statement of profit or loss.

Investments in financial assets at fair value through other comprehensive income

Investments in financial assets at fair value through other comprehensive income represent investments in shares of companies traded in the financial markets and have market prices that represent their fair value.

Financial assets are recognized through the consolidated statement of other comprehensive income at fair value upon purchase and subsequently revalued at fair value, and the change in fair value appears in the statement of other comprehensive income, including the change in fair value resulting from exchange differences of non-monetary assets in foreign currencies, and in the event of selling these assets or a part thereof, the resulting gain or loss is presented into consolidated statement of profit or loss.

Dividends are presented into the consolidated statement of profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.16 Financial Assets (continued)

Impairment in the value of financial assets
The Group recognizes allowances for expected credit losses on financial instruments measured at amortized cost, trade receivables, insurance companies and reinsurers. Provisions for expected credit losses are reviewed periodically in subsequent periods to reflect the change in credit risk since the initial recognition of the financial asset.

The Group always calculates the expected credit loss over the life of trade receivables, receivables from insurance companies and reinsurers. The expected credit loss of these financial assets is also estimated based on the historical information of credit losses according to the records of the group, and it is adjusted after taking into account several factors related to the debtor parties, the existing economic situation and evaluating the current economic situation and the expected economic situation as on the date of preparing the consolidated financial statements taking into account Consider the present value of cash at that time where necessary.

Derecognition of financial assets
The Group derecognizes financial assets only when the contractual rights to the cash flows from the financial assets expire or when the financial assets are transferred, including all the risks and rewards of ownership of the financial assets to another party. If the Group has not fully transferred the financial assets or has not transferred all the risks and rewards of ownership of the financial assets and continues to control those financial assets that have been transferred to another party, the Group recognizes the remaining interest in the financial assets and any obligations it has to pay. If the Group does not transfer all the risks and rewards of ownership of the financial assets, the Group continues to recognize the financial assets along with a secured loan against the proceeds received.

In the event that financial assets measured at amortized cost or measured at fair value through profit or loss are disposed of, the difference between the carrying amount of the assets and the sum of the amounts received and not received in exchange is recognized in profit or loss.

In the event that financial assets classified at fair value through other comprehensive income are disposed of, the profit or loss that was previously recognized in the account of cumulative changes in the fair value of financial investments is not reclassified to the consolidated statement of income but is reclassified under the statement of changes in consolidated equity.

Cash and cash equivalent
Cash and cash equivalents consist of cash on hand and deposits with banks with maturities of three months or less.

Insurance and reinsurance companies' receivables
Insurance receivables consist of agents, brokers, insurance contract holders and reinsurance companies and are measured at fair value. The allocation for expected credit losses appears in the consolidated statement of profit or loss when there is doubt that these receivables will not be collected.

4. Summary of Significant Accounting Policies (continued)

4.17 Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as financial liabilities or as equity instruments in accordance with the basis and substance of the contractual arrangements and the definition of the financial liability and any equity instrument.

Owners' equity
An equity instrument is any contract that proves its owner's right to the group's remaining assets after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the amounts received after deducting direct issuance expenses.

Financial Liabilities
Financial liabilities are initially measured at fair value after deducting transaction costs, except for financial liabilities at fair value through profit or loss that are initially measured at fair value. Financial liabilities are subsequently measured at amortized cost using the effective interest rate method or at fair value through profit or loss. The Group has no financial liabilities measured at fair value through profit or loss.

Murabaha financing
Murabaha financing from banks is recorded in the records with the total value of the financing and the due Murabaha according to the accrual principle.

Insurance payables
Insurance payables are stated at fair value.

Provisions
Provisions are taken when there is a present obligation against a past event, which is likely to result in an outflow of cash to pay economic benefits that can be reasonably estimated.

Provisions are calculated according to the best estimates of future expenditures to settle obligations as at the date of the consolidated financial statements, taking into account any unforeseen risks and events related to the obligation. The effect of the time value of money is material.

When some or all of the economic benefits required to settle the obligation are expected to be recovered from a third party, the amounts receivable are recorded as an asset if it is virtually certain that the payments will be collected and the amounts receivable are reliably measurable.

4.18 Operating lease contracts

The Group assesses whether a contract contains a lease at inception of the contract. The Group recognizes right-of-use assets and corresponding lease liabilities in respect of all lease arrangements in which the lessee is, except for short-term leases (defined as leases of 12 months or less) and leases of low-value assets (such as tablets, personal computers, things small office furniture and telephones). For these contracts, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date of the lease, discounted using the rate implicit in the lease. If this rate cannot be easily determined, the incremental borrowing rate is used.

4. Summary of Significant Accounting Policies (continued)

4.18 Operating lease contracts (continued)

The lease payments included in the lease liability measurement include:

- Fixed lease payments (essentially including fixed payments), less lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the start date of the contract;
- the amount expected to be paid by the lessee under the residual value guarantees;
- the exercise price of the options, if the lessee is reasonably certain to exercise the options; And the
- Payment of termination penalties, if the lease agreement reflects the exercise of the option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position, and the lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured (and a corresponding adjustment is made to the related right-of-use assets) when:

- The lease term is changed if there is a significant event or change in circumstances that causes a change in the assessment of the exercise of the purchase option, in which case the lease liability is re-measured by discounting the discounted adjusted lease payments.

- Lease payments change due to changes in an index or rate or a change in expected payments under the guaranteed residual value, in which cases the lease liability is re-measured by discounting the adjusted lease payments using an unchanged discount rate (unless the lease payments change due to the change in the interest rate floating rate, in which case the revised discount rate is used).

The lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the term of the modified lease by discounting the modified lease payments using the revised discount rate at the actual rate at the modification date.
The Group has not made any such adjustments during the periods presented.

Right-of-use assets include the initial measurement of the corresponding lease liability, and lease payments made on or before the commencement day, less any lease incentives received and any initial direct costs. It is subsequently measured at cost less accumulated depreciation and impairment losses.

When the Group incurs an obligation for the costs of dismantling and removing a leased asset, restoring the site on which it is located or restoring the underlying asset to the condition required under the terms of the lease, a provision is recognized and measured in accordance with IAS 37 to the extent that it relates to the costs of the right-of-use assets. Costs in the relevant right-of-use assets, unless those costs are incurred to produce the goods.

4. Summary of Significant Accounting Policies (continued)

Operating lease contracts (continued)

Right-of-use assets are depreciated over the lease term or the useful life of the asset (whichever is shorter). If the lease transfers ownership of the underlying asset or the cost of the right of use, and reflects that the Group expects to exercise the purchase option, then the value of the related right of use is amortized over the asset's useful life. Depreciation begins on the start date of the lease.

Right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies International Accounting Standard No. (36) to determine whether the right of use has been impaired and to account for any impairment losses.

Variable leases that are not dependent on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. The related payments are recognized as an expense in the period in which the event or condition giving rise to those payments occurs and is included in a separate line item in the consolidated statement of profit or loss.

4.19 Borrowing costs

Borrowing costs that are directly related to the acquisition, construction or production of assets that qualify for capitalization, and that require a long period of time to become ready for use or sale, are capitalized, as they are added to the cost of those assets until those assets are largely ready for use or sale.

Temporary investment income earned on specific loans as they are expended to acquire the assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in profit or loss for the period when incurred.

4.20 Dividend distribution

Dividend distribution to shareholders is recognized as a liability in the Group's consolidated financial statements when such dividends are approved and approved by the shareholders.

4.21 taxes

The current tax is calculated based on the taxable profit for the year. The taxable profit differs from the profit shown in the consolidated statement of profit or loss, as it does not include items of income and expenses that are subject to tax or deductible in other years, and it also does not include items that have never been subject to tax or withholding.

Allocating income tax on profits is made on an annual basis based on Income Tax Law No. (8) of 2011.

The allocation of the added excise tax on profits is made according to the added excise system in force in Palestine. As for the added excise tax on salaries, it is shown in the consolidated statement of profit or loss.

4. Summary of Significant Accounting Policies (continued)

4.22 Deferred tax

Deferred tax assets are calculated from the timing differences arising for some items of expenses that are not subject to tax when recorded, but are subject to an allowable deduction in subsequent years, in accordance with International Accounting Standard No. (12).

4.23 Current and deferred tax for the year

The current and deferred tax is recognized in the consolidated statement of profit or loss, unless it is related to items included directly in the consolidated statement of other comprehensive income or directly in equity. In this case, the current and deferred tax is also recognized in items of other comprehensive income or directly in equity on the straight. When current and deferred tax arise from the initial accounting for a business combination, the effect of the taxes is included in the accounting at the time of the business combination.

4.24 Sectors and Geographical Information

The business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those related to other business sectors. Segment information is included in Note No. (27).

For administrative purposes, the group’s business is organized according to the operational insurance sectors, which consist of the automobile insurance sector, the general accident insurance sector, the engineering insurance sector, the workers’ insurance sector, the civil liability insurance sector, the health insurance sector, the fire insurance sector, and the marine insurance sector. Investments comprise of investments and cash management for the group's own accounts. These segments are the basis on which the Group prepares its segment reporting.

The group operates in Palestine and does not operate in any other geographical areas.

5. Critical Accounting Judgments and Key Sources of Estimation of Uncertainty

The preparation of consolidated financial statements and the application of accounting policies requires the management of the group to make assumptions and estimates that affect the amounts of some assets and liabilities and the disclosure of potential liabilities, and these assumptions and estimates affect revenues, expenses and provisions as well as changes in fair value, and in particular requires the group management to issue Important judgments and judgments for estimating the amounts and times of future cash flows. These estimates are necessarily based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future.

5. Critical Accounting Judgments and Key Sources of Estimation of Uncertainty (continued)

Significant accounting assumptions

The important assumptions, apart from those that include estimates, that management has made in the process of applying the group's accounting policies and that have a significant effect on the values recognized in the consolidated financial statements are as follows:

Investment Classification

The Group's management classifies investments as investments at fair value through profit and loss or as investments at fair value through other comprehensive income when purchasing those investments when making its judgments as to whether these investments are investments at fair value through profit and loss or at fair value through comprehensive income. On the other hand, management has taken into consideration the detailed conditions for determining this classification as set out in IFRS 9 - Financial Instruments. Management believes that the investments have been appropriately classified.

property classification

In its classification of the properties, management has made a number of assumptions. These assumptions are required in determining the property's eligibility for classification as investment property, property and equipment, inventory property, projects under construction, or property held for sale. Management develops criteria to enable it to apply these assumptions continually in line with the definition of investment in real estate, property and equipment, real estate inventory, projects under construction, and property held for sale. In making these assumptions, management has taken into consideration the detailed standards and guidance contained in International Accounting Standard (IAS) No. (2) Inventories, International Accounting Standard (IAS) No. (16) Property, Plant and Equipment, and International Accounting Standard (IAS) No. (40) Investments in real estate.

Key sources of estimation of uncertainty

Management believes that its use of estimates in the consolidated financial statements is reasonable and is detailed as follows:

Evaluation of the liabilities arising from the outstanding claims of insurance contracts: The liabilities resulting from the outstanding claims of insurance contracts are the most sensitive accounting forecasts due to the presence of many uncertain factors that affect the estimated liabilities and the obligations to be paid.

Liabilities arising from unpaid claims that were reported as at the date of the consolidated financial statements are estimated based on the reports of experts, lawyers and the Group's experience and estimates by determining the value of the expected total costs for each claim separately. Liabilities arising from claims incurred but not reported as at the date of the consolidated financial statements are estimated by reference to the claims rate for prior periods. As at the date of the consolidated financial statements, the above obligations are reassessed and the provision is adjusted accordingly.

Allowance for expected credit losses: The Group recognizes allowances for expected credit losses on financial instruments measured at amortized cost, trade receivables, receivables from insurance companies and reinsurers, and insurance and reinsurance contract assets. Provisions for expected credit losses are reviewed periodically in subsequent periods to reflect the change in credit risk since the initial recognition of the financial asset.

5. Critical Accounting Judgments and Key Sources of Estimation of Uncertainty (continued)

Key sources of estimation of uncertainty

The Group always calculates the expected credit loss over the life of trade receivables, receivables from insurance companies and reinsurers, and insurance and reinsurance contract assets. The expected credit loss of these financial assets is also estimated based on the historical information of credit losses according to the records of the group, and it is adjusted after taking into account several factors related to the debtor parties, the existing economic situation and evaluating the current economic situation and the expected economic situation as on the date of preparing the consolidated financial statements taking into account Consider the present value of cash at that time where necessary.

Taxes: The year is charged with its tax expense in accordance with the applicable regulations, laws and accounting standards, and the deferred tax assets and liabilities are recognized and the necessary tax provision is made.

Provision for employee compensation: the provision for end of service indemnity is calculated in accordance with the labor law applicable in the Palestinian Authority regions.

Useful lives of tangible and intangible assets: The management re-estimates the useful lives of tangible and intangible assets periodically for the purpose of calculating annual depreciation and amortization depending on the general condition of those assets and estimates of the expected useful lives in the future, and the impairment loss is recorded in the income statement for the year.

Assessment of financial assets: The management periodically reviews the financial assets that appear at cost to estimate any impairment in their value, and the impairment is taken into the consolidated income statement.

Contingent liabilities: a provision is made for cases filed against the group based on a legal study prepared by the group's lawyer and legal advisor, according to which the potential risks that may occur in the future are determined, and those studies are reviewed periodically.

Liability adequacy: On the date of the consolidated financial statements, liability adequacy tests are applied to verify the adequacy of insurance contract obligations. The Group uses its best estimates of future contractual cash flows, claims received, administrative expenses as well as investment income from the assets backing those liabilities in order to assess the adequacy of the obligation. Any deficiency is recognized in the consolidated statement of income by creating a provision for losses arising from liability adequacy tests.

Al Mashreq Insurance Company and its subsidiaries
Public Shareholding Company

Notes to the consolidated financial statements
For the year ended December 31, 2021

6. Property, Plant and Equipment, Net

As of December 31, 2021

	Furniture USD	Equipment and tools USD	Computers equipment USD	Air conditioning and electricity network USD	Motor vehicles USD	Decorations and improvements USD	Buildings and real estate USD	Total USD
Cost/Revaluation								
Balance as of January 1, 2021	873,730	1,107,244	897,659	320,964	704,796	1,242,106	4,599,983	9,746,482
Additions during the year	133,215	105,140	6,905	4,009	167,464	48,396	172,585	637,714
Disposals during the year	(175,048)	(89,907)	(340,583)	-	(71,771)	(2,610)	-	(679,919)
Balance as of December 31, 2021	**831,897**	**1,122,477**	**563,981**	**324,973**	**800,489**	**1,287,892**	**4,772,568**	**9,704,277**
Accumulated Depreciation								
Balance as of January 1, 2021	565,942	826,310	868,645	310,790	366,854	668,699	866,039	4,473,279
Depreciation	20,418	27,265	5,499	6,450	91,750	81,885	67,635	300,902
Disposals during the year	(66,279)	(169,208)	(340,581)	(17,676)	(38,415)	-	-	(632,159)
Balance as of December 31, 2021	**520,081**	**684,367**	**533,563**	**299,564**	**420,189**	**750,584**	**933,674**	**4,142,022**
Net book value as of December 31, 2021	**311,816**	**438,110**	**30,418**	**25,409**	**380,300**	**537,308**	**3,838,894**	**5,562,255**

6. Property, Plant and Equipment, Net (continued)

As of December 31, 2020

	Furniture USD	Equipment and tools USD	Computers equipment USD	Air conditioning and electricity network USD	Motor vehicles USD	Decorations and improvements USD	Buildings and real estate USD	Total USD
Cost/Revaluation								
Balance as of January 1, 2020	861,056	1,071,609	883,618	320,964	623,939	1,131,121	4,517,724	9,410,031
Additions during the year	21,604	35,635	14,041	-	104,976	110,985	82,259	369,500
Disposals during the year	(8,930)	-	-	-	(24,119)	-	-	(33,049)
Balance as of December 31, 2020	**873,730**	**1,107,244**	**897,659**	**320,964**	**704,796**	**1,242,106**	**4,599,983**	**9,746,482**
Accumulated Depreciation								
Balance as of January 1, 2020	552,140	791,791	863,479	309,810	308,198	589,622	819,950	4,234,990
Depreciation	16,781	34,519	5,166	980	69,823	79,077	46,089	252,435
Disposals during the year	(2,979)	-	-	-	(11,167)	-	-	(14,146)
Balance as of December 31, 2020	**565,942**	**826,310**	**868,645**	**310,790**	**366,854**	**668,699**	**866,039**	**4,473,279**
Net book value as of December 31, 2020	**307,788**	**280,934**	**29,014**	**10,174**	**337,942**	**573,407**	**3,733,944**	**5,273,203**

7. Investment Property 9

	2021 USD	2020 USD
Plots of land	11,604,769	13,327,833
Buildings and property	584,148	841,537
	12,188,917	**14,169,370**

- Investments in plots of land of the parent company have been classified as investment property held for the purpose of benefiting from an increase in their capital value, with the exception of the property value of the company's headquarters that are used for the company's administrative purposes.
- Investment property whose market value has changed as of December 31, 2021, were reassessed according to the market price based on the average price of valuation reports approved by the Palestinian Capital Market Authority and independent of the Group, the difference in the market value from the book value amounted to USD 333,072 compared to USD 1,109,794 as of December 31, 2020, which was shown in revaluation of investment property account within the consolidated statement of profit or loss.
- Includes a plot of land in the Madaba area in Jordan with a total value of USD 895,785 as of December 31, 2021, registered in the name of other parties for the interest and benefit of the group.

Details of investment property and the fair value measurements as of December 31, 2021 are as follows:

	Level 1 USD	Level 2 USD	Level 3 USD	Fair value as of December 31, 2021 USD
Plots and buildings	-	12,188,917	-	12,188,917
	-	**12,188,917**	-	**12,188,917**

8. Financial Investments through Other Comprehensive Income

	2021 USD	2020 USD
Investments in listed companies *	4,645,853	3,073,991
Investments in unlisted companies **	90,393	90,393
	4,736,246	**3,164,384**

* The above investments include shares of companies reserved for membership of the board of directors in the amount of USD 120,800 as of December 31, 2021 (an amount of USD 49,325 as of December 31, 2020).

** Investments in unlisted companies were evaluated based on the most recent financial information of the investee companies.

See Note No. (35), which shows details of the fair value of these financial assets and information on how to determine their fair values.

9- Mandatory deposits

Mandatory deposits represent deposits with banks tied to the order of the Palestinian Capital Market Authority in accordance with the decisions issued by the Palestinian Capital Market Authority No. (2/T) of 2007 regarding determining the value of the deposit required from insurance companies under Insurance Law No. (20) of 2005. Use it only with prior approval or with written permission from the Authority.

10- Deferred tax assets

Consists of income tax arising from the timing differences of some items of expenses that are not subject to tax when recorded but are subject to a deduction allowed in subsequent years and consist of the provision for employee benefits and the provision for expected credit losses of the parent company only. Here are the details of the transaction made on this account:

	Balance at the beginning of the year USD	Amounts released USD	Amounts added USD	Opening Balance Translation Differences USD	Balance at the end of the year USD	Deferred tax assets 2021 USD	Deferred tax assets 2020 USD
Expected credit loss	2,122,981	-	96,285	78,805	2,298,071	614,140	567,349
Employee benefits provision	1,283,598	(137,025)	499,705	59,394	1,705,672	455,826	343,030
	3,406,579	**(137,025)**	**595,990**	**138,199**	**4,003,743**	**1,069,966**	**910,379**

The movement on deferred tax assets during the year is as follows:

	2021 USD	2020 USD
Balance at the beginning of the year	910,379	736,531
Deferred tax for the year	159,587	173,848
Balance at the end of the year	**1,069,966**	**910,379**

11. Accounts Receivable - Net

	2021 USD	2020 USD
Account receivable - customers	14,832,180	14,357,722
Account receivable - agents	2,251,684	1,861,832
Account receivable - employees	476,540	328,291
	17,560,404	**16,547,845**
Less: provision for expected credit losses	(2,791,896)	(2,546,806)
	14,768,508	**14,001,039**

The average credit period is 210 days and no interest are charged on outstanding receivables.

Movement on provision for expected credit losses is as follows:

	2021 USD	2020 USD
Balance at the beginning of the year	2,546,806	2,010,106
Provision during the year	166,285	434,593
Opening balance currency differences	78,805	144,746
Transferred to provision for expected credit losses on checks	-	(42,639)
Balance at the end of the year	**2,791,896**	**2,546,806**

12. Insurance and Reinsurance Companies Receivables

	2021 USD	2020 USD
Receivables from local insurance companies	295,637	398,038
	295,637	**398,038**

13. Insurance Contract Liabilities and Reinsurance Contract Assets

	2021 USD	2020 USD
Total:		
Insurance contract liabilities		
Claims reported unsettled reserve	32,003,167	28,097,750
Less: recoveries, net *	(6,137,050)	(5,227,687)
Net claims reported unsettled	**25,866,117**	**22,870,063**
Unreported claims reserve (Pure)	450,160	450,160
Unearned premium reserve	14,150,495	11,042,606
Total insurance contract liabilities	**40,466,772**	**34,362,829**
Reinsurance contract assets		
Claims reported unsettled reserve	4,618,377	3,665,419
Unearned premium reserve	1,177,661	884,160
Total reinsurance contract assets	**5,796,038**	**4,549,579**
Net insurance contract liabilities		
Claims reported unsettled reserve	21,247,740	19,204,644
Unreported claims reserve (Pure)	450,160	450,160
Unearned premium reserve	12,972,834	10,158,446
	34,670,733	**29,813,250**

* The reserve for motors outstanding claims reported unsettled was calculated net of recoveries according to the estimates of experts in the group. Final amounts depend on final clearance procedures with parties involved. The amount of recoveries deducted from claims reported unsettled reserve as of December 31, 2021 and December 31, 2020, was as follows:

	2021 USD	2020 USD
Recoveries from individuals and local insurance companies	3,923,926	3,321,130
Recoveries from Palestinian Road Accident Victims Compensation Fund	1,793,645	1,732,372
Recoveries from other parties	3,536,927	3,102,763
Less: recoveries under settlement that cannot be predicted	(3,117,448)	(2,928,578)
Net recoveries	**6,137,050**	**5,227,687**

14. Financial Investments through Profit and Loss

	2021 USD	2020 USD
Investments in listed companies	2,464,797	954,021
	2,464,797	**954,021**

See Note No. (35), which shows details of the fair value of these financial assets and information on how to determine their fair values.

15. Property Inventory

	2021 USD	2020 USD
Plots of land	2,287,706	1,060,085
Apartments	307,895	307,895
	2,595,601	**1,367,980**

16. Other Debit Balances

	2021 USD	2020 USD
Prepaid expenses	89,136	89,434
Employee loans and advances	10,039	7,551
Trusts and other debits	60,594	42,854
Advance payments on investment purchases	39,941	40,074
	199,710	**179,913**

17. Right of Use and Lease and Liabilities

The movement on the right of use and lease liabilities is as follows:

As of December 31, 2021:

	Right of use USD	Lease liability USD
Balance as of January 1, 2021	188,498	193,530
Paid during the year	-	(56,297)
Currency differences	4,489	4,489
Amortization during the year	(56,474)	-
Balance as of December 31, 2021	**136,513**	**141,722**

As of December 31, 2020:

	Right of use USD	Lease liability USD
Balance as of January 1, 2020	203,192	207,874
Contracts additions during the year	28,380	28,380
Paid during the year	-	(56,124)
Currency differences	13,400	13,400
Amortization during the year	(56,474)	-
Balance as of December 31, 2020	**188,498**	**193,530**

18. A Cash and Cash Equivalent

	2021 USD	2020 USD
Cash in hand	101,062	42,660
Cash at banks - New Israeli shekel (NIS)	2,588,573	2,897,950
Cash at banks - Jordanian dinars (JOD)	619,025	390,644
Cash at banks - US dollars (USD)	383,581	1,417,425
Cash at banks – Euro (EUR)	37,420	18,407
	3,729,661	**4,767,086**

18. B Deposits at Bank

	2021 USD	2020 USD
Deposits due within three months	2,039,786	2,757,239
Deposits due after three months	920,473	37,310
	2,960,259	**2,794,549**

Contains fixed deposits in amount USD 276,007 held as collateral for obtaining facilities from local bank as of December 31, 2021.

18. C Cheques Under Collections, Net

	2021 USD	2020 USD
Checks under collection due within one year	17,133,388	12,157,776
Checks under collection due after one year	5,018,082	2,865,981
	22,151,470	**15,023,757**
Allowance for expected credit losses*	(98,266)	(53,727)
Transferred from allowance for expected credit loss on accounts receivable	-	(42,639)
Finance discount allowance**	(440,032)	(226,639)
	21,613,172	**14,700,752**

* The movement in the allowance account for expected credit losses is as follows:

	2021 USD	2020 USD
Balance at the beginning of the year	96,366	92,639
Opening balance currency differences	1,900	3.727
Balance at the end of the year	**98,266**	**96,366**

** The financing discount provision amounted to USD 440,032 using a discount rate of 4% as of December 31, 2021, compared to USD 226,639 as of December 31, 2020.

19. Change in Fair Value

	2021 USD	2020 USD
Gain (loss) from valuation differences of financial investments through other comprehensive income	991,922	(198,412)
Gain from revaluation of property investments	1,759,924	1,759,924
	2,751,846	**1,561,512**

Movement on this account is as follows:

	2021 USD	2020 USD
Balance at the beginning of the year	1,561,512	1,545,042
Change in fair value of financial investments	1,190,334	16,470
	2,751,846	**1,561,512**

20. Provision for Employees End of Service Benefits

	2021 USD	2020 USD
Employees end of service benefits	1,809,510	1,352,511
	1,809,510	**1,352,511**

Movement on provision for employees end of service benefits during the year is as follows:

	2021 USD	2020 USD
Balance at the beginning of the year	1,352,511	1,256,058
Additions for the year	544,235	262,848
Payment for the year	(147,274)	(255,534)
Opening balance currency differences	60,038	89,139
Balance at the end of the year	**1,809,510**	**1,352,511**

21. Accounts Payables

	2021 USD	2020 USD
Account payable – customers and agents	6,995,505	6,040,277
Account payable – employees	621,098	586,901
	7,616,603	**6,627,178**

22. Insurance and Reinsurance Companies Payable

	2021 USD	2020 USD
Receivables from local insurance companies	1,200,238	201,459
Reinsurance companies’ payables	405,508	1,002,529
	1,605,746	**1,203,988**

23. Other Credit Balances

	2021 USD	2020 USD
Unpaid accrued expenses	66,900	212,421
Shareholders' share from capital reduction	167,133	167,717
dividend payable	77,850	77,993
Dedicated to complete projects	114,809	352,808
Deposit and other credit balances	1,435,196	953,795
	1,861,888	**1,764,734**

24. Other Provisions

	2021 USD	2020 USD
Due to the Palestinian Road Accident Victims Compensation Fund	157,701	252,948
Dues to Palestinian Capital Market Authority	32,200	27,525
Dues to Palestinian Federation of Insurance Companies	12,681	5,907
Tax provisions net of advances paid*	2,226,834	2,387,346
	2,429,416	**2,673,726**

* The group obtained a final settlement with the Income Tax and Value Added Tax Department until December 31, 2016 and is currently discussing the company's financial statements to obtain a final settlement for the years 2017 to 2020. In the opinion of the group's management, the allocated provisions are sufficient to pay the tax burdens expected to be paid for those years.

The movement on tax provisions during 2021 and 2020 is as follows:

	2021 USD	2020 USD
Balance at the beginning of the year	2,387,346	1,742,797
Provision for the year	433,921	710,298
Payment for the year	(303,461)	(273,747)
Currency differences	(290,972)	207,998
Balance at the end of the year	**2,226,834**	**2,387,346**

25. Murabaha financing

Aqariya Trading Investment Company (a subsidiary) obtained financing from one of the local banks with a financial ceiling of JOD 2,127,354, equivalent to USD 2,999,570, and a Murabaha rate of 4% for the purposes of buying real estate. The financing is paid in monthly installments of 60 installments amounted to JOD 35,456, equivalent to $49,993. The guarantees for obtaining the financing were as follows:

- Obtaining 10 insurance checks with the value of the total financing drawn on the company's account with another bank.
- Continuing to deposit post-dated checks until they reach a value of USD 900,000.
- Obtaining a first-class mortgage in favor of the bank, amounting to USD 1,500,000.

The utilized and accrued balance as of December 31, 2021 amounted to JOD 1,334,234, equivalent to USD 1,881,854 of the granted financing ceiling.

During 2021, Aqariya Trading Investment Company obtained a loan from one of the other local banks on April 8, 2021, at a value of USD 1,400,000, at an interest rate of 5.5% annually for the purposes of purchasing a plot of land. The loan is repaid in 36 monthly installments, and the value of the installment is USD 55,556. The guarantees for obtaining the loan were the deposit of collection checks not less than 21% of the value of the ceiling of the loans granted by the bank, provided that they are real commercial checks of various drawers, and the concentration percentage does not exceed 51% within 3 months from the date of implementing the loan.

The loan balance amounted to USD 1,400,000 as of December 31, 2021.

26. Dividends distributed to shareholders

During the period, the Group paid an amount of USD 130,000 as dividends to shareholders for the year 2020 pursuant to the approval of General Assembly in its meeting held on April 28, 2021, compared with an amount of USD 130,000 paid during 2020 as dividends to shareholders for 2019 pursuant to the approval of the General Assembly at its meeting held on April 30, 2020, as well. Also, during the period, the General Assembly approved the distribution of free shares to shareholders, at a value of USD 300,000.

Al Mashreq Insurance Company and its subsidiaries
Public Shareholding Company

Notes to the consolidated financial statements
For the year ended December 31, 2021

27. Net Profit for the Year by Operating Segments

The following table represents a summary of revenues and results by insurance segment for the year ended December 31, 2021:

	Motor Insurance USD	General Accidents USD	Workmen Compensation USD	Engineering USD	Public Liability USD	Fire Insurance USD	Health Insurance USD	Marine Insurance USD	Investment and Treasury Segment USD	Total December 31, 2021 USD
Gross written premium	28,475,596	491,056	2,603,572	477,426	449,818	1,168,792	5,582,532	595,718	-	39,844,510
Change in Unearned Premium Reserve	(1,303,223)	(26,539)	(87,623)	(22,370)	(22,951)	(46,248)	(1,090,237)	(17,170)	-	(2,616,361)
Earned Premium Income	**27,172,373**	**464,517**	**2,515,949**	**455,056**	**426,867**	**1,122,544**	**4,492,295**	**578,548**	**-**	**37,228,149**
Reinsurance Premiums	(792,454)	(236,837)	(135,711)	(292,115)	(123,633)	(830,300)	-	(432,692)	-	(2,843,742)
Change in Reinsurance Share of Unearned Premium Reserve	63,630	64,586	27,146	21,745	19,307	40,049	-	16,024	-	252,487
Net Reinsurance Premiums	**(728,824)**	**(172,251)**	**(108,565)**	**(270,370)**	**(104,326)**	**(790,251)**	**-**	**(416,668)**	**-**	**(2,591,255)**
Net Insurance Premiums Earned	**26,443,549**	**292,266**	**2,407,384**	**184,686**	**322,541**	**332,293**	**4,492,295**	**161,880**	-	**34,636,894**
Gross Reinsurance Premium Commission Earned	117	22,286	5,277	69,609	1,181	124,801	-	63,931	-	287,202
Less: Commissions Paid	(1,195,615)	(51,057)	(61,646)	(4,899)	(13,059)	(34,136)	(36,023)	(51,732)	-	(1,448,167)
Net Insurance Premiums Earned after Commissions	**25,248,051**	**263,495**	**2,351,015**	**249,396**	**310,663**	**422,958**	**4,456,272**	**174,079**	**-**	**33,475,929**
Investments Income	**257,599**	**4,372**	**23,620**	**4,420**	**4,227**	**11,437**	**55,333**	**6,245**	**-**	**367,253**
Claims Incurred										
Paid Claims	19,168,965	22,509	916,485	154,399	132,220	255,554	2,884,396	(15,659)	-	23,518,869
Less: Reinsurance Share from Paid Claims	-	(28,262)	-	(103,272)	-	(299,304)	-	(7,918)	-	(438,756)
Net Paid Claims	**19,168,965**	**(5,753)**	**916,485**	**51,127**	**132,220**	**(43,750)**	**2,884,396**	**(23,577)**	**-**	**23,080,113**
Change in Outstanding Claims	1,201,388	40,737	(17,442)	10,618	(22,772)	234,849	619,195	23,984	-	2,090,557
Change in Reinsurance Share	(752,182)	(46,932)	255,422	(11,169)	(12,262)	(203,142)	-	(22,461)	-	(792,726)
Net Claims Incurred	**19,618,171**	**(11,948)**	**1,154,465**	**50,576**	**97,186**	**(12,043)**	**3,503,591**	**(22,054)**	**-**	**24,377,944**
Net Insurance Activity Before Administrative Expenses	**5,887,479**	**279,815**	**1,220,170**	**203,240**	**217,704**	**446,438**	**1,008,014**	**202,378**	**-**	**9,465,238**
General And Administrative Expenses Related to Insurance Activities	(5,438,350)	(92,293)	(498,668)	(93,314)	(89,244)	(241,463)	(1,168,171)	(131,835)	-	(7,753,338)
Net profit / (loss) of Insurance Activity After Administrative Expenses	**449,129**	**187,522**	**721,502**	**109,926**	**128,460**	**204,975**	**(160,157)**	**70,543**	**-**	**1,711,900**
Unallocated Revenues and Expenses										
Bank interest and Charges	-	-	-	-	-	-	-	-	(44,039)	(44,039)
(Loss) on Currency Exchange Revaluation	-	-	-	-	-	-	-	-	(292,650)	(292,650)
Provision for Expected Credit Loss	-	-	-	-	-	-	-	-	(166,285)	(166,285)
Loss from Sale of Property and Equipment	-	-	-	-	-	-	-	-	(3,644)	(3,644)
General and Administrative Expenses not Allocated to Insurance Activities	-	-	-	-	-	-	-	-	(1,467,933)	(1,467,933)
Amortization of Right of Use Asset	-	-	-	-	-	-	-	-	(56,474)	(56,474)
Interest on lease Obligations	-	-	-	-	-	-	-	-	(9,967)	(9,967)
Other Revenues not allocated to Insurance Activities	-	-	-	-	-	-	-	-	867,774	867,774
Gain from Revaluation of Financial Investments Through P&L	-	-	-	-	-	-	-	-	474,536	474,536
Gain from Revaluation of Property Investments	-	-	-	-	-	-	-	-	333,072	333,072
Gain from Sale of Property Investments	-	-	-	-	-	-	-	-	(3,446)	(3,446)
Net Profit / (Loss) Before Taxes	**449,129**	**187,522**	**721,502**	**109,926**	**128,460**	**204,975**	**(160,157)**	**70,543**	**(369,056)**	**1,342,844**

Al Mashreq Insurance Company and its subsidiaries
Public Shareholding Company

Notes to the consolidated financial statements
For the year ended December 31, 2021

27. Net Profit for the Year by Operating Segments (Continued)

The following table represents a summary of revenues and results by insurance segment for the year ended December 31, 2020:

	Motor Insurance USD	General Accidents USD	Workmen Compensation USD	Engineering USD	Public Liability USD	Fire Insurance USD	Health Insurance USD	Marine Insurance USD	Investment and Treasury Segment USD	Total December 31, 2020 USD
Gross written premium	22,864,882	284,927	2,068,702	391,740	354,747	1,009,267	3,066,992	408,906	-	30,450,163
Change in Unearned Premium Reserve	285,720	30,973	(3,961)	21,952	(10,029)	24,629	(105,649)	(4,079)	-	239,556
Earned Premium Income	**23,150,602**	**315,900**	**2,064,741**	**413,692**	**344,718**	**1,033,896**	**2,961,343**	**404,827**	**-**	**30,689,719**
Reinsurance Premiums	(1,124,901)	(129,257)	(135,557)	(229,104)	(107,722)	(668,436)	(201)	(246,935)	-	(2,642,113)
Change in Reinsurance Share of Unearned Premium Reserve	(13,951)	(25,093)	194	(19,105)	490	(21,780)	-	2,362	-	(76,883)
Net Reinsurance Premiums	**(1,138,852)**	**(154,350)**	**(135,363)**	**(248,209)**	**(107,232)**	**(690,216)**	**(201)**	**(244,573)**	**-**	**(2,718,996)**
Net Insurance Premiums Earned	**22,011,750**	**161,550**	**1,929,378**	**165,483**	**237,486**	**343,680**	**2,961,142**	**160,254**	-	**27,970,723**
Gross Reinsurance Premium Commission Earned	110	13,529	3,587	58,635	733	122,259	6	62,347	-	261,206
Less: Commissions Paid	(1,008,846)	(29,433)	(62,484)	(5,588)	(10,484)	(31,543)	(16,557)	(37,193)	-	(1,202,128)
Net Insurance Premiums Earned after Commissions	**21,003,014**	**145,646**	**1,870,481**	**218,530**	**227,735**	**434,396**	**2,944,591**	**185,408**	**-**	**27,029,801**
Investments Income	**198,842**	**2,652**	**17,950**	**3,397**	**3,158**	**8,927**	**29,040**	**3,556**	**-**	**267,522**
Claims Incurred										
Paid Claims	12,951,992	10,445	810,809	414,331	22,872	489,223	2,658,113	40,811	-	17,398,596
Less: Reinsurance Share from Paid Claims	-	(14,953)	-	(291,564)	-	(375,294)	-	4,513	-	(677,298)
Net Paid Claims	**12,951,992**	**(4,508)**	**810,809**	**122,767**	**22,872**	**113,929**	**2,658,113**	**45,324**	**-**	**16,721,298**
Change in Outstanding Claims	1,334,938	(22,525)	647,411	65,692	52,009	(110,039)	-	(106,661)	-	1,860,825
Change in Reinsurance Share	111,084	25,243	(3,139)	(54,699)	-	95,766	-	96,118	-	270,373
Net Claims Incurred	**14,398,014**	**(1,790)**	**1,455,081**	**133,760**	**74,881**	**99,656**	**2,658,113**	**34,781**	**-**	**18,852,496**
Net Insurance Activity Before Administrative Expenses	**6,803,842**	**150,088**	**433,350**	**88,167**	**156,012**	**343,667**	**315,518**	**154,183**	**-**	**8,444,827**
General And Administrative Expenses Related to Insurance Activities	(4,370,787)	(58,301)	(394,554)	(74,670)	(69,409)	(196,234)	(638,342)	(78,171)	-	(5,880,468)
Net profit / (loss) of Insurance Activity After Administrative Expenses	**2,433,055**	**91,787**	**38,796**	**13,497**	**86,603**	**147,433**	**(322,824)**	**76,012**	**-**	**2,564,359**
Unallocated Revenues and Expenses										
Bank interest and Charges	-	-	-	-	-	-	-	-	(33,773)	(33,773)
(Loss) on Currency Exchange Revaluation	-	-	-	-	-	-	-	-	(151,560)	(151,560)
Provision for Expected Credit Loss	-	-	-	-	-	-	-	-	(434,593)	(434,593)
Gain from Sale of Property and Equipment	-	-	-	-	-	-	-	-	1,064	1,064
General and Administrative Expenses not Allocated to Insurance Activities	-	-	-	-	-	-	-	-	(1,238,133)	(1,238,133)
Amortization of Right of Use Asset	-	-	-	-	-	-	-	-	(56,474)	(56,474)
Interest on lease liabilities	-	-	-	-	-	-	-	-	(2,606)	(2,606)
Other Revenues not allocated to Insurance Activities	-	-	-	-	-	-	-	-	191,684	191,684
(Loss) from Revaluation of Financial Investments Through P&L	-	-	-	-	-	-	-	-	(160,841)	(160,841)
Gain from Revaluation of Property Investments	-	-	-	-	-	-	-	-	1,109,794	1,109,794
Net Profit / (Loss) Before Taxes	**2,433,055**	**91,787**	**38,796**	**13,497**	**86,603**	**147,433**	**(322,824)**	**76,012**	**(775,438)**	**1,788,921**

28. General and Administrative Expenses

	2021 USD	2020 USD
Salaries and related benefits	6,584,503	4,867,630
End of service indemnity and employees' vacation	760,611	538,010
Provident fund	112,368	89,171
Stationery	115,250	100,237
Travel and transportation	81,612	87,527
Rent and utilities	213,119	199,675
Donations	62,804	82,577
Telephone, fax, internet and postage	145,052	117,703
Car expenses	147,331	120,874
Hospitality	60,718	44,262
Maintenance and repairs	116,686	115,951
Depreciation	300,902	252,435
Professional fees and advisory expenses	253,048	209,004
Subscriptions and fees	201,487	200,832
Other expenses	65,780	92,713
	9,221,271	**7,118,601**

General and administrative expenses of the parent company for the year ended on December 31, 2021 have been distributed among the various insurance branches and the consolidated statement of profit or loss, according to Note No. (4-6) - general and administrative expenses, as follows:

	2021 USD	2020 USD
Motor insurance	5,438,350	4,370,787
General accidents	92,293	58,301
Engineering	93,314	74,670
Fire insurance	241,463	196,234
Workmen compensation	498,668	394,554
Public liability	89,244	69,409
Health insurance	1,168,171	638,342
Marine insurance	131,835	78,171
	7,753,338	**5,880,468**
Directly charged to the consolidated statement of profit or loss	1,467,933	1,238,133
	9,221,271	**7,118,601**

29. Other Income not allocated to Insurance Activities

	2021 USD	2020 USD
Revenues from the operating business of Aqariya Trading Investment Company	841,968	161,959
Other miscellaneous income	25,806	29,725
	867,774	**191,684**

30. Related Party Transactions

Related parties represent subsidiaries and affiliates, major shareholders, senior management and any company that it controls or has significant influence over it. Prices and terms related to transactions with related parties are approved by the Group Board of Directors.

As at the end of the period, the amounts due (from / to) the related parties were included in the consolidated statement of financial position as follows:

	2021 **USD**	**2020** **USD**
Account receivable	241,012	257,292

The consolidated statement of profit or loss includes the following transactions with related parties:

	2021 **USD**	**2020** **USD**
Insurance premiums	246,613	220,562
Outstanding claims	(9,003)	(5,233)
Paid claims	4,248	-
Salaries of senior management and executive management of the group	(888,342)	(305,197)

31. Basic Earnings Per Share Attributable to the Owners of the Parent Company

Basic earnings per share has been calculated on the basis of dividing the profit for the period by the weighted average number of common stock outstanding during the period as follows:

	2021 **USD**	**2020** **USD**
Net income attributable to owners of the parent company	875,911	1,031,052
Weighted average number of common stocks	5,500,000	5,500,000
Basic earnings per share attributable to the owners of the parent company	0.16	0.19

32. Group legal cases

The number of cases filed against the group was (696) cases as of December 31, 2021, compared to (598) cases as of December 31, 2020, against legal disputes over existing claims for insurance contracts. According to the company's legal advisor, all of these cases have sufficient provision in place according to the technical and legal principles. In contrast, the number of cases filed by the group against third parties amounted to (668) cases with the aim of restoring the group's rights with third parties against unpaid insurance policies, recovery files or returned checks as of December 31, 2021 compared to (928) cases for the year 2020.

33. Insurance and financial risk management

Insurance risk

The risks of any insurance contract are the possibility of the occurrence of the insured event and the uncertainty of the amount of the claim related to that event, due to the nature of the insurance contract, where the risks are volatile and unpredictable. The group is that the claims incurred and related payments may exceed the carrying amount of the insurance obligations, and this may happen if the possibility and seriousness of the claims are greater than expected, and because insurance events are not fixed and vary from year to year, estimates may differ from the related statistics.

Studies have shown that the more similar insurance contracts are, the closer the expectations are to the actual loss rate, and the presence of diversification in the insurance risks that are covered leads to a lower probability of total insurance loss.

The Group has developed its insurance underwriting plan to ensure diversification of the insurance risks that are covered and their distribution to different types of insurance, which helps to reduce losses that may result from insurance claims if the focus is on a particular insurance category.

The group has technical staff and investigators to estimate the claims reported during the year. These cadres investigate and make recommendations through which the risks of claims can be reduced. The risks are reviewed periodically at the end of each year and adjusted to reflect the most recent information on the underlying facts, applicable laws, and contractual terms and conditions. The Group manages and monitors early settlement of any claims to reduce any risks that may arise from unforeseen developments.

The estimated cost of settling claims includes the net direct expenses to be paid to complete the settlement less any recoveries from those claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding the allegations against it. Given that uncertainties are taken into account when creating the claims provision, it is possible that the final outcome in the estimate of the liability will differ from that estimated in the first stage.

The amounts of insurance claims are sensitive primarily to decisions and legal developments related to them, in addition to that, insurance contracts are subject to the risk of the emergence of new types of unobservable claims for which no provision has been made as at the date of the consolidated financial statements.

The Group follows several mechanisms to estimate the required level of provisions, where possible, and this provides a greater degree of understanding and enhances previous experience in estimating provisions. Estimates derived from different methods help to predict possible outcomes. The best selected estimation mechanisms take into account the characteristics of the type of insurance and the evolution of the claims for each year.

33. Insurance and financial risk management (continued)

Sources of uncertainties in estimating future claims

Insurance claims are due upon the occurrence of the insured event, as the Group is responsible for all insured events if they occur during the term of the insurance contract, even if such loss is discovered after the term of the insurance contract. As a result, claims are settled over an extended period of time and a provision is made for outstanding and unreported claims.

The following table shows the percentage of loss by type of risk related to insurance premiums for the current year:

	2021	**2020**
Motor insurance	%99	%65
Health insurance	%116	%90
General insurance and others.	%52	%60

Reinsurance risk

As with other insurance companies, and for the purpose of reducing exposure to financial losses that may result from large insurance claims, the Group, as part of its normal business, enters into reinsurance agreements with international reinsurance companies with high creditworthiness.

In order to reduce its exposure to significant losses as a result of the insolvency of reinsurance companies, the Group evaluates the financial position of the reinsurance companies that deals with it and monitors the concentration of credit risks resulting from geographical areas and activities or economic components similar to those companies.

Insurance Risk Sensitivity:

The following is a table showing the effect of a reasonable and possible change in the subscription prices on the net insurance revenues, with all other affecting variables remaining constant. The effect of the expected decrease in the subscription premium prices is equal and opposite to the effect of the increase shown below:

		December 31, 2021		December 31, 2020	
Insurance type	**Change Percentage**	**Written Premiums**	**Effect on Net Insurance premiums earned**	**Written Premiums**	**Effect on Net Insurance premiums earned**
Motors	10-/+	2,847,560	2,524,805	2,286,488	2,100,301
General Accidents	10-/+	49,106	26,350	28,493	14,565
Engineering	10-/+	47,743	24,940	39,174	21,853
Fire	10-/+	116,879	42,296	100,927	43,440
WMC	10-/+	260,357	235,102	206,870	187,048
Public Liability	10-/+	44,982	31,066	35,475	22,774
Health Insurance	10-/+	558,253	445,627	306,699	294,459
Marine	10-/+	59,572	17,408	40,890	18,540
Total		**3,984,452**	**3,347,594**	**3,045,016**	**2,702,980**

33. Insurance and financial risk management (continued)

Insurance Risk Sensitivity: (continued)

		December 31, 2021		December 31, 2020	
Insurance type	Change Percentage	Paid Claims	Effect on Net claims incurred	Paid Claims	Effect on Net claims incurred
Motors	10-/+	1,916,897	1,961,817	1,295,199	1,439,801
General Accidents	10-/+	2,251	(1,195)	1,045	(179)
Engineering	10-/+	15,440	5,058	41,433	13,376
Fire	10-/+	25,555	(1,204)	48,922	9,966
WMC	10-/+	91,649	115,447	81,081	145,508
Public Liability	10-/+	13,222	9,719	2,287	7,488
Health Insurance	10-/+	288,440	350,359	265,811	265,811
Marine	10-/+	(1,566)	(2,205)	4,082	3,479
Total		**2,351,888**	**2.437.796**	**1,739,860**	**1,885,250**

34. Capital risk management

The group's objectives in managing its capital are as follows:

• Compliance with the capital requirements of insurance companies as stated in Insurance Law No. 20 of 2005 and the instructions and decisions issued by the Palestinian Capital Market Authority / General Administration of Insurance regarding maintaining the minimum required capital at any time during the year. The Group performs the necessary tests within its policies and procedures to ensure continued compliance with these provisions and requirements.

• Ensuring the Group's ability to continue and thus its ability to provide shareholders with profitable returns.

• Provide the appropriate return for shareholders and issue insurance contracts commensurate with the level of risks related to those contracts.

35. Financial Instruments

The reinsurance contracts issued do not relieve the group of its obligations towards the insurance policy holders, and as a result, the group remains committed to the balance of reinsured claims in the event that the reinsurers are unable to fulfill their obligations under the reinsurance contracts.

The Group is exposed to a margin of financial risk through its financial assets and liabilities, reinsurance contract assets and insurance contract liabilities. The main risk that the Group is exposed to is that the long-term investment receipts may not be sufficient to fund the obligations arising from both insurance contracts and investments. The most important elements of this financial risk are interest rate risk, equity risk, foreign exchange rate risk, market price risk, liquidity risk and credit risk.

35. Financial Instruments (continued)

Classification of financial instruments

December 31, 2021	**Financial assets**	**Reinsurance Contract Assets (IFRS 4)**	**Non-financial assets**	**Total**
Assets	**USD**	**USD**	**USD**	**USD**
Property and Equipment	-	-	5,562,255	5,562,255
Right of Use Assets	-	-	136,513	136,513
Investment Property	-	-	12,188,917	12,188,917
Financial Investments through Other Comprehensive Income	4,736,246	-	-	4,736,246
Deferred Tax Assets	-	-	1,069,966	1,069,966
Accounts Receivable, Net	14,768,508	-	-	14,768,508
Insurance and Reinsurance Companies Receivables	295,637	-	-	295,637
Reinsurance Contract Asset	-	5,796,038	-	5,796,038
Financial Investments through Profit and Loss	2,464,797	-	-	2,464,797
Property Inventory	-	-	2,595,601	2,595,601
Other Debit Balances	199,710	-	-	199,710
Cheques Under Collection	21,613,172	-	-	21,613,172
Deposits at Banks	3,210,259	-	-	3,210,259
Cash and Cash Equivalent	3,729,661	-	-	3,729,661
	51,017,990	**5,796,038**	**21,553,252**	**78,367,280**

	Financial liabilities	**Insurance contract liabilities (IFRS 4)**	**Total**
Liabilities	**USD**	**USD**	**USD**
Provision for Employees End of Service Benefits	1,809,510	-	1,809,510
Accounts Payable	7,616,603	-	7,616,603
Insurance And Reinsurance Companies Payable	1,605,746	-	1,605,746
Other Credit Balances	1,861,888	-	1,861,888
Lease Liability	141,722	-	141,722
Other Provisions	2,429,416	-	2,429,416
Insurance Contract Liability	-	40,466,772	40,466,772
Postdated Cheques Payables	1,533,018	-	1,533,018
Bank Loans	3,281,854	-	3,281,854
	20,279,757	**40,466,772**	**60,746,529**

December 31, 2020	**Financial assets**	**Reinsurance Contract Assets (IFRS 4)**	**Non-financial assets**	**Total**
Assets	**USD**	**USD**	**USD**	**USD**
Property and Equipment	-	-	5,273,203	5,273,203
Right of Use Assets	-	-	188,498	188,498
Investment Property	-	-	14,169,370	14,169,370
Financial Investments through Other Comprehensive Income	3,164,384	-	-	3,164,384
Deferred Tax Assets	-	-	-	-
Accounts Receivable, Net	14,001,039	-	-	14,001,039
Insurance and Reinsurance Companies Receivables	398,038	-	-	398,038
Reinsurance Contract Asset	-	4,549,579	-	4,549,579
Financial Investments through Profit and Loss	954,021	-	-	954,021
Property Inventory	-	-	1,367,980	1,367,980
Other Debit Balances	179,913	-	-	179,913
Deferred Tax Assets	-	-	910,379	910,379
Cheques Under Collection	14,700,752	-	-	14,700,752
Deposits at Banks	3,044,549	-	-	3,044,549
Cash and Cash Equivalent	4,767,086	-	-	4,767,086
	41,209,782	**4,549,579**	**21,909,430**	**67,668,791**

	Financial liabilities	**Insurance contract liabilities (IFRS 4)**	**Total**
Liabilities	**USD**	**USD**	**USD**
Provision for Employees End of Service Benefits	1,352,511	-	1,352,511
Accounts Payable	6,627,178	-	6,627,178
Insurance And Reinsurance Companies Payable	1,203,988	-	1,203,988
Other Credit Balances	1,764,734	-	1,764,734
Lease Liability	193,530	-	193,530
Other Provisions	2,673,726	-	2,673,726
Insurance Contract Liability	-	34,362,829	34,362,829
Postdated Cheques Payables	1,112,135	-	1,112,135
Bank Loans	2,776,791	-	2,776,791
	17,704,593	**34,362,829**	**52,067,422**

The carrying value of the financial assets and financial liabilities included in the consolidated financial statements approximates their fair value.

35. Financial Instruments (continued)

Fair Value Measurements

The fair value of financial assets and liabilities is determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined based on market trading prices at the close of business on the date of the consolidated statement of financial position.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instrument.

Fair value of the financial assets that are measured at fair value on a recurring basis:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements that are derived from inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from "valuation techniques" that include inputs for the assets or liabilities that are not based on observable market data (unobserved inputs).

Some of the Group's financial assets are measured at fair value as at the consolidated statement of financial position date. The following table provides information on how the fair values of these financial assets are determined:

	Fair value as of					
	December 31,2021 USD	**December 31,2020 USD**	**Fair value level**	**Valuation method and inputs used**	**Intangibles inputs**	**Relationship between intangible inputs and fair value**
Financial investment through OCI						
Investment in listed companies	4,645,853	3,073,991	Level 1	Quoted market price in active market	Not Applicable	Not applicable
Investment in unlisted companies	90,393	90,393	Level 3	Internal valuation models based on net asset value, net asset value	Net assets amount	The higher the assets value of the investee company the higher fair value
Financial investment through P&L						
Investment in listed companies	2,464,797	954,021	Level 1	Quoted market price in active market	Not Applicable	Not applicable
Total	**7,201,043**	**4,118,405**				

There were no transfers between levels during the period. There are no financial liabilities that need to be measured at fair value. There have been no changes to level 3 fair value.

35. Financial Instruments (continued)

Market risk

This risk represents the possibility of change in the value of financial instruments as a result of fluctuations in market prices, or changes in foreign exchange rates or interest rates. The Group is exposed to market risk as a result of its investment in financial instruments.

Market price risk management

These risks represent the possibility of change in the value of financial instruments as a result of fluctuations in market prices, which are due to reasons related to a particular financial instrument, its issuer, or the stock market in general. The Group is exposed to market risks as a result of its investment in listed financial instruments. The Group works to reduce these risks by diversifying investments and following market developments. In addition, the management actively follows up on the main elements that affect stocks and market movement, including analysis of the financial and operational performance of the investees.

Foreign exchange risk management

There is no material risk to the group related to the change in currency exchange rates, as most of the company's revenues, expenses and allocations and a large part of its assets are in the shekel currency, which represents the company's base currency.

Management believes that the possibility of material losses arising from fluctuations in currency exchange rates is minimal.

Interest rate risk management

Interest rate risk arises from the possibility of changes in interest rates affecting the Group's financing income and cost. The Group is exposed to interest rate risk on financial investments in bonds, term deposits and bank borrowings, each of which is subject to fixed and floating interest.

The Group generally attempts to mitigate interest rate risk by closely monitoring market interest rates and investing in those financial assets whose risks are expected to be minimal.

Credit risk

Credit risk is the inability of the group's other debtors to pay their contractual obligations, which results in a financial loss for the group. The Group is specifically exposed to credit risk as follows:

- Reinsurers' share of insurance obligations.
- Amounts due from reinsurers for claims paid by the Group.
- Amounts due from policyholders.
- Amounts due from agents.

The Group adopts a policy based on concluding contractual agreements with high net worth parties in order to mitigate the loss that may result from the inability to pay these obligations.

The group's financial assets, which may expose the group to credit concentration risk, mainly consist of cash and deposits with banks, real estate investments, trading financial assets and insurance receivables.

35. Financial Instruments (continued)

Credit risk (continued)

- The Group's accounts with banks are deposited with financial institutions with high credit ratings.
- Investments in trading securities are shown at the market value, and the difference between the book value and the market value is shown in the calculation of the valuation profits of trading financial investments in the consolidated income statement.
- Accounts receivable are stated net of provision for expected credit losses.
- Accounts receivable consists of a large number of customers and agents distributed over various sectors and geographical regions, and the credit portfolio is evaluated periodically based on the financial position of insurance receivables.
- There is no significant concentration of credit risk in the group within or outside the insurance sector in which the group operates.
- The group exercises all its insurance activities inside the Palestinian territories.

Liquidity risk

The ultimate responsibility for the management of liquidity risk rests with the Board of Directors which has established an appropriate framework for liquidity risk management, in order to manage matters relating to the short, medium and long term funding of the Group, as well as the requirements of liquidity management. The Group manages liquidity risk by maintaining adequate reserves through continuous monitoring of projected and actual cash flows and comparing the maturity profiles of financial assets and liabilities. The contractual maturity of financial instruments is determined based on the remaining period to the maturity of the financial instrument from the date of the consolidated financial statements. The group's management monitors the maturity of financial instruments in order to ensure that the necessary liquidity is available in the group. The maturity of the financial assets and financial liabilities as at the date of the consolidated financial statements is as follows, based on contractual payment arrangements.

As of December 31, 2021

	Subject to liquidity risk Within one year USD	More than one year USD	Without due date USD	Total USD
Financial Investments through Other Comprehensive Income	-	-	4,736,246	4,736,246
Accounts Receivable, Net	14,768,508	-	-	14,768,508
Insurance and Reinsurance Companies Receivables	295,637	-	-	295,637
Financial Investments through Profit and Loss	-	-	2,464,797	2,464,797
Other Debit Balances	199,710	-	-	199,710
Cheques Under Collection	17,087,751	4,525,421	-	21,613,172
Deposits at Banks	2,960,259	250,000	-	3,210,259
Cash and Cash Equivalent	3,729,661	-	-	3,729,661
Total financial assets	**39,041,526**	**4,775,421**	**7,201,043**	**51,017,990**
Provision for Employees End of Service Benefits	-	-	1,809,510	1,809,510
Accounts Payable	7,616,603	-	-	7,616,603
Insurance And Reinsurance Companies Payable	1,605,746	-	-	1,605,746
Other Credit Balances	1,861,888	-	-	1,861,888
Other Provisions	2,429,416	-	-	2,429,416
Insurance Contract Liability	40,466,772	-	-	40,466,772
Postdated Cheques Payables	1,533,018	-	-	1,533,018
Bank Loans	3,281,854	-	-	3,281,854
Lease Liability	141,722	-	-	141,722
Total financial liabilities	**58,937,019**	**-**	**1,809,510**	**60,746,529**

35. Financial Instruments (continued)

Liquidity risk (continued)

As of December 31, 2020

	Subject to liquidity risk Within one year USD	More than one year USD	Without due date USD	Total USD
Financial Investments through Other Comprehensive Income	-	-	3,164,384	3,164,384
Accounts Receivable, Net	14,001,039	-	-	14,001,039
Insurance and Reinsurance Companies Receivables	398,038	-	-	398,038
Financial Investments through Profit and Loss	-	-	954,021	954,021
Other Debit Balances	179,913	-	-	179,913
Cheques Under Collection	12,157,776	2,542,976	-	14,700,752
Deposits at Banks	2,794,549	250,000	-	3,044,549
Cash and Cash Equivalent	4,767,086	-	-	4,767,086
Total financial assets	**34,298,401**	**2,792,976**	**4,118,405**	**41,209,782**
Provision for Employees End of Service Benefits	-	-	1,352,511	1,352,511
Accounts Payable	6,627,178	-	-	6,627,178
Insurance And Reinsurance Companies Payable	1,203,988	-	-	1,203,988
Other Credit Balances	1,764,734	-	-	1,764,734
Other Provisions	2,673,726	-	-	2,673,726
Insurance Contract Liability	34,362,829	-	-	34,362,829
Postdated Cheques Payables	1,112,135	-	-	1,112,135
Bank Loans	2,776,791	-	-	2,776,791
Lease Liability	193,530	-	-	193,530
Total financial liabilities	**50,714,911**	**-**	**1,352,511**	**52,067,422**

Risks of changing investment prices

These risks represent the possibility of change in the value of financial instruments as a result of fluctuations in market prices, which are due to reasons related to a particular financial instrument, its issuer, or the stock market in general. The Group is exposed to market risks as a result of its investment in financial instruments. The Group works to reduce these risks by diversifying investments and following market developments. In addition, the management actively follows up on the main elements that affect stocks and market movement, including analysis of the financial and operational performance of the investees.

Sensitivity analysis

As on the date of the consolidated financial statements, if the investment price changes by 10%, up or down, as assumed below, with all other variables remaining constant, the effect on the group's profits and equity is increased or decreased by USD 720,104.

Assumptions and sensitivity testing methods:

- The sensitivity analysis has been prepared based on investment prices as at the date of the consolidated financial statements.
- As on the date of the consolidated financial statements, if the investment prices increased or decreased by 10% more than the market value uniformly for all investments, in light of the stability of all other variables, the impact of this on the group's profits or losses as well as on equity was explained above.
- 10% was used as a change in investment prices to give a realistic assessment, as that change is possible.

36. Contingent Liabilities

The balance of the contingent liabilities in the consolidated financial statements amounted to USD 288,890 as of December 31, 2021 and represent bank guarantees issued in the name of others (an amount of USD 160,701 as of December 31, 2020).

37. COVID 19 Impact on the Group

The global outbreak of novel coronavirus (COVID 19) during early 2020 is causing disruptions in normal lives and businesses in many ways. The spread of the virus in Palestine led to many closures in the markets and movement restrictions because of the preventive measures taken by the government to limit the spread.

The Group's management took into consideration the exceptional circumstances that could have material impact on the Group's operations and the risks of exposure to the Group. As a result, the management concluded that the main effects on the Group's revenue and liquidity could arise from the following:

- Ability to recover the receivables.
- Shortage of staff.
- Decrease in total insurance premiums due to non-renewal of insurance policies; and
- Decrease in the market value of investments held by the Group.

Stating the above, the management come to an end that there is no significant impact on the Group's revenues as at the date of the accompanying consolidated financial statements.

- **Liquidity management/Group continuity**

The management has taken practical measures to ensure the availability of sufficient liquidity for the Group to fulfill its obligations, It has also developed a plan to work remotely to ensure the continuity of services to its customers, The management monitors the impact of the virus outbreak periodically to make sure that there is no material impact at operations especially with regard to the issuance of documents and the processing of claims, in which the Group is responding appropriately in this regard.

- **Collection of debit insurance premiums**

The spread of the Corona virus led to a significant increase in credit risk because of the operational disruptions. The Group management has improved the collection and follow-up procedures with customers to ensure the best possible collection results. Based on the management's assessment, the Group has not identified a material impact on the recoverability of the receivable balances as of and for the period ended December 31, 2021.

- **Fair value measurement of financial instruments**

The spread of the Corona virus led to great turmoil and price volatility in global financial markets. The group monitors whether the fair values of financial assets represent the price that will be achieved for transactions in the market under the current circumstances, bearing in mind that most of the group's financial investments are investments in securities listed in the local market where there was no significant fluctuation in prices during the period.

Based on management's assessment, the Group has not determined a material impact on the fair values of the financial instruments for the period ended December 31, 2021 other than the change that was reflected in the interim consolidated financial information.

- **Fair value measurement of property investments**

Based on the management's assessment, there are no indications of a material decline in fair values of real estate in local market in light of the spread of the Corona virus, even with a decrease in buyout. Consequently, the Group's management did not determine any material impact on the fair value of investments in real estate for the period ending December 31, 2021.

The group will monitor the market to ensure that the prices used by the group accurately represent fair value.