المرجع: م.م./ /٢٠٢١

To: Jordan Securities Commission	السادة هيئة الأوراق المالية
Amman Stock Exchange	السادة بورصة عمان
Date:- 14/04/2021	التاريخ:- ٢٠٢١/٠٤/١٤

Subject: **Annual Financial Statements for the year ending December 31, 2020 in English Language**

الموضوع: البيانات المالية السنوية الإدارة لشركة التأمين العربية – الأردن عن السنة المنتهية في تاريخ ٣١ كانون الأول ٢٠٢٠ باللغة الانجليزية

Dear Sirs,

Kindly find attached the audited Financial Statements of ARABIA Insurance Co. – Jordan in English Language for the year ending December 31, 2020.

تحية طيبة وبعد،

نرفق لكم طيه البيانات المالية السنوية المدققة لشركة التأمين العربية – الأردن للسنة المالية المنتهية في تاريخ ٣١ كانون الأول ٢٠٢٠ باللغة الإنجليزية.

Kindly accept our high appreciation and respect

وتفضلوا بقبول فائق الاحترام،،،

Rashid J. Habbab
General Manager

رشيد جودت الهباب
المدير العام

ARABIA Insurance Co. - Jordan ltd. شركة التأمين العربية - الأردن م.ع.م.

هاتف: ٥٣٠ ٦٣٠ ٥ ٦ ٩٦٢+ ❖ فاكس: ٣٠٣ ٦٢٢ ٥ ٦ ٩٦٢+ ❖ صندوق بريد ٢٠٠٣١ عمان ١١١١٨ الأردن

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2020

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Deloitte.

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Independent Auditor's Report

AM/ 001586

To the Shareholders of
Arabia Insurance Company – Jordan
(A Public Shareholding Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arabia Insurance Company – Jordan (A Public Shareholding Company), which comprise the statement of financial position as at December 31, 2020, and the statement of Profit or loss and comprehensive income, statement of changes in shareholders' equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the other ethical requirements that are relevant to our audit of the Company's financial statements in Jordan, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The accompanying financial statements are a translation of the statutory financial statements in the Arabic to which reference is made.

Key Audit Matters

Key audit matters, in our professional judgment, are the most significant matters in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters	How our audit addressed the key audit matter
Technical Provisions As at 31 December 2020, the Company had technical reserves of approximately JD 12.2 million which includes claims incurred but not reported (IBNR) and other technical reserves. The Company uses a range of actuarial methodologies to estimate these claims. This requires significant judgements to be applied and estimates to be made, for example; inflation rates, claims development patterns and interpretations of regulatory requirements. The measurement of technical reserves is a key judgmental area for management given the level of subjectivity inherent in estimating the impact of claim events that have occurred for which the ultimate outcome remains uncertain. We have determined that this area is a key audit matter due to the significance of the amounts involved and of the level of significant judgements applied by management in the process for determination of gross outstanding claims.	We evaluated the design and tested the implementation and operating effectiveness of key controls over management's processes for claims processing, including controls over the completeness and accuracy of the claim estimates recorded. We performed substantive tests on the amounts recorded for a sample of claims notified and paid, including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claims. We evaluated the competence, skills, independence and objectivity of management's expert and reviewed the terms of engagement between the expert and the Company to determine if the scope of their work was sufficient for audit purposes. We assessed the completeness and accuracy of the data used in calculating technical provisions. We compared the actuary's current year report to the prior year report to assess that there are no material differences in the estimates and assumptions adopted. We assessed any differences noted, where applicable, in the estimates and assumptions to determine if these differences were reasonable. Using our actuarial specialists, we assessed the valuation methodologies applied and estimates applied by the Actuary in his calculation of the IBNR. We performed substantive and analytical procedures on a selected sample to verify the completeness and accuracy of the technical provisions of the Company and the extent to which these provisions are consistent with the results reached by the actuaries of the Company. We assessed the disclosures in the financial statements relating to this matter against the requirements of IFRSs.

Other Information
Management is responsible for other information which comprises information in the annual report excluding the financial statements and the independent auditor's report thereon. We expect the annual report to be made available to us after the date of our audit report. Our opinion on the financial statements does not cover other information, and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available to us. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard procedures.

From the matters communicated with those charged with governance, we determine those matters of most significance in the audit of the financial statements of the current year, and are therefore, the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Regulatory Requirements
The Company maintains proper accounting records and entries that comply, in all material respects, with the accompanying finanial statements, and we recommend that they be approved by the General Assembly of shareholders.

Amman – The Hashemite Kingdom of Jordan
March 11, 2021

Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)
ديلويت آند توش (الشرق الأوسط)

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN -THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF FINANCIAL POSITION

ASSETS	Note	December 31, 2020	December 31, 2019
		JD	JD
Deposits at banks - net	4	9,053,040	8,001,953
Financial assets at fair value through statement of profit or loss	5	1,362,569	1,103,375
Financial assets at fair value through other comprehensive income	6	1,749,750	2,078,070
Financial assets at amortized cost - net	7	1,131,314	1,131,314
Investment property	8	2,070,133	2,123,415
Life insurance policyholders' loans	9	13,978	13,216
Total Investments		15,380,784	14,451,343
Cash on hand and at banks	10	1,155,240	548,396
Cheques under collection - net	11	863,958	1,705,836
Receivables - net	12	2,954,861	3,237,987
Re-insurance and insurance companies' accounts receivable - net	13	1,953,487	1,705,855
Deferred tax assets	14/C	1,065,767	1,005,911
Property and equipment - net	15	2,267,275	2,355,619
Intangible assets - net	16	113,418	125,248
Other assets	17	2,475,064	2,657,345
TOTAL ASSETS		28,229,854	27,793,540
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Unearned premiums reserve - net		5,520,642	5,862,940
Claims reserve - net		6,126,360	6,388,906
Mathematical reserve - net	18	554,571	535,055
Total Insurance Contracts Liabilities		12,201,573	12,786,901
Payables	19	1,755,529	1,331,323
Accrued expenses		19,438	56,552
Re-insurance and insurance companies' accounts payable	20	2,708,174	2,511,407
End-of-services indemnity provision	21	31,226	19,308
Provision for income tax	14/A	54,225	-
Deferred tax liabilities	14/C	558,010	557,687
Other liabilities	22	211,354	226,356
TOTAL LIABILITIES		17,539,529	17,489,534
SHAREHOLDERS' EQUITY			
Authorized and paid-up capital	23	8,000,000	8,000,000
Statutory reserve	24/A	1,381,765	1,296,344
Voluntary reserve	24/B	174,717	174,717
Investments valuation reserve - net after tax	25	(667,420)	(433,564)
Retained earnings	26	1,801,263	1,266,509
Total Shareholders' Equity		10,690,325	10,304,006
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,229,854	27,793,540

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - The HASHEMITE KINGDOM OF JORDAN

STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31, 2020	2019
		JD	JD
Revenue:			
Gross written premiums		21,171,866	21,026,964
Less: Re-insurers' share		9,374,533	8,050,879
Net Written Premiums		11,797,333	12,976,085
Net change in unearned premiums reserve		342,298	827,605
Net change in mathematical reserve		(19,516)	(17,839)
Earned Premiums Revenue - net		12,120,115	13,785,851
Commissions' revenue		786,629	836,276
Insurance policies and issuance fees		853,958	847,318
Interest income	27	448,873	550,114
Net (losses) profit from financial assets and investments	28	(49,951)	122,372
Other revenue	29	135,747	148,028
Total Revenue		14,295,371	16,289,959
Claims, Losses and Expenses			
Paid claims		18,919,036	19,781,537
Add: Policies matured and settled		28,086	79,849
Less: Recoveries		1,581,787	2,080,929
Re-insurers' share		7,655,340	5,068,190
Net paid claims		9,709,995	12,712,267
Net change in claims reserve		(263,789)	(1,554,097)
Allocated employees' expenses	30	1,318,286	1,341,694
Allocated general and administrative expenses	31	495,703	501,903
Excess of loss premiums		204,015	126,538
Policies acquisition cost		1,295,380	1,308,961
Other expenses related to underwriting		326,674	376,729
Net Claims Costs		13,086,264	14,813,995
Unallocated employees' expenses	30	329,572	335,423
Depreciation and amortization	15,16	134,016	155,780
Unallocated general and administrative expenses	31	123,926	125,475
(Released) from expected credit losses - net	4,7,11,12	(232,616)	360,965
Total Expenses		354,898	977,643
Pofit for the Year before Tax		854,209	498,321
Income tax	14/B	(231,729)	(137,450)
Profit for the Year		622,480	360,871
Earnings per Share for the Year	32	0/078	0/045

Chairman of the Board of Directors　　　　General Manager

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2020	2019
		JD	JD
Profit for the year		622,480	360,871
Other Comprehensive Income Items:			
Items not subsequently transferable to statement of income:			
Net change in investments valuation reserve	25	(236,161)	(166,679)
Total Comprehensive Income for the Year		386,319	194,192

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Authorized and Paid-up Capital	Statutory Reserve	Voluntary Reserve	Investment Valuation Reserve net after tax	Retained Earnings	Total
For the Year Ended December 31, 2020	JD	JD	JD	JD	JD	JD
Balance as of January 1, 2020	8,000,000	1,296,344	174,717	(433,564)	1,266,509	10,304,006
Profit For the year	-	-	-	-	622,480	622,480
Changes in the Investment Valuation Reserve	-	-	-	(236,161)	-	(236,161)
Total Comprehensive Income	-	-	-	(236,161)	622,480	386,319
Transferring profit from the sale of financial assets through the statement of comprehensive income to retained earnings	-	-	-	2,305	(2,305)	-
Transferred To Statutory Reserve	-	85,421	-	-	(85,421)	-
Balance - End of the Year	8,000,000	1,381,765	174,717	(667,420)	1,801,263	10,690,325
For the Year Ended December 31, 2019						
Balance as of January 1, 2019	8,000,000	1,246,512	174,717	(236,544)	925,129	10,109,814
Profit For the year	-	-	-	-	360,871	360,871
Changes in the Investment Valuation Reserve	-	-	-	(166,679)	-	(166,679)
Total Comprehensive Income	-	-	-	(166,679)	360,871	194,192
Transferring profit from the sale of financial assets through the statement of comprehensive income to retained earnings	-	-	-	(30,341)	30,341	-
Transferred To Statutory Reserve	-	49,832	-	-	(49,832)	-
Balance - End of the Year	8,000,000	1,296,344	174,717	(433,564)	1,266,509	10,304,006

- Retained earnings include JD 154,770 representing the cumulative change in fair value transferred to retained earnings as a result of applying IFRS (9) for the first time.

- The retained earnings balance includes an amount of JD 1,065,767 and JD 558,010 as profits for deferred tax assets and losses for deferred tax liabilities as of December 31, 2020, respectively.

- It is prohibited to dispose of an amount equal to the negative change in the balance of the investment valuation reserve in the amount of JD 667,420.

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2020	2019
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year before tax		854,209	498,321
Adjustments:			
Depreciation and amortization	15,16	134,016	155,780
Losses from sale of property and equipment	29	-	3,351
Investment property depreciation	8	53,280	53,280
End-of-service indemnity provision	21	15,638	6,300
(Released from) provision for expected credit losses - net	4,7,11,12	(232,616)	360,965
Loss on valuation of financial assets at fair value through income statement	28	134,038	111,943
Net change in unearned premiums reserve		(342,298)	(827,605)
Net change in claims reserve		(262,543)	(1,554,097)
Net change in mathematical reserve		19,516	17,839
Cash Flows From (Used in) Operating Activities before Changes in Assets and Liabilities Items		373,240	(1,173,923)
Decrease (increase) in Current Assets:			
Financial assets at fair value through statement of profit or loss		(393,232)	-
Cheques under collection		925,915	762,983
Receivables - net		383,126	837,793
Insurance and re-insurance companies' accounts receivable		(197,632)	294,530
Other assets		77,545	(33,998)
Increase (decrease) in Current Liabilities:			
Payables		424,206	(689,403)
Accrued expenses		(37,114)	6,760
Insurance and re-insurance companies' accounts payable		196,767	(344,107)
Other liabilities		(15,002)	(31,036)
Net Cash Flows from (Used in) Operating Activities before Tax and End-of-Service Indemnity Paid		1,732,819	(370,901)
Income tax paid	14	(55,417)	(59,205)
End-of-Service indemnity paid	21	(3,720)	-
Net Cash Flows From (Used in) Operating Activities		1,673,682	(430,106)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Deposits at banks (maturing after three months)		1,028,471	(3,731,701)
Financial assets at amortized cost-net		-	157,958
Life insurance policyholders' loans		(762)	6,755
(Purchase of) property and equipment	15	(27,136)	(9,276)
Proceeds from sale of financial assets at fair value through the statement of comprehensive income		20,274	101,250
Proceeds from sale of property and equipment		-	-
(Additions) to intangible assets	16	(6,706)	(701)
Net Cash Flows from (Used in) Investment Activities		1,014,141	(3,475,715)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends		-	-
Net Cash Flows (Used in) Financing Activities		-	-
Net Increase (Decrease) in Cash and Cash Equivalents		2,687,823	(3,905,821)
Cash and cash equivalents - beginning of the year		2,790,379	6,696,200
Cash and Cash Equivalents - End of the Year	33	5,478,202	2,790,379
Non Monetary Transaction:			
Operating Transaction :			
Accounts receivable paid through cheques under collection		-	693,297

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Others		Credit		Medical		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written premiums:														
Direct business	9,673,473	10,926,867	242,601	470,434	1,800,957	1,070,218	653,178	558,481	123,566	238,435	3,657,649	3,908,260	16,151,424	16,180,095
Re-insurers' inward business	665,345	1,090,616	37,364	11,255	1,236,000	659,894	14,654	17,292	-	-	(1,323)	(2,344)	1,952,040	1,776,713
Gross Earned Premiums	10,338,818	12,017,483	279,965	481,689	3,036,957	1,730,112	667,832	575,773	123,566	238,435	3,656,326	3,905,916	18,103,464	17,956,808
Less: Local re-insurers' share	508,712	935,551	36,044	39,493	1,238,233	650,753	20,505	18,293	-		-	-	1,803,494	1,644,120
Foreign re-insurers' share	292,229	183,232	212,282	399,466	1,680,697	971,996	552,445	438,859	123,353	230,856	2,235,226	1,807,448	5,096,232	4,039,817
Net Earned Premiums	9,537,877	10,898,700	31,639	42,730	118,027	107,363	94,882	118,621	213	7,579	1,421,100	1,098,468	11,203,738	12,273,461
Add: unearned premiums reserve - beginning of the year	5,679,200	5,839,333	197,068	180,493	919,209	1,211,957	405,367	410,833	58,550	43,135	853,006	1,063,882	8,112,400	8,349,733
Less: Re-insurers' share - beginning of the year	329,717	288,483	188,704	156,072	877,468	1,152,373	273,441	264,831	58,445	41,033	521,685	556,356	2,249,460	2,659,188
Net Unearned Premiums Reserve - Beginning of the Year	5,349,483	5,550,850	8,364	24,421	41,741	59,584	131,926	146,002	105	2,102	331,321	507,526	5,862,940	5,690,545
Less: Unearned premiums reserve - end of the year	5,232,297	5,679,200	72,353	197,068	1,241,366	919,209	450,431	405,367	-	58,550	1,174,754	953,006	8,171,201	8,222,400
Re-insurers' share - end of the year	344,920	329,716	64,410	188,704	1,194,496	877,468	326,882	273,441	-	58,445	719,851	621,686	2,650,559	2,359,460
Net Unearned Premiums Reserve - End of the Year	4,887,377	5,349,484	7,943	8,364	46,870	41,741	123,549	131,926		105	454,903	331,320	5,520,642	5,862,940
Net Revenue from the Underwritten Premiums	9,999,983	11,100,066	32,060	58,787	112,898	125,206	103,259	132,697	318	9,576	1,297,518	1,674,674	11,546,036	13,101,066

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF PAID CLAIMS FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Other Damages to Properties		Others		Credit		Medical		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid Claims	10,236,871	12,936,970	56,858	273,344	1,134,390	263,602	1,742,753	41,656	370,917	473,033	2,566,717	3,375,352	16,108,506	17,365,957
Less: Recoveries	1,360,699	1,756,793	78,120	164,031	8,887	3,565	200	156	63,623	43,946	62,058	112,452	1,581,707	2,080,979
Local re-insurers' share	233,630	371,755	-	-	491,059	22,044	60,605	575			-	-	795,093	394,274
Foreign re-insurers' share	125,674	30,001	(13,534)	134,757	579,155	193,063	1,627,353	33,052	291,739	407,621	1,819,850	1,880,986	4,429,147	2,679,490
Net Paid Claims	8,506,868	10,778,431	(7,628)	(25,444)	55,489	45,930	45,595	7,879	15,555	21,454	684,809	1,381,914	9,302,479	12,211,154
Add: Claims Reserve - End of the Year														
Reported	4,444,754	4,762,023	87,766	79,234	1,221,117	2,227,524	1,373,199	1,704,977	342,199	274,913	281,055	246,356	7,747,090	9,295,027
Not reported	1,354,500	1,279,500	5,000	5,000	5,000	5,000	8,000	8,000	1,700	1,700	9,830	43,499	1,384,030	1,342,699
Less: Re-insurers' share - end of the year	312,709	311,630	74,064	58,971	1,123,840	2,095,494	1,320,116	1,629,504	335,848	261,157	31,383	48,812	3,197,960	4,405,605
Recoveries of claims	2,105,309	2,111,931	-	-	-		-	-	40,886	33,019	-		2,147,154	2,144,950
Net Claims Reserve - End of the Year	3,381,239	3,617,936	13,702	15,263	102,277	142,030	63,083	83,473	(32,837)	(17,573)	259,502	241,042	3,784,966	4,087,171
Reported	2,026,739	2,338,436	8,702	10,263	97,277	142,030	55,083	75,473	(34,537)	(19,273)	249,672	197,543	2,402,936	2,744,472
Not reported	1,354,500	1,279,500	5,000	5,000	5,000	5,000	8,000	8,000	1,700	1,700	9,830	43,499	1,384,030	1,342,699
Less: Claims Reserve - beginning of the Year														
Reported	4,762,023	4,993,483	79,234	238,515	2,227,524	2,657,257	1,704,977	1,974,595	274,913	511,926	246,356	453,284	9,295,027	10,829,068
Not reported	1,279,500	1,054,000	5,000	5,000	5,000	5,000	8,000	8,000	1,700	-	43,499	95,807	1,342,699	1,167,807
Less: Re-insurers' share - beginning of the year	311,657	270,064	68,971	169,679	2,085,494	2,538,223	1,629,504	1,784,116	261,157	486,331	48,813	83,486	4,405,606	5,351,901
Recoveries of claims	2,111,931	995,123	-	-	-	-	-	-	33,018	29,533	-	-	2,144,949	1,028,656
Net Claims Reserve - beginning of the Year	3,617,935	4,778,302	15,263	33,836	147,030	124,034	83,472	198,477	(17,572)	(3,939)	241,042	465,605	4,087,171	5,616,310
Net Paid Claims Cost	8,273,172	9,616,063	(9,189)	(54,017)	10,727	69,926	25,203	(107,125)	90	7,817	703,269	1,157,351	9,002,274	10,592,017

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF UNDERWRITING PROFIT FOR GENERAL INSURANCE ACTIVITIES

	Motor		Marine and Transportation		Fire and Damages to Properties		Others		Credit		Medical		Total	
	For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,		For the Year Ended December 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from the underwritten premiums	9,999,993	11,100,066	32,060	58,787	112,898	125,205	103,259	132,097	318	9,636	1,297,510	1,674,674	11,546,036	13,101,066
(Less): Net paid claims cost	8,272,172	9,618,065	(9,189)	(64,037)	10,777	69,925	25,205	(107,725)	90	2,817	703,269	1,157,351	9,002,274	10,682,017
	1,727,811	1,482,001	41,249	122,824	102,121	55,280	78,054	239,822	228	6,819	594,249	517,323	2,543,762	2,419,049
Add: Received commissions	(408)	23,662	86,055	145,348	428,351	371,005	93,709	86,771	24,671	46,171	146,426	154,981	779,704	931,920
Insurance policies and issuance fees	575,820	606,825	7,257	12,053	50,065	42,361	15,248	18,684	3,708	7,142	156,865	118,621	808,443	805,686
Other revenue		-	23,640	68,535	(1,016)	37,320	8,039	10,252	-	-	106,084	35,279	136,747	151,386
Total Revenues	575,412	630,487	117,352	229,936	477,400	450,686	116,996	115,707	28,379	53,313	409,375	308,881	1,724,894	1,789,000
Less: Paid commissions	707,834	734,354	23,627	50,458	108,417	76,824	14,883	24,729	11,653	19,548	395,764	380,736	1,261,978	1,275,644
Excess of loss premiums	141,525	70,857	8,002	8,449	54,084	47,232	-	-	-		-	-	204,015	126,538
Employees and administrative expenses related to														
Underwriting accounts	885,822	1,053,662	23,987	42,734	260,207	152,398	57,219	50,481	10,507	20,905	313,269	254,786	1,551,091	1,574,463
Other expenses	239,583	294,007	3,499	3,729	27,505	12,430	8,782	10,651	927	1,596	27,819	37,669	308,015	349,632
Total Expenses	1,975,163	2,162,880	59,115	93,360	450,213	288,881	80,884	85,866	23,087	42,049	736,852	653,191	3,325,099	3,326,277
Written Profit (Loss)	328,055	(50,402)	99,486	259,390	129,338	217,095	114,366	269,633	5,519	18,083	266,772	173,013	943,557	881,772

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ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Written Premiums:		
Direct premium	2,384,395	2,400,231
Re-insurers' inward premium	684,007	669,335
Gross Written Premiums	3,068,402	3,069,566
Less: Local re-insurers' share	477,984	434,757
Less: Foreign re-insurers' share	1,996,823	1,932,185
Net Written Premiums	593,595	702,624
Add: Mathematical reserve - beginning of the year	719,783	676,117
Less: Re-insurers' share	184,728	158,901
Net Mathematical Reserve - Beginning of the Year	535,055	517,216
Add: Mathematical reserve - end of the year	774,289	719,783
Less: Re-insurers' share	219,718	184,728
Net Mathematical Reserve - End of the Year	554,571	535,055
Net Earned Revenue from Written Premiums	574,079	684,785

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF PAID CLAIMS FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Paid claims	2,810,530	2,415,580
Policies matured and settled	28,086	79,849
Less: Foreign re-insurers' share	2,431,100	1,994,326
Net Paid Claims	407,516	501,103
Add: Reported claims reserve - end of the year	1,315,315	705,986
Unreported claims reserve - end of the year	-	-
Less: Re-insurers' share	1,122,115	549,201
Net Claims Reserve - End of the Year	193,200	156,785
Reported	193,200	156,785
Not reported		
Add: Reported claims reserve - beginning of the year	705,986	697,290
Unreported claims reserve - beginning of the year	-	-
Less: Re-insurers' share	549,201	515,554
Net Claims Reserve - Beginning of the Year	156,785	181,736
Net Claims Cost	443,931	476,152

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Net earned revenue from written premiums	574,079	684,785
Less: Net Claims Cost	443,931	476,152
	130,148	208,633
Add: Received commissions	6,925	4,348
Insurance policies issuance fees	44,515	41,632
Interest income and investment income attributable to the written premiums	41,942	64,730
Total Revenue	93,382	110,710
Less: Paid commissions	33,402	33,317
Administrative expenses related to underwriting accounts	262,898	269,134
Other Expenses	18,661	27,095
Total Expenses	314,961	329,546
Net Underwriting (Losses) Profit	(91,431)	(10,203)

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

ARABIA INSURANCE COMPANY - JORDAN
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES

	December 31,	
ASSETS	2020	2019
	JD	JD
Deposits at banks	1,138,000	1,087,676
Financial assets at fair value through statement of profit or loss	66,217	81,697
Financial assets at fair value through other comprehensive income	89,380	87,501
Life insurance policyholders' loans	13,978	13,216
Total Investments	1,307,575	1,270,090
Receivable - net	358,059	625,484
Re-insurance companies' accounts - receivable	385,380	292,019
TOTAL ASSETS	2,051,014	2,187,593
LIABILITIES AND HEAD OFFICE'S EQUITY		
LIABILITIES		
Payables	454,366	186,653
Re-insurance companies' accounts - payable	415,790	378,699
TECHNICAL RESERVES		
Claims reserve - net	193,200	156,785
Mathematical reserve - net	554,571	535,055
TOTAL LIABILITIES	1,617,927	1,257,192
HEAD OFFICE'S EQUITY		
Head Office's current account	524,518	940,604
(Losses) for the year	(91,431)	(10,203)
Net Head Office's Equity	433,087	930,401
TOTAL LIABILITIES AND NET HEAD OFFICE'S EQUITY	2,051,014	2,187,593

THE ACCOMPANYING NOTES FROM (1) TO (41) CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING AUDITOR'S REPORT.

1. General

a. Arabia Insurance Company was established in 1975 and registered as a Jordanian public shareholding limited company under Number (90) with headquarters in Amman-Jordan and an authorized capital of JD 2 million, divided over 2 million shares at a par value of JD 1 each. Moreover, the Company's capital was increased in several stages, the last of which was on February, 2008, so that it became JD 8 million, divided over 8 million shares. The Company's address is P.O. Box 20031 – 11118 Amman, Jordan, Abdel Hameed Sharaf Street, AlShmaisani.

The Company conducts all types of insurance and reinsurance which includes fire, accidents, marine and transportation, land, credit, motor, medical, and life insurance.

b. Arabia Insurance Company is 51% owned by Arabia Insurance Company (the holding Company in Lebanon).

c. The accompanying financial statements were approved by the Board of Directors on March 10, 2021 in its meeting number (1/2021) and are subject to the approval of the General Assembly of Shareholders.

2. Accounting Policies

Basis of Preparation

- The financial statements have been prepared according to the standards issued by the International Accounting Standards Board, applicable local laws, as well as the forms prescribed by the Jordan Insurance Commission.

- The financial statements have been prepared according to the historical cost convention, except for financial assets and liabilities, which are stated at fair value as of the date of the financial statements.

- The Jordanian Dinar is the functional and reporting currency of the financial statements.

- The accounting policies adopted for the current year are consistent with those applied in the year ended December 31, 2019, except for what is mentioned in Note (3.a) to the financial statements.

The following are the significant accounting policies:

Sector Information

- The business sector represents a set of assets and operations that jointly provide products and services subject to risks and returns different from those of other business sectors, which are measured according to the reports used by the Company's CEO and main decision-maker of the Company.

- The geographic sector relates to the provision of products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions.

Financial assets and financial liabilities are initially measured at fair value. Moreover, transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted from them, where necessary, at initial recognition. The transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized directly in the statement of profit or loss.

If the transaction price is different from the fair value at initial recognition, the Company treats this difference as follows:

- If fair value is determined at an active market price for identical assets or liabilities or based on a valuation method that uses only observable inputs in the market, the difference in profit or loss is recognized on initial recognition (i.e., gain or loss on the first day).
- In all other cases, fair value is adjusted to the transaction price (that is, the first day gain or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be taken to the statement of profit or loss on a rational basis, only to the extent that a change in factor (including time) is taken into account by the market participants when pricing the asset or liability or when this instrument is derecognized.

Financial Assets

Initial recognition

All financial assets are recognized on the trade date when the purchase or sale of a financial asset under a contract requires the terms of delivery of the financial asset within a time frame determined by the relevant market. Moreover, the financial asset is initially measured at fair value plus transaction costs except for those financial assets classified as at fair value through the statement of profit or loss. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through profit or loss are recognized in the statement of profit or loss.

Subsequent measurement

Measurement of all recognized financial assets within the scope of IFRS 9 requires subsequent measurement at amortized cost or fair value based on the entity's business model for managing financial assets and their contractual cash flow characteristics.

Specifically:

- Financial instruments held in the business model for collecting contractual cash flows with contractual cash flows that are only principal and interest payments on the principal outstanding, and are subsequently measured at amortized cost;
- Financial instruments held in the business model for both collecting contractual cash flows and selling debt instruments with contractual cash flows that are only principal and interest payments on the principal outstanding and are subsequently measured at fair value through other comprehensive income;
- All other financing instruments (such as debt instruments managed at fair value or held for sale) and equity investments are subsequently measured at fair value through the statement of profit or loss.

However, the Company may, after initial recognition of the financial asset, may make an irrevocable choice/designation concerning the financial asset on an individual basis, as follows:

- The Company may make an irrevocable choice to include the subsequent changes in the fair value of the equity investment not held for trading or potential replacement recognized by the acquirer within the business combinations to which IFRS 3 applies, in other comprehensive income; and

The Company may irrevocably determine the financial instruments that fulfill the standards of amortized cost or fair value through other comprehensive income and are measured at fair value through the statement of profit or loss if it significantly eliminates or reduces the accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Comprehensive Income
The Company evaluates the classification and measurement of the financial asset based on the contractual cash flow characteristics and the Company's business model for asset management.

For an asset classified at amortized cost or at fair value through comprehensive income, its contractual terms should result in cash flows that are only principal and interest payments on the principal outstanding.

For the purpose of testing the principal and interest payments on the principal outstanding, the asset is the fair value of the financial asset at initial recognition. This principal amount may change over the life of the financial asset (for example, if there is a principal repayment). Interest consists of the allowance for the time value of money, the credit risk associated with the original amount outstanding over a given period of time, and other basic lending options and risks, as well as the profit margin. An assessment of the principal and interest payments is made for the principal amount outstanding in the currency in which the financial asset is evaluated.

Contractual cash flows represent the principal and interest payments on the principal outstanding and are consistent with the underlying funding arrangement. Contractual terms involving exposure to risks or fluctuations in contractual cash flows unrelated to the underlying financing arrangement, such as exposure to changes in equity prices or commodity prices, do not result in contractual cash flows that are only from principal and interest payments. A financial asset granted or acquired may also be the primary financing arrangement regardless of whether it is a loan in its legal form.

Evaluating the Business Model
Evaluation of business models for the management of financial assets is essential for the classification of financial assets. Moreover, the Company defines business models at a level that reflects how the group of financial assets are managed together to achieve a particular business objective. In this regard, the Company's business model does not depend on the management's intentions concerning an individual instrument, and therefore, the business model is evaluated at a group level and not on an instrument-by-instrument basis.

The Company adopts more than one business model to manage its financial instruments that reflect how the Company manages its financial assets to generate cash flows. In addition, the Company's business models determine whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The Company takes into account all relevant information available when conducting an evaluation of the business model. However, this assessment is not done on the basis of scenarios that the Company does not expect to occur reasonably, such as the so-called "worst case" or "stress state" scenarios. The Company also takes into account all available relevant evidence such as:

- The portfolio stated policies and objectives and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets, or achieving cash flows through the sale of assets;

- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel;

- Risks affecting the performance of the business model (and the financial assets of that model), in particular the manner in which such risks are managed; and

- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of the financial asset, the Company determines whether the newly recognized financial assets are part of an existing business model or whether they reflect the beginning of a new business model. The Company evaluates its business models in each reporting period to determine whether business models have changed since the prior period.

When a debt instrument measured at fair value through comprehensive income is derecognized, the cumulative gain / loss previously recognized in comprehensive income is reclassified as equity to the statement of profit or loss. On the other hand, for equity investments measured at fair value through comprehensive income, the cumulative gain / loss previously recognized in comprehensive income is not subsequently reclassified to the statement of profit or loss but transferred directly to equity.

Debt instruments that are subsequently measured are carried at amortized cost or at fair value through comprehensive income for impairment testing.

<u>Reclassification</u>
If the business model in which the Company retains financial assets changes, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Company's financial assets. Changes in contractual cash flows are considered in the accounting policy for the adjustment and disposal of the financial assets described below.

<u>Impairment</u>
The Company recognizes the expected credit loss provisions on the following financial instruments that are not measured at fair value through the statement of profit or loss:

- Balances and deposits at banks.
- Receivables and receivables from reinsurers.
- Financial assets at amortized cost (debt instruments).
- Cheques under collection.

No impairment loss is recognized in equity instruments.

The Company calculates the impairment of financial statements using the simplified method.

Defining Default
The definition of default is very important in determining the expected credit loss. It is used to measure the value of credit loss, because default is a component of the probability of default that affects the measurement of credit losses.

Impairment of Financial Assets
The Company takes a provision for the expected credit losses on receivables, cheques under collection, and reinsurers' receivable. The expected credit losses are updated on each reporting date to reflect changes in creditworthiness since the initial recognition of the relevant financial instrument.

The Company continuously records the expected credit losses over their lives as regards receivables, cheques under collection, and reinsurers' receivable. Moreover, the expected credit losses are estimated using a provision matrix based on the Group's previous credit loss experience and adjusted to the factors relating to debtors, general economic conditions, and assessment of the current and future conditions at the reporting date, including the time value of cash, as appropriate.

For all other financial assets, the Company recognizes the expected credit losses over their lifetime if there has been a significant increase in credit risk since initial recognition. The expected credit loss over its life span represents the expected credit losses that will arise from all probable defaults over the course of the expected lifetime of the financial instrument.

Provision for the Expected Credit Losses
The Company has adopted the simplified method to recognize the expected credit losses over their lifetime concerning receivables, cheques under collection, and reinsurers' receivable as permitted by IFRS 9. Accordingly, non-impaired receivables, cheques under collection, and reinsurers' receivable that do not contain a significant component of finance have been classified within the second stage with the recognition of expected credit losses over their lifetime.

A provision for the expected long-term credit loss of a financial instrument should be recognized if the credit risk on that financial instrument increases substantially since initial recognition, and the expected credit loss is a potential weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of several future economic scenarios, discounted at the effective interest rate of the asset.

The Company assesses whether there is an objective evidence of impairment on an individual basis for each asset with an individual value and collectively for other assets that are not individually significant.

Provisions for loss of credit losses are presented as a reduction of the total carrying amount of financial assets at amortized cost.

Adjustment and Derecognition of Financial Assets
An adjustment is made to the financial asset when the contractual terms that govern the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. The adjustment affects the amount and / or timing of the contractual cash flows either immediately or at a future date.

When a financial asset is adjusted, the Company assesses whether such an adjustment results in derecognition. According to the Company's policy, the adjustment leads to derecognition when it causes a significant difference in terms.

If a financial asset is derecognized, the provision for expected credit losses at the derecognition date is re-measured to determine the net carrying amount of the asset at that date. The difference between the adjusted carrying amount and the fair value of the new financial assets with the new terms will result in a gain or loss on derecognition.

When the contractual terms of a financial asset are modified, and the adjustment does not result in derecognition, the Company determines whether the credit risk of the financial asset has increased significantly since initial recognition by comparing

- The probability of non-payment for the remaining period estimated on the basis of data at initial recognition and original contractual terms; with
- The probability of non-payment for the remaining period at the reporting date based on the modified terms.

When the adjustment does not result in derecognition, the Company calculates the adjustment gain / loss to compare the total carrying amount before and after the adjustment (except for the expected credit loss provision). The Company then measures the expected credit loss of the adjusted asset, as the expected cash flows arising from the adjusted financial asset are included in the expected cash deficit from the original asset.

Derecognition of Financial Assets
The Company derecognises a financial asset upon expiry of the contractual rights relating to the receipt of the cash flows from the asset, or when the entity has transferred the financial asset, together with all significant risks and rewards of ownership, to another entity. If the Company does not transfer or retain substantially the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its remaining interest in the transferred asset and the related liabilities that the Company may have to pay. If the Group retains substantially all the risks and rewards of ownership of the transferred asset, the Company continues to recognize the financial asset.

Upon derecognition of any financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received or receivable is recognized in the statement of profit or loss.

Write-off
The Company derecognises financial assets when there is information indicating that the debtor is experiencing financial difficulties, and there is no realistic probability of recovery, for example. Such derecognition also applies if the debtor is placed under liquidation, or he has filed for bankruptcy, or where trade receivables are past due for more than two years, whichever is earlier. The Company may continue to subject written-off financial assets to collection procedures, taking into account legal advice, where appropriate. Meanwhile, any recoveries are recognized in the statement of profit or loss.

Financial Liabilities and Equity Instruments Issued by the Company
Classification as Debt or Equity Instruments
Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance matter of the contractual arrangements, the definitions of financial liabilities, and the equity instrument.

Equity Instruments
An equity instrument is defined as a contract that evidences ownership of the remaining shares of an entity's assets after deducting all liabilities. The equity instruments issued are recorded with the proceeds received net of the direct issue cost.

Financial Liabilities
All financial liabilities are subsequently measured at amortized cost using the effective yield method or at fair value through profit or loss. Financial liabilities that are not (i) a potential consideration for the acquire in a business combination, (ii) held for trading, or (iii) designated at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

Other accounts payable are initially classified as "financial liabilities" at fair value less transaction costs, whereas they are subsequently measured at amortized cost using the effective yield method. Interest expense is recognized on an effective yield basis except for short-term liabilities if the return recognition is insignificant.

The effective yield method is the method of calculating the amortized cost of a financial liability and allocating the expense over the period in question. The effective interest rate is the rate that exactly discounts the expected future cash payments within the expected life of the financial obligation or, where appropriate, a shorter period.

Derecognition of Financial Liabilities
The Company derecognises financial liabilities when it is discharged from its obligations, or when such obligations are canceled or expired. The difference between the carrying amount of the derecognised financial liability and the consideration payable or payable is recognized in profit or loss.

Foreign Exchange Gains and Losses
The carrying amount of financial assets recorded in a foreign currency is determined and translated at the rate prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a specific hedging relationship, the currency exchange differences are recognized in the statement of profit or loss; and

- For debt instruments measured at fair value through comprehensive income that are not part of a specific hedging relationship, the exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss. Other exchange differences in comprehensive income are recognized in the revaluation reserve; and

- If financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- If a derivative is included in the basic financial or non-financial contract, and the derivative is not closely related to the basic contract.

Fair Value
Closing market prices (acquiring assets / selling liabilities) in active markets at the date of the financial statements represent the fair value of traded financial derivatives. In case declared market prices do not exist, some financial derivatives are not actively trading, or the market is inactive, fair value is estimated by one of several methods including the following:

- Comparing it with the market value of another financial asset with similar terms and conditions.

- Analyzing future cash flows and discounting the expected cash flows based on a rate used for similar instruments.

- Adopting option pricing models.

The valuation methods aim at providing a fair value reflecting market expectations, and take into consideration market factors, risks, and future benefits when estimating the derivatives value. Moreover, financial assets, the fair value of which cannot be reliably measured, are stated at cost less any impairment.

Real Estate Investments

Real estate investments are stated at cost net of accumulated depreciation (excluding land). In addition, impairment in their value is taken to the statement of profit or loss. The operating revenues or expenses of these investments are included in the statement of profit or loss. Moreover, these investments (excluding land) are depreciated over their useful lives using the straight-line method at an annual rate of 2 %.

Real estate investments are evaluated according to the decisions issued by the Ministry of Industry and Trade and Insurance Management. Moreover, their fair value is disclosed in the financial statements.

Reinsurance and Reinsurers' Accounts

The Company carries out reinsurance operations with other insurance and reinsurance companies and is exposed in many areas to certain levels of risk. Reinsurance operations include the relative share, excess loss agreements, facultative reinsurance, and other forms of reinsurance that essentially cover all types of insurance. Reinsurance contracts do not exempt the Company from its obligations to policyholders. Failure of reinsurers to meet their obligations may result in losses to the Company, and therefore, provisions are taken for the uncollectible amounts. The recoverable amount of the reinsurer is estimated in a manner commensurate with the Company's commitment for each claim.

The balance of Reinsurers' accounts calculated from the settlement, insurance subscriptions, paid compensations, technical provision and all rights and obligations liable from reinsurance, based on the contracts between the Company and reinsurance due to the base of occurrence.

Impairment in Reinsurance Assets

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contracts, the Company reduces the present value of the contracts and records the impairment loss in the statement of profit or loss. The impairment is only recognized in the following two cases:

1. There is objective evidence resulting from an event that took place after recording the reinsurance assets confirming the Company's inability to recover all amounts according to the contracts terms.

2. The event has a reliably and clearly measurable effect on the amounts the Company will recover from reinsurers.

Reinsurers' Accounts

Reinsurers' shares of insurance premiums and contributions, paid claims, technical provisions, and all the rights and obligations resulting from reinsurance based on agreements between the Company and reinsurers are accounted for on the accrual basis.

Acquisition Costs of Insurance Policies

Acquisition costs represent the costs incurred by the Company against selling, underwriting, or starting new insurance contracts. The acquisition costs are recorded in the statement of profit or loss.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any accumulated impairment losses. Moreover, property and equipment (excluding land) are depreciated when they are ready for use based on the straight-line method over their estimated useful lives using the following annual depreciation rates. The depreciation expense is recorded in the statement of profit or loss:

	%
Buildings	2
Machinery, equipment and furniture	10
Computer software	12
Vehicles	15
Furniture and office equipment	6
Air conditions	10
Decorations	15
Billboards	10
Elevator	10
Security systems and general safely	12
Generators	10

Depreciation is calculated for readily usable property and equipment when they are being used for their intended use.

Property and equipment are showed at cost after deducting any impairment losses.

When the recoverable values of property and equipment is less than their carrying amounts, assets are written down to their recoverable values, and impairment losses are recorded in the statement of profit or loss.

The useful lives of property and equipment are reviewed at the end of each year. In case the expected useful life differs from previous estimates, the change in estimate is recorded in the following years, being a change in estimates.

Gains or losses on disposal of property and equipment, representing the difference between their sale proceeds and their carrying value, are recorded in the statement of profit or loss.

Property and equipment are derecognized when disposed of or when no future benefits are expected from their use or disposal.

Intangible Assets

- Intangible assets obtained through merger are stated at fair value on their acquisition date. As for intangible assets obtained through other than merger are stated at cost.

- Intangibles assets are classified according to their estimated lives: definite or indefinite. Intangible assets with a definite useful life are amortized over their useful life, and amortization is recorded in the statement of profit or loss. Intangible assets with indefinite lives are reviewed for impairment at the date of the financial statements, and the impairment is recorded in the statement of profit or loss.

- Internally generated intangible assets are not capitalized by the Company but recorded in the statement of profit or loss in the same year.

- Any indications to the impairment of these financial assets are reviewed as of the date of the financial statements. Moreover, the life estimate of those assets is reviewed, and any related adjustments are made in the subsequent years.

- Software and computer systems are stated at cost on acquisition and amortized at 12% per annum.

Provisions
Provisions are recognized when the Company has obligations on the date of the statement of financial position as a result of past events, it is probable to settle the obligation, and the amount of the obligation can be reliably estimated.

Amounts recognized as provisions represent the best estimate of the amounts required to settle the obligation as of the date of the financial statements, taking into consideration the risks and uncertainty relating to the obligation. When the provision amount is determined on the basis of the expected cash flows for the settlement of the current obligation, its current book value represents the present value of these cash flows.

When it is expected that some or all of the economic benefits required from other parties to settle the provision will be recovered, the receivable is recognized within assets if receipt of the compensations is actually certain and their values can be reliably measured.

Technical Reserves
Technical reserves are taken and maintained according to the regulations of the Insurance Commission as follows:

1. The reserve for unearned premiums for general insurance activities is calculated according to the remaining days up to the expiry date of the insurance policy after the financial statements date on the basis of a 365-day year except for marine and transportition insurance in which the provision for unearned premiums is calculated on the basis of underwritten premiums of the valid policies on the date of the financial statements according to the laws, regulations, and instructions issued for this purpose.

2. The provision for (reported) claims is computed by determining the maximum amount of the total expected costs for each claim on an individual basis.

3. The premiums deficiency reserve and provision for incurred but not reported (IBNR) claims are calculated based on the Company's experience and estimates.

4. The reserve for unearned premiums for life insurance activities is calculated based on the Company's experience and estimates, as well as on the actuary's recommendation.

5. The mathematical reserve for life insurance policies is calculated based on the actuarial equations which are reviewed periodically by an independent actuary, as well as according to the instructions of the Insurance Commission.

Provision for End- of-service Indemnity
The provision for employees' end- of-service indemnity is calculated in accordance with the Company's policy that complies with the Jordanian Labor Law.

The annual compensation paid to employees leaving the service is recognized in the provision for end-of-service indemnity when paid, and a provision for the liabilities incurred by the Company concerning the employees' end- of- service indemnity is taken to the statement of profit or loss.

Liability Adequacy Test
All insurance claims are evaluated for sufficiency and suitability as of the statement of financial position date through calculating the present value of future cash flows for outstanding insurance contracts.

If the evaluation indicates that the present value of the insurance claims (varied and less convenient purchase expenditures and relevant intangible assets) is not enough compared to the expected future outflows, then the whole amount of deficit is taken to the statement of profit or loss.

Income Tax
Tax expenses represents the amounts of accrued taxes and deferred taxes.

a. Accrued Taxes

They are determined based on taxable income. Moreover, taxable income differs from income declared in the statement of profit or loss, as declared revenue includes non-taxable revenue, tax expenses not deductible in the current year but deductible in the subsequent years, or accumulated losses acceptable by the tax authorities, or allowable for tax deduction purposes.

Taxes are calculated according to the tax rates prescribed by the prevailing laws, regulations, and instructions in Jordan.

b. Deferred Taxes

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and the value of the taxable amount.

Deferred taxes are calculated according to the liability method in the statement of financial position, based on the tax rates expected to be applied at the tax liability settlement date, or the realization of the deferred tax assets.

The Company used a rate of 24% in addition to the 2% national contribution to calculate deferred taxes for the year 2019, according to Income Tax No. (38) for the year 2019, which has been applied since January 1, 2019, the deferred tax must be calculated according to the established year or expected for the coming periods.

The balances of deferred tax assets and liabilities are reviewed at the statement of financial position date and reduced in case they are (wholly or partially) not expected to be utilized, or the tax liability has been settled, or is no longer needed.

Offsetting
Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position when there are binding legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

Revenue Recognition

a. Insurance Contracts

Insurance premiums arising from insurance contracts are recorded as revenue for the year (earned insurance premiums) on the basis of the maturities of time periods and in accordance with the insurance coverage periods. Unearned insurance premiums from insurance contracts at the date of the statement of financial position are recorded as unearned insurance premiums within liabilities.

Claims and incurred losses settlement expenses are recorded in the statement of profit or loss based on the expected liability amount of the compensation relating to the insurance policyholders or other affected parties.

b. Dividends and Interest

Dividends from investments are recorded when the right of the shareholders to receive dividends arises upon the related resolution of the General Assembly of Shareholders.

Interest income is calculated according to the accrual basis based on the maturities of the time periods, original principals, and earned interest rate.

c. Rental Income

Rental income from real estate investments of operating lease contracts is recognized based on the straight-line method over the contract term. Moreover, other expenses are recognized on the accrual basis.

Recognition of Expenses

All commissions and other costs relating to the acquisition of new or renewed insurance policies are amortized in the statement of profit or loss upon their occurrence. Other expenses are recognized on the accrual basis.

Insurance Compensations

Insurance compensations represent paid claims for the period and the change in the claims reserve.

Insurance compensations include all amounts paid during the year whether they relate to the current year or previous years. Moreover, outstanding claims represent the highest estimated amount for settlement of all claims resulting from events prior to the statement of financial position date but still unsettled at that date. Moreover, outstanding claims are calculated on the basis of the best information available at the date of the financial statements and include the provision for unreported claims.

Salvage and Subrogation Reimbursements

Estimates of salvage and subrogation reimbursements are considered in the measurement of the insurance liability for claims.

General and Administrative Expenses

All distributable general and administrative and employee expenses are allocated to the insurance branches separately. Moreover, around 80% of the un-distributable general and administrative expenses have been allocated to the various insurance departments based on the earned premiums of each department in proportion to total premiums.

Staff Expenses

All employees 'distributable expenses are charged to each insurance branch on the basis of the actual costs of each department. 80% of the non-distributable employees' expenses are distributed to the various insurance departments on the basis of the premiums earned for each department attributed to total premiums.

Foreign Currency

Transactions in foreign currencies are booked during the year at the exchange rates prevailing at the date of transactions.

Financial assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date and announced from the central bank of Jordan.

Non-financial assets and liabilities are translated into foreign currencies at fair value on the date that their financial value is determined.

Exchange gains and losses resulting from foreign currencies translations are recorded in the statement of profit or loss.

Translation differences on non-monetary assets and liabilities items, in foreign currencies are booked as part of a change in their fair value.

Cost of Issuing or Purchasing the Insurance Company's Shares

Costs arising from issuing or purchasing shares are recorded to retained earnings (net after taking into account the tax effect of these costs,). If issuance or purchase is incomplete, these costs are recorded in the statement of profit or loss.

Lease contracts

The Company as a Lessee

The Company assesses whether the contract contains lease when starting the contract. The Company recognizes the right to use assets and the corresponding lease obligations in relation to all lease arrangements in which the lessee is, except for short-term lease contracts (defined as leases of 12 months or less) and low value asset leases, and for these contracts, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits are derived from the leased assets.

The lease liability is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted by using the price implicit in the lease. If this rate cannot be easily determined, the company uses its additional borrowing rate.

The lease payments included in the lease liability measurement include:

- Fixed rental payments (essentially including fixed payments), minus incentive rent receivable;
- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins;
- The amount expected to be paid by the lessee under the residual value guarantees;
- The price of the exercise of purchase options, if the leasee is reasonably certain of the exercise of the options; and
- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

Lease liabilities are presented as a separate line item in the statement of financial position (if any).

Lease liabilities are subsequently measured by increasing the carrying amount to reflect the interest in the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the rental payments paid.

The lease liabilities (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there has been an important event or change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease liability are re-measured by deducting the adjusted lease payment using the adjusted discount rate.

- Rent payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value, in which cases the lease liability is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the interest rate Floating point, in which case the adjusted discount rate is used.

- The lease contract is modified and the lease agreement is not accounted for as a separate lease, in which case the lease liability is re-measured based on the duration of the modified lease contract by deducting the modified rental payments using the adjusted discount rate at the actual price at the date of the amendment.

The right to use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the Company expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the start date of the lease.

The right-to-use assets are presented as a separate line item in the statement of financial position (if any).

The Company applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and calculates any impairment losses as described in the "property and equipment" policy.

Variable rents that are not dependent on an index or rate are not included in the measurement of lease liability and right to use assets. Related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in "Other Expenses" in the statement of profit or loss.

The Company as a lessor

The Company enters into lease contract as a lessor in relation to some of its investment properties.

Leases in which the Company is leased are classified as operating or finance leases. In the event that the terms of the lease contract transfer all risks and benefits of ownership to the lessee, the contract is classified as a finance lease and all other leases are classified as operating leases.

When the Company is an intermediary lessor, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as finance or operating lease by reference to the original right of use arising from the main lease.

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The initial direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the lessee under finance leases are recognized as receivables with the amount of the Company's net investment in the rental contracts. Finance lease revenue is allocated to accounting periods to reflect a constant periodic rate of return on the Company's existing net investment with respect to lease contracts.

When the contract includes leasing components and components other than leasing, the Company applies IFRS 15 to distribute the amounts received or to be received under the contract for each component.

3. Application of New and Revised International Financial Reporting Standards

a. Amendments not having a material impact on the Company's financial statements:

The following new and revised IFRSs have been adopted and are effective for financial periods beginning on or after January 1, 2020 or thereafter in the preparation of the Company's financial statements that did not materially affect the amounts and disclosures in the financial statements for the year and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendment to the international financial reporting standard number (9) financial instruments, International accounting standard number (39) Financial instruments: Recognition and Measurement and the international financial reporting standard number (7) financial instruments disclosures related to Interest Rate Benchmark Reform	These amendments modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform; those amendments are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform. These amendments are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); These amendments require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.
Amendment to the international financial reporting standard number (3) "Business Combination" in terms of the Definition of a business	The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. • add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

New and Revised Standards	Amendments to the New and Revised International and Standards
Amendments to References to the Conceptual Framework in IFRS Standards to IFRS 2 Share based payments, IFRS 3 Business combinations, IFRS 6 Exploration for and evaluation of mineral resources, IFRS 14 Regulatory deferral accounts , IAS 1 Presentation of financial statements , IAS 8 Accounting policies, changes in accounting estimates and errors , IAS 34 Interim financial reporting , IAS 37 Provisions Contingent Liabilities and Contingent Assets, IAS 38 Intangible assets, IFRIC 12 Service concession arrangements, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 Foreign Currency Transactions and Advance Consideration, and SIC-32 Intangible assets web site costs to update those pronouncements with regard to references to and quotes from the framework or incase referencing to a different framework from the conceptual framework to clarify it.	The company applied the amendments to IFRS (2),(6),(15);IAS (1),(8),(34),(37),(38) IFRIC (12),(19),(20),(22) and IFRIC (21) in the current year.
Amendments to IAS (1) Presentation of Financial Statements and IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors in term of the definition of 'material'	Three new aspects of the new definition should especially be noted: • Obscuring. The existing definition only focused on omitting or misstating information, however, the Board concluded that obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1 (IAS 1.30A) • Could reasonably be expected to influence. The existing definition referred to 'could influence' which the Board felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote. • Primary users. The existing definition referred only to 'users' which again the Board feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.
Amendments to IFRS (16) Leases in terms of Covid-19 Related Rent Concessions	The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

b. New and revised International Financial Reporting Standards issued and not yet effective:

The Company has not adopted the following new and amended IFRSs issued but not yet effective as at the date of the financial statements, and their details as follows:

Amendments to new and revised IFRSs	Effective for annual periods beginning on or after
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS (9) Financial Instruments, IAS (39) Financial Instruments: Recognition and Measurement, IFRS (7) Financial Instruments Disclosures, IFRS (4) Insurance Contracts and IFRS (16) Leases) The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS (9), IAS (39), IFRS (7), IFRS (4) and IFRS (16)) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.	January 1, 2021
Amendments to IFRS (3) *Business Combinations* relating to Reference to the Conceptual Framework. The amendments update an outdated reference to the Conceptual Framework in IFRS (3) without significantly changing the requirements in the standard.	January 1, 2022
Amendments to IAS (16) *Property, Plant and Equipment* relating to Proceeds before Intended Use. The amendments prohibit 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 recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022
Amendments to IAS (37) *Provisions, Contingent Liabilities and Contingent Assets* relating to Onerous Contracts - Cost of Fulfilling a Contract. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	January 1, 2022

Amendments to new and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2018 – 2020 Makes amendments to the following standards: • IFRS (1) *First-Time Adoption of International Financial Reporting Standards* – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS (1) to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. • IFRS (9) *Financial Instruments* – The amendment clarifies which fees an entity includes when it applies the '10%' test in paragraph B3.3.6 of IFRS (9) in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. • IFRS 16 *Leases* – The amendment to Illustrative Example (13) accompanying IFRS (1)6 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. • IAS (41) *Agriculture* – The amendment removes the requirement in paragraph 22 of IAS (41) for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	January 1, 2022
Amendments to IAS (1): Presentation of financial statements related to classification of liabilities as current or non-current. The amendments aim to enhance consistency in the application of requirements by helping the entity to determine whether debts and other liabilities should be classified in the statement of financial position to which it has a settlement date uncertain as current (due or likely to be due within one year) or not current.	January 1, 2023
Amendments to IFRS (4) Insurance Contracts extending the temporary exemption from applying the IFRS (9). The amendment changes the expiration date specified for the temporary exemption in the IFRS (4) from the application of the IFRS (9) Financial Instruments, so that companies are required to apply the IFRS (9) for the annual periods that begin on or after January 1, 2023.	January 1, 2023
IFRS (17) Insurance Contracts IFRS (17) requires measurement of insurance liabilities at the present value of fulfillment and provides a standardized approach to measurement and presentation for all insurance contracts. These requirements are designed with the goal of being consistent and principled accounting for insurance contracts. IFRS (17) replaces IFRS (4) Insurance Contracts with effect from January 1, 2023.	January 1, 2023

Amendments to new and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS (17) Insurance Contracts Amendments to IFRS (17) addresses the concerns and application challenges which have been identified after publishing IFRS (17) in 2017. The main changes includes the following: • Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. • Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.	January 1, 2023
Amendments to IFRS 10 Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) in terms of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely, Adoption is still permissible

Management expects to apply these new standards, interpretations, and amendments to the Company's financial statements when they are applicable. Moreover, the adoption of these new standards, interpretations, and amendments may have no material impact on the Company's financial statements in the initial application.

Significant Accounting Judgments and Key Sources of Uncertainty Estimates

Preparation of the financial statements and application of the accounting policies require the Company's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and changes in the fair value shown within comprehensive income and shareholders' equity. In particular, management is required to issue significant judgments to assess future cash flows and their timing. The aforementioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

Judgments and estimates and are periodically reviewed, the impact of the change in estimates of the current financial year in which the change exists is recorded in case the change affected the current financial period only, the changes in the estimates of the current financial period in which the change exists and for the future financial periods in case the change has an impact on the current financial period and future financial periods. We believe that the estimates within the financial statements are reasonable. The details are as follows:

Significant judgments in applying the Companies' accounting policies

The following are the significant judgments, a part form those involving estimations (which are disclosed below), that the managements have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- Calculation of the provision for expected credit losses requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and the risk of an increase in the credit risk of financial instruments after initial recognition and based on future measurement information for expected credit losses. The expected credit loss is measured as an expected credit loss provision over the life of the asset.

- The claims provision and technical provisions are taken based on technical studies, according to the instructions of the Insurance Commission, and based on actuarial studies.

- Management periodically revaluates the productive lives of tangible and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of those assets and estimates of their expected productive lives in the future. Any impairment loss is taken to the statement of profit or loss.

- Provision for Income Tax: The financial year is charged with its share from income tax according to the prevailing laws and regulations and IFRS, and the necessary tax provision is calculated and recorded accordingly.

- Real estate investments are valued on the bases and assumptions that rely mainly on market conditions and prices. The average of three estimates by accredited real estate experts was adopted, the latest of which was at the end of 2019.

- Management estimates the amounts expected to be recovered from the insurance companies and the Jordan Insurance Association for automobile accidents based on studies prepared by the Company's management and according to the available information and documents.

Key sources of uncertainty estimates:
The following are significant estimates that the management have used in the process of applying the companies accounting policies and that have the most significant on the amounts recognized in the Companies financial statement.

a. Determination of the number and relative weight of scenarios, the outlook for each type of product / market, and the determination of future information relevant to each scenario: When measuring the expected credit loss, the Company uses reasonable and supported future information based on the assumptions of future variables of different economic variables and how these variables affect each other.

b. Probability of Default: The probability of default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

c. Loss Given Default: Loss Given Default (LGD) is an estimate of loss resulting from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, taking into account the cash flows from the collateral (if any).

d. A contractual option to extend or terminate a lease
Extension and termination options are included in a number of leases. These terms are used to increase the operational flexibility in terms of contract management, that most of the options for extension and termination held are viable by both the company and the lessor.

When determining the term of the lease, management takes into account all facts and circumstances that create an economic incentive to exercise the option to extend, or not to exercise the option to terminate. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of an important event or a significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Fair value hierarchy: The Company is required to determine and disclose the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRS. Differentiating between Level 2 and Level 3 fair value measurements, i.e. assessing whether inputs are observable and whether the unobservable inputs are significant, which require judgment and a careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability. When evaluating the fair value of the financial assets and liabilities, the Company uses market information when these are available. In case Level 1 inputs are not available, the Company deals with independent and qualified parties to prepare evaluation studies. Furthermore, the suitable evaluation methods and inputs used in preparing the evaluation studies are reviewed by management.

- Covid – 19 pandemic impact

The occurrence of the outbreak of the Corona virus (COVID-19) at the beginning of the year 2020 and its spread in several geographical regions around the world has caused disturbances to economic activities and businesses, and this event is witnessing continuous and rapid developments, which requires the Company's management to conduct an assessment of the expected effects on the Company's business, and conducting a study to review and evaluate potential risks in the financial statements as of December 31, 2020, based on the foregoing, the Company has taken the following measures to contain the crisis as follows:

a. The Company has formed a business continuity planning committee to determine and oversee the implementation of business continuity plan, which are:

- Providing alternative locations to distribute the employees on, in order to ensure continuity of work and to maintain social separation among employees.

- Activate working remotely feature for sensitive jobs in order to ensure the continuity of providing service to customers through electronic channels.

- Maintaining the safety of all employees and clients, through taking all procedures related to the sterilization of branches and workplaces.

b. In terms of monitoring the impact of the COVID-19 crisis on the Company's business results, the management has updated the forward-looking assumptions used in calculation of expected credit losses provision.

c. As for monitoring the impact of the COVID-19 crisis on the Company's liquidity levels, the Company's management has prepared all scenarios related to stressful situations, knowing that the Company has comfortable levels and a strong solvency margin that enables it to respond to market conditions and economy developments.

4. Deposits at Banks - Net

This item consists of the following:

	December 31, 2020				December 31, 2019
	Deposits Maturing Within Three Months	Deposits Maturing after Three Months and up to One Year	Deposits Maturing after one Year and up to Five Years	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	4,328,806	4,736,472	-	9,065,278	8,012,770
Expected credit losses *	(5,844)	(6,394)	-	(12,238)	(10,817)
	4,322,962	4,730,078	-	9,053,040	8,001,953

* The movement on expected credit losses is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	10,817	10,496
Add: Additions during the year	1,421	321
Balance at the end of the year	12,238	10,817

- During the year 2020, interest rates on deposits in Jordanian Dinar ranged from %3.75 to %5.00 (3.5 % to 6.25 % during the year 2019).

- Moreover, deposits collateralized to the order of the Director General of the Insurance Commission in addition to his position amounted to JD 325,000 as of December 31, 2020 and 2019 at Jordan Ahli Bank, and mature after three months.

- There are no restricted balances except for deposits mortgaged to the order of the Director General of the Insurance Commission.

- Balances with banks are valued as having low credit risk from default, as these are Banks are subject to high control by the Central Bank of Jordan and the central banks in each country The company has bank accounts. Accordingly, the company's management estimates the loss allowance at Balances with banks at the end of the financial reporting period in an amount equal to the expected credit losses over a 12-month period. Bearing in mind historical information for bad credit, and credit ratings Current banks

5. Financial Assets at Fair Value through Statement of profit or loss

This item consists of the following:

	December 31, 2020	December 31, 2019
	JD	JD
Inside Jordan:		
Quoted shares at Amman Stock Market	1,217,019	957,825
Outside Jordan:		
Jordan Government's loan debentures and bonds *	145,550	145,550
	1,362,569	1,103,375

* This item represents Jordan Government's debentures bond, listed in London Stock Market and is due on October 10, 2047.

6. Financial Assets at Fair Value through Comprehensive Income

This item consists of the following:

	December 31,	
	2020	2019
Inside Jordan	JD	JD
Quoted shares	1,699,750	2,018,070
Unquoted shares	50,000	60,000
	1,749,750	2,078,070

The fair value of shares not listed is determined according to the equity method based on the most recent financial listings / information available.

7. Financial Assets at Amortized Cost -Net

This item consists of the following:

	December 31,	
	2020	2019
Inside Jordan	JD	JD
Company's loan debentures and bonds	800,000	800,000
Expected credit losses*	(12,384)	(12,384)
	787,616	787,616
Outside Jordan		
Company's loan debentures and bonds	412,539	412,539
Foreign governmental loan debentures and bonds	71,699	71,699
Expected credit losses*	(140,540)	(140,540)
	343,698	343,698
	1,131,314	1,131,314

* Movement on provision for expected credit losses is as follows:

	For the year Ended December 31,	
	2020	2019*
	JD	JD
Balance at the beginning of the year	152,924	82,495
Additions during the year	-	70,664
(Released) during the year	-	(235)
Balance at the end of the year	152,924	152,924

- This table shows the details financial assets at amortized cost before deducting the provision:

Bonds	Less than one year	more than one year	Total	Maturity Date	Interest
	JD	JD	JD	JD	JD
Republic of Lebanon bonds	71,699	-	71,699	Mar 9, 2020	6/375%
SBER Bank bonds	-	128,673	128,673	Oct 29, 2022	5/125%
TELEMAR bonds	67,396	-	67,396	Oct 23, 2020	5/500%
BAHRAIN bonds	144,244	-	144,244	Jan 26, 2021	5/875%
PEMEX bonds	72,226	-	72,226	Feb 4, 2021	6/375%
Arab International Hotels Company	-	300,000	300,000	Jan 22, 2022	5/50%
Jordan Ahli Bank Company	-	500,000	500,000	Oct 12, 2023	6/75%
	355,565	928,673	1,284,238		

8. Investment Property

This item consists of the following:

	December 31	
	2020	2019
	JD	JD
Land:		
Balance at the beginning of the year	316,146	316,146
Balance at the end of the year	316,146	316,146
Buildings:		
Balance at the beginning of the year	1,807,267	1,860,549
Less: Depreciation for the year	(53,280)	(53,280)
Balance at the end of the year	1,753,987	1,807,269
	2,070,133	2,123,415

* Fair value averaged JD 2,423,878 according to the latest evaluation of these investments on December 31, 2019 by three real estate appraisers.

9. Life Insurance Policyholders' Loans

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Life insurance policyholders' loans not exceeding the policy liquidation value	13,978	13,216

The maturity of the life insurance policyholders' loan is as follows:

	2020	
	More than one year	Total
	JD	JD
Life insurance policyholders' loans	13,978	13,978

10. Cash on Hand and at Banks

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Cash on hand	6,340	1,404
Current accounts at banks	1,148,900	546,992
	1,155,240	548,396

11. Cheques under Collection

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Cheques under collection*	872,685	1,798,600
Expected Credit losses **	(8,727)	(92,764)
	863,958	1,705,836

The maturity of the checks under collection extends by 863,958 JD, until December 27, 2021.

** The movements on expected credit losses is as follow:

	2020	2019
	JD	JD
Balance at the beginning of the year	92,764	32,549
Additions during the year	-	75,000
(Released) during the year	(84,037)	(14,785)
Ending balance	8,727	92,764

12. Receivables - Net

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Policyholders receivable	3,601,863	3,878,285
Agents receivable	14,510	3,466
Brokers receivable	23,813	55,529
Employees receivable	14,279	15,879
Other receivables *	441,686	526,118
	4,096,151	4,479,277
Less: Expected credit losses *	(1,141,290)	(1,241,290)
Receivables – Net	2,954,861	3,237,987

* This item includes agents receivable cases that are against them by JD 432,261 for the year 2020, knowing that a full provision has been booked against these cases.

- The aging of receivables is as follows:

	December 31,	
	2020	2019
	JD	JD
Less than 90 days	1,562,215	1,888,000
90 – 180 days	809,768	863,570
181 – 360 days	728,966	710,968
More than 361 days	995,202	1,016,739
	4,096,151	4,479,277

* Movement on the provision for expected credit losses is as follows:

	For the year Ended December 31,	
	2020	2019
	JD	JD
Balance at the beginning of the year	1,241,290	1,011,290
Additions during the year	-	230,000
(Released) during the year	(100,000)	-
Balance at the end of the year	1,141,290	1,241,290

13. Re-insurance and Insurance Companies' Accounts Receivable - Net

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Local insurance companies	721,595	912,136
Foreign re-insurance companies	1,397,050	1,008,877
Balance	2,118,645	1,921,013
Less: Expected credit losses *	(165,158)	(215,158)
Re-insurance Accounts - Net	1,953,487	1,705,855

The aging of re-insurance and insurance companies' accounts receivable is as follows:

	December 31,	
	2020	2019
	JD	JD
Less than 90 days	1,252,584	1,310,136
91 - 180 days	452,096	239,086
181 - 360 days	181,844	166,402
More than 361 days	232,121	205,389
	2,118,645	1,921,013

* Movement on the expected credit losses is as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	215,158	215,158
Add: Additions during the year	-	-
Less: (Released) during the year	(50,000)	-
Balance at the end of the year	165,158	215,158

14. Income Tax

a. Income Tax Provision

- Movement on the income tax provision was as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year "Debit"	99,456	40,251
Income tax paid on bank interest	32,192	27,976
Income tax paid for the year	23,225	31,229
Income tax (expense) for the year	(150,507)	(17,280)
Income Tax (expense) for previous years	(68,869)	-
Released from deferred tax	10,278	17,280
Balance at the End of the Year - Debit note (17)	(54,225)	99,456

b. Income tax in the statement of profit or loss represents the following:

	2020	2019
	JD	JD
Accrued income tax (expense) for the year	(150,507)	17,280
Income Tax (expense) for previous years	(68,869)	-
Deferred tax liabilities impact - net	(324)	290,236
Deferred tax assets impact - net	(12,029)	(170,066)
Income Tax	(231,729)	137,450

- Summary of the reconciliation of accounting profit with taxable profit:

	For the Year Ended December 31,	
	2020	2019
	JD	JD
Accounting profit	854,209	498,321
Non-taxable income	(3,953,987)	(3,312,724)
Non-deductible expenses	3,678,655	2,880,905
Taxable Profit	578,877	66,502
Income Tax Rate	26%	26%

- The Company's income tax was settled until the end of 2018, and the Company's income tax return for the year 2019 has been submitted and the amounts due were paid on time and still not reviewed yet.

- A provision for income tax for the year ended December 31, 2020 was calculated in accordance with the requirements of the Jordanian Income Tax Law. In the opinion of Company's management and its tax advisor, the Company will not have any liabilities greater than the provision taken at as December 31, 2020.

c. The movement on deferred tax assets and liabilities was as follows:

	For the year Ended December 31,2020		For the year Ended December 31, 2019	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	1,005,911	557,687	783,913	267,451
Added	174,048	323	243,194	290,236
Excluded	(114,192)	-	(21,196)	-
Balance at the end of the year	1,065,767	558,010	1,005,911	557,687

d. Deferred tax assets / liabilities

The details of this item are as follows:

	For the Year End December 31, 2020				December 31,	
					2020	2019
Accounts included	Beginning Balance	Released Amounts	Added Amounts	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
a. Deferred tax assets						
Expected credit losses	1,712,951	234,037	1,421	1,480,335	384,887	445,367
IBNR provision	1,342,699	158,669	200,000	1,384,030	359,848	349,102
End-of-service provision	19,308	4,667	15,638	30,279	7,873	5,020
Various provision	946	-	-	946	245	246
Evaluation on financial assets through other comprehensive income	585,896	2,300	318,320	901,916	234,498	152,333
Losses from evaluating financial assets through statement of profit or loss	167,561	-	134,038	301,599	78,416	43,565
Income tax losses for the year 2019	48,365	48,365	-	-	-	10,278
	3,877,726	448,038	669,417	4,099,105	1,065,767	1,005,911
b. Deferred tax liabilities *						
Claims recoveries	2,144,949	-	1,245	2,146,194	558,010	557,687
	2,144,949	-	1,245	2,146,194	558,010	557,687

* Deferred tax liabilities as of December 31, 2020 represent deferred taxes arising from claims expected to be recovered.

- Deferred taxes were calculated based on the new effective tax according to the income tax that the Company subject to which is 26% (24% Income tax and 2% national contribution tax) , and management believes that the deferred tax assets will be utilized in the near future.

15. Property & Equipment- Net

This table consists of the following:

	Land	Buildings	Office Equipment	Computer	Motors	Furniture and Interior Fittings	Air Conditioners	Decoration	Billboard	Elevators	Security Systems	Electrical Transformers and Generators	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost:													
Balance at the beginning of the year	316,146	2,011,828	36,395	117,940	55,994	168,021	85,851	322,263	12,587	45,000	38,090	10,613	3,220,728
Additions	-	-	7,289	15,620	-	3,406	300	522	-	-	-	-	27,136
Balance at the End of the Year	316,146	2,011,828	43,684	133,560	55,994	171,427	86,151	322,785	12,587	45,000	38,090	10,613	3,247,864
Accumulated Depreciation:													
Balance at the beginning of the year	-	247,701	19,296	87,082	34,744	62,619	50,761	288,664	12,587	27,740	27,374	6,541	865,109
Depreciation for the year	-	40,237	3,696	9,314	7,635	10,218	8,316	25,952	-	4,500	4,551	1,061	115,480
Accumulated Depreciation at the End of the Year	-	287,938	22,992	96,396	42,379	72,837	59,077	314,616	12,587	32,240	31,925	7,602	980,589
Net Carrying Value as of December 31, 2020	316,146	1,723,890	20,692	37,164	13,615	98,589	27,074	8,168	-	12,760	6,165	3,011	2,267,275
Cost:													
Balance at the beginning of the year	316,146	2,011,828	81,704	215,401	55,994	174,761	85,395	317,482	12,587	45,000	38,090	10,613	3,305,001
Additions	-	-	1,556	1,823	-	660	456	4,781	-	-	-	-	9,276
(Disposals)	-	-	(46,865)	(99,284)	-	(7,400)	-	-	-	-	-	-	(153,549)
Balance at the End of the Year	316,146	2,011,828	36,395	117,940	55,994	168,021	85,851	322,263	12,587	45,000	38,090	10,613	3,220,728
Accumulated Depreciation:													
Balance at the beginning of the year	-	207,464	62,706	177,205	27,108	56,746	42,453	240,655	12,586	23,240	22,823	5,480	878,466
Depreciation for the year	-	40,237	3,382	9,106	7,636	10,050	8,308	48,009	1	4,500	4,551	1,061	136,841
(Disposals)	-	-	(46,792)	(99,229)	-	(4,177)	-	-	-	-	-	-	(150,198)
Accumulated Depreciation at the End of the Year	-	247,701	19,296	87,082	34,744	62,619	50,761	288,664	12,587	27,740	27,374	6,541	865,109
Net Carrying Value as of December 31, 2019	316,146	1,764,127	17,099	30,858	21,250	105,402	35,090	33,599	-	17,260	10,716	4,072	2,355,619
Annual depreciation rate %	-	2	10	12	15	6	10	15	10	10	12	10	

Fully depreciated property and equipment amounted to JD 369,512 as of December 31, 2020 (JD 66,403 as of December 31, 2019).

16. Intangible Assets - Net

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Computer Software Programs		
Balance at the beginning of the year	125,248	143,486
Additions	6,706	701
Amortization	(18,536)	(18,939)
Balance - End of Year	113,418	125,248
Annual Amortization	12%	12%

17. Other Assets

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Prepaid expenses	103,291	93,635
Refundable deposits	13,320	13,461
Stamp deposits	1,569	511
Accrued revenue	126,625	217,733
Recovered claims*	2,146,194	2,144,949
Land owned against bonds-Net	84,065	87,600
Income tax deposit (Note 14/A)	-	99,456
	2,475,064	2,657,345

* This item represents expected recoveries from claims that don't exceed more than 3 years from claim date amounting to JD 1,925,337 and JD 220,857 for more than 3 years

18. Mathematical Reserve - Net

This item consist of the following:

	December 31,	
	2020	2019
	JD	JD
Balance at the beginning of the year	535,055	517,216
Additions	239,234	202,567
Balance at the end of the year	774,289	719,783
Less: Reinsurance share	(219,718)	(184,728)
Net Mathematical Reserve	554,571	535,055

19. Payables

This item consists of the following:

	December 31,	
	2020	2019
	JD	JD
Agents payable	89,016	72,926
Employees payable	9,612	2,718
Brokers payable	481,125	452,853
Client payable*	1,017,628	696,256
Medical payables	455	2,542
Suppliers receivables	157,693	104,028
	1,755,529	1,331,323

* This item includes an amount of JD 117,709 which represents non-delivered cheques existent in the Company (JD 300,906 as on December 31, 2019).

20. Re-insurance and Insurance Companies' Accounts Payable

This item consists of the following:

	December 31, 2020	December 31, 2019
	JD	JD
Local insurance companies	103,734	242,615
Foreign re-insurance companies	1,432,096	1,194,538
Reinsurers' deposits	1,172,344	1,074,254
	2,708,174	2,511,407

21. End-of-Service Indemnity Provision

This item consists of the following:

	December 31, 2020	December 31, 2019
	JD	JD
Provision for staff end-of-service indemnity	31,226	19,308
	31,226	19,308

The following table illustrates the movement on the end-of-service indemnity provision:

	December 31,				
	Balance beginning of the year	Booked during the year	Paid during the year	2020	2019
	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	19,308	15,638	3,720	31,226	19,308
	19,308	15,638	3,720	31,226	19,308

22. Other Liabilities

This item consists of the following:

	December 31, 2020	December 31, 2019
	JD	JD
Sales tax deposits	91,770	100,905
Shareholders' deposits	70,298	71,480
Stamps deposits	9,087	11,833
Unearned revenue	37,371	39,114
Various provisions	2,828	3,024
	211,354	226,356

23. Authorized and Paid Capital

Authorized, subscribed, and paid capital amounted to JD 8 Million distributed over 8 Million shares with a par value of JD 1 as of December 31, 2020 and 2019.

24. Reserves

a. Statutory Reserve

The amounts accumulated in this account represent appropriations from annual income before tax at 10% as of December 31, 2020. This reserve may not be distributed to shareholders.

b. Voluntary Reserve

The amounts accumulated in this account represent appropriations from annual income before tax during the past year at a rate not exceeding 20% of the paid capital. The voluntary reserve is used for the purposes decided by the Board of Directors. Moreover, the General Assembly has the right to fully or partially distribute this amount as profits to shareholders.

25. Investment Valuation Reserve – Net after Tax

This amount represents the change in fair value of financial assets at fair value through comprehensive income after tax. The details are as follows:

	2020	2019
	JD	JD
Balance at the beginning of the year	(433,564)	(236,544)
Changes in investment revaluation reserve – Net	(236,161)	(166,679)
Transferring profits from the sale of financial assets at fair value through the statement of other comprehensive income to retained earnings	2,305	(30,341)
Balance – End of Year	(667,420)	(433,564)

26. Retained Earnings

This item consists of the following:

	2020	2019
	JD	JD
Balance at the beginning of the year	1,266,509	925,129
Profit for the year	622,480	360,871
Balance transferred to reserves	(85,421)	(49,832)
Transferring profits from the sale of financial assets at fair value through the statement of other comprehensive income to retained earnings	(2,305)	30,341
Balance – End of Year	1,801,263	1,266,509

27. Credit Interest

This item consists of the following:

	2020	2019
	JD	JD
Earned bank interest	372,254	454,210
Interest on investments in financial assets at amortized cost	75,857	95,053
Loans interest	762	851
Total	448,873	550,114
Amount transferred to underwriting accounts	41,942	65,619
Amount not transferred to underwriting accounts	406,931	484,495
	448,873	550,114

28. Net (Losses) Profit from Financial Assets and Investments

This item consists of the following:

	2020	2019
	JD	JD
Cash dividends of financial assets at fair value through Statement of profit or loss	6,598	58,261
Cash dividends of financial assets at fair value through other comprehensive income	43,961	153,743
Real estate investments amortization	(53,280)	(53,280)
Real estate expenses	-	-
Net change in fair value of financial assets at fair value through statement of profit or loss	(134,038)	(111,942)
Returns on real estate investment rent	79,018	75,590
(Losses) on sale of assets at fair value through statement of income	4,990	-
Other revenue	2,800	-
	(49,951)	122,372
Amount transferred to underwriting accounts	(9,170)	(888)
Amount not transferred to underwriting accounts	(40,781)	123,260
	(49,951)	122,372

29. Other Revenue

This item consists of the following:

	2020	2019
	JD	JD
Profits on contracts	32,618	122,790
Medical entities' deductions	103,129	28,589
(Losses) from on sale of properties and equipment	-	(3,351)
	135,747	148,028
Amounts transferred to underwriting accounts	135,747	151,379
Amounts not transferred to underwriting accounts	-	(3,351)
	135,747	148,028

30. Employees Expenses

This item consists of the following:

	2020	2019
	JD	JD
Salaries and bonuses	1,336,835	1,355,808
Company's social security contributions	156,339	158,018
Medical expenses and life insurance	149,851	155,878
Employees development and training	505	3,565
The Company's share of social committee's fund	4,328	3,848
	1,647,858	1,677,117
Employees' Expenses Allocated to Underwriting Accounts *	1,318,286	1,341,694
Employees' Expenses Unallocated to Underwriting Accounts	329,572	335,423
	1,647,858	1,677,117

* The above-mentioned expenses were allocated as follows:

	2020	2019
	JD	JD
Motor	643,756	766,812
Marine and transportation	17,432	30,736
Fire and other property damages	189,101	110,908
Other insurance	41,583	36,738
Credit	7,694	15,214
Medical	227,663	185,422
Life	191,057	195,864
	1,318,286	1,341,694

31. General and Administrative Expenses

This item consists of the following:

	2020	2019
	JD	JD
Rent	11,670	11,422
Printing and stationery	36,826	45,106
Advertising and marketing	15,007	30,134
Bank charges	10,917	9,055
Water, electricity and heating	51,822	53,284
Maintenance	43,470	48,368
Post and telephone	11,892	9,688
Stamps	3,893	4,111
Hospitality	8,858	16,861
Lawyers' expenses and fees	70,687	56,290
Subscriptions	18,242	22,242
Tender fees	18,249	14,642
Sales tax	79,066	70,459
Donations	12,020	3,000
Cars expenses	6,835	5,074
Professional fees	76,814	107,154
Travel and transportation of Board members	24,965	26,556
Property tax	24,521	29,118
Credit rating	30,096	2,728
Other expenses	63,779	62,086
Total	619,629	627,378
Total General and Administrative Expenses Allocated to Underwriting Accounts *	495,703	501,903
Total General and Administrative Expenses Unallocated to Underwriting Accounts	123,926	125,475
	619,629	627,378

* The above-mentioned expenses were allocated as follows:

	2020	2019
	JD	JD
Motor	242,066	286,850
Marine and transportation	6,555	11,498
Fire and other damages	71,106	41,487
Other insurance	15,636	13,743
Credit	2,893	5,691
Medical	85,606	69,364
Life	71,841	73,270
	495,703	501,903

32. Earnings per Share for the Year

Earnings per share is calculated by dividing profit for the year by the number of shares. The details are as follows:

	2020	2019
	JD	JD
Profit for the year	622,480	360,871
Number of shares	8,000,000	8,000,000
Earnings per Share for the Year	0/078	0/045

33. Cash and Cash Equivalents

The details of this item are as follows:

	December 31, 2020	December 31, 2019
	JD	JD
Cash on hand and at banks	1,155,240	548,396
Add: Deposits at banks maturing within three months	4,322,962	2,241,983
	5,478,202	2,790,379

34. Transactions with Related Parties

The Company entered into transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities. All insurance credit granted to related parties are considered operating, and no related provisions have been taken.

The pricing policy and terms related to these transactions are approved by the Company's management.

The following is a summary of the transactions with related parties during the year:

	December 31, 2020			Total December 31,	
	Major Shareholders	Board Members	Top Executive Management	2020	2019
	JD	JD	JD	JD	JD
Statement of Financial Position Items:					
Accounts receivable	14,315	63,080	120	77,515	325,029
Provision for expected credit loss	-	58,469	-	58,469	58,469
Accounts payable	-	273,555	-	273,555	2,339
Statement profit or loss Items:					
Premiums	58,468	1,612,649	1,203	1,672,320	280,977
Compensation *	3,390	3,640,450	1,600	3,645,440	16,617
Salaries and rewards	-	-	303,940	303,940	311,007
Travel and transportation allowance	-	24,965	711	25,676	29,482

* The compensation paid to a member of the Board of Directors is mainly due to general insurance compensation in the amount of JD1,690,554. In addition to life insurance compensation in the amount of JD1,944,873.

- The following is a summary of the benefits (salaries, bonuses, and other benefits) for executive management:

Description	December 31, 2020	December 31, 2019
	JD	JD
Salaries, rewards and other benefits	303,940	313,933
Rewards, transportation, and accommodation allowances for Board members	25,676	26,556
	329,616	340,489

35. Risk Management

The Company manages risks by various methods, using a comprehensive strategy to identify and mitigate risks through the risk management committee's unit, headed by a risk manager, with the support of an official from each department, the investment committee, and the internal audit committee ensuing from the Board of Directors. Risks are reviewed and the necessary measures are taken to face and mitigate them. Moreover, all duty stations are responsible for identifying the risks related to their activity, setting the proper supervisory controls, and monitoring the sustainability of their efficiency. The risks the Company is exposed to are numerous, diverse, and include the Company's various types of business, such as:

a. Insurance Risk

Includes insurance contract, pricing, risk analysis, measurement, categorization, compensation, disasters as well as exposure to catastrophes.

b. Credit risk and concentration of assets

The Company's insurance business exposes it to many risks, including credit risk arising from the debtors' default or inability to settle their obligations owed to the Company, thus causing losses to the Company. Therefore, one of the most important duties of the financial department in the Company is to ensure that these risks do not go beyond the general framework set in advance in the policy of the Company, which endeavors to balance risk, return, and liquidity.

The Company's management evaluates the creditworthiness of the customers periodically according to the customer evaluation system. The assets concentration risk is addressed through distributing the Company's portfolio to the world's first-class reinsurers to ensure distribution of risks to a minimum degree.

c. Liquidity Risk

In its management of liquidity risks, the Company diversifies its sources of funds within the various types of insurance. It also analyses the maturities of assets and liabilities to ensure that they match, monitors liquidity and gaps risks, and maintains an adequate cash balance as well as balances that can be readily liquidated to face risks.

d. Market Risk

Since the Company invests in securities, it is necessary to analyze the performance of the stock market, as the Jordanian financial market is an emerging stock exchange. Therefore, dealings in this market are exposed to liquidity risk.

Risk Management:

The Board of Directors, along with other parties, are responsible for identifying and monitoring risks. In addition, there are other parties responsible for the company's risk management process.

Risk Committee:

The Risk Management Committee is fully responsible for developing the risk strategy and applying the general principles and pre-determined limits.

Risk measurement and reporting system:

Monitoring and controlling risks is performed through monitoring the allowed limits for each type of risk, and these limits reflect the Company's business strategy and pertinent market factors.

The Risk Management Committee gathers and analyzes information from the Company's various departments, to identify the expected related risks. This information is presented and explained to the Board of Directors and the committees emanating from it.

1. Insurance Risks

a. Insurance Risk

The risks of any insurance contract represent probability of occurrence of the insured incident and uncertainty of the claim amount related to that incident. This is due to the nature of insurance policies, whereby risks are volatile and unpredictable. Moreover, the probability theory for pricing and reserve can be applied because insurance events are not stable and vary from year to year. Consequently, estimates might differ from their respective statistics.

Studies showed that the more similar insurance contracts are, the closer the expectations to actual loss are. Moreover, diversifying insurance risks decreases the insurance loss.

The company works to mitigate the above risks by diversifying its insurance contracts, and this is reflected in various risks through careful selection of insurance strategies and insurance confrontations and their careful implementation.

Frequency of Claims

The frequency and amounts of claims can be affected by several factors. The main insurance business for the Company is insurance against fire, general accidents, liabilities, motor, marine, aviation, medical and life.

Property and Liability Insurance:

Property and liability insurance is designed to compensate policyholders for the damages to their properties as a result of number of political dangers, as well as other additional risks such as loss of profits and foregone income. These insurance contracts are underwritten based on the market or replacement values of the insured property and its content.The volume of claims from realizing these risks is addressed through entering into reinsurance agreements with international reinsurers.

Motor:

The purpose of motor insurance is to compensate the policyholders for the damage or loss that might happen to their motors or the legal liability towards others emerging from accidents.

As for motor insurance, the main risks represent compensations for death, physical injuries, replacing or repairing cars, or the legal liability towards others. The Company's losses exceeding JD 53,000 during the years 2019 and 2018 were covered by reinsurers. The Company also transfers some of these risks to other local insurance companies.

Marine and Transportation:

Marine insurance is designed to compensate policyholders or related beneficiaries for loss, deterioration, or damage to marine, land, or air freight, as well as related partial or total loss.

The underwriting strategy for the marine and transport sector is to ensure that polices are well-diversified in terms of insured vessels, shipping routes and lands that the insurance cover.

The volume of claims from the realizing of these risks is addressed through reinsurance agreements with international reinsurers.

Medical Insurance:

Medical insurance includes compensation to the insured when damage is caused by illness or injury, resulting in the provision of fixed financial benefits or benefits in the form of compensation or a combination of both.

The Company resorts to external reinsurers to mitigate this risk.

b. Development of claims:

The tables below show actual claims (based on management's estimates at the end of the year) in comparison with the expectations for the past four years based on the year in which the motor insurance claims were reported, as well as the year in which general insurance and life insurance were underwritten. The details are as follows:

Motor Insurance - Gross:

The year incident occurred	2016 and before	2017	2018	2019	2020	Total
	JD	JD	JD	JD	JD	JD
At the year - end	54,322,512	9,294,915	9,604,925	9,719,939	7,120,574	
After one year	54,210,371	9,749,587	10,072,869	10,892,199	-	
After two years	53,552,311	9,814,151	10,319,263	-	-	
After three years	53,337,184	9,837,378	-	-	-	
After four years	(53,407,257)	-	-	-	-	
Current estimates of accumulated claims	53,407,257	9,837,378	10,319,263	10,892,199	7,120,574	91,576,670
Cumulative payments	53,045,616	9,553,110	9,808,234	10,067,037	5,408,724	87,882,722
Commitments as in the statement of financial position	361,641	284,268	511,028	825,162	1,711,849	3,693,948
Surplus (deficit) in the initial provision estimate	-	(542,463)	(714,338)	(1,172,260)	-	(1,513,805)

Marine Insurance:

The year incident occurred	2016 and before	2017	2018	2019	2020	Total
	JD	JD	JD	JD	JD	JD
At the year end	1,147,807	58,151	240,822	134,417	66,545	
After one year	1,136,943	55,344	240,372	118,478	-	
After two years	1,156,608	44,501	163,299	-	-	
After three years	959,024	44,501	-	-	-	
After four years	968,168	-	-	-	-	
Current estimates of accumulated claims	968,168	44,501	163,299	118,478	66,454	1,360,900
Cumulative payments	923,941	44,501	163,299	118,478	23,006	1,273,225
Commitments as in the statement of financial position	44,227	-	-	-	43,539	87,766
Surplus (deficit) in the initial provision estimate	179,639	13,650	77,524	15,939	-	286,751

Fire and other Insurance:

The year incident occurred	2016 and before	2017	2018	2019	2020	Total
	JD	JD	JD	JD	JD	JD
At the year end	8,614,512	1,150,784	1,262,456	262,625	372,420	
After one year	8,604,838	1,195,914	1,638,526	235,692	-	
After two years	8,594,880	1,192,554	1,585,966	-	-	
After three years	7,792,206	1,194,605	-	-	-	
After four years	7,616,325	-	-	-	-	
Current estimates of accumulated claims	7,616,325	1,194,605	1,585,966	235,692	372,420	11,005,008
Cumulative payments	7,471,033	1,193,977	762,047	196,221	155,613	9,778,891
Commitments as in the statement of financial position	145,292	628	823,919	39,471	216,807	1,226,117
Surplus (Deficit) in the provision estimate Bottom of Form	998,186	(43,821)	(323,510)	26,933	-	657,788

Credit Insurance:

The year incident occurred	2016 and before	2017	2018	2019	2020	Total
	JD	JD	JD	JD	JD	JD
At the year end	624,371	109,100	529,093	481,546	182,236	
After one year	781,936	259,157	615,587	484,946	-	
After two years	667,754	139,556	605,377	-	-	
After three years	653,080	115,316	-	-	-	
After four years	641,920	-	-	-	-	
Current estimates of accumulated claims	641,920	545,664	473,120	263,936	367,510	2,292,150
Cumulative payments	641,920	545,664	472,208	156,573	172,774	2,989,139
Commitments as in the statement of financial position	-	-	912	107,363	194,736	303,011
(Surplus) deficit in the initial provision estimate	(17,549)	(436,564)	55,973	217,610	(185,274)	(365,804)

Other General Insurance:

The year incident occurred	2016 and before	2017	2018	2019	2020	Total
	JD	JD	JD	JD	JD	JD
At the year end	2,954,805	3,145,786	66,978	96,711	822,533	
After one year	2,939,299	1,160,264	64,619	86,145	-	
After two years	2,955,060	1,142,263	45,407	-	-	
After three years	2,621,274	1,142,263	-	-	-	
After four years	2,540,109	-	-	-	-	
Current estimates of accumulated claims	2,540,109	1,836,897	45,407	86,145	822,533	5,331,091
Cumulative payments	2,172,739	1,716,253	41,476	11,715	5,709	3,947,892
Commitments as in the statement of financial position	367,370	120,644	3,931	74,430	816,824	1,383,199
Surplus (deficit) in the initial provision estimate	414,696	1,308,889	21,571	10,566	-	1,755,721

Medical Insurance:

The year incident occurred	2016 and before	2017	2018	2019	2020	Total
	JD	JD	JD	JD	JD	JD
At the year - end	2,616,225	2,823,295	4,173,066	3,375,352	2,598,100	15,586,038
Current estimates of accumulated claims	2,616,225	2,823,295	4,173,066	3,375,352	2,598,100	15,586,038
Cumulative payments	2,616,225	2,823,295	4,173,066	3,375,352	2,307,215	15,295,153
Commitments as in the statement of financial position	-	-	-	-	290,885	290,885
Surplus (deficit) in the initial provision estimate	-	-	-	-	-	-

Life Insurance:

The year incident occurred	2016 and before	2017	2018	2019	2020	Total
	JD	JD	JD	JD	JD	JD
At the year end	718,730	384,548	697,291	705,986	1,315,315	
Current estimates of accumulated claims	718,730	384,548	697,291	705,986	1,315,315	3,821,870
Cumulative payments	718,730	384,548	297,291	705,986	-	2,506,555
Commitments as in the statement of financial position	-	-	-	-	1,315,315	1,315,315
Surplus (deficit) in the initial provision estimate	-	-	-	-	-	-

c. Concentration of Insurance Risk

The Company distributes the Concentration of Insurance Risk according to insurance type, including the insurance amounts covered by this type.

Concentration of Liabilities according to the insurance type is as follows:

	2020		2019	
	Total	Net	Total	Net
Insurance Type	JD	JD	JD	JD
Motor	11,031,551	8,268,616	11,720,723	8,967,420
Marine	160,129	21,645	281,302	23,627
Fire and Other damages to properties	2,467,483	149,147	3,151,733	188,771
Other general Accidents	1,833,630	186,632	2,118,344	215,399
Credit	343,899	(32,837)	345,163	(17,468)
Medical	1,465,639	714,405	1,242,861	572,362
Life	2,089,604	747,771	1,425,769	691,840
	19,391,935	10,055,379	20,285,895	10,641,951

Concentration of the assets, liabilities and items off the financial position according to the geographical and sectorial distribution is as follows:

	2020			2019		
	Assets	Liabilities	Items off the Statement of Financial Position	Assets	Liabilities	Items Outside the Financial Position
	JD	JD	JD	JD	JD	JD
According to geographical area:						
Inside Jordan	26,832,804	14,598,259	634,801	26,339,726	15,571,771	508,211
Other Middle East countries	861,103	2,141,906	-	773,049	843,508	-
Europe	535,947	799,364	-	680,765	1,074,255	-
	28,229,854	17,539,529	634,801	27,793,540	17,489,534	508,211

Concentration of accounts receivable (before impairment provision) and accounts payable according to sector is as follows:

	2020			2019		
	Assets	Liabilities	Items off the Statement of Financial Position	Assets	Liabilities	Items Outside the Financial Position
	JD	JD	JD	JD	JD	JD
According to the sector:						
Public	46,167	27,268	-	33,280	-	-
Private:						
Firms and Corporations	5,458,317	4,285,192	634,801	5,412,812	3,456,196	508,211
Individuals	710,311	151,243	-	954,199	386,534	-
	6,214,795	4,463,703	634,801	6,400,291	3,842,730	508,211

d. Re-insurance Risk:

In common with other insurance companies, to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurance insolvencies, the Company evaluates the financial condition of its reinsurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurance companies. Ceded reinsurance contracts do not absolve the Company from its obligations to policyholders. Consequently, the Company remains liable for the portion of outstanding reinsured claims to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

e. Sensitivity of Insurance Risks

The following table shows the effect of a reasonably possible change in the premium rates on the statement of profit or loss and shareholders' equity, with all other variables held constant:

Insurance Type	Percentage	Effect on Premiums	Effect on Profit before Tax	Effect on Shareholder's Equity *
	%	JD	JD	JD
Life	5	153,420	28,704	21,815
Motor	5	516,941	499,999	379,999
Marine and Transportation	5	13,998	1,603	1,218
Fire and Others damages to properties	5	151,849	5,645	4,290
Others	5	33,392	5,163	3,924
Credit	5	6,178	16	12
Medical	5	182,815	64,878	49,306
		1,058,593	606,006	460,564

* Net after deducting tax income.

If there is a negative change, the effect is equal to the above change with the opposite sign.

The following table shows the effect of a reasonably possible change in the cost of compensation (net of recoveries) on the statement of profit or loss and shareholders' equity, with all other variables held constant:

Insurance Type	Percentage	Effect on Premiums	Effect on Profit before Tax	Effect on Shareholder's Equity *
	%	JD	JD	JD
Life	5	20,376	(16,351)	(12,427)
Motor	5	425,443	(445,853)	(338,848)
Marine and Transportation	5	(381)	(337)	(256)
Fire and Other damages to properties	5	2,774	(52,228)	(39,693)
Others	5	2,280	(31,000)	(23,560)
Credit	5	768	(334)	(254)
Medical	5	34,240	(50,387)	(38,294)
		485,500	(596,490)	(453,332)

* Net after deducting tax income

If there is a negative change, the effect is equal to the above change with the opposite sign.

2. Financial Risks:

The risks to which the Company is exposed arise from insufficient returns on investments to finance liabilities resulting from insurance contracts and investments.

Moreover, the Company adopts financial policies for managing the various risks within a specific strategy. The Company's management also monitors and controls risks and optimizes the strategic allocation of both financial assets and financial liabilities. These risks include interest rate risks, credit risks, foreign currency rates risks, and market risks.

The Company follows the hedging policy for both financial assets and financial liabilities, as needed, which is hedging against expected future risks.

a. Market Risks:

Market risks are irregular risks and risks that vary by industry. These risks include price risks, business potential, and competition. This type of risks can be minimized by diversifying the Company's investment portfolio.

The risk can be estimated by standard deviation if the expected return on investment is equal, and if it is not equal, the difference coefficient is calculated for each investment, by dividing the standard deviation by the expected return for each investment. The lower the standard deviation, the lower the risk level.

b. Interest Rate:

Interest rate risks relate to long-term bank deposits, bonds, and other deposits. Moreover, the Company always seeks to reduce this risk through monitoring changes in market interest rates.

Interest rate risk relates to interest rate on fixed deposits with banks and overdrafts. As of December 31, 2020, the interest rate on bank deposits ranged from 3/5% to 6/25% annually on the JD deposits.

The table below shows the sensitivity to exposure to interest rates on deposits at the balance sheet date. The analysis below has been prepared on the assumption that the amount of deposits outstanding at the balance sheet date was valid for the entire financial period. As increase or decrease of 1% is used, which represents the management's assessment of the likely and acceptable change in interest rates.

	+ 1%		- (1)%	
	For the year ending December 31,		For the year ending December 31,	
	2020	2019	2020	2019
	JD	JD	JD	JD
Profit for the year	90,530	80,019	(90,530)	(80,019)
Shareholders' Equity	90,530	80,019	(90,530)	(80,019)

c. Foreign Currency Risks:

The Company's main operations are in Jordanian Dinar. Moreover, currency risk relates to the changes in currency rates that apply to foreign currency-denominated payments. As for US Dollar transactions, the Company's management believes that the foreign currency risk associated with the US Dollar is immaterial because the Jordanian Dinar (functional currency of the Company) is pegged to the US Dollar.

d. Liquidity Risk:

Management follows an appropriate risk management system for short-and long-term financing through maintaining appropriate reserves, actual monitoring of the expected Cash flows, and matching the maturities of financial assets and financial liabilities on the one hand, and technical liabilities, on the other.

Liquidity risk is the risk that the Company will not be able to provide the necessary funding to meet its obligations on their due dates. In order to ward off these risks, the management diversifies sources of funds, manages assets and liabilities, matches their maturities and maintains sufficient cash and cash equivalents and tradeable securities.

- The table below summarize the maturity of financial liabilities (on the base of period to maturity since the financial statement date):

December 31, 2020	Less than One Month	Month - 3 Months	3 Months - 6 Months	6 Months - 1 Year	1 Year - 3 Years	More than 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities * :								
Account payable	1,049,588	373,055	84,167	9,923	238,796	-	-	1,755,529
Accrued expenses	19,438	-	-	-	-	-	-	19,438
Re-insurance payables	1,535,829	1,172,345	-	-	-	-	-	2,708,174
Income tax provision	-	-	54,225	-	-	-	-	54,225
End-of-service compensation Provision	-	-	-	-	-	-	31,226	31,226
Deferred tax liabilities	-	-	-	-	-	-	558,010	558,010
Other liabilities	211,354	-	-	-	-	-	-	211,354
Total	2,816,209	1,545,400	138,392	9,923	238,796	-	589,236	5,337,956
Total Assets	8,128,005	3,178,384	5,362,345	1,018,119	2,308,086	-	8,234,915	28,229,854
December 31, 2019								
Liabilities * :								
Account payable	-	1,331,323	-	-	-	-	-	1,331,323
Accrued expenses	56,552	-	-	-	-	-	-	56,552
Re-insurance payables	-	2,511,407	-	-	-	-	-	2,511,407
Income tax provision	-	-	-	-	-	-	-	-
End-of-service compensation Provision	-	-	-	-	-	-	19,308	19,308
Deferred tax liabilities	-	-	-	-	-	-	557,687	557,687
Other liabilities	226,356	-	-	-	-	-	-	226,356
Total	282,908	3,842,730	-	-	-	-	576,995	4,702,633
Total Assets	5,248,352	1,530,581	1,770,805	7,753,664	-	-	11,490,138	27,793,540

* Liabilities above don't contain insurance contract liabilities.

e. Credit Risks:

These risks arise from the other parties' inability to fulfil their liabilities. These risks relate to the following:

- Reinsurers.
- Policyholders.
- Insurance brokers.

To reduce credit risks, the Company performs the following:

- Sets credit limits for brokers and agents.
- Controls receivables.
- Sets up reinsurance policies with other solvent parties.
- Keeps the Company's cash balances with local and international banks.

36. Key sector analysis

a. Business segment information

For administrative purposes, the Company was organized into two sectors: The General Insurance Sector: includes motor, transporting, fire and other damages to property, and liability ,Life Insurance Sector.These two sectors represent the basis on which the Company presents the information on the key sectors. The two sectors above also include investments and cash management for the Company's account. Transactions among the business segments are based on the same terms used for others.

b. Geographical Distribution Information

This represents the geographical distribution of the Company's business. The Company carries out its activities in the kingdom, which represent the local business.

	Inside Jordan		Outside Jordan		Total	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD
Total Assets	26,832,804	26,469,373	1,397,050	1,324,167	28,229,854	27,793,540
Total Revenue	13,241,458	15,291,045	1,073,430	998,914	14,295,371	16,289,959
Capital Expenditures	33,842	9,977	-	-	33,842	9,977

37. Capital Management:

The Company's objectives with respect to the management of capital are as follows:

a. Abiding with the insurance Company's minimum capital prescribed by the Jordanian Insurance Law, which states the existing Company's capital prior the coming into force of the law. According to the provisions of this law, the Company has been licensed to conduct all types of General Insurance, jointly and severally, for JD 4 million.

b. Ensuring the continuity of the Company and its ability to provide shareholders with profitable returns on capital.

c. Providing the appropriate return to shareholders through the pricing of insurance contracts commensurate with the risks related to such contracts.

d. Complying with the instructions of the Insurance Commission relating to the solvency margin.

e. The table below summarizes the Company's capital and the minimum capital required:

	December 31,	
	2020	2019
	JD	JD
Total capital maintained and minimum capital required under the Jordanian Insurance Law	8,000,000	8,000,000

f. The following table shows the Company's capital and solvency margin ratio as of December 31, 2020 and 2019:

	December 31,	
	2020	2019
Primary Capital:	JD	JD
Authorized and paid-up capital	8,000,000	8,000,000
Statutory reserve	1,381,765	1,296,344
Voluntary reserve	174,717	174,717
Retained earnings	1,801,263	1,266,509
Total Primary Capital	11,357,570	10,737,570
Additional Capital:		
Financial assets cumulative change in fair value	(667,420)	(433,564)
Increase in investment properties fair value	300,464	300,464
Additional capital	(366,956)	(133,100)
Total Regulatory Capital (a)	10,990,789	10,604,470
Total Capital Required (b)	5,775,838	6,370,104
Solvency Margin (a)/(b)	%190/29	166/47%

38. Assets and Liabilities Maturities

The following table shows the analysis of assets and liabilities according to their expected period of recovery or settlement:

December 31, 2020	Within One Year	More than One Year	Total
	JD	JD	JD
Assets			
Deposits at banks	9,053,040	-	9,053,040
Financial assets at fair value through statement of Profit or loss	1,362,569	-	1,362,569
Financial assets at fair value through other Comprehensive income	-	1,749,750	1,749,750
Financial assets at amortized cost	343,698	787,616	1,131,314
Investment property	-	2,070,133	2,070,133
Life insurance policyholders' loans	-	13,978	13,978
Cash on hand and at banks	1,155,240	-	1,155,240
Checks under collection	863,958	-	863,958
Receivables – net	2,954,861	-	2,954,860
Re-insurance accounts receivable	1,953,487	-	1,953,487
Deferred tax assets	-	1,065,767	1,065,767
Property and equipment – net	-	2,267,275	2,267,275
Intangible assets - net	-	113,418	113,418
Other assets	-	2,475,064	2,475,065
Total Assets	17,686,853	10,543,001	28,229,854
Liabilities			
Unearned premiums reserve – net	5,520,642	-	5,520,642
Claims reserve – net	-	6,126,360	6,126,360
Mathematical reserve – net	-	554,571	554,571
Payables	1,331,323	424,206	1,755,529
Accrued expenses	19,438	-	19,438
Re-insurance accounts payable	1,535,830	1,172,344	2,708,174
End-of-service provision	-	31,226	31,226
Provision for income tax	54,225	-	54,225
Deferred tax liabilities	-	558,010	558,010
Other liabilities	211,354	-	211,354
Total Liabilities	8,672,812	8,866,717	17,539,592
Net	9,014,041	1,676,284	10,690,325

December 31, 2019	Within One Year JD	More than One Year JD	Total JD
Assets			
Deposits at banks	8,001,953	-	8,001,953
Financial assets at fair value through statement of Profit or loss	1,103,375	-	1,103,375
Financial assets at fair value through other Comprehensive income	-	2,078,070	2,078,070
Financial assets at amortized cost	-	1,131,314	1,131,314
Investment property	-	2,123,415	2,123,415
Life insurance policyholders' loans	-	13,216	13,216
Cash on hand and at banks	548,396	-	548,396
Checks under collection	1,705,836	-	1,705,836
Receivables – net	3,237,987	-	3,237,987
Re-insurance accounts receivable	1,705,855	-	1,705,855
Deferred tax assets	-	1,005,911	1,005,911
Property and equipment – net	-	2,355,619	2,355,619
Intangible assets - net	-	125,248	125,248
Other assets	-	2,657,345	2,657,345
Total Assets	16,303,402	11,490,138	27,793,540
Liabilities			
Unearned premiums reserve – net	5,862,940	-	5,862,940
Claims reserve – net	3,162,057	3,226,849	6,388,906
Mathematical reserve – net	-	535,055	535,055
Payables	1,331,323	-	1,331,323
Accrued expenses	56,552	-	56,552
Re-insurance accounts payable	2,511,407	-	2,511,407
End-of-service provision	-	19,308	19,308
Provision for income tax	-	557,687	557,687
Other liabilities	226,356	-	226,356
Total Liabilities	13,150,635	4,338,899	17,489,534
Net	3,152,767	7,151,239	10,304,006

39. Lawsuits against the Company:

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 675,052 as of December 31, 2020 (JD 674,527 million as of December 31, 2019). In this respect, the company has taken adequate provisions against any liabilities that might arise therefrom. In the opinion of the company's management and it's lawyer, no liabilities in excess of the provisions within the net claims provision shall arise. Lawsuits arised by the company to the third parties amounted to JD 1,897 Million in the courts as of December 31, 2020.

40. Contingent Liabilities

The Company had contingent liabilities against bank guarantees of JD 634,801 as of December 31, 2020 with cash deposits of JD 1,000 (JD 508,211 as of December 31, 2019).

41. Fair Value Levels

a. Fair value financial assets measured at fair value on a recurring basis:

Some of the financial assets are measured at fair value at the end of the financial period. The following table shows how the fair value of these financial assets is determined. (Evaluation techniques and key inputs).

Financial Assets	Fair Value December, 31 2020	Fair Value December, 31 2019	Fair Value Level	Methods of Evaluation and Inputs Used	Significant Intangible Inputs	Relationship between Significant Intangible Inputs and Fair Value
	JD	JD				
Financial assets at fair value:						
Financial assets at fair value through Statement of profit or loss :						
Quoted shares	1,362,569	1,103,375	Level 1	As Stock Market	Not Applied	Not Applied
Financial assets at fair value through other comprehensive income:						
Quoted shares	1,699,750	2,018,070	Level 1	As Stock Market	Not Applied	Not Applied
Unquoted shares	50,000	60,000	Level 2	At Cost	Not Applied	Not Applied
	1,749,750	2,078,070				
Total of Financial Assets at Fair Value	3,112,319	3,181,445				

There were not any transfers between Level 1 and Level 2 during the year 2020, 2019.

b. Financial Assets and Financial Liabilities Not Measured at Fair Value on a Recurring Basis:

Except as shown in the table below, we believe that the carrying amount of the financial assets and financial liabilities at fair value in the Company's financial statements approximates their fair value because the management of the company believes that the carrying amounts of the items shown below is almost equivalent to fair value of them due to their short-term maturity or repricing of interest during the year.

	December 31, 2020		December 31, 2019	
	Book value	Fair value	Book value	Fair value
	JD	JD	JD	JD
Financial assets not determined at fair value				
Deposits at banks	9,053,040	9,065,278	8,001,953	8,194,030
Financial assets at amortized cost	1,131,314	1,226,224	1,131,314	1,226,224
Property investment	2,070,133	2,423,878	2,123,415	2,423,878
Total	12,254,487	12,715,380	11,256,682	11,844,132

For the items listed above, fair value of Level 2 financial assets at fair value has been determined according to the agreed pricing models, which reflect the insurance risk of the dealt with parties.