



Handwritten signature in blue ink.

الوطنية

شركة التأمين الوطنية



Ref : Acc / 328 / 2020

Date : 27 / 10 / 2020

To : Jordan Securities Commission

Amman Stock Exchange

إشارة رقم : م ح / 328 / 2020

التاريخ : 2020/ 10 /27

السادة : هيئة الأوراق المالية

السادة: بورصة عمان

Subject :Quarter Report as of 30/09/2020

الموضوع : التقرير ربع السنوي كما في 2020/09/30

Attached the Quarter Report of National Insurance Co. as of 30/09/2020 in Arabic language.

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة التأمين الوطنية م.ع.م كما هي في 2020/09/30 باللغة العربية.

kindly accept our highly appreciation and respect

وتفضلوا بقبول فائق الاحترام،،،

National Insurance Co

شركة التأمين الوطنية م.ع.م

General Manager

المدير العام

Dr. Manal Jarrar

د. منال جرار

Handwritten signature in blue ink.

Handwritten signature in blue ink.

NATIONAL INSURANCE COMPANY

(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

30 SEPTEMBER 2020



Ernst & Young Jordan
P.O. Box 1140
300 King Abdulla Street
Amman 11118
Jordan
Tel:00962 6 580 0777 /00962 6552 6111
Fax:00962 6 5538 300
www.ey.com

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING 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 30 September 2020, comprising of interim consolidated statement of financial position as of 30 September 2020 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for nine 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 (“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
25 October 2020

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 (UNAUDITED)**

	Notes	30 September 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Assets			
Investments-			
Deposits at banks	3	6,884,545	7,784,091
Financial assets at fair value through other comprehensive income		2,760,259	3,636,513
Financial assets at amortized cost		6,192,119	4,727,962
Investment properties		445,352	459,826
Total Investments		16,282,275	16,608,392
Other assets-			
Cash on hands and at banks		209,113	318,811
Notes receivables and checks under collection		1,332,569	995,353
Account receivables, net	4	6,564,470	5,504,753
Reinsurance receivables, net	5	1,206,490	1,194,673
Deferred tax assets	6	345,253	350,457
Property and equipment, net		591,042	614,708
Other assets		976,579	1,233,978
Total other assets		11,225,516	10,212,733
Total assets		27,507,791	26,821,125
Liabilities and equity			
Technical reserves-			
Unearned premium reserve, net		5,034,147	5,618,366
Outstanding claims reserve, net		7,352,344	7,153,116
Mathematical reserve, net		52,751	38,088
Total technical reserves liabilities		12,439,242	12,809,570
Other liabilities-			
Accounts payable		3,019,273	2,222,922
Accrued expenses		161,198	80,658
Reinsurance payables		1,277,483	946,298
Other provisions		25,946	30,253
Income tax provision	6	188,712	32,147
Other liabilities		1,301,330	1,612,802
Total other liabilities		5,973,942	4,925,080
Total liabilities		18,413,184	17,734,650
Equity-			
Paid in capital		8,000,000	8,000,000
Statutory reserve		1,356,991	1,356,991
Voluntary reserve		311,000	311,000
Fair value reserve		(1,663,885)	(962,630)
Retained earnings		381,114	381,114
Profit for the period		709,387	-
Total shareholder's equity		9,094,607	9,086,475
Total liabilities and shareholder's equity		27,507,791	26,821,125

The attached notes 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 AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2020 JD	2019 JD	2020 JD	2019 JD
Revenues –					
Gross written premiums		4,441,781	4,433,902	13,438,662	13,555,482
Less: reinsurance share		1,457,241	1,041,767	5,039,480	3,773,902
Net written premiums		2,984,540	3,392,135	8,399,182	9,781,580
Net change in unearned premiums reserve		(146,950)	(6,122)	584,219	837,529
Net change in mathematical reserve		9,870	10,863	(14,663)	414
Net earned premiums		2,847,460	3,396,876	8,968,738	10,619,523
Commissions income		75,907	53,580	364,816	284,586
Insurance policies issuance fees		194,978	176,068	533,568	572,927
Other income related to written premiums		157,471	98,875	515,418	214,627
Interest income		171,722	192,580	532,167	552,345
Gain from financial assets		5,133	-	102,755	244,288
Other income		454	2,000	1,117	2,845
Total revenues		3,453,125	3,919,979	11,018,579	12,491,141
Claims, losses and related expenses					
Paid claims		3,999,313	3,789,486	11,073,891	13,561,235
Less: recoveries		262,857	695,983	714,925	2,315,536
Less: reinsurance share		968,877	787,181	3,038,144	2,588,998
Paid claims, net		2,767,579	2,306,322	7,320,822	8,656,701
Net change in claims reserve		(2,222)	783,734	199,228	583,497
Policies acquisition costs		226,053	266,619	619,375	843,819
Excess of loss premiums		97,766	58,925	199,828	176,775
Allocated employees' expenses		199,257	207,797	645,987	694,333
Allocated administrative and general expenses		97,919	100,860	351,561	374,013
Other expenses		113,811	110,115	331,836	359,558
Net Claims costs		3,500,163	3,834,372	9,668,637	11,688,696
Unallocated employees' expenses		40,436	30,024	88,709	91,951
Depreciation		13,054	13,427	39,490	39,486
Unallocated administrative and general expenses		11,979	31,464	90,684	99,753
Expected credit loss		-	-	300,000	-
Other expenses		5,535	1,996	26,826	13,049
Total expenses		71,004	76,911	545,709	244,239
(Loss) profit for the period before tax		(118,042)	8,696	804,233	558,206
Income(expenses) tax reversal	6	43,687	31,694	(94,846)	(91,615)
(Loss) profit for the period		(74,355)	40,390	709,387	466,591
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted (losses) earnings per share	7	(0.009)	0.005	0.089	0.058

The attached notes 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 OTHER STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Three months period ended 30 September		Nine months period ended 30 September	
	2020	2019	2020	2019
	JD	JD	JD	JD
(Loss) profit for the period	(74,355)	40,390	709,387	466,591
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 after tax	(123,277)	(121,646)	(701,255)	(76,691)
Total comprehensive income for the period	<u>(197,632)</u>	<u>(81,256)</u>	<u>8,132</u>	<u>389,900</u>

The attached notes 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings/ (Accumulated losses)	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD
For the period ended 30 September 2020 -							
Balance at 1 January 2020	8,000,000	1,356,991	311,000	(962,630)	381,114	-	9,086,475
Total comprehensive income for the period	-	-	-	(701,255)	-	709,387	8,132
Balance at 30 September 2020	<u>8,000,000</u>	<u>1,356,991</u>	<u>311,000</u>	<u>(1,663,885)</u>	<u>381,114</u>	<u>709,387</u>	<u>9,094,607</u>
For the period ended 30 September 2019 -							
Balance at 1 January 2019	8,000,000	1,305,481	311,000	(919,754)	(28,547)	-	8,668,180
Total comprehensive income for the period	-	-	-	(76,691)	-	466,591	389,900
Balance at 30 September 2019	<u>8,000,000</u>	<u>1,305,481</u>	<u>311,000</u>	<u>(996,445)</u>	<u>(28,547)</u>	<u>466,591</u>	<u>9,058,080</u>

Included in the retained earnings a restricted amount of JD 345,253 in accordance with the Jordan securities commission regulations representing deferred tax assets as of 30 September 2020 (31 December 2019: JD 350,457), in addition to an amount of JD 1,663,885 restricted from retained earnings representing the negative fair value reserve as of 30 September 2020 (31 December 2019: JD 962,630).

The attached notes 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Nine months period ended 30	
	September	
	Note	
	2020	2019
	JD	JD
OPERATING ACTIVITIES		
Profit for the period before tax	804,233	558,206
Adjustment for non-cash items		
Depreciation	39,490	39,486
Profit on sale of property and equipment	(79)	-
Interest income	(532,167)	(552,345)
Dividends from financial assets through other comprehensive income	(93,755)	(244,288)
Net change in unearned premiums reserve	(584,219)	(837,529)
Net change in outstanding claims reserve	199,228	583,497
Net change in mathematical reserve	14,663	(414)
Insurance department fees provision	79,715	84,928
Group life insurance fees provision	1,718	7,933
Amortization of financial assets at amortized a cost	6,402	4,028
Cash flows (used in) operating activities before changes in working capital	(64,771)	(356,498)
Notes receivables and checks under collection	(337,216)	(70,016)
Accounts receivable	(1,059,717)	(31,235)
Reinsurance receivables	(11,817)	(67,503)
Other assets	321,582	(190,282)
Accounts payable	796,351	(333,516)
Accrued expenses	80,540	(46,511)
Reinsurance payables	331,185	(364,041)
Other provisions	(85,740)	(101,648)
Other payables	(222,042)	272,569
Net cash flows (used in) operating activities before tax	(251,645)	(1,288,681)
Income tax paid	(64,183)	-
Income tax paid on interest	(22,507)	(24,269)
Net cash flows (used in) operating activities	(338,335)	(1,312,950)
INVESTING ACTIVITIES		
Term deposits mature after 3 months	2,608,024	2,711,220
Purchase of financial assets at fair value through other comprehensive income	(134,921)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	309,919	-
Purchase of financial assets at amortized cost	(2,738,559)	(2,120,400)
Proceeds from financial assets at amortized cost	1,268,000	-
Purchase of property and equipment	(1,352)	(12,052)
Proceeds from sale of Property and Equipment	82	-
Interest income	532,167	552,345
Dividends from financial assets through other comprehensive income	93,755	244,288
Net cash flows from investing activities	1,937,115	1,375,401
Net increase in cash and cash equivalent	1,598,780	62,451
Cash and cash equivalents at the beginning of the period	3,066,057	4,178,968
Cash and cash equivalents at the end of the period	8 4,664,837	4,241,419

The attached notes 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 UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Life insurance business	
	Nine months period ended 30	
	September	
	2020	2019
	JD	JD
Written premiums –		
Direct insurance	262,408	257,677
Reinsurance inward business	96,464	86,507
Total written premiums	<u>358,872</u>	<u>344,184</u>
Less:		
Local reinsurance share	65,437	73,817
Foreign reinsurance share	149,955	156,411
Net Premiums	<u>143,480</u>	<u>113,956</u>
Add:		
Balance at the beginning of the period	85,925	133,228
Less: reinsurance share	47,837	80,528
Net mathematical reserve at the beginning of the period	<u>38,088</u>	<u>52,700</u>
Less:		
Balance at the end of the period	126,792	126,725
Less: reinsurance share	74,041	74,439
Net mathematical reserve at the end of the period	<u>52,751</u>	<u>52,286</u>
Net earned revenue from written premiums- net	<u><u>128,817</u></u>	<u><u>114,370</u></u>

The attached notes 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 LIFE INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Life insurance business	
	Nine months period ended 30 September	
	2020	2019
	JD	JD
Paid claims	162,443	159,450
Less:		
Foreign reinsurance share	125,080	133,861
Net paid claims	37,363	25,589
Add:		
Claims reserve at the end of the period		
Reported	107,061	39,564
Not reported	25,610	24,538
Less:		
Reinsurance share	64,513	36,575
Net claims reserve at the end of the period	68,158	27,527
Reported	58,010	19,248
Not reported	10,148	8,279
Less:		
Claims reserve at the beginning of the period		
Reported	74,040	33,245
Not reported	24,728	30,414
Less:		
Reinsurance share	61,961	32,943
Net claims reserve at the beginning of the period	36,807	30,716
Net claims cost	68,714	22,400

The attached notes 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 UNDER WRITING RESULTS FOR THE LIFE INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Life insurance business	
	Nine months period ended 30 September	
	2020	2019
	JD	JD
Net earned revenue from written premiums	128,817	114,370
Less:		
Net claims cost	68,714	22,400
Add:		
Commissions received	1,501	2,085
Insurance policies issuance fees	2,679	2,680
Other revenues	8,494	3,723
Total revenues	12,674	8,488
Less:		
Policy acquisition cost	9,933	3,205
Allocated administrative and general expenses	27,288	36,260
Other expenses	805	2,279
Total expenses	38,026	41,744
Underwriting profit	34,751	58,714

The attached notes 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 UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:												
Direct insurance	6,212,417	7,208,676	476,849	442,444	1,689,196	1,001,484	47,664	42,206	3,592,164	3,550,851	12,018,290	12,245,661
Optional reinsurance inward business	450,212	749,480	978	(2,656)	607,309	215,688	3,001	3,125	-	-	1,061,500	965,637
Total premiums	6,662,629	7,958,156	477,827	439,788	2,296,505	1,217,172	50,665	45,331	3,592,164	3,550,851	13,079,790	13,211,298
Less:												
Local reinsurance share	229,420	177,492	2,748	-	626,210	200,640	2,735	6,185	-	-	861,113	384,317
Foreign reinsurance share	95,242	110,052	362,134	308,567	1,390,938	709,200	33,124	19,227	2,081,537	2,012,311	3,962,975	3,159,357
Net written premiums	6,337,967	7,670,612	112,945	131,221	279,357	307,332	14,806	19,919	1,510,627	1,538,540	8,255,702	9,667,624
Add:												
Balance at the beginning of the period												
Unearned premiums reserve	5,497,062	5,870,133	76,369	138,310	937,608	1,428,065	23,979	72,381	661,276	906,795	7,196,294	8,415,684
Less: reinsurance share	281,222	224,401	55,007	95,227	846,592	1,338,003	14,087	58,481	381,020	292,945	1,577,928	2,009,057
Net unearned premiums reserve	5,215,840	5,645,732	21,362	43,083	91,016	90,062	9,892	13,900	280,256	613,850	5,618,366	6,406,627
Less:												
Balance at the end of the period												
Unearned premiums reserve	4,768,589	5,448,162	78,737	69,792	1,282,411	796,454	30,663	27,947	729,767	591,811	6,890,167	6,934,166
Less : reinsurance share	246,414	243,333	61,619	57,548	1,143,623	642,450	20,478	17,428	383,886	404,309	1,856,020	1,365,068
Unearned premiums reserve- net	4,522,175	5,204,829	17,118	12,244	138,788	154,004	10,185	10,519	345,881	187,502	5,034,147	5,569,098
Earned revenue from written premiums- net	7,031,632	8,111,515	117,189	162,060	231,585	243,390	14,513	23,300	1,445,002	1,964,888	8,839,921	10,505,153

The attached notes 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	6,598,289	9,201,390	105,702	153,852	377,460	469,674	7,534	30,809	3,822,463	3,546,060	10,911,448	13,401,785
Less:												
Recoveries	657,892	2,169,678	-	68,190	2,650	17,015	-	-	54,383	60,653	714,925	2,315,536
Local reinsurance share	-	-	-	-	10,968	231,589	-	-	-	-	10,968	231,589
Foreign reinsurance share	158,045	173,990	78,859	108,193	322,213	196,586	3,308	22,590	2,339,671	1,722,189	2,902,096	2,223,548
Net paid claims	<u>5,782,352</u>	<u>6,857,722</u>	<u>26,843</u>	<u>(22,531)</u>	<u>41,629</u>	<u>24,484</u>	<u>4,226</u>	<u>8,219</u>	<u>1,428,409</u>	<u>1,763,218</u>	<u>7,283,459</u>	<u>8,631,112</u>
Add:												
Outstanding claims reserve at the end of the period												
Reported	6,646,636	6,534,214	189,770	487,909	2,866,819	2,940,049	222,039	221,281	577,773	595,392	10,503,037	10,778,845
Not reported	1,350,309	900,309	6,541	5,763	30,257	23,558	639	625	100,592	138,109	1,488,338	1,068,364
Less:												
Reinsurance share	710,154	666,036	162,512	445,980	2,756,740	2,804,455	127,663	150,696	470,780	408,129	4,227,849	4,475,296
Recoveries	479,340	333,252	-	-	-	-	-	-	-	-	479,340	333,252
Net outstanding claims reserve at the end of the period	<u>6,807,451</u>	<u>6,435,235</u>	<u>33,799</u>	<u>47,692</u>	<u>140,336</u>	<u>159,152</u>	<u>95,015</u>	<u>71,210</u>	<u>207,585</u>	<u>325,372</u>	<u>7,284,186</u>	<u>7,038,661</u>
Reported	5,547,142	5,624,926	32,077	45,952	137,341	155,664	94,817	70,967	175,203	279,058	5,986,580	6,176,567
Not reported	1,260,309	810,309	1,722	1,740	2,995	3,488	198	243	32,382	46,314	1,297,606	862,094
Less:												
Net outstanding claims reserve at the beginning of the period												
Reported	6,173,647	5,853,204	473,598	247,809	3,088,755	3,052,359	225,948	246,990	571,166	195,048	10,533,114	9,595,410
Not reported	1,350,309	900,309	6,160	5,618	19,463	26,836	586	1,887	158,147	460,323	1,534,665	1,394,973
Less:												
Reinsurance share	636,111	550,178	434,071	199,970	2,934,406	2,954,186	129,318	171,053	503,729	228,347	4,637,635	4,103,734
Recoveries	313,835	434,674	-	-	-	-	-	-	-	-	313,835	434,674
Net outstanding claims reserve at the beginning of the period	<u>6,574,010</u>	<u>5,768,661</u>	<u>45,687</u>	<u>53,457</u>	<u>173,812</u>	<u>125,009</u>	<u>97,216</u>	<u>77,824</u>	<u>225,584</u>	<u>427,024</u>	<u>7,116,309</u>	<u>6,451,975</u>
Net claims cost	<u>6,015,793</u>	<u>7,524,296</u>	<u>14,955</u>	<u>(28,296)</u>	<u>8,153</u>	<u>58,627</u>	<u>2,025</u>	<u>1,605</u>	<u>1,410,410</u>	<u>1,661,566</u>	<u>7,451,336</u>	<u>9,217,798</u>

The attached notes 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	7,031,632	8,111,515	117,189	162,060	231,585	243,390	14,513	23,300	1,445,002	1,964,888	8,839,921	10,505,153
Less:												
Net claims cost	6,015,793	7,524,296	14,955	(28,296)	8,153	58,627	2,025	1,605	1,410,410	1,661,566	7,451,336	9,217,798
Add:												
Commissions received	19,095	22,114	114,109	145,599	229,746	113,931	365	857	-	-	363,315	282,501
Insurance policies issuance fees	372,721	409,530	12,667	12,096	17,447	13,425	1,067	1,073	126,987	134,123	530,889	570,247
Other income related to written premium	78,535	38,704	-	-	-	-	-	-	428,389	172,200	506,924	210,904
Total revenues	<u>470,351</u>	<u>470,348</u>	<u>126,776</u>	<u>157,695</u>	<u>247,193</u>	<u>127,356</u>	<u>1,432</u>	<u>1,930</u>	<u>555,376</u>	<u>306,323</u>	<u>1,401,128</u>	<u>1,063,652</u>
Less:												
Policies acquisition cost	477,160	673,750	7,124	11,693	39,378	69,579	697	1,717	85,083	83,875	609,442	840,614
Excess of loss premiums	134,110	103,275	6,609	7,500	59,109	66,000	-	-	-	-	199,828	176,775
Allocated general and administrative expenses	494,799	593,737	79,482	62,515	163,585	115,335	9,683	16,298	222,711	244,201	970,260	1,032,086
Other expenses	68,471	76,731	455	505	782	939	-	-	261,323	279,104	331,031	357,279
Total expenses	<u>1,174,540</u>	<u>1,447,493</u>	<u>93,670</u>	<u>82,213</u>	<u>262,854</u>	<u>251,853</u>	<u>10,380</u>	<u>18,015</u>	<u>569,117</u>	<u>607,180</u>	<u>2,110,561</u>	<u>2,406,754</u>
Underwriting profit (loss)	<u>311,650</u>	<u>(389,926)</u>	<u>135,340</u>	<u>265,838</u>	<u>207,771</u>	<u>60,266</u>	<u>3,540</u>	<u>5,610</u>	<u>20,851</u>	<u>2,465</u>	<u>679,152</u>	<u>(55,747)</u>

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

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

(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 businesses, 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 25 October 2020.

(2) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the Group for the nine months period ended 30 September 2020 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 at the financial statements date.

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 2019. In addition, the results for the nine months ended 30 September 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

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 30 September 2020:

<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. The company did not start operations to the date of these consolidated financial statements.

The subsidiary is consolidated from the date control achieved, and continues to be consolidated until the date when such control ceases. 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.

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

All intra-group transactions, balances, income, expenses between the subsidiary and the parent are eliminated in full on consolidation.

Changes in accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except for the adoption of new standards effective as of 1 January 2020 shown below:

Amendments to IFRS 3: Definition of a Business

The IASB issued amendments to the definition of a business in IFRS (3) Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Company does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company was not be affected by these amendments on the date of transition.

Interest Rate Benchmark Reform Amendments to IFRS (9) and IFRS (7)

Interest Rate Benchmark Reform Amendments to IFRS 9 and IFRS 7 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. As a result of interest rate benchmark reform, there may be uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an RFR). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (an “RFR”).

The effective date of the amendments is for annual periods beginning on or after 1 January 2020, with early application permitted. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

With phase one completed, the IASB is now shifting its focus to consider those issues that could affect financial reporting when an existing interest rate benchmark is replaced with an RFR. This is referred to as phase two of the IASB’s project.

These amendments do not have any impact on the Group’s financial statements.

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

(3) DEPOSITS AT BANKS

	30 September 2020			31 December 2019	
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due after 3 months to 1 year	Total	Total
	JD	JD	JD	JD (Unaudited)	JD (Audited)
Local deposits	892,999	3,562,725	2,428,821	6,884,545	7,784,091

Interest rates on bank deposit balances in Jordanian Dinar ranges from 3.3% to 6% during the period ended 30 September 2020.

(4) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Policy holders receivables	6,247,641	4,776,423
Agents receivables	588,241	782,617
Brokers receivables	898,190	830,887
Employees receivables	84,320	77,294
Other receivables	53,393	50,385
	7,871,785	6,517,606
Less: expected credit losses*	(1,307,315)	(1,012,853)
	6,564,470	5,504,753

*The following represents movement for provision for expected credit losses:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Beginning balance for the period/ year	1,012,853	962,853
Additions	300,000	50,000
Written-off receivables	(5,538)	-
Ending balance for the period/ year	1,307,315	1,012,853

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

(5) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Local insurance companies	595,519	647,500
Foreign reinsurance companies	735,313	671,515
Less: allowance for doubtful debt	(124,342)	(124,342)
Net reinsurance receivables for the period / year	<u>1,206,490</u>	<u>1,194,673</u>

(6) INCOME TAX PROVISION

A- Income tax provision

The movement on the income tax provision is as follows:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at the beginning of the period / year	32,147	14,130
Income tax expense for the period / year	179,072	18,017
Income tax paid on interest income from banks deposits	(22,507)	-
Balance at the end of the period / year	<u>188,712</u>	<u>32,147</u>

Income tax expense in the consolidated income statement is as follows:

	Nine months period ended 30 September	
	2020	2019
	JD (Unaudited)	JD (Unaudited)
Income tax provision for the period	179,072	15,245
Deferred tax assets additions	(340,463)	(251,563)
Deferred tax assets reversals	345,667	296,928
Income tax withholdings	(89,430)	31,005
Income tax expense for the period	<u>94,846</u>	<u>91,615</u>

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

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

	Nine months period ended 30 September	
	2020 JD (Unaudited)	2019 JD (Unaudited)
Accounting profit	804,233	558,206
Net non-taxable income	(238,893)	(152,454)
Net non-deductible expenses	610,846	(338,948)
Prior year tax loss	(569,786)	(66,804)
Taxable profit	<u>606,400</u>	<u>-</u>
Statutory tax rate and national contribution	26%	26%
Income tax for the period from local income	<u>157,664</u>	<u>-</u>
Foreign investments income	<u>214,079</u>	<u>152,454</u>
Income tax for the period from foreign investments income	<u>21,408</u>	<u>15,245</u>
Income tax for the period from local and foreign investments income	<u>179,072</u>	<u>15,245</u>

Income Tax provision for the period ended 30 September 2020 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 2016. In the opinion of the Group's management and tax advisor, the income tax provision is sufficient to meet any tax liabilities.

B- Deferred tax assets

	30 September 2020				31 December 2019	
	Beginning Balance JD	Released JD	Additions JD	Ending Balance JD	Deferred Tax JD (Unaudited)	Deferred Tax JD (Audited)
Deferred tax assets:						
Provision for IBNR claims	1,326,516	1,326,516	1,307,754	1,307,754	340,016	344,894
Provision for end of service indemnity	16,102	-	-	16,102	4,187	4,187
Group life insurance fees provision	5,295	2,971	1,718	4,042	1,050	1,376
	<u>1,347,913</u>	<u>1,329,487</u>	<u>1,309,472</u>	<u>1,327,898</u>	<u>345,253</u>	<u>350,457</u>

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

Movement on deferred tax assets is as follows:

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	350,457	277,088
Additions	340,463	370,297
Disposals	(345,667)	(296,928)
Balance at the end of the period / year	<u>345,253</u>	<u>350,457</u>

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 included in the Income Tax Law and the tax base for calculating Group`s income tax.

(7) (LOSSES) 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 30 September		Nine months period ended 30 September	
	2020	2019	2020	2019
	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss) profit for the period (JD)	(74,355)	40,390	709,387	466,591
Weighted average number of shares (Share)	8,000,000	8,000,000	8,000,000	8,000,000
	<u>Fils/ JD</u>	<u>Fils/ JD</u>	<u>Fils/ JD</u>	<u>Fils/ JD</u>
Earnings (losses) per share for the period	<u>(0.009)</u>	<u>0.005</u>	<u>0.089</u>	<u>0.058</u>

(8) CASH AND CASH EQUIVALENTS

	30 September 2020	30 September 2019
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hands and at banks	209,113	169,398
Add: deposits at banks	6,884,545	7,684,802
Less: deposits at banks with maturities more than three months	(2,428,821)	(3,612,781)
Net Cash and cash equivalent	<u>4,664,837</u>	<u>4,241,419</u>

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

(9) 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.

Below is a summary of related parties' transactions during the period:

	30 September 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
<u>Statement of financial position:</u>		
Account receivables (Companies related to members of the board of directors)	<u>1,823,211</u>	<u>1,097,547</u>
	Nine months period ended 30 September	
	2020	2019
	JD (Unaudited)	JD (Unaudited)
<u>Income statement:</u>		
Written premium (Companies related to members of the board of directors)	<u>2,427,724</u>	<u>1,577,682</u>
Paid claims (Companies related to members of the board of directors)	<u>1,063,440</u>	<u>865,440</u>
Compensations of key management personal of the Company (salaries, bonuses, and other benefits) are as follows:		
	Nine months period ended 30 September	
	2020	2019
	JD (Unaudited)	JD (Unaudited)
Salaries and benefits	<u>292,875</u>	<u>300,955</u>

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2020 (UNAUDITED)**

(10) LAWSUITS AGAINST THE COMPANY

The Group is defendant in a number of lawsuits by an amount of JD 2,833,748 as of 30 September 2020 (31 December 2019:JD 2,507,837).And in the lawyer and management opinion the provision booked by the Company is sufficient to meet the obligations that may arise from these lawsuits.

(11) CONTINGENT LIABILITIES

The Group has bank guarantees amounting to JD 518,615 as at 30 September 2020 and JD 755,633 as at 31 December 2019.

(12) STATEMENT OF FINANCIAL POSITION FOR LIFE ASSURANCE BUSINESS

	30 September 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Assets		
Accounts receivable	156,381	110,671
Total Assets	<u>156,381</u>	<u>110,671</u>
Liabilities and Equity		
Outstanding claims reserve, net	68,158	36,807
Mathematical reserve, net	52,751	38,088
Total Technical Reserves	<u>120,909</u>	<u>74,895</u>
Accounts payable	19,648	10,319
Head office account	15,824	25,457
Total Liabilities	<u>156,381</u>	<u>110,671</u>

(13) CORONAVIRUS SPREAD (COVID – 19) AND ITS IMPACT ON THE COMPANY

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government and neighboring countries and the rest of the world, it is possible that operational activities may be affected by global developments that currently affect various economic and geographical sectors. The management has prepared a preliminary study to determine the impact of the Corona virus pandemic on its activities and financial performance to take appropriate measures to continue its operations. The study expected a decrease in the volume of written premiums in a range between 15% - 20% and an increase in the accounts receivables by 10% of the total premium income for the year 2020, which will reduce in the liquidity of the company. Furthermore, the management is preparing a detailed study to determine the impact of the pandemic on operations and its ability to recover its assets and settle its obligations.