

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION FOR  
THE PERIOD ENDED  
MARCH 31, 2021

FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION WITH REVIEW REPORT FOR  
THE INDEPENDENT AUDITOR  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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## Review Report for the independent auditor

AM/ 012534

To the Chairman and Members of the Board of Directors  
First Insurance Company  
(A Public Shareholding Limited Company)  
Amman – Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Insurance Company (A Public Shareholding Limited Company) as of March 31, 2021 and the related condensed consolidated interim statements of policyholders revenue and expenses, profit or loss and comprehensive income, changes in owners' equity, changes in policyholders' equity and cash flows for the three-months period ended then, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard No. (34) related to "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that the accompanying condensed consolidated interim financial information are not prepared, in all material respects in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Amman – The Hashemite Kingdom of Jordan  
April 28, 2021

  
Deloitte & Touche (M.E.) - Jordan  
**Deloitte & Touche (M.E.)**  
ديلويت آند توش (الشرق الأوسط)  
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**FIRST INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

<u>ASSETS</u>	<u>Note</u>	March 31, 2021 (Reviewed) JD	December 31, 2020 (Audited) JD
Investments:			
Deposits at banks - net	4	12,423,414	12,029,008
Financial assets at fair value through comprehensive income	24	1,315,904	1,284,248
Financial assets at amortized cost - net	5	6,365,047	6,367,385
Real-estate investments - net		6,704,619	6,717,485
Total Investments		<u>26,808,984</u>	<u>26,398,126</u>
Cash on hand and at banks	6	793,237	872,647
Checks under collection - net		2,606,684	3,019,683
Receivables - net	7	17,454,757	13,477,876
Reinsurance receivables - net	8	2,574,073	2,291,978
Deferred tax assets		910,716	820,274
Property and equipment - net		10,610,401	10,698,172
Intangible assets - net		900,392	933,802
Other assets		1,240,725	853,477
TOTAL ASSETS		<u>63,899,969</u>	<u>59,366,035</u>
<u>LIABILITIES AND POLICY HOLDERS' EQUITY</u> <u>AND OWNERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Unearned contributions reserve - net		9,144,156	8,671,680
Outstanding claims reserve - net		6,610,402	7,241,710
Mathematical reserve - net		130,407	126,413
Total Insurance Contracts Liabilities		<u>15,884,965</u>	<u>16,039,803</u>
Payables	10	2,849,675	2,044,461
Reinsurance payables	11	9,585,585	6,911,442
Accrued expenses		45,568	54,887
Various provisions		52,258	47,258
Income tax provision	9/A	586,014	510,865
Deferred tax liabilities		6,729.00	796
Other liabilities		1,356,802	654,361
TOTAL LIABILITIES		<u>30,367,596</u>	<u>26,263,873</u>
<u>POLICY HOLDERS' EQUITY:</u>			
Al-Qard al-hasan granted by owner's equity to cover policy holder's deficit	12	-	-
Reserve to cover deficit (contingency provision)	13	-	3,411
Accumulated deficit for policyholders' fund	14	-	-
Total Policyholders' Equity		<u>-</u>	<u>3,411</u>
<u>OWNERS' EQUITY:</u>			
Authorized and paid-up capital	15	28,000,000	28,000,000
Statutory reserve	16	3,494,290	3,494,290
Financial assets valuation reserve - net after tax		(1,890,430)	(1,917,805)
Retained earnings		3,522,266	3,522,266
Income for the period		406,247	-
Total Owners' Equity		<u>33,532,373</u>	<u>33,098,751</u>
Total Policyholders' and Owners' Equity		<u>33,532,373</u>	<u>33,102,162</u>
TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY		<u>63,899,969</u>	<u>59,366,035</u>

Chairman of the Board of Directors

Chief Executive Officer

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THE ACCOMPANYING REVIEW REPORT.



FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES

		For the Three-Months Ended March 31,	
	Note	2021 (Reviewed) JD	2020 (Reviewed) JD
<u>Takaful Insurance Revenue:</u>			
Gross written contributions		14,473,862	14,654,566
<u>Less:</u> Re-insurers' share		(9,038,961)	(8,194,290)
Net Written Contributions from Takaful Insurance Operations for Policyholders		5,434,901	6,460,276
Net change in unearned contributions reserve		(472,476)	(939,584)
Net change in mathematical reserve		(3,994)	(115,087)
Net Earned Contributions Revenue from Takaful Insurance operations for Policyholders		4,958,431	5,405,605
Commissions' revenue		1,253,820	1,003,268
Takaful policies issuance revenue		699,034	686,695
Policyholders' share of investment income		30,728	30,400
<u>Less:</u> Owners' equity share for managing the investment portfolio		(10,755)	(10,640)
Total Revenue from Takaful Insurance operations for Policyholders'		6,931,258	7,115,328
<u>Claims, Losses and Expenses from Takaful Insurance Operations:</u>			
Paid claims		9,419,280	7,460,196
<u>Less:</u> Recoveries		(503,665)	(441,269)
Re-insurers' share		(3,724,386)	(2,935,140)
Net Paid Claims from Takaful Insurance Operations		5,191,229	4,083,787
Net change in claims reserve		(631,308)	765,221
Owners' equity share for managing the operations of takaful insurance	17	2,344,073	2,145,969
Excess of loss contributions		60,375	57,010
Takaful policies acquisition costs		230,090	300,152
Other underwriting expenses		364,892	406,929
Net Claims Costs		7,559,351	7,759,068
<u>Less:</u> Policyholders' share of Takaful Insurance:			
Expected credit losses		50,000	100,000
Depreciation and amortization		18,767	18,976
Other expenses		40,710	66,394
Total Policyholders' share of Takaful Insurance		109,477	185,370
Policyholders' (deficit) before tax		(737,570)	(829,110)
<u>Add:</u> Income tax surplus for the period	9/B	193,710	215,924
Policyholders' (Deficit) from Takaful Insurance operations		(543,860)	(613,186)

Chairman of the Board of Directors

Chief Executive Officer

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

	Note	For the Three-Months	
		Ended March 31,	
		2021	2020
		(Reviewed)	(Reviewed)
		JD	JD
Owners' equity revenue from Al-Takaful Insurance :			
Owners' equity share from management takaful insurance operations	17	2,344,073	2,145,969
Owners' equity share of investments income		110,295	141,722
Owners' equity share of profits from financial assets and investments income		117,392	106,640
Owners' equity share for managing the investments portfolio		10,755	10,640
Other revenue		(9,581)	-
Total Owners' Equity Revenue from General and Takaful Insurance Operations		2,572,934	2,404,971
<u>Claims, losses and expenses from general insurance operations:</u>			
Paid claims		-	84,796
<u>Less: Recoveries</u>		(5,580)	-
Reinsurers' share		-	(68,089)
Net paid claims		(5,580)	16,707
Net change in outstanding claims reserve		-	(16,707)
Net Claims from General Insurance operations		(5,580)	-
Unallocated employees' expenses		870,509	886,284
Unallocated general and administrative expenses		327,163	292,326
Expense for Al Qard Al Hassan granted to policyholders'	12	540,449	467,910
Depreciation and amortization		119,687	63,081
Other Expenses		-	13,944
Total Claims, Losses and Expenses from General Insurance Operations		1,857,808	1,723,545
Income for the period before tax		720,706	681,426
<u>Less: Income tax expense for the period</u>	9/B	(314,459)	(281,721)
Income for the period		406,247	399,705
Earning per share for the period (Basic and Diluted)	18	0.015	0.014

Chairman of the Board of Directors

Chief Executive Officer

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FIRST INSURANCE COMPANY  
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AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the Three-Months	
	Ended March 31,	
	2021	2020
	(Reviewed)	(Reviewed)
	JD	JD
Income for the period	406,247	399,705
Comprehensive Income Statement Items:		
<u>Add</u> : Comprehensive income items after tax not to be reclassified		
to profit or loss in the subsequent periods		
Owners' equity share from the change in fair value of financial assets at		
fair value through comprehensive income	27,375	(251,686)
Total Comprehensive Income for the Period	<u>433,622</u>	<u>148,019</u>

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FIRST INSURANCE COMPANY  
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AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

	Financial Assets				Income for	Total Owners'
	Paid-up	Statutory	Valuation	Retained	the period	Equity
	Capital	Reserve	Reserve - Net	Earnings *		
	JD	JD	JD	JD	JD	JD
<u>For the Three months ended March 31, 2021</u>						
Balance at the beginning of the period (Audited)	28,000,000	3,494,290	(1,917,805)	3,522,266	-	33,098,751
Total comprehensive income for the period	-	-	27,375	-	406,247	433,622
Balance - End of the Period (Reviewed)	<u>28,000,000</u>	<u>3,494,290</u>	<u>(1,890,430)</u>	<u>3,522,266</u>	<u>406,247</u>	<u>33,532,373</u>
<u>For the Three months ended March 31, 2020</u>						
Balance at the beginning of the period (Audited)	28,000,000	3,276,493	(1,715,994)	3,387,709	-	32,948,208
Total comprehensive income for the period	-	-	(251,686)	-	399,705	148,019
Balance - End of the Period (Reviewed)	<u>28,000,000</u>	<u>3,276,493</u>	<u>(1,967,680)</u>	<u>3,387,709</u>	<u>399,705</u>	<u>33,096,227</u>

\* An amount from retained earnings equivalent to the negative financial assets valuation reserve balance is restricted in accordance with the related regulation as of March 31, 2021.

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FIRST INSURANCE COMPANY  
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AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY

	Reserve to cover deficit (Contingency provision)		Accumulated Deficit		Qard Hussan granted by Owners' equity to Cover the Policyholders' Deficit		Net Policyholders' Equity	
	JD	JD	Realized	Unrealized	JD	JD	JD	JD
<u>For the Three months ended March 31, 2021</u>								
Balance at the beginning of the period (audited)	3,411	-	-	-	-	-	3,411	-
Policyholders' (deficit) from Takaful Insurance operations	-	(543,860)	-	-	-	-	(543,860)	-
Transfers to policyholders' deficit	-	540,449	-	-	(540,449)	-	-	-
Transfers from reserve to cover deficit (contingency provision)	(3,411)	3,411	-	-	-	-	-	-
Al Qard Al Hassan granted by owners' equity	-	-	-	-	540,449	-	540,449	-
Balance at the end of the period (reviewed)	-	-	-	-	-	-	-	-
<u>For the Three months ended March 31, 2020</u>								
Balance at the beginning of the period (audited)	145,276	-	-	-	-	-	145,276	-
Policyholders' (deficit) from Takaful Insurance operations	-	(613,186)	-	-	-	-	(613,186)	-
Transfers to policyholders' deficit	(145,276)	-	-	-	(467,910)	-	(613,186)	-
Transfers from reserve to cover deficit (contingency provision)	-	145,276	-	-	-	-	145,276	-
Al Qard Al Hassan granted by owners' equity	-	467,910	-	-	467,910	-	935,820	-
Balance at the end of the period (reviewed)	-	-	-	-	-	-	-	-

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FIRST INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021

	Note	For the Three Months Ended March 31,	
		2021 (Reviewed) JD	2020 (Reviewed) JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
(Loss) for the period before tax		(16,864)	(147,684)
Adjustments:			
Depreciation and amortization		138,454	82,057
Expected credit losses	7	50,000	100,000
Net change in unearned contributions reserve		472,476	939,584
Net change in outstanding claims reserve		(631,308)	748,514
Net change in mathematical reserve		3,994	115,087
Returns from Sukouk		(66,961)	(77,693)
Expense for Al-Qard Al-Hassan granted to policyholders'	12	540,449	467,910
Net Cash Flows from Operating Activities before Changes in Working Capital		490,240	2,227,775
Decrease (increase) in checks under collection		412,999	(31,245)
(Increase) in receivables		(4,026,881)	(5,179,827)
(Increase) in re-insurers' receivables		(282,095)	(295,676)
(Increase) in other assets		(392,828)	(176,152)
Increase (decrease) in accounts payable		805,214	(683,250)
(Decrease) in accrued expenses		(9,319)	(1,943)
Increase in re-insurance payables		2,674,143	2,019,059
Increase in other liabilities		824,797	257,044
Increase (decrease) in various provisions		5,000	(4,115)
Net Cash Flows from (used in) Operating Activities before income tax paid		501,270	(1,868,330)
Income tax paid	9/A	(134,392)	(90,998)
Net Cash Flows from (used in) Operating Activities		366,878	(1,959,328)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in deposits at banks		(342,697)	(4,324,889)
Change in property and equipment and projects under construction and intangible assets		(121,181)	(48,451)
(Paid) for projects under construction		-	(307,697)
Proceeds from Sukouk returns		66,961	77,693
Sukuk Amortization		2,338	-
Maturity of Sukok		-	143,671
Net Cash Flows (used in) Investing Activities		(394,579)	(4,459,673)
Net (Decrease) in Cash and Cash Equivalent		(27,701)	(6,419,001)
Cash and cash equivalent at the beginning of the period		2,353,036	10,145,079
Cash and Cash Equivalent at the end of the period	19	2,325,335	3,726,078

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**FIRST INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN – THE HASHEMITE KINGDOM OF JORDAN**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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**1. Establishment and Activities**

First Insurance Company was established on 28 December 2006 and registered as a public shareholding limited company under license No. (424) with an authorized paid-up capital of JD 24 million of a par value of JD 1 per share.

On April 2, 2015, First Insurance Company acquired a percentage of 76.25% of The Yarmouk Insurance Public Shareholding Limited Company's capital, on November 2, 2015 a final approval took place on the merger between the Yarmouk Insurance Company and the First Insurance Company and the result of the merger will be the First Insurance Company with an authorized and paid up capital of JD 28 million at 1 JD per share.

**2. Basis of Preparation**

- The condensed consolidated interim financial information for the Company and its subsidiaries have been prepared for the three months ended March 31, 2021 in accordance with International Accounting Standard number (34) related to "Interim Financial Reporting".
- The condensed consolidated interim financial information are stated in Jordanian Dinar which represents the functional currency for the Company and its subsidiaries.
- The condensed consolidated interim financial information doesn't include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report for the year ended December 31, 2020. Moreover, the results of operations for the three months period ended March 31, 2021 do not necessarily provide an indication of the results of operations for the year ending December 31, 2021. No appropriation occurred on the profit of the period ended March 31, 2021 which is performed at the end of the financial year.

**Significant Accounting Policies**

The accounting policies used in the preparation of the condensed consolidated interim financial statements ended on March 31, 2021 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2020. However, the Company has adopted the following amendments and interpretations that apply for the first time in 2021 and have not affected the amounts and disclosures in the condensed consolidated interim financial statements for the period and prior years, which will not have an impact on the accounting treatment of future transactions and arrangements:

**Interest Rate Benchmark Reform - Phase 2 amendments**

Effective from January 1, 2021, the Group has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an Company to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

**3. Judgments, estimates and risk management**

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual consolidated financial statements for the year ended December 31, 2020.

#### 4. Deposits at Banks - Net

[illegible]

- Return rates on the deposits at banks in Jordanian Dinar ranges from 2.5 % to 4%, while the return on the deposits balances outside Jordan in US Dollar from 3.75% to 4% as of March 31, 2021.
- Balances at banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of Jordan and central banks of each respective country the Company has accounts in. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. Considering the historical default experience and the current credit ratings of the bank, the management of the Company have assessed that there is an impairment, and hence have recorded a loss allowances on these balances.



## 5. Financial assets at amortized cost - Net

This item consists of the following:

	March 31, 2021 (Reviewed)			December 31, 2020 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Sukuk	991,359	5,380,042	6,371,401	991,359	5,382,380	6,373,739
(Less): Expected credit losses provision	(790)	(5,564)	(6,354)	(790)	(5,564)	(6,354)
	<u>990,569</u>	<u>5,347,478</u>	<u>6,365,047</u>	<u>990,569</u>	<u>5,376,816</u>	<u>6,367,385</u>

- The Sukuk above have fixed return ranges between 3.62 % to 5.99 % annually.

## 6. Cash on Hand and at Banks

This item consists of the following:

	March 31, 2021 (Reviewed)			December 31, 2020 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Cash on hand	83,228	1,574	84,802	125,290	1,650	126,940
Current accounts at banks	544,840	163,595	708,435	581,705	164,002	745,707
	<u>628,068</u>	<u>165,169</u>	<u>793,237</u>	<u>706,995</u>	<u>165,652</u>	<u>872,647</u>

## 7. Receivables - Net

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Policyholders' receivable	18,759,721	14,870,754
Brokers' receivable	21,876	18,969
Employees' receivable	143,203	101,228
Owners' Equity receivable	68,808	18,008
Other	76,150	69,918
Total	<u>19,105,758</u>	<u>15,078,877</u>
(Less): Expected credit losses provision*	<u>(1,651,001)</u>	<u>(1,601,001)</u>
	<u>17,454,757</u>	<u>13,477,876</u>

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

	For the Three Months Ended March 31, 2021 (Reviewed)	For the Year Ended December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period / year	1,601,001	1,151,001
Additions during the period / year	50,000	450,000
Balance at the end of the period / year	<u>1,651,001</u>	<u>1,601,001</u>

- The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 8. Reinsurance Receivables - Net

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Local insurance companies	1,553,016	1,734,596
Foreign reinsurance companies	1,191,057	727,382
Total reinsurance receivables	2,744,073	2,461,978
(Less): Expected credit losses provision	(170,000)	(170,000)
	<u>2,574,073</u>	<u>2,291,978</u>

- The Company always measures the loss allowance for reinsurance receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on reinsurance receivables are estimated using a provision matrix by reference to past default experience with the reinsurers and an analysis of the debtor's current financial position, adjusted for factors that are specific to the reinsurers, general economic conditions of the industry in which the reinsurer operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 9. Income Tax

### a. Income tax provision

Movement on the income tax provision is as follows:

	March 31, 2021 (Reviewed)			December 31, 2020 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the period / year	156,208	354,657	510,865	41,498	367,683	409,181
Accrued Income tax for the period / year profit	(104,918)	314,459	209,541	118,568	488,906	607,474
Income tax paid	(136)	(134,256)	(134,392)	(3,858)	(501,932)	(505,790)
Balance at end of the period / year	<u>51,154</u>	<u>534,860</u>	<u>586,014</u>	<u>156,208</u>	<u>354,657</u>	<u>510,865</u>

- b. Income tax presented in the condensed consolidated interim statement of policyholders' revenue and expenses and the condensed consolidated interim statement of profit or loss is as follows:

	For the Three Months Ended in March 31			
	2021 (Reviewed)		2020 (Reviewed)	
	Policyholders'	Owners' Equity	Policyholders'	Owners' Equity
	JD	JD	JD	JD
Accrued income tax on the period's profits	(98,304)	314,459	(166,088)	281,721
Impact of deferred taxes	(88,792)	-	(49,836)	-
(Surplus) Income tax expense	<u>(187,096)</u>	<u>314,459</u>	<u>(215,924)</u>	<u>281,721</u>

- The Company has a final settlement with Income and Sales Tax Department until the end of year 2018, and the Company's self-assessment statement for 2019 was accepted by the Income and Sales Tax Department within the sampling system.
- In the opinion of the management and the tax consultant, the Income tax provision is sufficient as of March 31, 2021.



- The income tax provision for the period ended March 31, 2021 and 2020 were calculated for the parent Company in accordance with the Income Tax Law at a rate of 26% for balances inside the Kingdom while a rate of 10% for the balances outside the kingdom, and this is in according to the amended Income Tax Law (38/2018).
- The provision for income tax was calculated for the period ended March 31, 2021 and 2020 for subsidiaries in accordance with Income Tax Law (38/2018) with a percentage of 21%.

#### 10. Payables

This item consists of the following:

	March 31, 2021 (Reviewed)			December 31, 2020 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Agents' Payable	149,570	-	149,570	180,009
Brokers' Payable	207,361	-	207,361	196,964
Employees' Payable	-	74,870	74,870	76,243
Suppliers Payable	916,743	-	916,743	475,510
Other*	1,363,316	137,815	1,501,131	1,115,735
Total	2,636,990	212,685	2,849,675	2,044,461

- \* This item includes payables to customers, loss adjuster, lawyers, consultants and medical service provider's.

#### 11. Reinsurance Payables

This item consists of the following:

	March 31, 2021 (Reviewed)			December 31, 2020 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Local insurance companies	528,782	8,533	537,315	346,695
Foreign reinsurance companies	9,014,735	33,535	9,048,270	6,564,747
	9,543,517	42,068	9,585,585	6,911,442

#### 12. Al Qard Al Hassan Granted by the Owners to Cover the Policyholders' Fund Deficit

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period / year	-	-
Policyholders' (deficit) during the period / year	(543,860)	-
Al Qard Al Hassan granted by owners to cover the deficit for the period	540,449	-
Transferred from fund reserve deficit (contingency provision)	3,411	-
Balance at the end of the period / year	-	-

#### 13. Reserve to Cover Policyholders' Fund Deficit (Contingency Provision)

- This account represents what has been transferred from the policyholders' fund surplus during this period and previous periods.

- Below is a summary movement of the reserve to cover deficit (contingency provision):

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period / year	3,411	145,276
Transfers from reserve to cover the policyholders' fund deficit	(3,411)	(141,865)
Balance at the end of the period / year	-	3,411

#### 14. Policyholders Accumulated Fund Deficit

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of the period / year	-	-
Policyholders' (deficit) during the period / year	(543,860)	(141,865)
Transfers from reserve to cover fund deficit (contingency provision)	3,411	141,865
Transferred from Al Qard Al Hasan to cover the fund deficit for the period/ year	540,449	-
Balance at the end of the period / year	-	-

#### 15. Capital

The paid-up capital is 28 million JD as of March 31, 2021 and December 31, 2020 divided into 28 million shares, par value of each share is 1 JD.

#### 16. Statutory Reserve

The amounts collected in this account represent the transferred annualized profit before tax of 10% during the year and prior years in accordance with the Companies Law and is not distributable to shareholders.

#### 17. Owner's Equity Share for Takaful Operations Management

- The contractual relationship between owners' equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff which were appointed for this mission.
- Wakala fees for first quarter of the year 2021 were determined at 17% for Motors department (2020: 17%) and 19% for Medical department deducting the administrative fees (2020: 19%) and 25% for marine department (2020: 25%) and 7% for aviation department (2020: 7%) and 20% for fire department and other damages (2020: 20%) and 25% for the liability and other departments (2020: 25%) and 15.5% for Takaful insurance department - life (2020: 15.5%) and decreasing it to a rate of 10% for policies issued from the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for 100% reinsured policies, 10% of the premium were deducted while it should not exceed 90% from the reinsurances commission. As for investing policyholders' surplus, the contractual relation between the shareholders and policyholders is based on the Islamic trading (Modaraba) against a percentage of 35% from the investments gain in 2021.
- The determined compensation for the investment management is based on the Islamic principles (Modaraba & Wakala) based on budgets prepared by the Company and on a fair basis to the policyholders. The Company has a strict separation between the assets and liabilities of the policyholders and shareholders and hence the investment returns of the assets of the policyholders are determined accurately.



#### 18. Earnings per Share for the Period

Earnings per share is calculated by dividing the net earnings for the period over the weighted average common stock and it is calculated as follows:

	For the Three Months Ended March 31,	
	2021 (Reviewed) JD	2020 (Reviewed) JD
Net shareholders' profit for the period	406,247	399,705
	Share	Share
	28,000,000	28,000,000
	JD / Share	JD / Share
	- /015	- /014

#### 19. Cash and Cash Equivalents

Cash and cash equivalents in the condensed consolidated statement of cash flow consist of the amount shown in the condensed consolidated interim statement of financial position, which are details as follows:

	For the Three Months Ended March 31,	
	2021 (Reviewed) JD	2020 (Reviewed) JD
Cash on hand and at banks	793,237	828,580
Add: Bank deposits maturing within three months - net	1,532,098	2,897,498
Cash and cash equivalents at the end of the period	2,325,335	3,726,078

#### 20. Main Segments Analysis

##### a. Information on the Company's Operating Segments

The Company was organized to include the general takaful sector (general insurance), in accordance with the reports used by the Executive Manager and the primary decision maker which includes (motor, marine, fire, general accidents, medical insurance). This sector is the base used by the company to disclose information related to key sectors, the above-mentioned sector also includes the company's investments and cash above management. Transactions between business sectors are based on estimated market prices with the same terms used with other.

##### b. Geographical Distribution information

This note represents the geographical distribution of the Company operations. The Company mainly conducts its operations in the kingdom, representing local and regional operations

The following is the distribution of the Company's revenue and capital expenditures according to geographical sector:

	For the three Month Ended March 31, (Reviewed)					
	Inside Jordan		Outside Jordan		Total	
	2021 JD	2020 JD	2021 JD	2020 JD	2021 JD	2020 JD
Total revenue	5,677,438	6,112,060	1,253,820	1,003,268	6,931,258	7,115,328
Capital expenditures	121,181	356,148	-	-	121,181	356,148

## 21. Related Party Balances and transactions

Related parties, as defined in International Accounting Standard number (24) "Related Party Disclosures"; include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Below is a summary of related parties' activities and balances due to related party transactions:

	Related Party			Total	
	Major Owners' Equity and Board of Directors	Top Management	Sister Company	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD	JD	JD	JD
<u>Condensed Consolidated Interim Statement of Financial Position Items</u>					
Accounts receivable	76,150	59,690	-	135,840	62,017
Accounts payable	1,111	-	-	1,111	-
Deposit at banks outside Jordan	-	-	2,958,381	2,958,381	2,921,825
				For the Three Months Ended March 31	
				2021 (Reviewed)	2020 (Reviewed)
				JD	JD
<u>Condensed Consolidated Interim Statement of Comprehensive Income Items</u>					
Investments revenue	-	-	30,342	30,342	59,117
Takaful Insurance contribution	-	1,325	-	1,325	1,523

Below is a summary of the executive management salaries, bonuses benefits:

	March 31,	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Salaries and bonuses	287,923	337,633
Total	287,923	337,633

## 22. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts are amounted to JD 1,286,391 as of March 31, 2021 (JD 1,446,189 as of December 31, 2020). In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

## 23. Approval of Interim Condensed Financial Information

These interim condensed financial information were approved by the Board of Directors and authorized for issue on April 28, 2021.



## 24. Fair Value Hierarchy

### a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

The fair value is the price that is 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 assessing the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants take those characteristics into account when pricing the asset or liability at the measurement date.

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period. The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

Financial assets / liabilities	Fair Value		Fair Value Level	Evaluation Method and Used Entries	Significant Intangible Entries	Relation between Significant Intangible Entries and Fair Value
	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income						
Shares with quoted prices	1,178,806	1,147,150	First Level	Prices stated in financial markets Based on the latest available financial information	Not Applicable	Not Applicable
Shares with un-quoted prices	137,098	137,098	Third Level		Not Applicable	Not Applicable
Total	<u>1,315,904</u>	<u>1,284,248</u>				

There were no transfers between first level and second level during the three months of March 31, 2020 and the year ended December 31, 2020.

### b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value

Except for what is stated in the schedule below, we believe that the carrying amount of the financial assets and financial liabilities stated in the Company's condensed consolidated interim financial information approximates their fair value. Moreover, the Company's management believes that the book value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the period.

	March 31, 2021		December 31, 2020		Fair Value Layer
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets not evaluated at fair value					
Deposits at banks	12,423,414	12,547,542	12,029,008	12,494,819	Third Level
Investments Property	6,704,619	6,741,928	6,717,485	7,296,750	Third Level
Financial assets at amortized cost	6,365,047	6,785,358	6,367,385	6,573,608	Third Level
Total	<u>25,493,080</u>	<u>26,074,828</u>	<u>25,113,878</u>	<u>26,365,177</u>	

For the items shown above the fair value of assets and liabilities for the first and second level were determined according to agree upon pricing models that reflects credit risks related to the parties that are being dealt with.