

NATIONAL INSURANCE COMPANY

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

30 JUNE 2022



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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 30 June 2022, comprising of interim consolidated statement of financial position as of 30 June 2022, 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 the six month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). Our responsibility is to express conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan
28 July 2022

ERNST & YOUNG
Amman - Jordan

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Notes	30 June 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Assets			
Investments-			
Deposits at banks	3	7,186,186	8,411,140
Financial assets at fair value through other comprehensive income		4,665,478	4,163,377
Financial assets at amortized cost		6,188,349	5,155,368
Investment properties		411,579	421,228
Total Investments		18,451,592	18,151,113
Other assets-			
Cash on hands and at banks		208,712	171,259
Notes receivable and checks under collection		1,289,658	1,860,578
Accounts receivable, net	4	8,774,841	5,467,718
Reinsurance receivables, net	5	990,784	1,194,766
Deferred tax assets	6	544,993	513,788
Property and equipment, net		548,751	562,419
Intangible assets, net		36,825	41,957
Other assets		1,359,260	962,259
Total other assets		13,753,824	10,774,744
Total Assets		32,205,416	28,925,857
Liabilities and Equity			
Technical Reserves-			
Unearned premium reserve, net		6,838,083	5,352,573
Outstanding claims reserve, net		7,530,086	7,302,719
Mathematical reserve, net		59,608	34,935
Total Technical Reserves Liabilities		14,427,777	12,690,227
Other liabilities-			
Accounts payable		2,630,692	1,857,066
Accrued expenses		112,516	102,660
Reinsurance payables		1,510,121	994,223
Other provisions		27,000	14,406
Income tax and national contribution provision	6	17,686	313,057
Other liabilities		1,722,499	1,541,109
Total other liabilities		6,020,514	4,822,521
Total Liabilities		20,448,291	17,512,748
Equity-			
Paid in capital	1	8,000,000	8,000,000
Statutory reserve	9	1,572,025	1,572,025
Voluntary reserve	9	400,000	311,000
Fair value reserve		109,824	(321,619)
Retained earnings		1,675,276	1,851,703
Net Shareholder's Equity		11,757,125	11,413,109
Total Liabilities and Shareholders' Equity		32,205,416	28,925,857

The attached notes from 1 to 14 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
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

		Three month period ended 30 June		Six month period ended 30 June	
	Notes	2022 JD	2021 JD	2022 JD	2021 JD
Revenues –					
Gross written premiums		5,950,019	4,690,160	12,581,650	10,099,670
Less: reinsurance share		1,790,124	1,925,074	4,694,973	4,442,346
Net written premiums		<u>4,159,895</u>	<u>2,765,086</u>	<u>7,886,677</u>	<u>5,657,324</u>
Net change in unearned premiums reserve		(852,535)	49,972	(1,485,510)	(105,717)
Net change in mathematical reserve		<u>(17,114)</u>	<u>(25,181)</u>	<u>(24,673)</u>	<u>(24,248)</u>
Net earned premiums		<u>3,290,246</u>	<u>2,789,877</u>	<u>6,376,494</u>	<u>5,527,359</u>
Commissions income		125,033	124,167	321,136	306,245
Insurance policies issuance fees		200,551	176,251	435,150	401,344
Other income related to underwriting accounts		156,346	147,450	312,116	280,831
Interest income		161,572	156,415	331,742	330,485
Dividends from OCI financial assets		98,699	126,936	238,951	199,898
Other income		<u>3,828</u>	<u>3,000</u>	<u>8,017</u>	<u>6,117</u>
Total revenues		<u>4,036,275</u>	<u>3,524,096</u>	<u>8,023,606</u>	<u>7,052,279</u>
Claims, losses and related expenses-					
Paid claims		4,093,609	3,412,206	8,652,215	7,007,723
Less: recoveries		711,282	378,763	1,431,076	788,189
Less: reinsurance share		<u>913,871</u>	<u>874,517</u>	<u>2,075,382</u>	<u>1,662,901</u>
Paid claims, net		<u>2,468,456</u>	<u>2,158,926</u>	<u>5,145,757</u>	<u>4,556,633</u>
Net change in outstanding claims reserve		365,491	61,462	227,367	(183,755)
Policies acquisition costs		279,549	206,514	557,202	420,042
Excess of loss premiums		57,992	83,170	115,983	166,339
Allocated employees' expenses		250,929	280,600	457,750	491,151
Allocated administrative and general expenses		126,464	107,843	303,875	259,076
Other expenses		<u>144,349</u>	<u>108,927</u>	<u>244,399</u>	<u>208,185</u>
Net Claims costs		<u>3,693,230</u>	<u>3,007,442</u>	<u>7,052,333</u>	<u>5,917,671</u>
Unallocated employees' expenses		28,926	34,490	54,492	59,254
Depreciation and amortization		14,226	15,545	29,161	30,924
Administrative and unallocated general expenses		38,456	35,919	82,811	73,733
Other expenses		<u>2,143</u>	<u>10,301</u>	<u>8,456</u>	<u>29,939</u>
Total expenses		<u>83,751</u>	<u>96,255</u>	<u>174,920</u>	<u>193,850</u>
Profit for the period before tax		259,294	420,399	796,353	940,758
Income tax expense for the period	6	<u>(23,644)</u>	<u>(37,283)</u>	<u>(181,950)</u>	<u>(127,312)</u>
Profit for the period		<u>235,650</u>	<u>383,116</u>	<u>614,403</u>	<u>813,446</u>
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share	7	<u>0/029</u>	<u>0/048</u>	<u>0/077</u>	<u>0/102</u>

The attached notes from 1 to 14 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 SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

	Three month period ended 30 June		Six month period ended 30 June	
	2022	2021	2022	2021
	JD	JD	JD	JD
Profit for the period	235,650	383,116	614,403	813,446
Add: Other comprehensive income items after tax which will not be reclassified to profit and loss in subsequent periods:				
Changes in fair value of financial assets at fair value through other comprehensive income, net	330,864	782,203	431,443	984,868
Profit (loss) on the sale of financial assets at fair value through other comprehensive income	-	(116,043)	98,170	(182,583)
Total comprehensive income for the period	566,514	1,049,276	1,144,016	1,615,731

The attached notes from 1 to 14 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 SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
For the period ended 30 June 2022 -						
Balance at 1 January 2022 –	8,000,000	1,572,025	311,000	(321,619)	1,851,703	11,413,109
Profit for the period	-	-	-	-	614,403	614,403
Comprehensive income for the period	-	-	-	431,443	98,170	529,613
Total comprehensive income for the period	-	-	-	431,443	712,573	1,144,016
Voluntary reserve (Note 9)	-	-	89,000	-	(89,000)	-
Cash Dividends (Note 10)	-	-	-	-	(800,000)	(800,000)
Balance at 30 June 2022	<u>8,000,000</u>	<u>1,572,025</u>	<u>400,000</u>	<u>109,824</u>	<u>1,675,276</u>	<u>11,757,125</u>
For the period ended 30 June 2021 -						
Balance at 1 January 2021 –	8,000,000	1,459,643	311,000	(1,596,234)	1,210,121	9,384,530
Profit for the period	-	-	-	-	813,446	813,446
Comprehensive income for the period	-	-	-	984,868	(182,583)	802,285
Total comprehensive income for the period	-	-	-	984,868	630,863	1,615,731
Balance at 30 June 2021	<u>8,000,000</u>	<u>1,459,643</u>	<u>311,000</u>	<u>(611,366)</u>	<u>1,840,984</u>	<u>11,000,261</u>

Included in the retained earnings a restricted amount of JD 544,993 in accordance with the Jordan Securities Commission regulations representing deferred tax assets as of 30 June 2022 (31 December 2021: JD 513,788).

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements and to be read with them

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

		For the six month ended 30 June	
	Notes	2022	2021
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		796,353	940,758
Adjustment for non-cash items			
Depreciation and amortization		29,161	30,924
Interest income		(331,742)	(330,485)
Dividends from OCI financial assets		(238,951)	(199,898)
Net change in outstanding claims reserve		227,367	(183,755)
Net change in unearned premiums reserve		1,485,510	105,717
Net change in mathematical reserve		24,673	24,248
Insurance department fees provision		47,292	45,955
Group life insurance fees provision		1,207	1,620
Amortization of financial assets at amortized cost		4,007	5,163
Cash flows from operating activities before changes in working capital		2,044,877	440,247
Notes receivables and checks under collection		570,920	386,543
Accounts receivable		(3,307,123)	(2,322,145)
Reinsurance receivables		203,982	445,032
Other assets		(397,001)	252,684
Accounts payables		773,626	(468,853)
Accrued expenses		9,856	(1,714)
Reinsurance payables		515,898	989,851
Other provisions		(35,905)	(62,352)
Other payables		86,277	(31,097)
Net cash flows from (used in) operating activities before tax		465,407	(371,804)
Income tax paid	6	(399,848)	(207,629)
Income tax paid on bank interest	6	(13,565)	(70,013)
Net cash flows from (used in) operating activities		51,994	(649,446)
<u>INVESTING ACTIVITIES</u>			
Term deposits mature after three months		(4,099,553)	(2,592,319)
Proceeds from the sale of OCI financial assets		217,477	1,120,359
Purchase of OCI financial assets		(189,965)	(1,364,754)
Purchase of property and equipment		(712)	(6,740)
Purchase of financial assets at amortized cost		(1,036,988)	
Proceeds from the sale of financial assets at amortized cost		-	1,024,462
Purchase of intangible assets		-	(47,250)
Interest income		331,742	330,485
Dividends from OCI financial assets		238,951	199,898
Net cash flows used in investing activities		(4,539,048)	(1,335,859)
<u>FINANCING ACTIVITIES</u>			
Cash dividends	10	(800,000)	-
Net cash flows used in financing activities		(800,000)	-
Net decrease in cash and cash equivalent		(5,287,054)	(1,985,305)
Cash and cash equivalents at beginning of the period		6,470,785	3,343,690
Cash and cash equivalents at the end of the period	8	1,183,731	1,358,385

The attached notes from 1 to 14 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 SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

	Life insurance business	
	Six month period ended 30	
	June	
	2022	2021
	JD	JD
Written Premiums –		
Direct insurance	204,929	244,569
Reinsurance inward business	62,008	52,289
Total written premiums	266,937	296,858
Less:		
Local reinsurance share	36,466	39,904
Foreign reinsurance share	123,380	153,515
Net premiums	107,091	103,439
Add:		
Balance at the beginning of the period	85,218	124,901
Less: reinsurance share	50,283	74,583
Net mathematical reserve at the beginning of the period	34,935	50,318
Less:		
Balance at the end of the period	132,087	195,191
Less: reinsurance share	72,479	120,625
Net mathematical reserve at the end of the period	59,608	74,566
Net earned revenue from written Premiums	82,418	79,191

The attached notes from 1 to 14 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 SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

	Life insurance business	
	Six month period ended 30	
	June	
	2022	2021
	JD	JD
Paid claims	255,091	217,290
Less:		
Foreign reinsurance share:	188,882	168,560
Net paid claims	66,209	48,730
Add:		
Outstanding claims reserve at the end of the period		
Reported	88,611	152,560
Not reported	22,904	28,403
Less:		
Reinsurance share	56,387	91,397
Net outstanding claims reserve at the end of the period	55,128	89,566
Reported	45,510	78,867
Not reported	9,618	10,699
Less:		
Outstanding claims reserve at the beginning of the period		
Reported	140,418	185,748
Not reported	24,699	28,347
Less:		
Reinsurance share	75,784	122,929
Net outstanding claims reserve at the beginning of the period	89,333	91,166
Net claims cost	32,004	47,130

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**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING RESULTS FOR THE LIFE INSURANCE
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

	Life insurance business	
	Six month period ended 30	
	June	
	2022	2021
	JD	JD
Net earned revenue from written premiums	<u>82,418</u>	<u>79,191</u>
Less:		
Net claims cost	<u>32,004</u>	<u>47,130</u>
Add:		
Commissions received	756	958
Insurance policies issuance fees	2,212	2,655
Other revenues	<u>1,428</u>	<u>2,510</u>
Total revenues	<u>4,396</u>	<u>6,123</u>
Less:		
Policy acquisition cost	2,798	5,229
Allocated Administrative and general expenses	21,477	22,079
Other expenses	<u>218</u>	<u>-</u>
Total expenses	<u>24,493</u>	<u>27,308</u>
Underwriting profit	<u><u>30,317</u></u>	<u><u>10,876</u></u>

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NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDER WRITING REVENUES FOR THE GENERAL INSURANCE
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Written Premiums:												
Direct insurance	5,426,445	4,049,713	550,871	348,141	1,524,772	1,696,725	64,756	54,834	3,569,252	2,647,769	11,136,096	8,797,182
Optional reinsurance inward business	524,074	619,016	30,347	18,975	624,096	367,539	100	100	-	-	1,178,617	1,005,630
Total Premiums	5,950,519	4,668,729	581,218	367,116	2,148,868	2,064,264	64,856	54,934	3,569,252	2,647,769	12,314,713	9,802,812
Less:												
Local reinsurance share	286,864	595,160	108,796	45,302	628,691	445,224	167	184	-	-	1,024,518	1,085,870
Foreign reinsurance share	117,948	82,490	348,376	249,103	1,278,628	1,242,250	46,847	43,260	1,718,810	1,545,954	3,510,609	3,163,057
Net Written Premiums	5,545,707	3,991,079	124,046	72,711	241,549	376,790	17,842	11,490	1,850,442	1,101,815	7,779,586	5,553,885
Add:												
Balance at the beginning of the period												
Unearned premiums reserve	5,330,603	4,839,287	93,888	92,671	1,178,742	1,162,380	30,560	31,290	1,311,273	630,979	7,945,066	6,756,607
Less: Reinsurance share	612,046	258,249	80,301	73,860	1,057,530	1,063,000	22,969	21,911	819,647	342,184	2,592,493	1,759,204
Net Unearned Premiums Reserve	4,718,557	4,581,038	13,587	18,811	121,212	99,380	7,591	9,379	491,626	288,795	5,352,573	4,997,403
Less:												
Balance at the end of the period												
Unearned premiums reserve	6,088,757	5,014,673	108,595	76,514	1,767,924	1,597,301	52,842	43,916	2,171,778	1,058,573	10,189,896	7,790,977
Less : Reinsurance share	542,210	626,039	101,018	75,815	1,555,433	1,328,723	38,286	34,415	1,114,866	622,865	3,351,813	2,687,857
Unearned Premiums Reserve- net	5,546,547	4,388,634	7,577	699	212,491	268,578	14,556	9,501	1,056,912	435,708	6,838,083	5,103,120
Earned revenue from written Premiums- net	4,717,717	4,183,483	130,056	90,823	150,270	207,592	10,877	11,368	1,285,156	954,902	6,294,076	5,448,168

The attached notes from 1 to 14 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 SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Paid claims	5,607,152	4,406,407	39,245	49,399	43,405	201,379	4,939	63,443	2,702,383	2,069,805	8,397,124	6,790,433
Less:												
Recoveries	1,379,235	650,243	595	2,669	7,250	94,251	-	2,000	43,996	39,026	1,431,076	788,189
Local reinsurance share	3,424	-	795	-	4,611	53,559	1,381	9,535	-	-	10,211	63,094
Foreign reinsurance share	245,465	127,604	30,293	32,388	28,256	52,534	-	20,920	1,572,275	1,197,801	1,876,289	1,431,247
Net Paid Claims	3,979,028	3,628,560	7,562	14,342	3,288	1,035	3,558	30,988	1,086,112	832,978	5,079,548	4,507,903
Add:												
Outstanding Claims Reserve at the end of the period												
Reported	6,188,062	6,052,364	94,798	212,606	1,729,379	2,194,274	150,744	137,074	647,919	470,813	8,810,902	9,067,131
Not reported	2,095,741	1,721,317	11,163	7,855	32,305	33,142	945	934	103,592	63,942	2,243,746	1,827,190
Less:												
Reinsurance share	677,339	717,608	94,756	194,568	1,666,113	2,155,277	105,661	100,538	464,529	350,524	3,008,398	3,518,515
Recoveries	571,292	469,005	-	-	-	-	-	-	-	-	571,292	469,005
Net Outstanding Claims Reserve at the end of the period	7,035,172	6,587,068	11,205	25,893	95,571	72,139	46,028	37,470	286,982	184,231	7,474,958	6,906,801
Reported	5,029,431	4,955,751	8,852	23,686	92,310	67,770	45,750	37,202	247,689	162,137	5,424,032	5,246,546
Not reported	2,005,741	1,631,317	2,353	2,207	3,261	4,369	278	268	39,293	22,094	2,050,926	1,660,255
Less:												
Outstanding claims reserve at the beginning of the period												
Reported	6,313,199	6,345,170	138,466	217,755	1,362,049	2,214,795	147,309	232,911	565,643	329,862	8,526,666	9,340,493
Not reported	1,986,107	1,458,035	9,022	6,934	31,459	29,067	846	745	79,238	75,536	2,106,672	1,570,317
Less:												
Reinsurance share	879,195	710,751	126,056	188,542	1,335,587	2,160,886	107,103	138,640	429,607	264,199	2,877,548	3,463,018
Recoveries	542,404	358,836	-	-	-	-	-	-	-	-	542,404	358,836
Net Outstanding Claims Reserve at the beginning of the period	6,877,707	6,733,618	21,432	36,147	57,921	82,976	41,052	95,016	215,274	141,199	7,213,386	7,088,956
Net Claims Cost	4,136,493	3,482,010	2,665	4,088	40,938	(9,802)	8,534	(26,558)	1,157,820	876,010	5,341,120	4,325,748

The attached notes from 1 to 14 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 SIX MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Net earned revenue from written premiums	4,717,717	4,183,483	130,056	90,823	150,270	207,592	10,877	11,368	1,285,156	954,902	6,294,076	5,448,168
Less:												
Net claims cost	4,136,493	3,482,010	(2,665)	4,088	40,938	(9,802)	8,534	(26,558)	1,157,820	876,010	5,341,120	4,325,748
Add:												
Commissions received	26,122	33,655	103,054	94,769	191,187	176,844	17	19	-	-	320,380	305,287
Insurance policies issuance fees	284,991	261,388	11,732	8,062	24,460	24,147	1,311	1,089	110,444	104,003	432,938	398,689
Other income related to written premiums	45,618	31,106		-	-	-	-	-	265,070	247,215	310,688	278,321
Total revenues	<u>356,731</u>	<u>326,149</u>	<u>114,786</u>	<u>102,831</u>	<u>215,647</u>	<u>200,991</u>	<u>1,328</u>	<u>1,108</u>	<u>375,514</u>	<u>351,218</u>	<u>1,064,006</u>	<u>982,297</u>
Less:												
Policies acquisition cost	394,252	301,686	6,815	11,965	76,058	32,250	688	96	76,591	68,816	554,404	414,813
Excess of loss premiums	57,555	105,433	10,964	12,203	47,464	48,703	-	-	-	-	115,983	166,339
Allocated administrative expenses	376,047	354,308	83,483	58,760	86,629	141,066	5,154	8,067	188,835	165,947	740,148	728,148
Other expenses	87,464	56,765	332	273	1,417	1,635	-	-	154,968	149,512	244,181	208,185
Total Expenses	<u>915,318</u>	<u>818,192</u>	<u>101,594</u>	<u>83,201</u>	<u>211,568</u>	<u>223,654</u>	<u>5,842</u>	<u>8,163</u>	<u>420,394</u>	<u>384,275</u>	<u>1,654,716</u>	<u>1,517,485</u>
Underwriting profit	<u>22,637</u>	<u>209,430</u>	<u>145,913</u>	<u>106,365</u>	<u>113,411</u>	<u>194,731</u>	<u>(2,171)</u>	<u>30,871</u>	<u>82,456</u>	<u>45,835</u>	<u>362,246</u>	<u>587,232</u>

The attached notes from 1 to 14 form part of these interim condensed consolidated financial statements and to be read with them

(1) GENERAL

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

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

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

(2-1) Basis of preparation

The interim condensed consolidated financial statements for the Group for the six month period ended 30 June 2022 have been prepared in accordance with International Accounting Standard (34) “Interim Financial Reporting”.

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

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual report as at 31 December 2021. In addition, the results for the six month ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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(2-2) Basis of consolidation

The consolidated financial statements comprise the financial statements of National Insurance Company (the “Company”), and its subsidiary (referred to together as the “Group”) as of the 30 June 2022:

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

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

(2-3) Changes in accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments are not applicable to the Group.

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

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

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

(2-4) Standards issued but not yet effective

IFRS 17 Insurance Contracts

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

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

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

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

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(3) DEPOSITS AT BANKS

This item consists of the following:

	30 June 2022			31 December 2021
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	Total
	JD	JD	JD	JD
				(Unaudited)
				(Audited)
Local deposits	975,019	-	6,211,167	7,186,186
				8,411,140

Interest rates on bank deposit balances in Jordanian Dinar ranges from 2% to 4.1% during the period ended 30 June 2022 (31 December 2021: from 2% to 4.6%).

(4) ACCOUNT RECEIVABLES, NET

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables	6,037,574	4,711,141
Governmental receivables	1,808,719	769,800
Agents receivables	698,887	420,679
Brokers receivables	1,440,596	812,346
Employees receivables	91,660	90,692
Other receivables	74,720	40,375
	10,152,156	6,845,033
Less: Provision for expected credit loss*	(1,377,315)	(1,377,315)
	8,774,841	5,467,718

* The following represents movement for expected credit losses:

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

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(5) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	433,273	534,712
Foreign reinsurance companies	681,853	784,396
Less: provision for bad debts	(124,342)	(124,342)
Net reinsurance receivables	<u>990,784</u>	<u>1,194,766</u>

(6) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period /year	313,057	238,601
Income tax paid	(399,848)	(207,629)
Income tax expense for the period /year	118,042	366,881
Income tax paid on interest income from banks deposits	(13,565)	(84,796)
Balance at the end of the period /year	<u>17,686</u>	<u>313,057</u>

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

	Six month period ended 30 June	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	118,042	232,958
Deferred tax assets	(536,055)	(434,869)
Amortization of Deferred tax assets	504,850	371,456
Reversal from income tax provision	95,113	(42,233)
Income tax expense for the period	<u>181,950</u>	<u>127,312</u>

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

	Six month period ended 30 June	
	2022	2021
	JD (Unaudited)	JD (Unaudited)
Accounting profit	796,353	940,758
Net non-taxable income	(512,100)	(297,211)
Non-deductible expenses	99,377	165,227
Net taxable profit	383,630	808,774
Income tax rate and national contribution	26%	26%
Income tax for the period from local income	99,744	210,281
Foreign investments income	182,975	226,768
Income tax for the period from foreign investment income	18,298	22,677
Income tax for period from local and foreign income	118,042	232,958

Income Tax provision for the period ended 30 June 2022 and 2021 was calculated in accordance with the Income tax law No. (38) of 2018.

Final settlement was reached with Income and Sales Tax Department up to 2017. In the opinion of the Group's management and tax advisor, the income tax provision is sufficient to meet any tax liabilities related to period ended at 30 June 2022.

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

B- Deferred tax assets

	30 June 2022					31 December 2021
	Beginning Balance	Reversal	Additions	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Deferred tax assets:						
Provisions for IBNR claims	1,938,711	1,938,711	2,060,544	2,060,544	535,741	504,065
Provision for end of service indemnity	515	-	-	515	134	134
Group/ life insurance fees provision	7,880	3,019	1,207	6,068	1,578	2,049
Future urgent provision	29,000	-	-	29,000	7,540	7,540
Total	1,976,106	1,941,730	2,061,751	2,096,127	544,993	513,788

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Movement on deferred tax asset is as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period /year	513,788	372,331
Additions	536,055	513,505
Disposals	(504,850)	(372,048)
Balance at the end of the period /year	544,993	513,788

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

(7) EARNINGS PER SHARE

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

	Three month period ended 30 June		Six month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	235,650	383,116	614,403	813,446
Weighted average number of shares (Share)	8,000,000	8,000,000	8,000,000	8,000,000
	Fils/ JD	Fils/ JD	Fils/ JD	Fils/ JD
Earnings per share for the period	0/029	0/048	0/077	0/102

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(8) CASH AND CASH EQUIVALENTS FOR THE PERIOD

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

	Six month period ended 30 June	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Cash on hands and at banks	208,712	59,872
Add: deposits at banks	7,186,186	7,470,139
Less: deposits at banks with maturities more than three months	(6,211,167)	(6,171,626)
Net Cash and cash equivalent	<u>1,183,731</u>	<u>1,358,385</u>

(9) LEGAL RESERVES

Statutory Reserve

The Group has not transferred any amounts into the statutory reserve as required by the companies' law since these are interim financial statements.

Voluntary Reserve

The Group's general assembly approved in its meeting held on 22 February 2022 to transfer JD 89,000 so it is equal to JD 400,000 from retained earnings to the voluntary reserve to support Group's future plans.

(10) DIVIDENDS

The Group's general assembly approved in its meeting held on 22 February 2022 to distribute cash dividends by JD 800,000 which is equal to 10% of the company's paid in capital as of 31 December 2021.

(11) RELATED PARTY TRANSACTIONS

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

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

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Below is a summary of related parties' transactions:

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
<u>Statement of financial position:</u>		
Account receivables (Companies related to members of the board of directors)	2,205,084	1,215,977
	Six month period ended 30 June	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
<u>Income statement:</u>		
Written premium (Companies related to members of the board of directors)	957,430	1,599,567
Paid Claims (Companies related to members of the board of directors)	445,027	267,617
Compensations of key management personal of the Group (salaries, bonuses, and other benefits) are as follows:		
	Six month period ended 30 June	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and compensations	177,854	181,889

(12) LAWSUITS AGAINST THE COMPANY

The Group is defendant in a number of lawsuits by total amount of JD 2,165,155 as of 30 June 2022, (31 December 2021: JD 2,447,215) for which it took an adequate provisions for. In the opinion of the group's lawyers and the group management provision taken by the Group is sufficient to meet the obligation as of 30 June 2022 that may arise from these lawsuits.

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(13) CONTINGENT LIABILITIES

At the date of the preparation of these condensed consolidated financial statements the Group has bank guarantees amounting to JD 934,874 as at 30 June 2022 compared to JD 1,191,064 as at 31 December 2021.

(14) STATEMENT OF FINANCIAL POSITION FOR LIFE ASSURANCE BUSINESS

	30 June 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Assets		
Account receivables	143,578	233,923
Total Assets	<u>143,578</u>	<u>233,923</u>
Liabilities and Equity		
Net outstanding claims reserve	55,128	89,333
Net mathematical reserve	59,608	34,935
Total Technical Reserves	<u>114,736</u>	<u>124,268</u>
Account payables	7,129	9,835
Head Office account	21,713	99,820
Total Liabilities	<u>143,578</u>	<u>233,923</u>