

NATIONAL INSURANCE COMPANY

(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

30 SEPTEMBER 2022

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **National Insurance Company** (a public shareholding company) and its subsidiary ("the Group") as of 30 September 2022, comprising of interim consolidated statement of financial position as of 30 September 2022 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for the nine months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34, (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan
30 October 2022

ERNST & YOUNG
Amman - Jordan

**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022 (UNAUDITED)**

	Notes	30 September 2022 JD (Unaudited)	31 December 2021 JD (Audited)
<u>Assets</u>			
Investments-			
Deposits at banks	3	9,212,184	8,411,140
Financial assets at fair value through OCI		4,650,450	4,163,377
Financial assets at amortized cost		6,187,552	5,155,368
Investment properties		406,754	421,228
Total Investments		20,456,940	18,151,113
Other assets-			
Cash on hands and balances at banks		248,267	171,259
Notes receivables and checks under collection		2,022,753	1,860,578
Account receivables, net	4	5,882,173	5,467,718
Reinsurance receivables, net	5	1,206,130	1,194,766
Deferred tax assets	6	579,092	513,788
Property and equipment, net		549,428	562,419
Intangible assets, net		34,216	41,957
Other assets		1,348,660	962,259
Total other assets		11,870,719	10,774,744
Total Assets		32,327,659	28,925,857
<u>Liabilities and Equity</u>			
Technical Reserves-			
Unearned premium reserve, net		7,152,568	5,352,573
Outstanding claims reserve, net		7,649,727	7,302,719
Mathematical reserve, net		45,359	34,935
Total Technical Reserves Liabilities		14,847,654	12,690,227
Other Liabilities-			
Accounts payable		2,542,607	1,857,066
Accrued expenses		120,353	102,660
Reinsurance payables		1,218,789	994,223
Other provisions		56,358	14,406
Income tax provision	6	109,090	313,057
Other liabilities		1,536,897	1,541,109
Total other liabilities		5,584,094	4,822,521
Total Liabilities		20,431,748	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		94,797	(321,619)
Retained earnings		1,829,089	1,851,703
Total Equity		11,895,911	11,413,109
Total Liabilities and Equity		32,327,659	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 THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)

		Three months period ended 30 September		Nine months period ended 30 September	
	Notes	2022	2021	2022	2021
		JD	JD	JD	JD
Revenues –					
Gross written premiums		5,241,709	4,773,927	17,823,359	14,873,597
Less: reinsurance share		(1,222,091)	(1,590,623)	(5,917,064)	(6,032,969)
Net written premiums		4,019,618	3,183,304	11,906,295	8,840,628
Net change in unearned premiums reserve		(314,485)	(275,602)	(1,799,995)	(381,319)
Net change in mathematical reserve		14,249	22,090	(10,424)	(2,158)
Net earned premiums		3,719,382	2,929,792	10,095,876	8,457,151
Commissions income		71,583	66,037	392,719	372,282
Insurance policies issuance fees		189,747	205,133	624,897	606,477
Other income related to written accounts		180,699	131,294	492,815	412,125
Interest income		176,882	143,366	508,624	473,851
Dividends from financial assets at fair value through other comprehensive income		-	-	238,951	199,898
Other income		2,932	1,000	10,949	7,117
Total revenues		4,341,225	3,476,622	12,364,831	10,528,901
Claims, losses and related expenses					
Paid claims		4,764,994	4,707,406	13,417,209	11,715,129
Less: recoveries		787,914	565,096	2,218,990	1,353,285
Less: reinsurance share		973,889	1,821,346	3,049,271	3,484,247
Paid claims, net		3,003,191	2,320,964	8,148,948	6,877,597
Net change in outstanding claims reserve		119,641	210,595	347,008	26,840
Policies acquisition costs		255,268	251,344	812,470	671,386
Excess of loss premiums		57,993	49,725	173,976	216,064
Allocated employees' expenses		198,587	201,851	656,337	693,002
Allocated administrative and general expenses		138,683	103,408	442,558	362,484
Other expenses related to written accounts		190,338	88,994	434,737	297,179
Net Claims costs		3,963,701	3,226,881	11,016,034	9,144,552
Unallocated employees' expenses		22,934	22,993	77,426	82,247
Depreciation and amortization		14,242	15,626	43,403	46,550
Unallocated administrative and general expenses		40,716	30,876	123,527	104,609
Provision for expected credit loss	4	75,000	35,000	75,000	35,000
Other expenses		1,826	5,394	10,282	35,333
Total expenses		154,718	109,889	329,638	303,739
Profit for the period before tax		222,806	139,852	1,019,159	1,080,610
Income tax expenses for the period	6	(68,993)	(36,580)	(250,943)	(163,892)
Profit for the period		153,813	103,272	768,216	916,718
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share	7	0/019	0/013	0/096	0/115

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 COMPRHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

	Three months period ended 30 September		Nine months period ended 30 September	
	2022	2021	2022	2021
	JD	JD	JD	JD
Profit for the period	153,813	103,272	768,216	916,718
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	(15,027)	72,777	514,586	875,062
Total comprehensive income for the period	<u>138,786</u>	<u>176,049</u>	<u>1,282,802</u>	<u>1,791,780</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 CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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 September 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	-	-	-	-	768,216	768,216
Other comprehensive income items	-	-	-	514,586	-	514,586
Total comprehensive income for the period	-	-	-	514,586	768,216	1,282,802
Gain on the sale of financial assets at fair value through other comprehensive income	-	-	-	(98,170)	98,170	-
Voluntary reserve (Note 9)	-	-	89,000	-	(89,000)	-
Distributed dividends (Note 10)	-	-	-	-	(800,000)	(800,000)
Balance at 30 September 2022	8,000,000	1,572,025	400,000	94,797	1,829,089	11,895,911
For the period ended 30 September 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	-	-	-	-	916,718	916,718
Other comprehensive income items	-	-	-	875,062	-	875,062
Total comprehensive income for the period	-	-	-	875,062	916,718	1,791,780
Loss on the sale of financial assets at fair value through other comprehensive income	-	-	-	182,583	(182,583)	-
Balance at 30 September 2021	8,000,000	1,459,643	311,000	(538,589)	1,944,256	11,176,310

Included in the retained earnings a restricted amount of JD 579,092 in accordance with the Jordan securities commission regulations representing deferred tax assets as of 30 September 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

		For the nine months period ended 30 September	
	Notes	2022	2021
		JD	JD
<u>OPERATING ACTIVITIES</u>			
Profit for the period before tax		1,019,159	1,080,610
Adjustment for non-cash items			
Provision for expected credit loss		75,000	35,000
Depreciation and amortization		43,403	46,550
Interest income		(508,624)	(473,851)
Dividends from financial assets at fair value through other comprehensive income		(238,951)	(199,898)
Net change in unearned premiums reserve		1,799,995	381,319
Net change in outstanding claims reserve		347,008	26,840
Net change in mathematical reserve		10,424	2,158
Insurance department fees provision		74,621	66,331
Group life insurance fees provision		3,236	4,881
Amortization of financial assets at amortized cost		4,805	7,124
Cash flows from operating activities before changes in working capital		2,630,076	977,064
Notes receivables and checks under collection		(162,175)	327,874
Accounts receivable		(489,455)	(1,793,635)
Reinsurance receivables		(11,364)	271,398
Other assets		(386,401)	180,397
Accounts payable		685,541	(502,133)
Accrued expenses		17,693	(30,759)
Reinsurance payables		224,566	1,170,950
Other provisions		(35,905)	(87,108)
Other payables		(105,235)	(28,870)
Net cash flows from operating activities before tax		2,367,341	485,178
Income tax paid	6	(399,847)	(207,629)
Income tax paid on interest	6	(19,344)	(74,993)
Net cash flows from operating activities		1,948,150	202,556
<u>INVESTING ACTIVITIES</u>			
Term deposits mature after three months		(897,864)	1,033,908
Purchase of financial assets at fair value through other comprehensive income		(189,964)	(1,720,748)
Proceeds from sale of financial assets at fair value through other comprehensive income		217,477	1,120,360
Proceeds from the sale of financial assets at amortized cost		-	1,024,462
Purchase of intangible assets		-	(51,750)
Purchase of property and equipment		(8,197)	(10,274)
Interest income		508,624	473,851
Dividends from financial assets at fair value through other comprehensive income		238,951	199,898
Purchase financial assets at amortized cost		(1,036,989)	-
Net cash flows (used in) from investing activities		(1,167,962)	2,069,707
<u>FINANCING ACTIVITIES</u>			
Cash Dividends	10	(800,000)	-
Net cash flows used in financing activities		(800,000)	-
Net (decrease) increase in cash and cash equivalent		(19,812)	2,272,263
Cash and cash equivalents at the beginning of the period		6,470,785	3,343,690
Cash and cash equivalents at the end of the period	8	6,450,973	5,615,953

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 REVENUES FOR LIFE INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

	Life insurance business	
	Nine months period ended 30	
	September	
	2022	2021
	JD	JD
Written premiums –		
Direct insurance	265,630	278,133
Reinsurance inward business	87,800	78,512
Total written premiums	353,430	356,645
Less:		
Local reinsurance share	53,966	59,420
Foreign reinsurance share	163,810	160,369
Net Premiums	135,654	136,856
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	105,137	134,117
Less: reinsurance share	59,778	81,641
Net mathematical reserve at the end of the period	45,359	52,476
Net earned revenue from written premiums	125,230	134,698

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 LIFE INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

	Life insurance business	
	Nine months period ended 30 September	
	2022	2021
	JD	JD
Paid claims	313,353	297,200
Less:		
Foreign reinsurance share	208,752	222,110
Net paid claims	104,601	75,090
Add:		
Outstanding Claims reserve at the end of the period		
Reported	87,834	154,364
Not reported	24,507	28,213
Less:		
Reinsurance share	71,772	94,132
Net outstanding claims reserve at the end of the period	40,569	88,445
Reported	31,241	77,423
Not reported	9,328	11,022
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	55,837	72,369

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**NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING RESULTS FOR LIFE INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022 (UNAUDITED)**

	Life insurance business	
	Nine months period ended 30	
	September	
	2022	2021
	JD	JD
Net earned revenue from written premiums	125,230	134,698
Less:		
Net claims cost	55,837	72,369
Add:		
Commissions received	1,205	1,348
Insurance policies issuance fees	2,517	2,922
Other revenues	-	1,908
Total revenues	3,722	6,178
Less:		
Policies acquisition cost	4,809	6,409
Allocated administrative and general expenses	25,532	29,353
Other expenses	819	2,138
Total expenses	31,160	37,900
Underwriting profit	41,955	30,607

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NATIONAL INSURANCE COMPANY
PUBLIC SHAREHOLDING COMPANY
STATEMENT OF UNDERWRITING REVENUES FOR GENERAL INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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	8,621,228	6,475,837	802,324	588,636	1,721,396	1,877,684	75,518	66,724	4,471,202	4,080,292	15,691,668	13,089,173
Optional reinsurance inward business	948,601	880,953	56,095	40,161	773,465	506,565	100	100	-	-	1,778,261	1,427,779
Total premiums	9,569,829	7,356,790	858,419	628,797	2,494,861	2,384,249	75,618	66,824	4,471,202	4,080,292	17,469,929	14,516,952
Less:												
Local reinsurance share	483,309	784,485	153,977	78,388	739,417	547,833	167	201	-	-	1,376,870	1,410,907
Foreign reinsurance share	157,121	115,007	526,605	419,936	1,471,172	1,416,889	54,572	50,488	2,112,948	2,399,953	4,322,418	4,402,273
Net written premiums	8,929,399	6,457,298	177,837	130,473	284,272	419,527	20,879	16,135	2,358,254	1,680,339	11,770,641	8,703,772
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	6,646,973	5,270,259	75,599	96,858	1,283,545	1,137,928	40,320	32,952	1,648,520	1,273,888	9,694,957	7,811,885
Less: Reinsurance share	530,497	626,510	66,330	80,011	1,110,155	942,858	29,129	25,430	806,278	758,354	2,542,389	2,433,163
Unearned Premiums Reserve- net	6,116,476	4,643,749	9,269	16,847	173,390	195,070	11,191	7,522	842,242	515,534	7,152,568	5,378,722
Earned revenue from written Premiums- net	7,531,480	6,394,587	182,155	132,437	232,094	323,837	17,279	17,992	2,007,638	1,453,600	9,970,646	8,322,453

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 GENERAL INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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	8,774,981	6,799,303	41,151	93,589	56,623	1,219,600	4,939	65,894	4,226,162	3,239,543	13,103,856	11,417,929
Less:												
Recoveries	2,151,763	1,161,293	596	37,430	7,250	104,551	-	2,000	59,381	48,011	2,218,990	1,353,285
Local reinsurance share	16,602	-	888	292	7,183	100,284	1,381	9,535	-	-	26,054	110,111
Foreign reinsurance share	316,392	178,794	31,988	51,833	38,248	983,816	-	21,986	2,427,837	1,915,597	2,814,465	3,152,026
Net paid claims	6,290,224	5,459,216	7,679	4,034	3,942	30,949	3,558	32,373	1,738,944	1,275,935	8,044,347	6,802,507
Add:												
Outstanding Claims Reserve at the end of the period												
Reported	6,217,169	6,339,056	116,962	195,642	1,607,756	1,374,832	150,744	136,909	430,828	616,168	8,523,459	8,662,607
Not reported	2,230,820	1,739,904	11,318	8,444	32,565	29,944	934	906	87,455	114,687	2,363,092	1,893,885
Less:												
Reinsurance share	684,884	770,929	112,767	179,333	1,526,525	1,343,089	105,666	101,406	320,378	486,960	2,750,220	2,881,717
Recoveries	527,173	556,258	-	-	-	-	-	-	-	-	527,173	556,258
Net Outstanding Claims Reserve at the end of the period	7,235,932	6,751,773	15,513	24,753	113,796	61,687	46,012	36,409	197,905	243,895	7,609,158	7,118,517
Reported	5,095,112	5,101,869	13,200	22,941	110,535	57,136	45,750	36,167	164,224	204,726	5,428,821	5,422,839
Not reported	2,140,820	1,649,904	2,313	1,812	3,261	4,551	262	242	33,681	39,169	2,180,337	1,695,678
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	6,648,449	5,477,371	1,760	(7,360)	59,817	9,660	8,518	(26,234)	1,721,575	1,378,631	8,440,119	6,832,068

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 GENERAL INSURANCE
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 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	7,531,480	6,394,587	182,155	132,437	232,094	323,837	17,279	17,992	2,007,638	1,453,600	9,970,646	8,322,453
Less:												
Net claims cost	6,648,449	5,477,371	1,760	(7,360)	59,817	9,660	8,518	(26,234)	1,721,575	1,378,631	8,440,119	6,832,068
Add:												
Commissions received	35,234	40,934	135,000	125,701	221,263	204,277	17	22	-	-	391,514	370,934
Insurance policies issuance fees	440,054	414,506	16,698	13,464	31,356	28,017	1,592	1,396	132,680	146,172	622,380	603,555
Other income related to written premium	65,175	40,942	-	-	-	-	-	-	427,640	369,275	492,815	410,217
Total revenues	<u>540,463</u>	<u>496,382</u>	<u>151,698</u>	<u>139,165</u>	<u>252,619</u>	<u>232,294</u>	<u>1,609</u>	<u>1,418</u>	<u>560,320</u>	<u>515,447</u>	<u>1,506,709</u>	<u>1,384,706</u>
Less:												
Policies acquisition cost	587,114	496,532	11,087	15,974	103,797	55,954	865	237	104,798	96,280	807,661	664,977
Excess of loss premiums	86,333	124,706	21,929	18,304	65,714	73,054	-	-	-	-	173,976	216,064
Allocated administrative and general expenses	575,343	511,647	90,747	91,760	154,634	168,032	6,776	14,819	245,863	239,875	1,073,363	1,026,133
Other expenses	147,317	78,967	516	467	1,655	1,858	-	-	284,430	213,749	433,918	295,041
Total Expenses	<u>1,396,107</u>	<u>1,211,852</u>	<u>124,279</u>	<u>126,505</u>	<u>325,800</u>	<u>298,898</u>	<u>7,641</u>	<u>15,056</u>	<u>635,091</u>	<u>549,904</u>	<u>2,488,918</u>	<u>2,202,215</u>
Underwriting profit	<u>27,387</u>	<u>201,746</u>	<u>207,814</u>	<u>152,457</u>	<u>99,096</u>	<u>247,573</u>	<u>2,729</u>	<u>30,588</u>	<u>211,292</u>	<u>40,512</u>	<u>548,318</u>	<u>672,876</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, such as motor, marine, transportation, fire and property risk, liability, medical, personal accident and life.

The interim condensed consolidated financial statements have been approved by the board of directors in its meeting on 26 October 2022.

(2-1) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the Group as of 30 September 2022 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

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

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 nine months ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

(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 September 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 1,250,000. 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 fourth quarter of 2022.

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(3) DEPOSITS AT BANKS

	30 September 2022			31 December 2021
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due after 3 months to 1 year	Total
	JD	JD	JD	JD
				(Unaudited)
				(Audited)
Local deposit	3,388,106	2,814,600	3,009,478	9,212,184
				8,411,140

Interest rates on bank deposit balances in Jordanian Dinar ranges from 2.5% to 4.6% during the period ended 30 September 2022.

(4) ACCOUNTS RECEIVABLE, NET

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Policy holders' receivables	4,646,742	4,711,141
Governmental receivables	1,227,885	769,800
Agents receivables	580,969	420,679
Brokers receivables	761,570	812,346
Employees receivables	72,797	90,692
Other receivables	44,525	40,375
	7,334,488	6,845,033
Less: expected credit losses*	(1,452,315)	(1,377,315)
	5,882,173	5,467,718

* The following represents movement for expected credit losses:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period/ year	1,377,315	1,307,315
Additions	75,000	70,000
Ending balance for the period/ year	1,452,315	1,377,315

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(5) REINSURANCE RECEIVABLES, NET

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Local insurance companies	471,729	534,712
Foreign reinsurance companies	858,743	784,396
Less: provision for bad debt	(124,342)	(124,342)
Net reinsurance receivables	1,206,130	1,194,766

(6) INCOME TAX PROVISION

A- Income tax provision

The movement on the income tax provision is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	313,057	238,601
Income tax paid	(399,847)	(207,629)
Income tax expense for the period / year	215,224	366,881
Income tax paid on bank interests	(19,344)	(84,796)
Balance at the end of the period / year	109,090	313,057

Income tax expense in the consolidated income statement included the following:

	Nine months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	215,224	267,719
Deferred tax assets	(570,154)	(445,011)
Deferred tax assets reversals	504,850	371,945
Income tax withholding	101,023	(30,761)
Income tax expense for the period	250,943	163,892

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

	Nine months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Accounting profit	1,019,159	1,080,610
Net non-taxable income	(464,946)	(211,928)
Net non-deductible expenses	176,406	56,516
Net taxable profit	730,619	925,198
Income tax rate and national contribution	26%	26%
Income tax for the period from local income	189,961	240,552
Foreign investments income	252,625	271,667
Income tax for the period from foreign income	25,263	27,167
Income tax for period from local and foreign income	215,224	267,719

Income Tax provision for the period ended 30 September 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 2020. The Group has submitted its tax declaration for the year 2021, however the income tax department did not review it until the date of preparing these interim condensed consolidated financial statements.

In the opinion of the Group's management and tax advisor, the income tax provision is sufficient to meet any tax liabilities related to the period ended at 30 September 2022.

B- Deferred tax assets

	30 September 2022					31 December 2021
	Beginning Balance	Released	Additions	Ending Balance	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
					(Unaudited)	(Audited)
Deferred tax assets:						
Provision for IBNR claims	1,938,711	1,938,711	2,189,665	2,189,665	569,313	504,065
Provision for end of service indemnity	515	-	-	515	134	134
Group life insurance fees provision	7,880	3,019	3,236	8,097	2,105	2,049
Emergency provision	29,000	-	-	29,000	7,540	7,540
	1,976,106	1,941,730	2,192,901	2,227,277	579,092	513,788

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Movement on deferred tax assets is as follows:

	30 September 2022 JD (Unaudited)	31 December 2021 JD (Audited)
Balance at the beginning of the period / year	513,788	372,331
Additions	570,154	513,505
Disposals	(504,850)	(372,048)
Balance at the end of the period / year	579,092	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 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 months period ended 30 September		Nine months period ended 30 September	
	2022 JD (Unaudited)	2021 JD (Unaudited)	2022 JD (Unaudited)	2021 JD (Unaudited)
Profit for the period (JD)	153,813	103,272	768,216	916,718
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	0/019	0/013	0/096	0/115

(8) CASH AND CASH EQUIVALENTS

This item consists of the following, as presented in the cash flow statement:

	30 September 2022 JD (Unaudited)	30 September 2021 JD (Unaudited)
Cash on hands and balances at banks	248,267	293,869
Add: deposits at banks	9,212,184	7,867,483
Less: deposits at banks with maturities more than three months	(3,009,478)	(2,545,399)
Net Cash and cash equivalent	6,450,973	5,615,953

(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 from retained earnings to the voluntary reserve so it is equal to JD 400,000 to support Group's future plans.

(10) DIVIDENDS

The Group's general assembly approved in its meeting held on 20 April 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.

Below is a summary of related parties' transactions:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
<u>Statement of financial position:</u>		
Account receivables (Companies related to members of board of directors)	1,061,245	1,215,977
	Nine months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
<u>Income statement:</u>		
Written premiums (Companies related to members of board of directors)	1,404,401	1,725,835
Paid claims (Companies related to members of board of directors)	773,397	782,728

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

	Nine months period ended 30 September	
	2022	2021
	JD	JD
	(Unaudited)	(Unaudited)
Salaries and benefits	256,645	261,630

(12) LAWSUITS AGAINST THE COMPANY

The Group is defendant in a number of lawsuits by an amount of JD 2,269,878 as at 30 September 2022 (31 December 2021: JD 2,447,215). The Group's lawyers and management believe that the provision taken is sufficient to meet the obligations that may arise from these lawsuits.

(13) CONTINGENT LIABILITIES

The Group has bank guarantees amounting to JD 873,852 as at 30 September 2022 and JD 1,191,064 as at 31 December 2021.

(14) STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE BUSINESS

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Assets		
Accounts receivable	275,163	233,923
Total Assets	275,163	233,923
Liabilities and Equity		
Outstanding claims reserve, net	40,569	89,333
Mathematical reserve, net	45,359	34,935
Total Technical Reserves	85,928	124,268
Accounts payable	8,727	9,835
Head office account	180,508	99,820
Total Liabilities	275,163	233,923