الوطنية
شركة التأمين الوطنية

50 عاماً

للاطلاع
م بورصة عمان
م آلدائرة
الته خالد

V/a

هيئة الأوراق المالية
الدائرة الإدارية / الديوان
٩ تموز ٢٠٢٠
الرقم المتسلسل ٢٠٧٧
الجهة المختصة ....

Ref : Acc /220 / 2020

Date : 07 / 07 / 2020

To : Jordan Securities CommissionAmman Stock Exchange

Subject : Quarter Report as of 31/3/2020

Attached the Quarter Report of National Insurance Co. as of 31/3/2020 in Arabic and English languages.

kindly accept our highly appreciation and respect

National Insurance Co

General Manager

Dr. Manal Jarrar

اشارة رقم : م ح /220/ 2020

التـــاريخ : 07/ 07 /2020

السادة : هيئة الاوراق المالية
السادة بورصة عمان

الموضوع : التقرير ربع السنوي كما هي في 2020/3/31

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة التامين الوطنية م.ع.م كما هي في 2020/3/31 باللغتين العربية والانجليزية .

وتفضلوا بقبول فائق الاحترام ،،،

شركة التأمين الوطنية م .ع .م

المـــدير العـــام

د. منـال جـرار

هـــاتف: 00962-6-5681979-5689000 فـــاكس: 00962-6-5684900 ص.ب 6156 عمـــان 11118 الأردن

NATIONAL INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2020

Building a better
working world

Ernst & Young Jordan
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Amman 11118
Jordan

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

AMMAN - JORDAN

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **NATIONAL INSURANCE COMPANY** (a public shareholding company) and its subsidiary ("the Group") as of 31 March 2020, comprising of interim consolidated statement of financial position as of 31 March 2020 and the related interim consolidated statement of income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for three months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan
29 June 2020

Ernst + Young

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020 (UNAUDITED)

	Notes	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Assets			
Investments-			
Deposits at banks	3	7,603,804	7,784,091
Financial assets at fair value through other comprehensive income		3,315,070	3,636,513
Financial assets at amortized cost		4,726,564	4,727,962
Investment properties		455,001	459,826
Total Investments		16,100,439	16,608,392
Other assets-			
Cash on hands and at banks		264,212	318,811
Notes receivables and checks under collection		1,017,125	995,353
Account receivables, net	4	7,117,247	5,504,753
Reinsurance receivables, net	5	1,216,852	1,194,673
Deferred tax assets	6	344,454	350,457
Property and equipment, net		606,694	614,708
Other assets		1,216,575	1,233,978
Total other assets		11,783,159	10,212,733
Total Assets		27,883,598	26,821,125
Liabilities and Equity			
Technical Reserves-			
Unearned premium reserve, net		5,175,789	5,618,366
Outstanding claims reserve, net		6,948,194	7,153,116
Mathematical reserve, net		44,268	38,088
Total Technical Reserves Liabilities		12,168,251	12,809,570
Other liabilities-			
Accounts payable		2,693,557	2,222,922
Accrued expenses		171,859	80,658
Reinsurance payables		1,939,482	946,298
Other provisions		42,576	30,253
Income tax provision	6	35,219	32,147
Other liabilities		1,719,937	1,612,802
Total other liabilities		6,602,630	4,925,080
Total Liabilities		18,770,881	17,734,650
Equity-			
Paid in capital		8,000,000	8,000,000
Statutory reserve		1,356,991	1,356,991
Voluntary reserve		311,000	311,000
Fair value reserve		(1,338,463)	(962,630)
Retained earnings		381,114	381,114
Profit for the period		402,075	-
Total Shareholders' Equity		9,112,717	9,086,475
Total Liabilities and Shareholders' Equity		27,883,598	26,821,125

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF INCOME STATEMENT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Notes	For the three months period ended 31 March 2020	2019
		JD	JD
Revenues –			
Gross written premiums		5,030,547	4,548,103
Less: reinsurance share		2,324,059	1,390,415
Net written premiums		2,706,488	3,157,688
Net change in unearned premiums reserve		442,577	659,439
Net change in mathematical reserve		(6,180)	1,325
Net earned premiums		3,142,885	3,818,452
Commissions income		194,473	87,038
Insurance policies issuance fees		192,979	215,896
Other income related to written premiums		223,494	27,288
Interest income		180,968	182,399
Gain from financial assets		-	139,602
Other income		380	846
Total revenues		3,935,179	4,471,521
Claims, losses and related expenses-			
Paid claims		4,473,275	5,162,275
Less: recoveries		313,773	776,367
Less: reinsurance share		1,255,483	1,027,595
Paid claims, net		2,904,019	3,358,313
Net change in claims reserve		(204,922)	30,282
Policies acquisition costs		215,304	288,952
Excess of loss premium		51,031	58,925
Allocated employees' expenses		207,580	216,700
Allocated administrative and general expenses		129,346	137,762
Other expenses		107,841	112,953
Net Claims Costs		3,410,199	4,203,887
Unallocated employees' expenses		22,288	25,774
Depreciation		13,454	12,770
Administrative and unallocated general expenses		32,336	34,441
Excepted credit loss		50,000	-
Other expenses		3,267	6,934
Total expenses		121,345	79,919
Profit for the period before tax		403,635	187,715
Income tax expenses	6	(1,560)	(45,477)
Profit for the period		402,075	142,238
		JD/Fils	JD/Fils
Basic and diluted earnings per share	7	0/050	0/018

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	For the three months period ended 31 March	
	2020	2019
	JD	JD
Profit for the period	402,075	142,238
Add: Other comprehensive income items after tax which will not to be reclassified to profit and loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income, net	(375,833)	(81,809)
Total comprehensive income for the period	26,242	60,429

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings/ (Accumulated losses)	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD
Period ended 31 March 2020 -							
Balance at 1 January 2020	8,000,000	1,356,991	311,000	(962,630)	(381,114)	-	9,086,475
Total comprehensive income for the period	-	-	-	(375,833)	-	402,075	26,242
Balance at 31 March 2020	8,000,000	1,356,991	311,000	(1,338,463)	(381,114)	402,075	9,112,717
Period ended 31 March 2019 -							
Balance at 1 January 2019	8,000,000	1,305,481	311,000	(919,754)	(28,547)	-	8,668,180
Total comprehensive income for the period	-	-	-	(81,809)	-	142,238	60,429
Balance at 31 March 2019	8,000,000	1,305,481	311,000	(1,001,563)	(28,547)	142,238	8,728,609

Included in the retained earnings a restricted amount of JD 344,454 in accordance with the Jordan Securities Commission regulations representing deferred tax assets as of 31 March 2020 (31 December 2019: JD 350,457) in addition to an amount of JD 1,338,463 restricted from retained earrings representing the negative fair value reserve as of 31 March 2020 (31 December 2019: JD 962,630).

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Note	For the three months period ended 31 March 2020	2019
		JD	JD
OPERATING ACTIVITIES			
Profit for the period before tax		403,635	187,715
Adjustment for non-cash items			
Depreciation		13,454	12,770
Excepted credit loss		50,000	-
Interest income		(180,968)	(182,399)
Dividends from financial assets through other comprehensive income		-	(139,206)
Net change in outstanding claims reserve		(204,922)	30,282
Net change in unearned premiums reserve		(442,577)	(659,439)
Net change in mathematical reserve		6,180	(1,325)
Insurance department fees provision		32,154	29,070
Group life insurance fees provision		1,384	4,408
Amortization of financial assets at amortized cost		1,398	1,333
Cash flows used in operating activities before changes in working capital		(320,262)	(716,791)
Notes receivables and checks under collection		(21,772)	169,352
Account receivables		(1,662,494)	118,396
Reinsurance receivables		(22 ,179)	89,696
Other assets		24,132	(679,578)
Account payables		470,635	412,049
Accrued expenses		91,201	31,001
Reinsurance payables		993,184	163,994
Other payables		114,650	(108,102)
Other provisions		(21,215)	(37,231)
Net cash flows used in operating activities before tax		(354,120)	(557,214)
Income tax paid on interest income		(6,729)	(9,087)
Net cash flows used in operating activities		(360,849)	(566,301)
INVESTING ACTIVITIES			
Term deposits mature after 3 months		(1,220,168)	605,175
Purchase of financial assets at fair value through other comprehensive income		(134,921)	(1,420,400)
Purchase of property and equipment		(615)	(9,357)
Proceed from financial assets at fair value through other comprehensive income		80,531	-
Interest income		180,968	182,399
Dividends from financial assets through other comprehensive income		-	139,602
Net cash flows used in investing activities		(1,094,205)	(502,977)
Net decrease in cash and cash equivalent		(1,455,054)	(1,069,278)
Cash and cash equivalents at beginning of the period		3,066,057	4,178,968
Cash and cash equivalents at the end of the period	8	1,611,003	3,109,690

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Life insurance business Three months period ended 31 March	
	2020	2019
	JD	JD
Written Premiums –		
Direct insurance	102,883	98,208
Reinsurance inward business	24,888	38,924
Total written premiums	127,771	137,132
Less:		
Local reinsurance share	22,166	24,819
Foreign reinsurance share	62,768	67,722
Net premiums	42,837	44,591
Add:		
Balance at the beginning of the period	85,925	133,228
Less: reinsurance share	47,837	80,528
Net mathematical reserve at the beginning of the period	38,088	52,700
Less:		
Balance at the end of the period	112,837	123,772
Less: reinsurance share	68,569	72,397
Net mathematical reserve at the end of the period	44,268	51,375
Net earned revenue from written Premiums- net	36,657	45,916

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Life insurance business	
	Three months period ended 31 March	
	2020	2019
	JD	JD
Paid claims	41,745	39,898
Less:		
Foreign reinsurance share:	32,828	32,359
Net paid claims	8,917	7,539
Add:		
Claims reserve at the end of the period		
Reported	34,194	26,223
Not reported	24,167	24,654
Less:		
Reinsurance share	29,477	35,509
Net claims reserve at the end of the period	28,884	15,368
Reported	20,613	7,132
Not reported	8,271	8,236
Less:		
Claims reserve at the beginning of the period		
Reported	74,040	33,245
Not reported	24,728	30,414
Less:		
Reinsurance share	61,961	32,943
Net claims reserve at the beginning of the period	36,807	30,716
Net claims cost	994	7,809

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING RESULTS FOR THE LIFE INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Life insurance business Three months period ended 31 March	
	2020	2019
	JD	JD
Net earned revenue from written premiums	36,657	45,916
Less:		
Net claims cost	994	7,809
Add:		
Commissions received	494	543
Insurance policies issuance fees	988	1,154
Total revenues	1,482	1,697
Less:		
Policy acquisition cost	2,609	1,645
Allocated administrative and general expenses	8,659	10,477
Other expenses	1,384	4,408
Total expenses	12,652	16,530
Underwriting profit	24,493	38,892

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premium:												
Direct insurance	1,799,567	2,316,534	148,894	196,465	1,335,352	657,921	21,834	13,507	1,347,970	996,290	4,653,617	4,180,717
Optional reinsurance inward business	198,570	191,936	-	(2,656)	50,418	40,803	171	171	-	-	249,159	230,254
Total Premiums	1,998,137	2,508,470	148,894	193,809	1,385,770	698,724	22,005	13,678	1,347,970	996,290	4,902,776	4,410,971
Less:												
Local reinsurance share	70,173	38,691	988	-	119,568	97,251	2,465	3,115	-	-	193,194	139,057
Foreign reinsurance share	26,535	43,574	113,312	130,079	1,058,740	385,110	15,995	3,630	831,349	596,424	2,045,931	1,158,817
Net Written Premiums	1,901,429	2,426,205	34,594	63,730	207,462	216,363	3,545	6,933	516,621	399,866	2,663,651	3,113,097
Add:												
Balance at the beginning of the period												
Unearned premiums reserve	5,497,062	5,870,133	76,369	138,310	937,608	1,428,065	23,979	72,381	661,276	906,795	7,196,294	8,415,684
Less: reinsurance share	281,222	224,401	55,007	95,227	846,592	1,338,003	14,087	58,481	381,020	292,945	1,577,928	2,009,057
Net Unearned Premiums Reserve	5,215,840	5,645,732	21,362	43,083	91,016	90,062	9,892	13,900	280,256	613,850	5,618,366	6,406,627
Less:												
Balance at the end of the period												
Unearned premiums reserve	4,863,026	5,528,295	75,696	75,354	1,695,933	1,468,571	28,030	41,544	800,832	510,640	7,463,517	7,624,404
Less : Reinsurance share	248,777	221,359	65,695	50,088	1,473,906	1,240,520	22,820	29,558	476,530	335,691	2,287,728	1,877,216
Unearned Premiums Reserve- net	4,614,249	5,306,936	10,001	25,266	222,027	228,051	5,210	11,986	324,302	174,949	5,175,789	5,747,188
Earned revenue from written Premiums- net	2,503,020	2,765,001	45,955	81,547	76,451	78,374	8,227	8,847	472,575	838,767	3,106,228	3,772,536

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF CLAIMS COST FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	2,713,609	3,247,227	75,025	59,080	195,011	401,933	7,534	-	1,440,351	1,414,137	4,431,530	5,122,377
Less:												
Recoveries	303,578	735,350	-	-	-	17,015	-	-	10,195	24,002	313,773	776,367
Local reinsurance share	-	-	-	-	1,329	231,505	-	-	-	-	1,329	231,505
Foreign reinsurance share	69,681	114,330	52,735	41,774	171,222	133,878	3,308	-	924,380	473,749	1,221,326	763,731
Net Paid Claims	2,340,350	2,397,547	22,290	17,306	22,460	19,535	4,226	-	505,776	916,386	2,895,102	3,350,774
Add:												
Outstanding Claims Reserve at the end of the period												
Reported	6,215,930	6,338,926	427,433	323,231	2,960,355	2,741,521	221,539	248,690	536,555	342,825	10,361,812	9,995,193
Not reported	1,350,309	900,309	5,711	6,093	26,334	26,521	669	1,917	84,041	272,638	1,467,064	1,207,478
Less:												
Reinsurance share	717,111	724,952	402,079	279,122	2,827,713	2,645,669	127,175	171,062	416,807	371,036	4,490,885	4,191,841
Recoveries	418,681	513,225	-	-	-	-		-	-	-	418,681	513,225
Net Outstanding Claims Reserve at the end of the period	6,430,447	6,001,058	31,065	50,202	158,976	122,373	95,033	79,545	203,789	244,427	6,919,310	6,497,605
Reported	5,170,138	5,190,749	29,452	48,272	155,791	118,930	94,818	79,186	175,341	121,826	5,625,540	5,558,963
Not reported	1,260,309	810,309	1,613	1,930	3,185	3,443	215	359	28,448	122,601	1,293,770	938,642
Less:												
Net outstanding claims reserve at the beginning of the period												
Reported	6,173,647	5,853,204	473,598	247,809	3,088,755	3,052,359	225,948	246,990	571,166	195,048	10,533,114	9,595,410
Not reported	1,350,309	900,309	6,160	5,618	19,463	26,836	586	1,887	158,147	460,323	1,534,665	1,394,973
Less:												
Reinsurance share	636,111	550,178	434,071	199,970	2,934,406	2,954,186	129,318	171,053	503,729	228,347	4,637,635	4,103,734
Recoveries	313,835	434,674	-	-	-	-	-	-	-	-	313,835	434,674
Net Outstanding Claims Reserve at the beginning of the period	6,574,010	5,768,661	45,687	53,457	173,812	125,009	97,216	77,824	225,584	427,024	7,116,309	6,451,975
Net Claims Cost	2,196,787	2,629,944	7,668	14,051	7,624	16,899	2,043	1,721	483,981	733,789	2,698,103	3,396,404

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

NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING RESULTS FOR THE GENERAL INSURANCE
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2020 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	2,503,020	2,765,001	45,955	81,547	76,451	78,374	8,227	8,847	472,575	838,767	3,106,228	3,772,536
Less:												
Net claims cost	2,196,787	2,629,944	7,668	14,051	7,624	16,899	2,043	1,721	483,981	733,789	2,698,103	3,396,404
Add:												
Commissions received	5,335	8,772	24,606	22,515	163,704	54,803	334	405	-	-	193,979	86,495
Insurance policies issuance fees	110,717	136,149	4,281	5,229	12,042	6,172	349	290	64,602	66,902	191,991	214,742
Other income related to written premiums	66,443	11,906	-	-	-	-	-	-	157,051	15,382	223,494	27,288
Total revenues	182,495	156,827	28,887	27,744	175,746	60,975	683	695	221,653	82,284	609,464	328,525
Less:												
Policies acquisition cost	167,703	226,812	1,681	5,428	13,351	26,360	84	810	29,876	27,897	212,695	287,307
Excess of loss premiums	29,125	34,425	2,203	2,500	19,703	22,000	-	-	-	-	51,031	58,925
Allocated administrative and general expenses	146,053	197,607	24,040	27,230	75,493	53,028	3,211	5,096	79,470	61,024	328,267	343,985
Allocated other expenses	18,181	15,522	143	162	339	479	-	-	87,794	92,382	106,457	108,545
Total Expenses	361,062	474,366	28,067	35,320	108,886	101,867	3,295	5,906	197,140	181,303	698,450	798,762
Underwriting (loss)	127,666	(182,482)	39,107	59,920	135,687	20,583	3,572	1,915	13,107	5,959	319,139	(94,105)

(1) GENERAL

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

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

The consolidated financial statements have been approved by the board of directors in its meeting on 29 June 2020.

(2) Basis of preparation

The interim condensed consolidated financial statements for the Group for the three months period ended 31 March 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as at 31 December 2019. In addition, the results for the three months ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Basis of consolidation

The consolidated financial statements comprise the financial statements of National Insurance Company (the "Company"), and its subsidiary (referred to together as the "Group") as of the 31 March 2020:

Company's Name	Legal form	Country incorporation	Ownership Percentage
Nai for Real Estate Investments Co.*	Limited Liability Company	Jordan	100%

* Nai Real Estate Investment Company Ltd. was established with a capital of JD 60,000. The Company was registered with the Ministry of Industry and Trade on 16 December 2008 and it is wholly owned by the National Insurance Company. The company did not start operations to the date of these consolidated financial statements.

The subsidiary is consolidated from the date control achieved, and continue to be consolidated until the date when such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

(2-1) Changes in accounting policies

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

Amendments to IFRS 3: Definition of a Business

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

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

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

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

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

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

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

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

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

(3) DEPOSITS AT BANKS

This item consists of the following:

	31 March 2020				31 December 2019
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	Total	Total
	JD	JD	JD	JD (Unaudited)	JD (Audited)
Local deposits	323,060	1,023,731	6,257,013	7,603,804	7,784,091

Interest rates on bank deposit balances in Jordanian Dinar ranges from 3.3% to 6.5% during the period ended 31 March 2020.

(4) ACCOUNT RECEIVABLES, NET

This item consists of the following:

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Policy holders receivables	6,314,399	4,776,423
Agents receivables	796,552	782,617
Brokers receivables	934,066	830,887
Employees receivables	81,275	77,294
Other receivables	53,808	50,385
	8,180,100	6,517,606
Less: expected credit losses for account receivables	(1,062,853)	(1,012,853)
	7,117,247	5,504,753

The following represent movement for expected credit losses:

Beginning balance for the period / year	1,012,853	962,853
Additions	50,000	50,000
Ending balance for the period/ year	1,062,853	1,012,853

(5) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	31 March 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Local insurance companies	587,541	647,500
Foreign reinsurance companies	753,653	671,515
Less: provision for bad debts	(124,342)	(124,342)
Net reinsurance receivables	1,216,852	1,194,673

(6) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance at beginning of the period /year	32,147	14,130
Income tax expense for the period /year	3,072	18,017
Balance at end of the period /year	35,219	32,147

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

	31 March	
	2020	2019
	JD (Unaudited)	JD (Unaudited)
Income tax for the period	3,072	9,241
Deferred tax assets additions	(338,891)	(259,091)
Deferred tax assets reversals	344,894	295,327
Reversal from income tax provision	(7,515)	-
	1,560	45,477

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

	31 March 2020	31 March 2019
	JD (Unaudited)	JD (Unaudited)
Accounting profit	403,635	187,715
Net non taxable income	(30,828)	(92,411)
Non deductible expenses	(55,821)	(95,304)
Prior year tax loss	(316,986)	-
Net taxable profit	-	-
Income tax rate and national contribution	26%	26%
Income tax for the period from local income	-	-
Foreign investments income	30,728	92,411
Income tax rate from foreign investment income	10%	10%
Income tax for period from local and foreign income	3,072	9,241

Income Tax provision for the period ended 31 March 2020 was calculated in accordance with the Income tax law No. (38) of 2018.

Final settlement was reached with Income and Sales Tax Department up to 2016. In the opinion of the Company's management and tax advisor, the income tax provision is sufficient to meet any tax liabilities related to period ended at 31 March 2020.

B- Deferred tax assets

	31 March 2020					31 December 2019
	Beginning Balance	Reversal	Additions	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Provisions for IBNR claims	1,326,516	1,326,516	1,302,041	1,302,041	338,531	344,894
Provision for end of service indemnity	16,102	-	-	16,102	4,187	4,187
Group life insurance fees provision	5,295	-	1,384	6,679	1,736	1,376
	1,347,913	1,326,516	1,303,425	1,324,822	344,454	350,457

Movement on deferred tax asset is as follows:

	31 March 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
Balance beginning of the period / year	350,457	277,088
Additions	338,891	370,297
Disposals	(344,894)	(296,928)
Balance end of the period / year	344,454	350,457

The tax rate used to calculate the deferred tax is 26% and the management is certain that 100% will be recoverable in the future. Since items within the deferred tax assets are included in the income tax law and tax base for calculating income tax.

(7) EARNINGS PER SHARE

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

	31 March	
	2020	2019
	JD (Unaudited)	JD (Unaudited)
Profit for the period (JD)	402,075	142,238
Weighted average number of shares (Share)	8,000,000	8,000,000
	Fils/ JD	Fils/ JD
Earnings per share for the period	0/050	0/018

(8) CASH AND CASH EQUIVALENTS FOR THE PERIOD

The item consists of the following:

	31 March 2020	31 March 2019
	JD (Unaudited)	JD (Unaudited)
Cash on hands and at banks	264,212	260,939
Add: deposits at banks	7,603,804	8,567,578
Less: deposits at banks with maturities more than three months	(6,257,013)	(5,718,827)
Net Cash and cash equivalent	1,611,003	3,109,690

(9) RELATED PARTY TRANSACTIONS

The related party are the subsidiaries, board of directors and executive management which the company owned by. The pricing policy and terms related to these transactions are adopted by the Group's management.

The Company has entered into transactions with major shareholders, board members and the higher management in the normal course of business at commercial rate. All insurance receivables granted to related parties are considered to be performing and no provision is required for them except for the amount of JD 83,193 recorded in the provision for doubtful debts.

Below is a summary of related parties transactions:

	31 March 2020	31 December 2019
	JD	JD
Statement of financial position:	(Unaudited)	(Audited)
Account receivables (Companies related to members of board of directors)	1,180,053	1,097,547

	31 March	
	2020	2019
	JD	JD
Income statement:	(Unaudited)	(Unaudited)
Written premium (Companies related to members of board of directors)	819,775	532,417
Paid Claims (Companies related to members of board of directors)	397,282	265,109

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

	31 March 2020	31 March 2019
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and compensations	90,798	90,246

(10) LAWSUITS AGAINST THE COMPANY

The Group is defendant in a number of lawsuits by total amount of JD 2,369,544 as of 31 March 2020, (31 December 2019: JD 2,438,737) for which it took an adequate provisions for. In the opinion of the group's lawyers and the group management provision taken by the Group is sufficient to meet the obligation as of 31 March 2020 that may arise from these lawsuits.

(11) CONTINGENT LIABILITIES

The Group has bank guarantees amounting to JD 724,647 as at 31 March 2020 and JD 755,897 as at 31 December 2019.

(12) STATEMENT OF FINANCIAL POSITION FOR LIFE ASSURANCE BUSINESS

	31 March 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Assets		
Account receivables	159,123	110,671
Total Assets	159,123	110,671
Liabilities and Equity		
Outstanding claims reserve, net	28,884	36,807
Mathematical reserve, net	44,268	38,088
Total Technical Reserves	73,152	74,895
Account payables	13,187	10,319
Head Office account	72,784	25,457
Total Liabilities	159,123	110,671

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

As a result of the continued impact of the Corona virus (Covid-19) on the global economy and various business sectors and the accompanying restrictions and measures imposed by the Jordanian Government and neighboring countries and the rest of the world, it is possible that operational activities may be affected by global developments that currently affect various economic and geographical sectors. The management has prepared a preliminary study to determine the impact of the Corona virus on the Company's activities and the financial performance of the Company to take appropriate measures to enable it to continue its activities in light of the current circumstances. Also, the management is preparing a detailed study to determine the impact of the virus on the Company's operations and the possibility of recovering its assets and meeting its obligations.