

NATIONAL INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

31 MARCH 2022

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF NATIONAL INSURANCE COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **National Insurance Company** (a public shareholding company) and its subsidiary ("the Group") as of 31 March 2022, comprising of interim consolidated statement of financial position as of 31 March 2022 and the related interim consolidated statement of income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for three months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). Our responsibility is to express 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
28 April 2022

ERNST & YOUNG
Amman - Jordan

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022 (UNAUDITED)**

	Notes	31 March 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Assets			
Investments-			
Deposits at banks	3	8,210,036	8,411,140
Financial assets at fair value through other comprehensive income		4,144,649	4,163,377
Financial assets at amortized cost		5,507,865	5,155,368
Investment properties		416,403	421,228
Total Investments		18,278,953	18,151,113
Other assets-			
Cash on hands and at banks		571,254	171,259
Notes receivable and checks under collection		1,495,666	1,860,578
Accounts receivable, net	4	7,449,039	5,467,718
Reinsurance receivable, net	5	1,157,007	1,194,766
Deferred tax assets	6	537,965	513,788
Property and equipment, net		555,432	562,419
Intangible assets, net		39,405	41,957
Other assets		1,043,310	962,259
Total other assets		12,849,078	10,774,744
Total Assets		31,128,031	28,925,857
Liabilities and Equity			
Technical Reserves-			
Unearned premium reserve, net		5,985,548	5,352,573
Outstanding claims reserve, net		7,164,595	7,302,719
Mathematical reserve, net		42,494	34,935
Total Technical Reserves Liabilities		13,192,637	12,690,227
Other liabilities-			
Accounts payable		2,480,923	1,857,066
Accrued expenses		118,240	102,660
Reinsurance payables		1,269,240	994,223
Other provisions		18,076	14,406
Income tax and national contribution provision	6	322,727	313,057
Other liabilities		1,637,863	1,541,109
Total other liabilities		5,847,069	4,822,521
Total Liabilities		19,039,706	17,512,748
Equity			
Paid in capital	1	8,000,000	8,000,000
Statutory reserve		1,572,025	1,572,025
Voluntary reserve	9	400,000	311,000
Fair value reserve		(221,040)	(321,619)
Retained earnings		2,337,340	1,851,703
Net Shareholder's Equity		12,088,325	11,413,109
Total Liabilities and Shareholders' Equity		31,128,031	28,925,857

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	<u>Notes</u>	For the three months period ended 31 March	
		<u>2022</u> JD	<u>2021</u> JD
Revenues –			
Gross written premiums		6,631,631	5,409,510
Less: reinsurance share		<u>2,772,432</u>	<u>2,517,272</u>
Net written premiums		<u>3,859,199</u>	<u>2,892,238</u>
Net change in unearned premiums reserve		(632,975)	(155,689)
Net change in mathematical reserve		<u>(7,559)</u>	<u>933</u>
Net earned premiums		<u>3,218,665</u>	<u>2,737,482</u>
Commissions income		161,400	182,078
Insurance policies issuance fees		234,599	225,093
Other income related to written premiums		155,770	133,381
Interest income		170,170	174,070
Gain from financial assets		140,252	72,962
Other income		<u>4,189</u>	<u>3,117</u>
Total revenues		<u>4,085,045</u>	<u>3,528,183</u>
Claims, losses and related expenses-			
Paid claims		4,558,606	3,595,517
Less: Recoveries		719,794	409,426
Less: Reinsurance share		<u>1,161,511</u>	<u>788,384</u>
Paid claims, net		<u>2,677,301</u>	<u>2,397,707</u>
Net change in outstanding claims reserve		(138,124)	(245,217)
Policies acquisition costs		277,653	213,528
Excess of loss premium		57,991	83,169
Allocated employees' expenses		206,821	210,551
Allocated administrative and general expenses		177,412	151,233
Other expenses related to claims		<u>100,050</u>	<u>99,258</u>
Net Claims Costs		<u>3,359,104</u>	<u>2,910,229</u>
Unallocated employees' expenses		25,566	24,764
Depreciation and amortization		14,935	15,379
Unallocated administrative and general expenses		44,355	37,814
Other expenses		<u>6,312</u>	<u>19,638</u>
Total expenses		<u>91,168</u>	<u>97,595</u>
Profit for the period before tax		634,773	520,359
Income tax expenses	6	<u>(158,306)</u>	<u>(90,029)</u>
Profit for the period		<u>476,467</u>	<u>430,330</u>
		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share	7	<u>0/060</u>	<u>0/054</u>

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	For the three months period ended 31 March	
	2022	2021
	JD	JD
Profit for the period	476,467	430,330
Add: Other comprehensive income items after tax which will not to be reclassified to profit and loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income, net	100,579	202,665
Gain (loss) from sale of financial assets at fair value through other comprehensive income	98,170	(66,540)
Total comprehensive income for the period	<u>675,216</u>	<u>566,455</u>

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
Period ended 31 March 2022 -						
Balance at 1 January 2022	8,000,000	1,572,025	311,000	(321,619)	1,851,703	11,413,109
Profit for the period	-	-	-	-	476,467	476,467
comprehensive income items	-	-	-	100,579	98,170	198,749
Total comprehensive income for the period	8,000,000	1,572,025	311,000	(221,040)	2,426,340	12,088,325
Voluntary reserve (Note 9)	-	-	89,000	-	(89,000)	-
Balance at 31 March 2022	<u>8,000,000</u>	<u>1,572,025</u>	<u>400,000</u>	<u>(221,040)</u>	<u>2,337,340</u>	<u>12,088,325</u>
Period ended 31 March 2021 -						
Balance at 1 January 2021	8,000,000	1,459,643	311,000	(1,596,234)	1,210,121	9,384,530
Profit for the period	-	-	-	-	430,330	430,330
comprehensive income items	-	-	-	202,665	(66,540)	136,125
Total comprehensive income for the period	8,000,000	1,459,643	311,000	(1,393,569)	1,573,911	9,950,985
Balance at 31 March 2021	<u>8,000,000</u>	<u>1,459,643</u>	<u>311,000</u>	<u>(1,393,569)</u>	<u>1,573,911</u>	<u>9,950,985</u>

Included in the retained earnings a restricted amount of JD 537,965 in accordance with the Jordan Securities Commission regulations representing deferred tax assets as of 31 March 2022 (31 December 2021: JD 513,788) in addition to an amount of JD 221,040 restricted from retained earnings representing the negative fair value reserve as of 31 March 2022 (31 December 2021: JD 321,619).

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	For the three months period ended 31 March	
	Note	
	2022	2021
	JD	JD
<u>OPERATING ACTIVITIES</u>		
Profit for the period before tax	634,773	520,359
Adjustment for non-cash items		
Depreciation and amortization	14,935	15,379
Interest income	(170,070)	(174,070)
Dividends from financial assets at fair value through other comprehensive income	(140,252)	(72,962)
Net change in outstanding claims reserve	(138,124)	(245,217)
Net change in unearned premiums reserve	632,975	155,689
Net change in mathematical reserve	7,559	(933)
Other provisions	26,875	28,789
Amortization of financial assets at amortized cost	2,003	1,620
Cash flows from operating activities before changes in working capital	870,574	228,654
Notes receivables and checks under collection	364,912	294,006
Account receivables	(1,981,321)	(2,369,135)
Reinsurance receivables	37,759	316,193
Other assets	(81,051)	101,947
Account payables	623,857	164,521
Accrued expenses	15,580	(5,669)
Reinsurance payables	275,017	1,076,700
Other payables	74,273	(38,368)
Other provisions	(23,205)	(80,906)
Net cash flows from (used in) operating activities before tax	176,395	(312,057)
Income tax paid	(143,434)	(42,505)
Income tax paid on interest income from bank deposits	(6,898)	(4,492)
Net cash flows from (used in) operating activities	26,063	(359,054)
<u>INVESTING ACTIVITIES</u>		
Term deposits mature after three months	(4,716,848)	(2,531,257)
Purchase of financial assets at fair value through other comprehensive income	-	(561,267)
Dividends from financial assets at fair value through other comprehensive income	140,252	72,962
Purchase of property and equipment	(572)	(3,735)
Proceeds from sale of financial assets at fair value through other comprehensive income	217,477	566,114
Purchase of financial assets at amortized cost	(354,500)	-
Purchase of Intangible assets	-	(47,250)
Interest income	170,170	174,070
Net cash flows used in investing activities	(4,544,021)	(2,330,363)
Net decrease in cash and cash equivalent	(4,517,958)	(2,689,417)
Cash and cash equivalents at beginning of the period	6,470,785	3,343,690
Cash and cash equivalents at the end of the period	1,952,827	654,273

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**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	Life insurance business	
	Three months period ended 31	
	March	
	2022	2021
	JD	JD
Written Premiums –		
Direct insurance	77,507	103,597
Reinsurance inward business	36,380	24,342
Total written premiums	113,887	127,939
Less:		
Local reinsurance share	18,540	19,997
Foreign reinsurance share	47,113	66,513
Net premiums	48,234	41,429
Add:		
Balance at the beginning of the period	85,218	124,901
Less: reinsurance share	50,283	74,583
Net mathematical reserve at the beginning of the period	34,935	50,318
Less:		
Balance at the end of the period	93,093	138,399
Less: reinsurance share	50,599	89,014
Net mathematical reserve at the end of the period	42,494	49,385
Net earned revenue from written Premiums	40,675	42,362

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**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	Life insurance business	
	Three months period ended 31	
	March	
	2022	2021
	JD	JD
Paid claims	161,984	133,914
Less:		
Foreign reinsurance share:	129,099	104,664
Net paid claims	32,885	29,250
Add:		
Claims reserve at the end of the period		
Reported	162,319	119,786
Not reported	23,856	28,357
Less:		
Reinsurance share	104,427	71,825
Net claims reserve at the end of the period	81,748	76,318
Reported	71,939	64,985
Not reported	9,809	11,333
Less:		
Claims reserve at the beginning of the period		
Reported	140,418	185,748
Not reported	24,699	28,347
Less:		
Reinsurance share	75,784	122,929
Net claims reserve at the beginning of the period	89,333	91,166
Net claims cost	25,300	14,402

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**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING RESULTS FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)**

	Life insurance business	
	Three months period ended 31	
	March	
	2022	2021
	JD	JD
Net earned revenue from written premiums	<u>40,675</u>	<u>42,362</u>
Less:		
Net claims cost	<u>25,300</u>	<u>14,402</u>
Add:		
Commissions received	456	488
Insurance policies issuance fees	891	911
Other revenues	<u>987</u>	<u>-</u>
Total revenues	<u>2,334</u>	<u>1,399</u>
Less:		
Policy acquisition cost	1,701	2,547
Allocated administrative and general expenses	8,018	9,135
Other expenses	<u>218</u>	<u>1,620</u>
Total expenses	<u>9,937</u>	<u>13,302</u>
Underwriting profit	<u><u>7,772</u></u>	<u><u>16,057</u></u>

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NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premium:												
Direct insurance	2,555,293	1,951,150	262,756	156,732	1,025,169	1,436,761	45,575	38,022	1,770,989	1,274,664	5,659,782	4,857,329
Reinsurance inward business	235,705	112,141	14,424	1,577	607,833	310,524	-	-	-	-	857,962	424,242
Total written premiums	2,790,998	2,063,291	277,180	158,309	1,633,002	1,747,285	45,575	38,022	1,770,989	1,274,664	6,517,744	5,281,571
Less:												
Local reinsurance share	162,501	101,107	55,626	16,715	592,955	376,490	-	-	-	-	811,082	494,312
Foreign reinsurance share	40,762	44,088	152,099	113,833	826,641	1,026,906	35,260	31,674	840,935	719,949	1,895,697	1,936,450
Net Written Premiums	2,587,735	1,918,096	69,455	27,761	213,406	343,889	10,315	6,348	930,054	554,715	3,810,965	2,850,809
Add:												
Balance at the beginning of the period												
Unearned premiums reserve	5,330,603	4,839,287	93,888	92,671	1,178,742	1,162,380	30,560	31,290	1,311,273	630,979	7,945,066	6,756,607
Less: reinsurance share	612,046	258,249	80,301	73,860	1,057,530	1,063,000	22,969	21,911	819,647	342,184	2,592,493	1,759,204
Net Unearned Premiums Reserve	4,718,557	4,581,038	13,587	18,811	121,212	99,380	7,591	9,379	491,626	288,795	5,352,573	4,997,403
Less:												
Balance at the end of the period												
Unearned premiums reserve	5,660,563	4,705,362	93,779	99,914	2,016,585	2,091,214	56,448	49,698	1,678,228	797,874	9,505,603	7,744,062
Less: Reinsurance share	582,981	278,328	72,237	91,504	1,906,013	1,742,637	43,158	38,963	915,666	439,538	3,520,055	2,590,970
Net unearned Premiums Reserve	5,077,582	4,427,034	21,542	8,410	110,572	348,577	13,290	10,735	762,562	358,336	5,985,548	5,153,092
Net earned revenue from written Premiums	2,228,710	2,072,100	61,500	38,162	224,046	94,692	4,616	4,992	659,118	485,174	3,177,990	2,695,120

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and to be read with them

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	2,870,381	2,380,081	22,561	17,336	32,939	32,064	4,939	47,674	1,465,802	984,448	4,396,622	3,461,603
Less:												
Recoveries	687,352	375,630	596	-	4,850	15,810	-	2,000	26,996	15,986	719,794	409,426
Local reinsurance share	3,424	-	580	-	2,166	2,279	1,381	9,535	-	-	7,551	11,814
Foreign reinsurance share	118,520	80,246	15,974	12,135	21,945	10,130	-	5,151	868,422	564,244	1,024,861	671,906
Net Paid Claims	2,061,085	1,924,205	5,411	5,201	3,978	3,845	3,558	30,988	570,384	404,218	2,644,416	2,368,457
Add:												
Outstanding Claims Reserve at the end of the period												
Reported	5,947,567	5,903,709	121,653	210,774	1,442,776	2,305,990	143,244	201,829	541,724	465,869	8,196,964	9,088,171
Not reported	2,079,767	1,623,127	10,211	7,028	30,316	32,682	922	905	87,714	62,969	2,208,930	1,726,711
Less:												
Reinsurance share	823,694	714,964	117,580	185,980	1,415,322	2,258,626	105,661	136,571	401,190	344,174	2,863,447	3,640,315
Recoveries	459,600	315,980	-	-	-	-	-	-	-	-	459,600	315,980
Net Outstanding Claims Reserve at the end of the period	6,744,040	6,495,892	14,284	31,822	57,770	80,046	38,505	66,163	228,248	184,664	7,082,847	6,858,587
Reported	4,754,273	4,962,765	12,027	30,254	54,462	75,532	38,250	65,906	200,961	162,710	5,059,973	5,297,167
Not reported	1,989,767	1,533,127	2,257	1,568	3,308	4,514	255	257	27,287	21,954	2,022,874	1,561,420
Less:												
Net outstanding claims reserve at the beginning of the period												
Reported	6,313,199	6,345,170	138,466	217,755	1,362,049	2,214,795	147,309	232,911	565,643	329,862	8,526,666	9,340,493
Not reported	1,986,107	1,458,035	9,022	6,934	31,459	29,067	846	745	79,238	75,536	2,106,672	1,570,317
Less:												
Reinsurance share	879,195	710,751	126,056	188,542	1,335,587	2,160,886	107,103	138,640	429,607	264,199	2,877,548	3,463,018
Recoveries	542,404	358,836	-	-	-	-	-	-	-	-	542,404	358,836
Net Outstanding Claims Reserve at the beginning of the period	6,877,707	6,733,618	21,432	36,147	57,921	82,976	41,052	95,016	215,274	141,199	7,213,386	7,088,956
Net Claims Cost	1,927,418	1,686,479	(1,737)	876	3,827	915	1,011	2,135	583,358	447,683	2,513,877	2,138,088

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and to be read with them

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING RESULTS FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2022 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	2,228,710	2,072,100	61,500	38,162	224,046	94,692	4,616	4,992	659,118	485,174	3,177,990	2,695,120
Less:												
Net claims cost	1,927,418	1,686,479	(1,737)	876	3,827	915	1,011	2,135	583,358	447,683	2,513,877	2,138,088
Add:												
Commissions received	9,345	8,991	33,630	28,601	117,969	143,998	-	-	-	-	160,944	181,590
Insurance policies issuance fees	137,099	131,621	5,860	3,482	14,192	16,819	773	615	75,784	71,645	233,708	224,182
Other income related to written premiums	8,299	23,412	-	-	-	-	-	-	146,484	109,969	154,783	133,381
Total revenues	154,743	164,024	39,490	32,083	132,161	160,817	773	615	222,268	181,614	549,435	539,153
Less:												
Policies acquisition cost	174,391	144,556	3,198	7,387	45,523	18,232	602	10	52,238	40,796	275,952	210,981
Excess of loss premiums	28,777	52,717	5,482	6,101	23,732	24,351	-	-	-	-	57,991	83,169
Allocated administrative and general expenses	165,089	181,888	31,652	24,505	85,385	75,549	2,860	3,092	91,229	67,615	376,215	352,649
Other expenses	35,719	16,715	156	150	284	2,361	-	-	63,673	78,412	99,832	97,638
Total Expenses	403,976	395,876	40,488	38,143	154,924	120,493	3,462	3,102	207,140	186,823	809,990	744,437
Underwriting profit	52,059	153,769	62,239	31,226	197,456	134,101	916	370	90,888	32,282	403,558	351,748

The attached notes from 1 to 13 form part of these interim condensed consolidated financial statements and to be read with them

(1) GENERAL

National Insurance Company (“Company”) was established after the merger between Al-Watania Insurance Company (established in 1965) and Al-Ahlia Insurance Company established in 1986 according to the companies law number 1964 for insurance practice. The company was registered in the Companies Control Department in the Ministry of Industry and Trade as a public shareholding company, under the registration number (199) on 9 December 1986. The Company got the life insurance license on the 6 August 1995. The Company’s authorized and paid in capital is JD 8,000,000 divided into 8,000,000 shares at par value of JD 1 each.

The Company is engaged in all kinds of insurance business, such as motor, marine, transportation, fire and property risk, liability, medical, personal accident and life.

The consolidated financial statements have been approved by the board of directors in its meeting on 27 April 2022.

(2-1) Basis of preparation

The interim condensed consolidated financial statements for the Group for the three months period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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

The financial statements have been prepared on historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value.

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 Group’s annual report as at 31 December 2021. In addition, the results for the three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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(2-2) Basis of consolidation

The consolidated financial statements comprise the financial statements of National Insurance Company (the “Company”), and its subsidiary (referred to together as the “Group”) as of the 31 March 2022:

<u>Company’s Name</u>	<u>Legal form</u>	<u>Country incorporation</u>	<u>Ownership Percentage</u>
Nai for Real Estate Investments Co.*	Limited Liability Company	Jordan	100%

* Nai Real Estate Investment Company Ltd. was established with a capital of JD 60,000. The Company was registered with the Ministry of Industry and Trade on 16 December 2008 and it is wholly owned by the National Insurance Company.

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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(s) 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements 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 in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

(2-3) 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 consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendments are not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

(2-4) Standards issued but not yet effective

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group is preparing a study to assess the impact of applying this standard on the financial statements of the Group. The study is expected to be completed during the second quarter of 2022.

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(3) DEPOSITS AT BANKS

This item consists of the following:

	31 March 2022			31 December 2021
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	Total
	JD	JD	JD	JD
				(Unaudited)
				(Audited)
Local deposits	<u>1,381,573</u>	<u>-</u>	<u>6,828,463</u>	<u>8,210,036</u>
				<u>8,411,140</u>

Interest rates on bank deposit balances in Jordanian Dinar ranges from 2% to 4.1% during the period ended 31 March 2022 (31 December 2021: from 2% to 4.6%).

(4) ACCOUNT RECEIVABLES, NET

This item consists of the following:

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables	4,995,365	4,711,141
Governmental receivables	1,852,985	769,800
Agents receivables	450,773	420,679
Brokers receivables	1,394,414	812,346
Employee receivables	93,674	90,692
Other receivables	<u>39,143</u>	<u>40,375</u>
	8,826,354	6,845,033
Less: Provision for expected credit loss*	<u>(1,377,315)</u>	<u>(1,377,315)</u>
	<u>7,449,039</u>	<u>5,467,718</u>

* The following represent movement for expected credit losses:

Balance at the beginning of the period /year	1,377,315	1,307,315
Additions	<u>-</u>	<u>70,000</u>
Balance at the end of the period /year	<u>1,377,315</u>	<u>1,377,315</u>

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(5) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	480,874	534,712
Foreign reinsurance companies	800,475	784,396
Less: provision for bad debts	(124,342)	(124,342)
Net reinsurance receivables	<u>1,157,007</u>	<u>1,194,766</u>

(6) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period /year	313,057	238,601
Income tax paid	(143,434)	(207,629)
Income tax expense for the period /year	160,002	366,881
Income tax paid on interest income from banks deposits	(6,898)	(84,796)
Balance at the end of the period /year	<u>322,727</u>	<u>313,057</u>

Income tax expense appearing in the consolidated income statement represents the following:

	Three months period ended 31 March	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	160,002	152,954
Deferred tax assets	(528,498)	(409,337)
Deferred tax assets reversals	504,321	366,794
Reversal from income tax provision	22,481	(20,382)
Income tax expense for the period	<u>158,306</u>	<u>90,029</u>

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The reconciliation between accounting profit and taxable profit is as follows:

	Three months period ended 31 March	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit	634,773	520,359
Net non-taxable income	(167,408)	(29,632)
Net non-deductible expenses	98,170	47,773
Net taxable profit	565,535	538,500
Income tax rate and national contribution	26%	26%
Income tax for the period from local income	147,039	140,010
Foreign investments income	129,627	129,442
Income tax for the period from foreign investment income	12,963	12,944
Income tax for period from local and foreign income	160,002	152,954

Income Tax provision for the period ended 31 March 2022 and 2021 was calculated in accordance with the Income tax law No. (38) of 2018.

Final settlement was reached with Income and Sales Tax Department up to 2017. In the opinion of the Group's management and tax advisor, the income tax provision is sufficient to meet any tax liabilities related to period ended at 31 March 2022.

The group has submitted its tax declaration for the years 2018 till 2021 and has not been reviewed by the Income and Sales Tax Department up to the date of these interim condensed consolidated financial statements.

B- Deferred tax assets

	31 March 2022					31 December 2021
	Beginning Balance	Reversal	Additions	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
Deferred tax assets:						
Provisions for IBNR claims	1,938,711	1,938,711	2,032,683	2,032,683	528,499	504,065
Provision for end of service indemnity	515	-	-	515	134	134
Group/ life insurance fees provision	7,880	987	-	6,893	1,792	2,049
Future urgent provision	29,000	-	-	29,000	7,540	7,540
Total	1,976,106	1,939,698	2,032,683	2,069,091	537,965	513,788

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Movement on deferred tax asset is as follows:

	31 March 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Balance at the beginning of the period /year	513,788	372,331
Additions	528,498	513,505
Disposals	(504,321)	(372,048)
Balance at the end of the period /year	537,965	513,788

The tax rate used to calculate the deferred tax is 26% and the management is certain that 100% will be recoverable in the future since the items within the deferred tax assets are subject to the Income Tax Law and are included in the tax base for calculating for Group's income tax.

(7) EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit for the period over the weighted average number of shares for the period as follows:

	Three months period ended 31 March	
	2022 JD (Unaudited)	2021 JD (Unaudited)
Profit for the period (JD)	476,467	430,330
Weighted average number of shares (Share)	8,000,000	8,000,000
	Fils/ JD	Fils/ JD
Earnings per share for the period	0/060	0/054

(8) CASH AND CASH EQUIVALENTS FOR THE PERIOD

The cash and cash equivalents that appear in the consolidated statement of cash flows from the amounts stated in the consolidated statement of financial position represent the following:

	Three months period ended 31 March	
	2022 JD (Unaudited)	2021 JD (Unaudited)
Cash on hands and at banks	571,254	306,432
Add: deposits at banks	8,210,036	6,458,405
Less: deposits at banks with maturities more than three months	(6,828,463)	(6,110,564)
Net Cash and cash equivalent	1,952,827	654,273

(9) VOLUNTARY RESERVE

The Group's general assembly approved in its meeting held on 22 February 2022 to transfer JD 89,000 from retained earnings to the voluntary reserve to support Group's future plans.

(10) RELATED PARTY TRANSACTIONS

Related parties include subsidiaries, board of directors, executive management and the Companies which they own. pricing policies and terms of transactions with those related parties are approved by the Group's managements.

The Group has entered into transactions with major shareholders, board members and the higher management in the normal course of business at commercial rate. All insurance receivables granted to related parties are considered to be performing and no provision is required for them.

Below is a summary of related parties' transactions:

	31 March 2022 JD (Unaudited)	31 December 2021 JD (Audited)
<u>Statement of financial position:</u>		
Account receivables (Companies related to members of the board of directors)	1,491,688	1,215,977
	Three months period ended 31 March	
	2022 JD (Unaudited)	2021 JD (Unaudited)
<u>Income statement:</u>		
Written premium (Companies related to members of the board of directors)	691,518	480,925
Paid Claims (Companies related to members of the board of directors)	251,445	261,637

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Compensations of key management personal of the Group (salaries, bonuses, and other benefits) are as follows:

	Three months period ended 31 March	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and compensations	75,666	77,817

(11) LAWSUITS AGAINST THE COMPANY

The Group is defendant in a number of lawsuits by total amount of JD 2,180,124 as of 31 March 2022, (31 December 2021: JD 2,447,215) for which it took an adequate provisions for. In the opinion of the group's lawyers and the group management provision taken by the Group is sufficient to meet the obligation as of 31 March 2022 that may arise from these lawsuits.

(12) CONTINGENT LIABILITIES

The Group has bank guarantees amounting to JD 836,115 as at 31 March 2022 and JD 1,191,064 as at 31 December 2021.

(13) STATEMENT OF FINANCIAL POSITION FOR LIFE ASSURANCE BUSINESS

	31 March 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Assets		
Account receivables	197,023	233,923
Total Assets	<u>197,023</u>	<u>233,923</u>
Liabilities and Equity		
Net outstanding claims reserve	81,748	89,333
Net mathematical reserve	42,494	34,935
Total Technical Reserves	<u>124,242</u>	<u>124,268</u>
Account payables	108,254	9,835
Head Office account	(35,473)	99,820
Total Liabilities	<u>197,023</u>	<u>233,923</u>