

ARAB ORIENT INSURANCE

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2021

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF ARAB ORIENT INSURANCE COMPANY
AMMAN – JORDAN**

Introduction

We have reviewed the interim condensed consolidated financial statements of **ARAB ORIENT INSURANCE COMPANY** a public shareholding company as at 30 September 2021, comprising of interim consolidated statement of financial position as at 30 September 2021 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman – Jordan
27 October 2021



ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Notes	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>Assets</u>			
Bank deposits	4	58,927,974	54,556,910
Financial assets at fair value through profit or loss	5	5,937	568
Financial assets at fair value through other comprehensive income	6	5,118,886	3,643,183
Financial assets at amortized cost	7	11,892,886	11,882,009
Investment property		170,464	170,464
Life policyholder's loans		22,703	-
Total Investments		76,138,850	70,253,134
Cash and cash equivalents		988,400	907,327
Checks under collection		6,901,606	5,614,430
Accounts receivable	8	27,313,222	28,379,650
Reinsurance receivables	9	2,217,285	1,173,604
Deferred tax assets	10/B	3,372,116	3,634,254
Property and equipment		6,590,490	4,647,145
Intangible assets	3	5,742,584	391,089
Right of use assets		199,137	343,547
Other assets		2,298,031	2,357,580
		131,761,721	117,701,760
Discontinued operations' assets	17	743,023	-
Total Assets		132,504,744	117,701,760
<u>Liabilities and Equity</u>			
<u>Liabilities –</u>			
Insurance contract liabilities:			
Unearned premium reserve		21,640,604	15,720,407
Premium deficiency reserve		884,000	884,000
Outstanding claims reserve		28,801,046	24,909,812
Mathematical reserve		411,619	-
Total Insurance contract liabilities		51,737,269	41,514,219
Accounts payable	11	8,573,137	6,303,108
Accrued expenses		463,485	1,217,816
Reinsurance payables	12	20,876,542	24,100,193
Lease contracts obligations		165,739	307,634
Other provisions		3,085,973	1,604,843
Income tax provision	10/A	1,863,303	2,483,944
Other liabilities		1,322,041	576,350
		88,087,489	78,108,107
Liabilities related to discontinued operations' assets	17	381,750	-
Total Liabilities		88,469,239	78,108,107
<u>Equity -</u>			
Authorized and paid-in capital	13	21,438,252	21,438,252
Statutory reserve		5,825,651	5,825,651
Fair value reserve		(1,498,932)	(2,292,597)
Retained earnings		14,733,935	8,622,347
		40,498,906	33,593,653
Non-controlling interest		536,599	-
Net Equity		41,035,505	33,593,653
Subordinated loan	14	3,000,000	6,000,000
		44,035,505	39,593,653
Total Liabilities and Equity		132,504,744	117,701,760

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
		JD	JD	JD	JD
Continuing operations -					
Revenues –					
Gross written premium		16,311,830	15,766,197	70,323,184	63,074,326
Less: reinsurance share		8,010,979	7,587,630	33,468,746	32,517,750
Net written premium		8,300,851	8,178,567	36,854,438	30,556,576
Net change in unearned premium reserve		3,664,756	1,675,771	(1,947,767)	(650,234)
Net earned premium		11,965,607	9,854,338	34,906,671	29,906,342
Commissions received		4,322,473	1,466,532	10,109,665	6,588,559
Insurance policies issuance fees		750,044	747,653	2,919,186	2,820,706
Interest income		236,228	390,662	1,659,160	1,971,635
Gain from financial assets and investments		553,709	512,558	660,784	649,376
Total revenues		17,828,061	12,971,743	50,255,466	41,936,618
Claims, losses, and expenses					
Paid claims		16,667,405	16,763,753	48,068,994	42,882,223
Maturity and surrender of insurance policies		(23,680)	-	118,751	-
Less: Recoveries		852,070	859,562	2,561,740	2,039,970
Less: Reinsurance share		7,024,182	8,842,905	19,870,396	22,251,226
Net paid claims		8,767,473	7,061,286	25,755,609	18,591,027
Net change in outstanding claims reserve		1,924,420	721,831	569,700	2,940,139
Allocated employees' expenses		2,223,233	1,555,821	6,606,890	5,116,122
Allocated general and administrative expenses		820,631	788,593	2,736,419	2,121,938
Excess of loss premium		404,192	261,473	833,766	625,820
Policies acquisition costs		357,084	406,631	1,603,688	1,467,641
Other expenses		102,067	40,859	324,696	153,714
Net claims costs		14,599,100	10,836,494	38,430,768	31,016,401
Unallocated employees' expenses		443,933	388,955	1,539,843	1,279,030
Unallocated general and administrative expenses		202,197	197,146	672,519	530,482
Depreciation and amortization		165,468	164,653	487,655	497,255
(Recovery) provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		(64,406)	-	(72,650)	950,000
Provision for expected credit losses on checks under collection		153,144	50,000	153,144	88,073
(Gain) loss from sale of property and equipment		455	(49)	(74,660)	8,532
Provision for contingent liabilities		-	-	670,000	-
Total expenses		900,791	800,705	3,375,851	3,353,372
Profit for the period from continuing operations before income tax		2,328,170	1,334,544	8,448,847	7,566,845
Income tax expense	10/A	(1,333,662)	(378,934)	(3,506,640)	(2,592,630)
Profit for the period from continuing operations		994,508	955,610	4,942,207	4,974,215
Discontinued operations -					
Profit for the period after tax from discontinued operations	17	(19,999)	-	45,856	-
Profit for the period		974,509	955,610	4,988,063	4,974,215
Attributable to:					
Company shareholders		1,535,363	955,610	6,127,166	4,974,215
Non-controlling interests		(560,854)	-	(1,139,103)	-
		974,509	955,610	4,988,063	4,974,215
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit attributable to the Company's shareholders	15	0/072	0/045	0/286	0/232

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit for the period	974,509	955,610	4,988,063	4,974,215
Add: Other comprehensive income not to be reclassified to profit and loss in subsequent periods				
Change in fair value of financial assets through other comprehensive income	174,242	269,010	792,966	11,049
Total comprehensive income for the period	<u>1,148,751</u>	<u>1,224,620</u>	<u>5,781,029</u>	<u>4,985,264</u>
Total comprehensive income attributable to:				
Company shareholders	1,712,554	1,224,620	6,920,831	4,985,264
Non-controlling interests	(563,803)	-	(1,139,802)	-
Total comprehensive income for the period	<u>1,148,751</u>	<u>1,224,620</u>	<u>5,781,029</u>	<u>4,985,264</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Company shareholders' equity					Non-controlling interest	Net Equity
	Authorized and paid-in capital	Statutory reserve	Fair value reserve	Retained earnings*	Total		
	JD	JD	JD	JD	JD	JD	JD
30 September 2021 -							
Balance as at 1 January 2021	21,438,252	5,825,651	(2,292,597)	8,622,347	33,593,653	-	33,593,653
Investment in a subsidiary (note 3)	-	-	-	-	-	1,660,823	1,660,823
Total comprehensive income for the period	-	-	-	6,127,166	6,127,166	(1,139,103)	4,988,063
Change in fair value of financial assets through other comprehensive income	-	-	793,665	-	793,665	(699)	792,966
Change in non-controlling interests	-	-	-	(15,578)	(15,578)	15,578	-
Balance as at 30 September 2021	21,438,252	5,825,651	(1,498,932)	14,733,935	40,498,906	536,599	41,035,505
30 September 2020 -							
Balance as at 1 January 2020	21,438,252	5,825,651	(2,590,746)	3,137,543	27,810,700	-	27,810,700
Total comprehensive income for the period	-	-	-	4,974,215	4,974,215	-	4,974,215
Change in fair value of financial assets through other comprehensive income	-	-	11,049	-	11,049	-	11,049
Realized losses from sale of financials assets through other comprehensive income	-	-	190,793	(190,793)	-	-	-
Balance as at 30 September 2020	21,438,252	5,825,651	(2,388,904)	7,920,965	32,795,964	-	32,795,964

* Retained earnings include an amount of JD 3,372,116 as at 30 September 2021 (31 December 2020: JD 3,634,254), representing deferred tax assets that cannot be distributed according to the securities commission instructions.

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Notes	30 September 2021 JD	30 September 2020 JD
CASH FLOW FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		8,448,847	7,566,845
Profit from discontinued operations before tax		45,856	-
Adjustments for -			
Interest income		(1,659,160)	(1,971,635)
Depreciation and amortization		487,655	497,255
Depreciation on right use assets		171,843	212,266
Interest on lease contracts obligations		12,187	31,327
Gain from sale of financial assets at fair value through profit or loss		(30)	-
Amortization of financial assets at amortized cost		(10,877)	7,282
(Recovery) provision for expected credit losses on accounts receivable and provision for doubtful debts on reinsurance receivables		(72,650)	950,000
Provision for expected credit losses on checks under collection		153,144	88,073
Receivables written-off		520,114	-
Provision for contingent liabilities		670,000	-
(Gain) loss from sale of property and equipment		(74,660)	8,532
Other provisions		1,613,395	239,368
Net change in unearned premium reserve		1,947,767	650,234
Net change in outstanding claims reserve		617,629	2,940,139
Cash flows from operating activities before changes in working capital		12,871,060	11,219,686
Checks under collection		274,593	(1,182,980)
Accounts receivable		3,546,092	(4,247,718)
Reinsurance receivables		(146,333)	(858,228)
Other assets		(207,506)	(277,141)
Accounts payable		872,484	1,230,403
Accrued expenses		(1,451,139)	(223,623)
Reinsurance payables		(4,248,337)	(1,914,996)
Other liabilities		(174,108)	470,238
Paid from end of services provision		(474,803)	(111,312)
Income tax paid		(3,056,509)	(787,465)
Net cash flows from operating activities		7,805,494	3,316,864
CASH FLOW FROM INVESTING ACTIVITIES			
Deposits at banks maturing after three months		(3,815,368)	11,525,749
Interests received		1,659,160	1,971,635
Purchase of property and equipment		(246,501)	(299,195)
Proceeds from sale of property and equipment		76,877	6,046
Purchase of financial assets at fair value through profit or loss		(523)	-
Proceeds from sale of financial assets at fair value through profit or loss		672	-
Purchase of intangible assets		(122,208)	(35,350)
Purchase of financial assets at amortized cost		-	(9,423,898)
Financial assets at fair value through other comprehensive income		1,814	(714,003)
Acquisition of a subsidiary – net of cash paid	3	(2,032,099)	-
Proceeds from sale of financial assets through other comprehensive income		-	505,376
Net cash flows (used in) from investing activities		(4,478,176)	3,536,360
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated loan		(3,000,000)	(3,000,000)
Lease payments		(181,515)	(218,536)
Net cash flows used in financing activities		(3,181,515)	(3,218,536)
Net increase in cash and cash equivalent		145,803	3,634,688
Cash and cash equivalents at the beginning of the period		7,625,518	1,271,256
Cash and cash equivalents at the end of the period	16	7,771,321	4,905,944

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR THE LIFE INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Life	
	For the nine months ended	
	30 September	
	2021	2020
	JD	JD
Written premiums -		
Direct insurance	66,712	-
Total premiums	66,712	-
Less:		
Foreign reinsurance share	26,625	-
Net Written premiums	40,087	-
Add:		
Mathematical reserve at the beginning of the period	516,686	-
Less: reinsurance share	105,067	-
Net mathematical reserve at the beginning of the period	411,619	-
Less:		
Mathematical reserve at the end of the period	516,686	-
Less: reinsurance share	105,067	-
Net mathematical reserve at the end of the period	411,619	-
Net earned revenues from the written premiums	40,087	-

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Life	
	For the nine months ended	
	30 September	
	2021	2020
	JD	JD
Paid claims	20,589	-
Maturity and Surrender of Policies	118,751	-
Less: reinsurance share	16,433	-
Net paid claims	122,907	-
Add:		
Outstanding claims reserve at the end of the period		
Reported	112,128	-
Not reported	10,125	-
Less:		
Reinsurance share	70,882	-
Recoveries	19,214	-
Net outstanding claims reserve at the end of the period	32,157	-
Less:		
Outstanding claims reserve at the beginning of the period		
Reported	100,858	-
Not reported	2,250	-
Less:		
Reinsurance share	68,390	-
Recoveries	19,214	-
Net outstanding claims reserve at the beginning of the period	15,504	-
Net claims cost	139,560	-

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING PROFITS FOR THE LIFE INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Life	
	For the nine months ended 30 September	
	2021	2020
	JD	JD
Net earned revenue from written premiums	40,087	-
Less:		
Net claims cost	139,560	-
	(99,473)	-
Add:		
Commissions received	18,594	-
Insurance policies issuance fees	2,098	-
Investment income related to underwriting accounts	650	-
Total revenues	(78,131)	-
Less:		
Policies acquisition costs	-	-
Commissions paid	1,006	-
General and administrative expenses related to underwriting accounts	70,598	-
Other expenses related to underwriting accounts	-	-
Other expenses	747	-
Total expenses	72,351	-
Underwriting loss	(150,482)	-

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
UNDERWRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct inward insurance	17,741,239	13,617,439	1,329,183	1,125,435	-	-	3,260,141	3,627,104	859,324	656,174	42,833,798	39,963,422	3,365,910	3,156,368	69,389,595	62,145,942
Facultative inward insurance business	415,868	466,335	7,383	4,987	-	-	428,518	439,794	338	893	-	-	14,770	16,375	866,877	928,384
Total written Premium	18,157,107	14,083,774	1,336,566	1,130,422	-	-	3,688,659	4,066,898	859,662	657,067	42,833,798	39,963,422	3,380,680	3,172,743	70,256,472	63,074,326
Less:																
Local reinsurance share	663,591	462,400	15,657	9,598	-	-	212,523	342,490	20,897	-	-	-	44,715	47,250	957,383	861,738
Foreign reinsurance share	156,705	235,897	1,033,066	840,638	-	-	2,663,960	2,672,619	681,394	482,168	25,518,786	25,248,176	2,430,827	2,176,514	32,484,738	31,656,012
Net Written Premium	17,336,811	13,385,477	287,843	280,186	-	-	812,176	1,051,789	157,371	174,899	17,315,012	14,715,246	905,138	948,979	36,814,351	30,556,576
Add:																
Balance at the beginning of the period																
Unearned premium reserve	12,777,020	11,397,809	343,336	182,821	39,437	35,905	6,718,367	5,566,429	466,924	422,707	17,229,762	16,256,149	1,932,026	1,910,604	39,506,872	35,772,424
Less: reinsurance share	536,967	527,557	245,065	117,966	39,437	35,905	6,137,498	5,113,953	394,666	360,546	10,873,935	10,506,005	1,586,467	1,597,746	19,814,035	18,259,678
Net Unearned Premium reserve	12,240,053	10,870,252	98,271	64,855	-	-	580,869	452,476	72,258	62,161	6,355,827	5,750,144	345,559	312,858	19,692,837	17,512,746
Add:																
Balance at the beginning of the period																
Premium deficiency reserve	-	-	-	-	5,581	-	-	-	-	-	884,000	884,000	-	-	889,581	884,000
Less: reinsurance share	-	-	-	-	5,581	-	-	-	-	-	-	-	-	-	5,581	-
Premium deficiency reserve net	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less:																
Balance at the end of the period																
Unearned premium reserve	11,834,019	9,587,886	250,287	241,038	-	3,737	3,084,962	3,157,626	444,292	327,987	22,791,142	21,434,146	2,189,031	1,897,855	40,593,733	36,650,275
Less: reinsurance share	382,247	411,991	189,960	170,167	-	3,737	2,622,521	2,590,511	354,918	235,185	13,638,477	13,569,928	1,765,006	1,505,776	18,953,129	18,487,295
Unearned Premium reserve – net	11,451,772	9,175,895	60,327	70,871	-	-	462,441	567,115	89,374	92,802	9,152,665	7,864,218	424,025	392,079	21,640,604	18,162,980
Less:																
Balance at the end of the period																
Premium deficiency reserve	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Less: reinsurance share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium deficiency reserve net	-	-	-	-	-	-	-	-	-	-	884,000	884,000	-	-	884,000	884,000
Net earned written Premium	18,125,092	15,079,834	325,787	274,170	-	-	930,604	937,150	140,255	144,258	14,518,174	12,601,172	826,672	869,758	34,866,584	29,906,342

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	17,515,163	10,692,055	186,518	369,948	-	-	1,576,390	5,486,074	109,701	38,859	27,239,218	25,736,584	1,421,415	558,703	48,048,405	42,882,223
Less:																
Recoveries	2,433,425	2,020,630	2,307	298	-	-	53,470	7,262	8,250	2,739	57,557	-	6,731	9,041	2,561,740	2,039,970
Local reinsurance share	590,465	195,543	1,085	1,183	-	-	75,097	613,128	-	-	-	-	-	5,980	666,647	815,834
Foreign reinsurance share	179,662	24,802	75,891	225,745	-	-	1,210,280	4,369,043	72,213	6,548	16,761,549	16,511,370	887,721	297,884	19,187,316	21,435,392
Net Paid Claims	<u>14,311,611</u>	<u>8,451,080</u>	<u>107,235</u>	<u>142,722</u>	<u>-</u>	<u>-</u>	<u>237,543</u>	<u>496,641</u>	<u>29,238</u>	<u>29,572</u>	<u>10,420,112</u>	<u>9,225,214</u>	<u>526,963</u>	<u>245,798</u>	<u>25,632,702</u>	<u>18,591,027</u>
Add:																
Outstanding Claims reserve at the end of the period																
Reported	27,096,622	18,317,969	711,470	758,096	-	-	2,689,223	3,036,461	657,898	626,602	3,002,056	1,812,622	2,492,284	2,620,753	36,649,553	27,172,503
Not reported	3,439,906	3,951,864	20,602	20,000	-	-	200,000	200,000	30,271	30,000	3,097,455	3,681,317	170,556	170,000	6,958,790	8,053,181
Less:																
Reinsurance share at the end of the period																
Reported	1,546,673	976,923	595,372	642,673	-	-	1,951,108	1,898,047	456,023	413,559	1,853,085	1,155,330	2,116,149	2,152,369	8,518,410	7,238,901
Not reported	-	-	24,210	-	-	-	-	-	-	-	1,857,667	2,263,570	-	-	1,881,877	2,263,570
Recoveries	<u>4,074,832</u>	<u>1,715,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,013</u>	<u>-</u>	<u>4,439,167</u>	<u>1,715,821</u>
Net Outstanding Claims reserve at the end of the period	<u>24,915,023</u>	<u>19,577,089</u>	<u>112,490</u>	<u>135,423</u>	<u>-</u>	<u>-</u>	<u>937,793</u>	<u>1,338,414</u>	<u>232,146</u>	<u>243,043</u>	<u>2,388,759</u>	<u>2,075,039</u>	<u>182,678</u>	<u>638,384</u>	<u>28,768,889</u>	<u>24,007,392</u>
Less:																
Outstanding Claims reserve at the beginning of the period																
Reported	23,439,097	17,758,449	1,239,220	827,046	-	-	4,146,431	5,311,038	721,977	608,481	1,595,132	3,371,886	3,959,655	2,824,363	35,101,512	30,701,263
Not reported	5,942,106	2,824,242	20,602	20,000	-	-	200,796	200,000	30,271	30,000	3,703,082	2,807,560	170,531	170,000	10,067,388	6,051,802
Less:																
Reinsurance share at the beginning of the period																
Reported	1,392,178	1,010,774	1,125,969	723,234	-	-	2,923,801	4,958,906	489,379	402,402	986,314	2,198,432	3,106,822	2,487,659	10,024,463	11,781,407
Not reported	-	-	-	-	-	-	-	-	-	-	2,343,240	1,760,719	-	-	2,343,240	1,760,719
Recoveries	<u>3,957,308</u>	<u>2,143,686</u>	<u>219,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,465</u>	<u>-</u>	<u>4,441,191</u>	<u>2,143,686</u>
Net Outstanding Claims reserve at the beginning of the period	<u>24,031,717</u>	<u>17,428,231</u>	<u>(85,215)</u>	<u>123,812</u>	<u>-</u>	<u>-</u>	<u>1,402,076</u>	<u>552,132</u>	<u>262,869</u>	<u>236,079</u>	<u>1,968,660</u>	<u>2,220,295</u>	<u>779,899</u>	<u>506,704</u>	<u>28,360,006</u>	<u>21,067,253</u>
Net Claims Cost	<u>15,194,917</u>	<u>10,599,938</u>	<u>304,940</u>	<u>154,333</u>	<u>-</u>	<u>-</u>	<u>(226,740)</u>	<u>1,282,923</u>	<u>(1,485)</u>	<u>36,536</u>	<u>10,840,211</u>	<u>9,079,958</u>	<u>(70,258)</u>	<u>377,478</u>	<u>26,041,585</u>	<u>21,531,166</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
UNDERWRITING PROFITS FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

	Motor		Marine		Aviation		Fire and property		Liability		Medical		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from																
written premiums	18,125,092	15,079,834	325,787	274,170	-	-	930,604	937,150	140,255	144,258	14,518,174	12,601,172	826,672	869,758	34,866,584	29,906,342
Less:																
Net claims cost	15,194,917	10,599,938	304,940	154,333	-	-	(226,740)	1,282,923	(1,485)	36,536	10,840,211	9,079,958	(70,258)	377,478	26,041,585	21,531,166
Add:																
Commissions received	19,198	50,415	547,048	357,479	-	-	619,619	917,563	241,312	148,413	8,152,802	4,523,675	511,092	591,014	10,091,071	6,588,559
Insurance policies issuance fees	329,597	233,096	52,329	37,697	-	-	96,010	507,923	18,418	16,248	2,074,130	1,902,639	346,604	123,103	2,917,088	2,820,706
Total revenues	<u>3,278,970</u>	<u>4,763,407</u>	<u>620,224</u>	<u>515,013</u>	<u>-</u>	<u>-</u>	<u>1,872,973</u>	<u>1,079,713</u>	<u>401,470</u>	<u>272,383</u>	<u>13,904,895</u>	<u>9,947,528</u>	<u>1,754,626</u>	<u>1,206,397</u>	<u>21,833,158</u>	<u>17,784,441</u>
Less:																
Insurance policies acquisition costs	435,509	360,864	30,109	27,077	-	-	198,738	197,245	36,262	17,777	681,152	628,761	220,912	235,917	1,602,682	1,467,641
Excess of loss premiums	242,858	139,288	57,004	39,955	-	-	369,207	359,002	-	-	-	-	164,697	87,575	833,766	625,820
General and administrative																
expenses related to underwriting																
accounts	3,052,607	1,616,176	225,248	129,721	-	-	502,111	466,695	98,720	75,401	5,012,302	4,585,981	381,723	364,086	9,272,711	7,238,060
Other expenses	<u>111,528</u>	<u>-</u>	<u>5,414</u>	<u>2,597</u>	<u>-</u>	<u>-</u>	<u>10,265</u>	<u>8,493</u>	<u>45</u>	<u>-</u>	<u>194,747</u>	<u>139,935</u>	<u>1,950</u>	<u>2,689</u>	<u>323,949</u>	<u>153,714</u>
Total Expenses	<u>3,842,502</u>	<u>2,116,328</u>	<u>317,775</u>	<u>199,350</u>	<u>-</u>	<u>-</u>	<u>1,080,321</u>	<u>1,031,435</u>	<u>135,027</u>	<u>93,178</u>	<u>5,888,201</u>	<u>5,354,677</u>	<u>769,282</u>	<u>690,267</u>	<u>12,033,108</u>	<u>9,485,235</u>
Underwriting profit	<u>(563,532)</u>	<u>2,647,079</u>	<u>302,449</u>	<u>315,663</u>	<u>-</u>	<u>-</u>	<u>792,652</u>	<u>48,278</u>	<u>266,443</u>	<u>179,205</u>	<u>8,016,694</u>	<u>4,592,851</u>	<u>985,344</u>	<u>516,130</u>	<u>9,800,050</u>	<u>8,299,206</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements

(1) GENERAL

Arab Orient Insurance Company was established in 1996 and registered as a Jordanian public limited shareholding company under No. (309), with a paid in capital of JD 2,000,000 divided into 2,000,000 shares with a par value of JD 1 each. The paid in capital increased several times; most recently during 2014 to reach JD 21,438,252 divided into 21,438,252 shares with a par value of JD 1 each.

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

Arab Orient Insurance Company is 90.45% owned by Gulf Insurance Company (parent company) as at 30 September 2021.

The interim condensed consolidated financial statements were approved by the Board of Directors in its meeting on 27 October 2021.

(2) Basis of preparation

The interim condensed consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting".

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

The financial statements are presented in Jordanian Dinar (JD), which is the functional currency of the Group.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual report as at 31 December 2020. In addition, the results for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ended 31 December 2021.

Basis of consolidation of the financial statements

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary are included in the consolidated statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The interim condensed consolidated financial statements comprise the financial statements of Arab Orient Insurance Company ("the Company") and its subsidiaries (referred to as "the Group") as at 30 September 2021.

Name of Company	Legal Status	Country	Ownership percentage
Arab Life and Accidents Insurance Company*	Public shareholding company	Jordan	33.3%
Badeyet al Khaleej First Company for Management Consulting	Limited liability	Jordan	100%
The Arabian Gulf Horizons Company for Management Consulting	Limited liability	Jordan	100%

*The subsidiaries (Badeyet al Khaleej First Company for Management Consulting and The Arabian Gulf Horizons Company for Management Consulting) own 41.3% of Arab Life and Accidents Insurance Company and, therefore, Arab Orient Insurance Company has control over Arab Life and Accidents Insurance Company.

Consolidation of subsidiaries begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

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

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

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

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

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

All intra-group transactions, balances, income, expenses between members of the Group are eliminated in full on consolidation.

Changes in accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2020 except for the adoption of new standards effective as of 1 January 2021 shown below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

Use of Estimates

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

The following are details of the management's fundamental assumptions:

- The fiscal year is charged with its income tax expense in accordance with the laws and regulations.
- A provision for impairment is made based on the principles and assumptions approved by the company's management to estimate the provision to be established in accordance with the requirements of IFRS 9.
- The management periodically re-assesses the useful lives of the tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and estimates of expected useful lives in the future, and the impairment loss (if any) is taken into the interim consolidated statement of income.
- The outstanding claims reserve, and technical reserve are estimated based on technical studies and in accordance with the instructions of the Insurance Administration and in accordance with actuarial studies.
- Provision for legal cases against the company is made based on a legal study prepared by the company's attorney, according to which the potential risks in the future are identified, and those studies are reviewed periodically.

(3) Acquisition of a subsidiary

Acquisition of Arab Life and Accidents Insurance Company

Arab Orient Insurance Company and the subsidiaries have acquired 74.8% of the voting shares of Arab Life and Accidents Insurance Company – Public Shareholding Company during the first quarter of 2021. The total purchase price of the acquisition was JD 4,919,301 with an average price of JD 0.55 per share. An amount of JD 2,592,000 was used to increase the share capital of Arab Life and Accidents Insurance Company.

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021

The fair value of the identifiable assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition were:

	Carrying value at the date of acquisition (17 March 2021)	Adjustments	Fair value at the date of acquisition (17 March 2021)
	JD	JD	JD
Assets			
Bank deposits	1,213,963	-	1,213,963
Financial assets at fair value through profit or loss	5,488	-	5,488
Financial assets at fair value through other comprehensive income	684,551	-	684,551
Life policyholder's loans	22,865	-	22,865
Total Investments	<u>1,926,867</u>	<u>-</u>	<u>1,926,867</u>
Cash and cash equivalents	295,202	-	295,202
Checks under collection	1,561,769	153,144	1,714,913
Accounts receivable, net	2,116,333	810,795	2,927,128
Reinsurance receivables	900,445	-	900,445
Deferred tax assets	1,054,516	(770,225)	284,291
Property and equipment, net	652,278	1,373,658	2,025,936
Intangible assets*	190,758	5,199,149	5,389,907
Other assets	274,215	-	274,215
Total assets	<u>8,972,383</u>	<u>6,766,521</u>	<u>15,738,904</u>
Technical reserves			
Unearned premium reserve, net	3,972,430	-	3,972,430
Outstanding claims reserve, net	2,715,698	750,000	3,465,698
Mathematical reserve, net	411,619	-	411,619
Total technical provisions	<u>7,099,747</u>	<u>750,000</u>	<u>7,849,747</u>
Accounts payable	1,397,545	-	1,397,545
Accrued expenses	166,974	-	166,974
Reinsurance payables	1,074,177	-	1,074,177
Other reserves	342,538	-	342,538
Other liabilities	919,799	-	919,799
Total liabilities	<u>11,000,780</u>	<u>750,000</u>	<u>11,750,780</u>
Add: Consideration received to increase the capital			<u>2,592,000</u>
Total identifiable net assets at fair value			<u>6,580,124</u>
Less: Non-controlling interest share (25.23%)			<u>(1,660,823)</u>
Total acquired net assets			<u>4,919,301</u>
Consideration paid			<u>4,919,301</u>
Analysis of cash flows on acquisition:			
Net cash acquired with the subsidiary			<u>2,887,202</u>
Consideration paid			<u>(4,919,301)</u>
Acquisition of the subsidiary – net of cash paid			<u>(2,032,099)</u>

* The management of Arab Orient Insurance Company has relied on the merger committee's report dated on 23 September 2021 to allocate the purchase price to the assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition in accordance with the requirements of IFRS (3). The merger committee's report included the following decisions to reach the net fair value of the assets and liabilities of Arab Life and Accidents Insurance Company as at the date of acquisition:

- 1- Increase the balance of property and equipment by JD 1,373,658 after the evaluation of the property and equipment of Arab Life and Accidents Insurance Company by three real estate experts.
- 2- Increase the balance of checks under collection by JD 153,144 by releasing this amount from the balance of provision for expected credit losses on checks under collection due to a surplus in the balance of the provision as at the date of acquisition.
- 3- Increase the balance of accounts receivable by JD 810,795 by releasing this amount from the balance of provision for expected credit losses on accounts receivable due to a surplus in the balance of the provision as at the date of acquisition.
- 4- Amortize an amount of JD 770,225 from the balance of deferred tax assets which represents deferred tax assets resulting from accumulated losses as at the date of acquisition based on the opinion of the tax consultant.
- 5- Increase the balance of the outstanding claims reserve by JD 750,000 bases on the opinion of the legal counsel.

This acquisition has resulted in a difference between the consideration paid and the net of identifiable assets and liabilities of the subsidiary, and after taking into account the decisions and adjustments mentioned above by JD 5,199,149. The Company's management has allocated this amount as a license for life insurance business within intangible assets category.

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021

(4) BANK DEPOSITS

	30 September 2021			31 December 2020
	Deposits maturing in 1 month to 3 months	Deposits maturing in 3 months to 1 year	Total	Total
	JD	JD	JD	JD
			(Unaudited)	(Audited)
Inside Jordan	6,059,924	52,868,050	58,927,974	54,556,910

Interest rates on bank deposit balances in Jordanian Dinar range between 2.73% to 6.65% during the period of the year 2021 (2020: 1.5% to 6.25%).

Deposits pledged to the benefit of the General Manager of the Insurance Regulatory Commission amount to JD 233,000 as at 30 September 2021 (31 December 2020: deposited in Jordan Kuwait Bank JD 225,000).

There are no restricted balances except for restricted balances which represent pledged deposits in favor of the General Manager of the Insurance Regulatory Commission.

Below is the distribution of the Company's bank deposits:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Jordan Kuwait Bank	13,961,544	15,446,892
Cairo Amman Bank	9,061,453	4,905,567
Invest Bank	6,932,227	6,662,876
Capital Bank	6,194,243	5,966,532
Societe General Bank	4,988,748	4,857,989
Egyptian Arab Land Bank	4,821,713	4,821,713
Jordan Commercial Bank	4,070,291	3,905,783
Al Etihad Bank	3,557,639	3,433,120
Arab Banking Corporation Bank	3,087,714	2,377,674
Jordan Ahli Bank	1,614,426	1,540,788
Bank of Jordan	637,976	637,976
	58,927,974	54,556,910

ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021

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

	30 September 2021	31 December 2020	30 September 2021	31 December 2020
Listed shares:	Number of shares (Unaudited)	Number of shares (Audited)	JD (Unaudited)	JD (Audited)
Afaq for Energy Company	4,700	-	5,937	-
Arab Life and Accident Insurance Company	-	800	-	568
			<u>5,937</u>	<u>568</u>

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

	30 September 2021	31 December 2020	30 September 2021	31 December 2020
<u>Inside Jordan:</u>	Number of shares (Unaudited)	Number of shares (Audited)	JD (Unaudited)	JD (Audited)
Listed Shares:				
Afaq for Energy Company	1,140,147	1,140,147	1,425,183	1,219,957
Afaq for Investment and Real Estate Development Company	1,541,500	1,541,500	1,618,576	1,618,576
Cairo Amman Bank	113,000	113,000	149,160	118,650
Capital Bank	700,000	700,000	1,246,001	686,000
Jordan Electric Power Company	224,794	-	265,257	-
Amlak Company	54	-	54	-
Jordan Press Foundation Company	6,513	-	1,107	-
Royal Jordanian Airlines	7,500	-	1,875	-
			<u>4,707,213</u>	<u>3,643,183</u>

Unlisted shares:

Saraya Aqaba Real Estate Development Company	500,000	-	216,880	-
Imcan brokerage and trading	12,719	-	14,214	-
Al-Motarabetah Investment Company	29,851	-	9,579	-
			<u>240,673</u>	<u>-</u>

Outside Jordan:

Unlisted shares:

Iraq International Insurance Company	482,195,655	-	171,000	-
			<u>171,000</u>	<u>-</u>

**Financial assets at fair value
through other comprehensive
income**

	<u>5,118,886</u>	<u>3,643,183</u>
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ARAB ORIENT INSURANCE PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2021

(7) FINANCIAL ASSETS AT AMORTIZED COST

	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<u>Inside Jordan-</u>				
Unlisted Bonds in financial markets				
Arab Real Estate Development Company	120	120	1,200,000	1,200,000
Less: Impairment in financial assets at amortized cost			(1,199,000)	(1,199,000)
			<u>1,000</u>	<u>1,000</u>
Listed bonds in financial markets				
Treasury bonds/ Hashemite Kingdom of Jordan	2,500	2,500	1,812,000	1,816,719
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,435,854	1,438,517
Treasury bonds/ Hashemite Kingdom of Jordan	2,000	2,000	1,428,579	1,429,830
Treasury bonds/ Hashemite Kingdom of Jordan	1,330	1,330	948,905	949,606
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	712,746	713,302
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	710,661	710,907
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	702,350	701,573
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	700,334	699,323
Treasury bonds/ Hashemite Kingdom of Jordan	1,000	1,000	693,803	692,042
Total financial assets at amortized cost inside Jordan			<u>9,146,232</u>	<u>9,152,819</u>
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	Number of bonds (Unaudited)	Number of bonds (Audited)	JD (Unaudited)	JD (Audited)
<u>Outside Jordan-</u>				
Treasury bonds/ Kingdom of Bahrain Government	1,315	1,315	525,102	975,119
Treasury bonds/ Kingdom of Bahrain Government	715	715	969,589	526,602
Treasury bonds/ Oman Government	1,000	1,000	576,086	567,757
Treasury bonds/ Oman Government	1,000	1,000	565,184	550,907
Treasury bonds/ Oman Government	200	200	110,693	108,805
Total financial assets at amortized cost outside Jordan			<u>2,746,654</u>	<u>2,729,190</u>
Total financial assets at amortized cost			<u>11,892,886</u>	<u>11,882,009</u>

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(8) ACCOUNTS RECEIVABLE

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables*	33,554,529	33,835,945
Brokers' receivables*	2,213,659	2,299,861
Employees' receivables*	143,557	71,955
Other receivables*	1,394,214	793,017
	37,305,959	37,000,778
Less: Provision for expected credit losses**	(9,992,737)	(8,621,128)
	27,313,222	28,379,650

* Accounts receivable include scheduled payments with the total amount of JD 15,979,726 after 30 September 2021 (JD 18,631,187 as at 31 December 2020).

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

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	8,621,128	7,843,845
Balance related to the acquired subsidiary	1,980,790	-
(Recovery) provision for the period/ year	(72,650)	994,358
Receivables written-off	(520,114)	(217,075)
Transfers to provision for doubtful debts for reinsurance receivables	(16,417)	-
Balance at the end of the period/ year	9,992,737	8,621,128

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(9) REINSURANCE RECEIVABLE

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	2,129,225	1,507,667
Foreign reinsurance companies	843,486	301,057
	2,972,711	1,808,724
Less: Provision for doubtful debt for reinsurance receivables*	(755,426)	(635,120)
	2,217,285	1,173,604

*Movements on the provision for reinsurance receivables were as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	635,120	299,053
Balance related to the acquired subsidiary	103,889	-
Transfers from provision for doubtful debts for accounts receivables	16,417	-
Provision for the period/ year	-	336,067
Balance at the end of the period/ year	755,426	635,120

(10) INCOME TAX

A- Income tax provision

Movements on the income tax provision were as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	2,483,944	-
Provision for the period/ year	2,941,024	3,321,306
Income tax paid	(3,056,509)	(787,465)
Income tax on bank interests	(524,343)	-
Accrued taxes for investments outside Jordan	19,187	-
Prior years' income tax	-	(49,897)
Balance at the end of the period/ year	1,863,303	2,483,944

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

	30 September 2021	30 September 2020
	JD	JD
	(Unaudited)	(Unaudited)
Income tax provision for the period	2,941,024	2,613,266
Accrued taxes for investments outside Jordan	19,187	-
Additions (amortization) on deferred tax assets	546,429	(20,636)
	<u>3,506,640</u>	<u>2,592,630</u>

Final settlement for income tax was reached with the Income and Sales Tax Department until the end of the year 2018.

Income tax return was submitted for the years 2020 and 2019. The Income and Sales Tax Department have not reviewed the tax returns as at the date of the interim condensed consolidated financial statements. In the opinion of the management and the Company's tax advisor, the income tax provision is sufficient to meet any tax obligations.

B- Deferred tax assets

	30 September 2021					31 December 2020	
	Balance at the beginning of the period	Balances related to the acquired subsidiary	Released Amounts	Additions	Balance at the end of the period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Audited)
Deferred tax assets:							
Provision for expected credit losses on accounts receivable and provision for doubtful debt for reinsurance receivable	3,805,113	-	483,815	-	3,321,298	863,537	989,329
Provision for employee bonuses	600,000	-	600,000	450,000	450,000	117,000	156,000
Impairment loss on financial assets	1,199,000	-	-	-	1,199,000	311,740	311,740
Provision for incurred but not reported claims	5,763,948	952,781	1,589,837	-	5,126,892	1,332,992	1,498,626
Provision for end of service indemnity	1,725,844	29,846	486,500	719,297	1,988,487	517,007	448,719
Premium deficiency reserve	884,000	-	-	-	884,000	229,840	229,840
Accrued revenues	-	110,800	110,800	-	-	-	-
	<u>13,977,905</u>	<u>1,093,427</u>	<u>3,270,952</u>	<u>1,169,297</u>	<u>12,969,677</u>	<u>3,372,116</u>	<u>3,634,254</u>

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Movements on deferred tax assets were as follows:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period/ year	3,634,254	3,647,084
Balance related to the acquired subsidiary	284,291	-
Deductions, net	(546,429)	(12,830)
Balance at the end of the period/ year	3,372,116	3,634,254

(11) ACCOUNTS PAYABLE

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Trade and companies' payables	3,676,548	2,720,834
Medical network payables	2,242,843	2,550,231
Agents' payables	881,048	706,963
Garages' payables and vehicles' parts	1,735,201	308,958
Employees' payables	37,497	16,122
	8,573,137	6,303,108

(12) REINSURANCE PAYABLES

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Foreign reinsurance companies	20,258,776	24,029,442
Local insurance companies	617,766	70,751
	20,876,542	24,100,193

(13) AUTHORIZED AND PAID-IN CAPITAL

The authorized and paid in capital is JD 21,438,252 divided into 21,438,252 shares at par value of JD 1 each as at 30 September 2021 and 31 December 2020.

(14) SUBORDINATED LOAN

On November 15, 2017, the Company borrowed from Gulf Insurance Group an amount of (USD 16,361,071) equivalent to JD 11,600,000 as a subordinated loan to increase the Company solvency margin in line with the Insurance Administration Instruction No.3 of 2002 and the decisions issued there under. This loan bears no interest and no maturity or repayment schedule. During 2019, the Company paid back an amount of (USD 3,667,137) equivalent to JD 2,600,000 and during 2020, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. During the first half of 2021, the Company paid back an amount of (USD 4,231,312) equivalent to JD 3,000,000. The balance of the subordinated loan is JD 3,000,000 as at 30 September 2021 (31 December 2020: JD 6,000,000).

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	1,535,363	955,610	6,127,166	4,974,215
Weighted average number of shares (Share)	21,438,252	21,438,252	21,438,252	21,438,252
	JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit for the period	<u>0/072</u>	<u>0/045</u>	<u>0/286</u>	<u>0/232</u>

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(16) CASH AND CASH EQUIVALENTS

	30 September 2021	30 September 2020
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hand and at banks	988,400	1,256,603
Add: Deposits at banks	58,927,974	49,146,016
Add: Deposits at banks with original maturity date more than three months	(52,635,050)	(45,271,675)
Less: Restricted deposits to the favor of General Manager of the Insurance Regulatory Commission	(233,000)	(225,000)
Cash related to discontinued operations' assets	722,997	-
Net cash and cash equivalents at the end of the period/ year	<u>7,771,321</u>	<u>4,905,944</u>

(17) DISCONTINUED OPERATIONS

The Board of Directors of Arab Life and Accidents Insurance Company (the acquired Company) decided, on a previous date, to close Palestine's branches and, therefore, Palestine's branches' assets were classified as discontinued operations' assets and its obligations as liabilities related to discontinued operations' assets as at 30 September 2021. In additions, the results of these branches were presented in the statement of income within discontinued operations for the period ended 30 September 2021.

(18) RELATED PARTY TRANSACTIONS

The Group entered into transactions with major shareholders, board members and directors in the Company within the normal activities of the Company using insurance premium and commercial commission. All debts provided to related parties are considered working and no provision has been taken for them as at 30 September 2021.

During 2011 it was agreed with Gulf Insurance Company (Parent Company) to settle all treaty reinsurers' accounts through Gulf Insurance Company, where the Company's credit balance as at 30 September 2021 amounted to JD 581,015 for Gulf Insurance Company (31 December 2020: JD 982,141).

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

	Related parties			Total	Total
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company) JD	Hamza Ahmad Tantash (Shareholder) JD	Top Executive Management JD	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>Interim Consolidated Statement of Financial Position Items:</u>					
Time deposits	13,961,544	-	-	13,961,544	15,446,892
Overdraft account – under demand	(1,266,968)	-	-	(1,266,968)	(707,233)
Current accounts	387,847	-	-	387,847	1,323,563
Deposits on letters of Guarantee	373,065	-	-	373,065	470,304
Accounts receivable/ payable	(56,054)	4,142	(175,636)	(227,548)	106,315

Off-statement of interim consolidated Financial Position Items:

Letters of guarantee	3,730,650	-	-	3,730,650	4,703,040
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	Related parties			Total	Total
	Jordan Kuwait Bank (Shareholder-Subsidiary of the ultimate parent Company) JD	Hamza Ahmad Tantash (Shareholder) JD	Top Executive Management JD	30 September 2021 JD (Unaudited)	30 September 2020 JD (Unaudited)

Interim consolidated Statement of Income Items:

Bank interest income	276,138	-	-	276,138	456,008
Insurance premiums	2,429,851	715	23,773	2,454,339	2,290,216
Bank expenses and commissions	97,625	-	-	97,625	115,053
Salaries	-	-	1,591,930	1,591,930	742,248
Bonuses	-	-	331,128	331,128	269,678
Transportation expenses for members of the Board of Directors	-	-	51,900	51,900	37,800
Bonuses expenses for members of the Board of Directors	-	-	231,250	231,250	-
Board of Directors committees' bonus	-	-	5,800	5,800	-

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

	30 September 2021	30 September 2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and bonuses	1,923,058	1,011,926

(19) ANALYSIS OF MAIN SECTORS

Information on the Company's business sectors

For management purposes the Group was organized to include the General and Life insurance sectors including (insurance on motor, marine, fire and property, liability, medical). This sector constitutes the basis that the Group uses to show information related to key sectors. The above sector also includes investments and cash management for the Group account. The activities between the business sectors are performed based on commercial basis, under the same terms as with others.

(20) LAWSUITS BY AND AGAINST THE GROUP

The Group appears as defendant in a number of lawsuits, the Group booked a sufficient provision to meet any obligations towards these lawsuits. In the opinion of the Group's management and legal consultant, the provision for a total amount of JD 6,861,569 as at 30 September 2021 (31 December 2020: JD 3,331,916) is sufficient to meet any obligations towards these lawsuits. Total amount of the cases raised by the Group within its activity is JD 9,089,521 as at 30 September 2021 (31 December 2020: JD 3,223,040).

(21) CONTINGENT LIABILITIES

At 30 September 2021, the Group had letters of guarantee amounting JD 3,730,650 (31 December 2020: 4,703,040) against which cash margins of JD 373,065 are held (31 December 2020: JD 470,304).

(22) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE GROUP

As a result of the continuing impact of the Corona Virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and procedures imposed by the Jordanian government, neighboring countries and the rest of the world, the Group's management prepared a study to determine the extent of the impact of Corona Virus on the Group's activities and its financial date to take appropriate measures to enable it to continue its activities in light of the current circumstances, as operational activities may be affected by global developments that currently affect various economic and geographical sectors.

The (Covid-19) pandemic has not resulted in a material impact on the Group's activities, including gross written premiums and paid claims. The Group's management believes that it maintains the necessary liquidity to meet its obligations on their maturity date for a period of at least one year from the date of these interim condensed consolidated financial statements.