

National Insurance Company
(Public Limited Shareholding Company)
Amman – The Hashemite Kingdom of Jordan
Interim Consolidated Condensed Financial Statements
(Unaudited)
And Independent Auditor's Report
For the Three Months Ended March 31, 2023

National Insurance Company
(Public Limited Shareholding Company)
Interim Consolidated Condensed Financial Statements (Unaudited)
and Independent Auditor's Report
For the Three Months Period Ended March 31, 2023

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Independent Auditor's Report

To, The Shareholders
National Insurance Company
(Public Limited Shareholding Company)
Amman - the Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying interim consolidated condensed statement of financial position of **National Insurance Company ("the Company")** as of March 31, 2023 and the related interim consolidated condensed statements of profit or loss, other comprehensive income, changes in shareholders' equity, and cash flows for the three months period then ended and a summary of significant accounting policies and other explanatory notes from (1) to (14).

Management is responsible for the preparation and fair presentation of these interim consolidated condensed financial statements in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as endorsed in the Hashemite Kingdom of Jordan and the instructions of Central Bank of Jordan. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Hashemite Kingdom of Jordan. A review of interim consolidated condensed financial statements 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 consolidated condensed financial statements for the period ended March 31, 2023 are not prepared in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as endorsed in the Hashemite Kingdom of Jordan.

Emphasis Matter

Without qualifying in our report, we confirm that these interim consolidated condensed financial statements are prepared in accordance with the instructions of the Central Bank of Jordan, circular No. 17/1/6983 issued on 12/4/2023, which stipulates "the continuation of the Provisions of Resolution (4) of 2012 "a special resolution regarding the necessary forms for the preparation of financial reports" for the purposes of preparing these financial statements for the first quarter of 2023, provided that the semi-annual financial statements for the current year to be prepared in accordance with International Financial Reporting Standard No. (17)".

Independent Auditor's Report (continued)

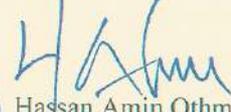
Other Matter

The financial statements for the year ended December 31, 2022 whose numbers appear in the statement of financial position for comparison purposes have been audited by another auditor, who issued an unqualified report on February 28, 2023. The interim consolidated condensed financial statements for the period ended March 31, 2022, the statements of profit or loss, other comprehensive income, changes in shareholders' equity, and cash flows which appears in the comparative figures have been reviewed by another auditor who issued an unqualified conclusion on April 28, 2022.

Date: April 27, 2023

Al - Abbasi and Company
(Independent Member of Moore Global)




Hassan Amin Othman
(License No. 674)

National Insurance Company
(Public Limited Shareholding Company)
Interim Consolidated Condensed Statement of Financial Position (Unaudited)
As of March 31, 2023
(Jordanian Dinars)

	Note	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Assets			
Investments:			
Deposits at banks	5	10,435,679	10,400,357
Financial assets measured at fair value through other comprehensive income		4,848,019	4,703,273
Financial assets measured at amortized cost		6,168,414	6,169,255
Investments property		342,252	346,410
Total investments		21,794,364	21,619,295
Other assets:			
Cash on hands and at banks	10	393,955	218,021
Notes receivable and checks under collection		1,266,447	1,668,982
Accounts receivable, net	6	8,343,984	5,164,808
Reinsurers' receivables, net	7	1,840,278	1,476,879
Deferred tax assets		660,128	658,152
Property and equipment, net		541,238	543,541
Intangible assets		51,624	55,379
Other assets		1,614,051	1,355,669
Total other assets		14,711,705	11,141,431
Total assets and investments		36,506,069	32,760,726
Liabilities and Shareholders' Equity			
Liabilities:			
Unearned premium provision, net		8,142,536	7,687,636
Claims provision, net		7,983,683	8,023,869
Mathematical provision, net		42,476	28,378
Insurance contracts liabilities		16,168,695	15,739,883
Other liabilities:			
Accounts payable		2,980,639	1,932,543
Accrued expenses		80,777	101,852
Reinsurers' payables		1,950,326	738,325
Other provisions	12	66,285	33,196
Income tax and national contribution provision	8	264,651	313,565
Other liabilities		1,956,419	1,604,739
Total other liabilities		7,299,097	4,724,220
Total liabilities		23,467,792	20,464,103
Shareholders' Equity:			
Paid-up share capital		8,000,000	8,000,000
Statutory reserve		1,718,918	1,718,918
Voluntary reserve		800,000	800,000
Fair value reserve		291,450	146,704
Retained earnings		2,227,909	1,631,001
Total shareholder's equity- controlling interest		13,038,277	12,296,623
Total liabilities and shareholders' equity		36,506,069	32,760,726

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Interim Consolidated Condensed Statement of Profit or Loss (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Note	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Revenue:			
Total written premiums		8,364,775	6,631,631
Less: reinsurers' share		(3,807,518)	(2,772,432)
Net written premiums		4,557,257	3,859,199
Net change in unearned premiums provision		(454,900)	(632,975)
Net change in mathematical provision		(14,098)	(7,559)
Net earned written premiums		4,088,259	3,218,665
Commission income		387,715	161,400
Insurance policies issuance fees		251,681	234,599
Interest income		230,905	170,170
Other underwriting income		152,504	155,770
Gain from financial assets		225,595	140,252
Other income		181	4,189
Total revenue		5,336,840	4,085,045
Claims, Losses and Expenses:			
Paid claims		5,470,740	4,558,606
Less: recoveries		(799,159)	(719,794)
Less: reinsurers' share		(1,217,392)	(1,161,511)
Net paid claims		3,454,189	2,677,301
Net change in claims provision		(40,186)	(138,124)
Policies acquisition costs		362,464	277,653
Excess in loss premiums		64,679	57,991
Allocated employees' benefits		208,171	206,821
Allocated administrative and general expenses		191,508	177,411
Other underwriting expenses		254,369	100,050
Net claims costs		4,495,194	3,359,103
Unallocated employees' benefits		25,692	25,566
Depreciation and amortization		14,718	14,935
Unallocated administrative and general expenses		48,459	44,355
Other expenses		4,477	6,313
Total expenses		93,346	91,169
Net income for the period before income tax		748,300	634,773
Income tax expense		(151,392)	(158,306)
Net income for the period		596,908	476,467
Earnings Per Share:			
Basic and diluted earnings per share from net income for the period	9	0.075	0.060

These accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Interim Consolidated Condensed Statement of Other Comprehensive Income (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	<u>31 March 2023</u> <u>(Unaudited)</u>	<u>31 March 2022</u> <u>(Unaudited)</u>
Net income for the period	596,908	476,467
Add: Other comprehensive income items after income tax which will not be reclassified to profit or loss statement in subsequent periods:		
Change in fair value of financial assets measured at fair value through other comprehensive income, net	144,746	100,579
Gain from the sale of financial assets measured at fair value through other comprehensive income	-	98,170
Total comprehensive income for the period	<u><u>741,654</u></u>	<u><u>675,216</u></u>

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Interim Consolidated Condensed Statement of Changes in Shareholders' Equity (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Paid-up share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
For the Three Months Period Ended						
<u>March 31, 2023</u>						
Balance as of December 31, 2022	8,000,000	1,718,918	800,000	146,704	1,631,001	12,296,623
Net income for the period	-	-	-	-	596,908	596,908
Total comprehensive income for the period	-	-	-	144,746	-	144,746
Balance as of March 31, 2023	8,000,000	1,718,918	800,000	291,450	2,227,909	13,038,277
For the Three Months Period Ended						
<u>March 31, 2022</u>						
Balance as of January 1, 2022	8,000,000	1,572,025	311,000	(321,619)	1,851,703	11,413,109
Net income for the period	-	-	-	-	476,467	476,467
Total comprehensive income for the period	-	-	-	100,579	98,170	198,749
Transfer to voluntary reserve	-	-	89,000	-	(89,000)	-
Balance as of March 31, 2022	8,000,000	1,572,025	400,000	(221,040)	2,337,340	12,088,325

Retained earnings include an amount of 660,128 JD as of March 31, 2023, compared to 658,152 JD as of December 31, 2022, has represented deferred tax assets that cannot be used, according to the instructions of the Jordan Securities Commission.

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Interim Consolidated Condensed Statement of Cash Flows (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	<u>31 March 2023</u> <u>(Unaudited)</u>	<u>31 March 2022</u> <u>(Unaudited)</u>
Cash Flows from Operating Activities:		
Net income for the period before income tax	748,300	634,773
Adjustments of Non-Cash Items		
Depreciation and amortization	14,718	14,935
Received interest income	(230,905)	(170,170)
Dividends from financial assets measured at fair value through other comprehensive income	(225,595)	(140,252)
Net change in claims provision	(40,186)	(138,124)
Net change in unearned premiums provision	454,900	632,975
Net change in mathematical provision	14,098	7,559
Provision for insurance management fees	34,146	26,875
Amortization of a discount on financial assets measured at amortized cost	841	2,003
Net cash flows from (used in)/provided by operating activities before changes in working capital items	<u>770,317</u>	<u>870,574</u>
Notes receivables and checks under collection	402,535	364,912
Accounts receivable	(3,179,176)	(1,981,321)
Reinsurers' receivables	(363,399)	37,759
Other assets	(258,382)	(81,051)
Accounts payable	1,048,096	623,857
Accrued expenses	(21,075)	15,580
Reinsurers' payables	1,212,001	275,017
Other payables	323,351	74,273
Other provisions	(1,057)	(23,205)
Net cash flows (used in)/provided by operating activities before income tax	<u>(66,789)</u>	<u>176,395</u>
Income tax paid	(162,860)	(143,434)
Income tax paid on interest income	(11,093)	(6,898)
Net cash flows (used in)/provided by operating activities	<u>(240,742)</u>	<u>26,063</u>
Cash Flows from Investing Activities:		
Term deposits due to more than three months	(1,533,799)	(4,716,849)
Dividends from financial assets measured at fair value through other comprehensive income	225,595	140,252
Acquisition of property and equipment	(4,502)	(572)
Proceeds on the sale of financial assets measured at fair value through other comprehensive income	-	217,477
Acquisition on financial assets measured at amortized cost	-	(354,500)
Received interest income	230,905	170,170
Net cash flows used in investing activities	<u>(1,081,801)</u>	<u>(4,544,022)</u>
Net cash used during the period	<u>(1,322,543)</u>	<u>(4,517,959)</u>
Cash and cash equivalents at the beginning of the period	4,574,577	6,410,612
Cash and cash equivalents at the end of the period	<u>3,252,034</u>	<u>1,952,826</u>

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Underwriting Revenue List for the Interim Consolidated Condensed Life Insurance Business (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Life	
	For the Three Months Period Ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
<u>Written Premiums:</u>		
Direct business	107,231	77,507
Incoming reinsurance	17,644	36,380
Total written premiums	124,875	113,887
Less:		
Local reinsurance premiums	-	18,540
Foreign reinsurance premiums	72,334	47,113
Net earned premiums	52,541	48,234
Add:		
Mathematical provision at the beginning of the period	63,741	85,218
Less: reinsurers' share	35,363	50,283
Net mathematical provision-beginning of the period	28,378	34,935
Less:		
Mathematical provision at the end of the period	90,612	93,093
Less: reinsurers' share	48,136	50,599
Net mathematical provision at the end of the period	42,476	42,494
Net earned revenue from written premiums	38,443	40,675

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Compensation Cost List for the Interim Consolidated Condensed Life Insurance Business (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Life	
	For the Three Months Period Ended March 31	
	2023	2022
	(Unaudited)	(Unaudited)
Paid claims	129,385	161,984
Less:		
Foreign reinsurers' share	108,215	129,099
Net paid claims	21,170	32,885
Add:		
Claims provision at the end of the period		
Reported	88,658	162,319
Non-reported	25,359	23,856
Less:		
Reinsurers' share	54,178	104,427
Net claims provision at the end of the period	59,839	81,748
Less: Reported	50,181	71,939
Non-reported	9,658	9,809
Less:		
Claims provision at the beginning of the period		
Reported	145,158	140,418
Non-reported	40,000	24,699
Less:		
Reinsurers' share	132,566	75,784
Net claims provision at the beginning of the period	52,592	89,333
Net compensation cost	28,417	25,300

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National Insurance Company
(Public Limited Shareholding Company)
Underwriting Profit List for the Interim Consolidated Condensed Life Insurance Business (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Life	
	For the Three Months Period Ended	
	March 31	
	2023	2022
	(Unaudited)	(Unaudited)
Net earned revenue from written premiums	38,443	40,675
Less:		
Net compensation cost	28,417	25,300
Add:		
Received commission	214	456
Insurance policies issuance fees	1,193	891
Other income	2,367	987
Total revenue	3,774	2,334
Less:		
Policies acquisition costs	1,364	1,701
Administrative and general expenses related to underwriting accounts	6,526	8,018
Other expenses	29	218
Total expenses	7,919	9,937
Underwriting profit	5,881	7,772

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Underwriting Revenue List for the Interim Consolidated Condensed General Insurance Business (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Motor		Marine and transportation		Fire and other property damage		Responsibility		Medical		Total	
	For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Written Premiums:												
Direct business	2,687,024	2,555,293	170,984	262,756	1,010,288	1,025,169	42,499	45,575	3,277,694	1,770,989	7,188,489	5,659,782
Incoming optional reinsurance	290,019	235,705	21,046	14,424	740,346	607,833	-	-	-	-	1,051,411	857,962
Total premiums	2,977,043	2,790,998	192,030	277,180	1,750,634	1,633,002	42,499	45,575	3,277,694	1,770,989	8,239,900	6,517,744
Less:												
Local reinsurance share	187,392	162,501	14,802	55,626	266,197	592,955	-	-	-	-	468,390	811,082
Foreign reinsurance share	41,296	40,762	133,386	152,099	1,414,013	826,641	34,407	35,260	1,643,691	840,935	3,266,793	1,895,697
Net written premiums	2,748,355	2,587,735	43,842	69,455	70,424	213,406	8,092	10,315	1,634,003	930,054	4,504,716	3,810,965
Add:												
Provision for unearned premiums- beginning of the period	7,126,339	5,330,603	106,683	93,888	1,289,518	1,178,742	41,744	30,560	1,660,414	1,311,273	10,224,698	7,945,066
Less: reinsurers' share	490,260	612,046	91,413	80,301	1,139,290	1,057,530	28,861	22,969	787,238	819,647	2,537,062	2,592,493
Net provision for unearned premiums	6,636,079	4,718,557	15,270	13,587	150,228	121,212	12,883	7,591	873,176	491,626	7,687,636	5,352,573
Less:												
Provision for unearned premiums- end of the period	6,774,930	5,660,563	110,670	93,779	2,191,431	2,016,585	58,773	56,448	3,443,747	1,678,228	12,579,551	9,505,603
Less: Reinsurers' share	455,269	582,981	95,758	72,237	2,051,006	1,906,013	44,272	43,158	1,790,710	915,666	4,437,015	3,520,055
Net unearned premiums	6,319,661	5,077,582	14,912	21,542	140,425	110,572	14,501	13,290	1,653,037	762,562	8,142,536	5,985,548
Net earned revenue from written premiums	3,064,773	2,228,710	44,200	61,500	80,227	224,046	6,474	4,616	854,142	659,118	4,049,816	3,177,990

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Compensation Cost List for the Interim Consolidated Condensed General Insurance Business (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Motor		Marine and transportation		Fire and other property damage		Responsibility		Medical		Total	
	For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31		For the Three Months Period Ended March 31	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Paid claims	3,493,662	2,870,381	8,248	22,561	111,616	32,939	3,070	4,939	1,724,759	1,465,802	5,341,355	4,396,622
Less:												
Recoveries	776,113	687,352	2,535	596	8,416	4,850	-	-	12,095	26,996	799,159	719,794
Local reinsurers' share	4,610	3,424	1,828	580	7,583	2,166	-	1,381	-	-	14,021	7,551
Foreign reinsurers' share	44,161	118,520	3,352	15,974	78,980	21,945	-	-	968,663	868,422	1,095,156	1,024,861
Net paid claims	2,668,778	2,061,085	533	5,411	16,637	3,978	3,070	3,558	744,001	570,384	3,433,019	2,644,416
Add:												
Claims provision at the end of the period												
Reported	6,439,643	5,947,567	135,553	121,653	1,240,873	1,442,776	142,094	143,244	273,619	541,724	8,231,782	8,196,964
Non-reported	2,536,174	2,079,767	8,171	10,211	32,635	30,316	815	922	103,889	87,714	2,681,684	2,208,930
Less:												
Reinsurers' share	690,970	823,694	130,277	117,580	1,191,129	1,415,322	112,617	105,661	226,558	401,190	2,351,551	2,863,447
Recoveries	638,071	459,600	-	-	-	-	-	-	-	-	638,071	459,600
Net claims provision at the end of the period	7,646,776	6,744,040	13,447	14,284	82,379	57,770	30,292	38,505	150,950	228,248	7,923,844	7,082,847
Less: reported	5,200,602	4,754,273	11,863	12,027	79,196	54,462	30,100	38,250	109,372	200,961	5,431,133	5,059,973
Non-reported	2,446,174	1,989,767	1,584	2,257	3,183	3,308	192	255	41,578	27,287	2,492,711	2,022,874
Net claims provision at the beginning of the period												
Reported	6,293,808	6,313,199	149,905	138,466	1,402,397	1,362,049	138,244	147,309	464,901	565,643	8,449,255	8,526,666
Non-reported	2,493,730	1,986,107	11,882	9,022	33,458	31,459	1,018	846	175,058	79,238	2,715,146	2,106,672
Less:												
Reinsurers' share	641,055	879,195	148,821	126,056	1,330,297	1,335,587	102,728	107,103	368,900	429,607	2,591,801	2,877,548
Recoveries	601,323	542,404	-	-	-	-	-	-	-	-	601,323	542,404
Net claims provision at the beginning of the period	7,545,160	6,877,707	12,966	21,432	105,558	57,921	36,534	41,052	271,059	215,274	7,971,277	7,213,386
Net compensation cost	2,770,394	1,927,418	1,014	(1,737)	(6,542)	3,827	(3,172)	1,011	623,892	583,358	3,385,586	2,513,877

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Underwriting Profit List for the Interim Consolidated Condensed General Insurance Business (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

	Motor		Marine and transportation		Fire and other property damage		Responsibility		Medical		Total	
	For the Three Months Period Ended March 31	2022	2023	For the Three Months Period Ended March 31	2022	2023	For the Three Months Period Ended March 31	2022	2023	For the Three Months Period Ended March 31	2022	2023
Net earned revenue from written premiums	3,064,773	2,228,710	44,200	61,500	80,227	224,046	6,474	4,616	854,142	659,118	4,049,816	3,177,990
Less:												
Net compensation cost	2,770,394	1,927,418	1,014	(1,737)	(6,542)	3,829	(3,172)	1,011	623,892	583,358	3,385,586	2,513,877
Add:												
Received commission	9,465	9,345	24,670	33,630	146,470	117,969	303	-	206,593	-	387,501	160,944
Insurance policies issuance fees	147,006	137,099	4,566	5,860	12,967	14,192	746	773	85,203	75,784	250,488	233,708
Other underwriting income	13,401	8,299	-	-	-	-	-	-	136,736	146,484	150,137	154,783
Total revenue	169,872	154,743	29,236	39,490	159,437	132,161	1,049	773	428,532	222,268	788,126	549,435
Policies acquisition cost	188,906	174,391	4,902	3,198	55,814	45,523	642	602	110,836	52,238	361,100	275,952
Excess of loss in premiums	32,429	28,777	6,125	5,482	26,125	23,732	-	-	-	-	64,679	57,991
Other administrative expenses	160,018	165,089	13,569	31,652	56,556	85,385	2,620	2,860	133,825	91,229	366,588	376,215
Other expenses	40,452	35,719	166	156	25	284	-	-	213,697	63,673	254,340	99,832
Total expenses	421,805	403,976	24,762	40,488	138,520	154,924	3,262	3,462	458,358	207,140	1,046,707	809,990
Underwriting profit	42,446	52,059	47,660	62,239	107,686	197,456	7,433	916	200,424	90,888	405,649	403,558

The accompanying notes from 1 to 14 are an integral part of these interim consolidated condensed financial statements

National Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
For the Three Months Period Ended March 31, 2023

1- Legal Status and Activities

National Insurance Company, a public shareholding company, was established as a result of a merger between the National Insurance Company (established in 1965) and the Al-Ahlia Insurance Company (in Jordan) in 1986 based on the provisions of the Companies Law of the year 1964 to carry out insurance business. It was registered at the companies controller at the Ministry of Industry and Trade as a Jordanian public shareholding company, under No. (199) on December 9, 1986. The company obtained a license to act life insurance activities on August 6, 1995. The company's authorized and paid-up share capital is currently 8,000,000 JD, divided into 8,000,000 shares, and the value of each share is one JD.

The company practices all kinds of insurance business, such as motor, marine and transportation, fire and other property damage, responsibility, medical, personal accidents and life insurance businesses.

The interim consolidated condensed financial statements have been approved by the board of directors in its meeting on 26 April 2023.

2- Basis of Preparation:
Statement of compliance

The interim condensed consolidated financial statements for the Group for the three months period ended 31 March 2023 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 measured at fair value through other comprehensive income that have stated at fair value on the date of the financial statements.

The interim condensed consolidated financial statements do not contain all information and notes required for annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as of 31 December 2022. In addition, the results (company's profit) for the three months ended 31 March 2023 are not necessarily indicative of the result (company's profit) that may be expected for the financial year ended 31 December 2023.

3- Consolidated Financial Statements Preparation Basis:

The consolidated financial statements comprise the financial statements of National Insurance Company, a public shareholding ("Company"), and its subsidiary (together referred to as "the Group") as of 31 March 2023:

<u>Company's name</u>	<u>Company's entity</u>	<u>Country incorporation</u>	<u>Ownership %</u>
Nai for Real Estate Investments Co.*	Limited Liability Company	Jordan	100%

National Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

3- Consolidated Financial Statements Preparation Basis (continued):

*Nai Real Estate Investment Company Ltd. was established with a fully paid-up share capital of 1,250,000 JD. The company was registered at the Ministry of Industry and Trade on 16 December 2008 and it is wholly owned by the National Insurance Company, a public Limited shareholding company.

The financial statements of the subsidiaries have been consolidated from the date on which control is exercised until it ceases. Control is achieved when the Group obtains in full, or has a share, the variable returns as a result of its control over the subsidiary company and has the ability to affect those returns as a result of its control over the subsidiary company.

The financial statements of the company and its subsidiary have been prepared for the same year and by using similar accounting policies.

All balances, transactions, revenue and expenses resulted from transactions between the Company and its subsidiary are excluded.

4- Significant Accounting Policies

The accounting policies used in the preparation of the interim consolidated condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022.

5- Deposits at Banks

This item consists the following:

	31 March 2023 (Unaudited)			31 December 2022 (Audited)	
	Deposits due within a month	Deposits due from one to three months	Deposits due more than three months to one year	Total	Total
Inside Jordan	2,058,079	800,000	7,577,600	10,435,679	10,400,357

Interest rates deposits at banks balances in Jordanian Dinars range from 3.5% to 6.4% during the period ended 31 March 2023.

National Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

6- Accounts Receivable

This item consists of the following:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Due from policies' holders	5,224,880	4,772,869
Governmental receivables	1,653,326	623,661
Due from agents	543,247	515,276
Due from brokers	2,223,987	583,420
Due from employees	71,060	69,525
Others	79,799	52,372
	<u>9,796,299</u>	<u>6,617,123</u>
Less: Provision for expected credit loss*	<u>(1,452,315)</u>	<u>(1,452,315)</u>
	<u>8,343,984</u>	<u>5,164,808</u>

*The movement of expected credit losses as follows:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the year	<u>1,452,315</u>	<u>1,377,315</u>
Provided during the period	-	75,000
Balance at the end of the year	<u>1,452,315</u>	<u>1,452,315</u>

7- Reinsurance Receivable

This item consists the following:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Local reinsurance companies	567,029	573,518
Foreign reinsurance companies	1,397,591	1,027,703
Less: provision for expected credit losses	<u>(124,342)</u>	<u>(124,342)</u>
	<u>1,840,278</u>	<u>1,476,879</u>

National Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

8- Income Tax Provision

A- The movement of the income tax provision as follows:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	313,565	313,057
Income tax paid	(162,860)	(399,847)
Provided during the period /year-income tax	125,040	428,227
Income tax paid on interest bank interest income	(11,093)	(27,872)
Balance at the end of the period/year	264,651	313,565

B- Income tax expense in the consolidated statement of profit or loss represents the following:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Provided income tax on net income for the period	125,040	160,002
Deferred tax assets added	(650,616)	(528,498)
Deferred tax assets released	648,640	504,321
Recovered from income tax provision	28,328	22,481
	151,392	158,306

The reconciliation of accounting income and taxable income as follows:

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Net accounting income before income tax	656,663	634,773
Net non-taxable income	(2,684,309)	(167,408)
Non-deductible expenses	2,502,369	98,170
Net taxable income	474,723	565,535
Legal income tax and national contribution rates	%26	%26
Income tax on net income for the period from local revenue	123,428	147,039
Gains from foreign investments	138,144	129,627
Income tax on net income for the period from foreign revenue	13,814	12,963
Total income tax on net income for the period from local and foreign revenue	137,242	160,002

National Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

8- Income Tax Provision (continued)

B- Income tax expense in the consolidated statement of profit or loss (continued)

Income Tax provision for the period ended 31 March 2023 was calculated in accordance with the Income Tax Law No. (38) of 2018.

Final settlement was reached up with Income Tax Department to the end of 2020. In the opinion of the group's management and the company's tax advisor, the income tax provision deducted on the period ended 31 March 2023, is sufficient to meet any tax liabilities.

C- Deferred tax assets/liabilities

The details of this item as follows:

<u>Included Accounts</u>	31 March 2023 (Unaudited)				31 December 2022 (Audited)	
	Beginning Balance	Released	Added	Ending Balance	Deferred Tax (Unaudited)	Deferred Tax (Audited)
Deferred tax assets:						
Non-reported claims provision	2,493,712	2,493,712	2,502,369	2,502,369	650,616	648,365
Provision for end of service benefits	515	-	-	515	134	134
Provision for commission on gains from group/life insurance policies	8,127	1,057	-	7,070	1,838	2,113
Provision for urgent liabilities	29,000	-	-	29,000	7,540	7,540
	<u>2,531,354</u>	<u>2,494,769</u>	<u>2,502,369</u>	<u>2,538,954</u>	<u>660,128</u>	<u>658,152</u>

The movement of deferred tax assets as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
Balance at the beginning of the period/year	658,152	513,788
Additions	650,616	649,214
Disposals	(648,640)	(504,850)
	<u>660,128</u>	<u>658,152</u>

The income tax rate used in calculating the value of deferred taxes is 26%, and the management is certain that it will be achieved in the future, since the items that resulted in the deferred tax assets are included in the income tax law and are included in the tax base when calculating the group's income tax.

National Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
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(Jordanian Dinars)

9- Earnings per share

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

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
Net income for the period (JD)	596,908	476,467
Weighted average number of shares (Share)	8,000,000	8,000,000
Earnings per share from net income for the period	<u>0.075</u>	<u>0.060</u>

10- Cash and Cash Equivalents

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

	March 31 2023 (Unaudited)	March 31 2022 (Unaudited)
Cash on hands and at banks	393,955	571,254
Add: deposits at banks	10,435,679	8,210,036
Less: deposits at banks due to more than three months	(7,577,600)	(6,828,463)
	<u>3,252,034</u>	<u>1,952,827</u>

11- Related Parties Transactions and Balances

Related parties represent subsidiaries, board of directors, top-level executive management and the companies which they own. Pricing policy and terms of these transactions are approved by the group's management.

The company has entered into transactions with major shareholders, board members and the top-level management through the company's normal activities of business, and by using insurance premiums and commercial commission, taking into account that all related parties are considered activate and no provisions have been deducted for them.

The summary of related parties' transactions as follows:

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
<u>Items of Financial Position Statement:</u>		
Accounts receivable (subsidiaries related to board members)	<u>1,814,402</u>	<u>1,282,684</u>

	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<u>Items of Profit or Loss Statement:</u>		
Written premiums (subsidiaries related to board members)	<u>1,115,632</u>	<u>691,518</u>
Paid claims (subsidiaries related to board members)	<u>334,222</u>	<u>251,445</u>

National Insurance Company
(Public Limited Shareholding Company)
Notes to the Interim Consolidated Condensed Financial Statements (Unaudited)
For the Three Months Period Ended March 31, 2023
(Jordanian Dinars)

11- Related Parties Transactions and Balances (continued)

The summary of company's top-level executive management benefits (salaries, bonuses and others):

	31 March 2023	31 March 2022
	(Unaudited)	(Unaudited)
Salaries and bonuses	<u>79,791</u>	<u>75,666</u>

12- Lawsuits on the Company

The group appears as a defendant in lawsuits amounted to 2,180,124 JD as of March 31, 2023 (December 31, 2022: 2,447,215 JD). In the opinion of the group's management and its legal advisor, the provision has been deducted is sufficient to meet any obligations for these lawsuits as of March 31, 2022.

13- Contingent Liabilities

The group has liabilities in form of bank guarantees on the date of its interim consolidated condensed amounted to 1,150,735 JD as of 31 March 2023 and 1,080,864 JD as of 31 December 2022.

14- Statement of Financial Position for Life Insurance Business

	31 March 2023	31 December 2022
	(Unaudited)	(Audited)
Assets:		
Accounts receivable	332,092	100,407
Total assets	<u>332,092</u>	<u>100,407</u>
Liabilities and Shareholders' Equity:		
Liabilities:		
Net claims provision	59,839	52,592
Net mathematical provision	42,476	28,378
Total technical provisions	<u>102,315</u>	<u>80,970</u>
Accounts payable	14,633	7,570
	<u>116,948</u>	<u>88,540</u>
Shareholders' Equity:		
Head Office current account	215,144	11,867
Total liabilities and shareholders' equity	<u>332,092</u>	<u>100,407</u>