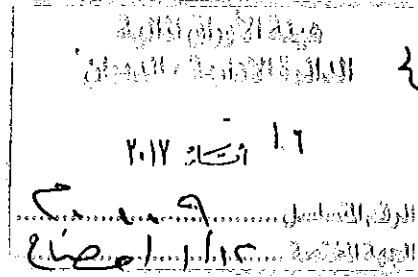




AL-NISR AL-ARABI INSURANCE  
PART OF ARAB BANK GROUP

Ref. : 6/1/6 005719  
Date : 16 MAY 2017



M/S. Jordan Securities Commission

السادة / هيئة الأوراق المالية

**Subject: Quarterly Report as of 31/03/2017**

Attached the Quarterly Report of Al-Nisr Al-Arabi Insurance Company as of 31/3/2017.

Kindly accept our high appreciation and respect.

Al-Nisr Al-Arabi Insurance Co.

الموضوع : التقرير ربع السنوي كما في 2017/03/31

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة النسر العربي للتأمين كما هي بتاريخ 2017/03/31 .

وتفضلوا بقبول فائق الاحترام،،،

شركة النسر العربي للتأمين

AL NISR AL ARABI INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONSOLIDATED CONDENSED INTERIM FINANCIAL  
STATEMENTS FOR THE THREE-MONTH PERIOD  
ENDED MARCH 31, 2017 TOGETHER WITH  
THE REVIEW REPORT

AL NISR AL ARABI INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
MARCH 31, 2017

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## Report on Reviewed Consolidated Condensed Interim Financial Information

AM/81593

To the Chairman and Board of Directors Members of  
Al Nisr Al Arabi Insurance Company  
(A Public Shareholding Limited Company)  
Amman - The Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of Al Nisr Al Arabi Insurance Company (A Public Shareholding Limited Company) as of March 31, 2017, and the related consolidated condensed interim statements of income and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard No. (34) Relating to Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed 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 the accompanying consolidated condensed interim financial information are not prepared in accordance with International Accounting Standard No. (34) relating to Interim Financial Reporting.

### **Explanatory Paragraphs**

The Company's financial year ends on December 31 of each year. However, the consolidated condensed interim financial information has been prepared for insurance management and Jordan Securities Commission purposes only.

The accompanying consolidated condensed interim financial information are a translation of the statutory consolidated condensed interim financial information in the Arabic language to which reference should be made.

**Amman – The Hashemite Kingdom of Jordan  
April 27, 2017**

  
Deloitte & Touche (M.E.) - Jordan

**Deloitte & Touche (M.E.)**  
Public Accountants  
Amman - Jordan

AL NISR AL ARABI INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONSOLIDATED CONDENSED INTRIM STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Note</u>	March 31, 2017	December 31,
		(Reviewed Not Audited)	2016
		JD	JD
Deposits at banks	4	7,561,395	10,917,740
Financial assets at fair value through other comprehensive income	5	5,314,971	5,203,201
Financial assets at amortized cost	6	40,988,652	34,898,127
Investment in affiliate	7	107,934	107,934
Real estate investments	8	940,001	940,001
Life Policyholders' loans		4,605,945	4,504,987
Total Investments		<u>59,518,898</u>	<u>56,571,990</u>
Cash on hand and at banks		2,349,491	2,518,945
Cheques under collection	9	867,818	963,416
Accounts receivable - net	10	8,492,315	7,255,973
Companies and reinsurance receivables - debit	11	721,136	475,332
Deferred tax assets	12\B	211,679	224,149
Property and equipment - net		3,540,696	3,563,569
Intangible assets - net		74,743	67,441
Other assets		1,332,098	1,273,226
TOTAL ASSETS		<u>77,108,874</u>	<u>72,914,041</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		5,585,808	4,463,934
Claims reserve - net		2,050,350	2,049,334
Mathematical reserve - net		42,570,178	40,582,005
Total Insurance Contracts Liabilities		<u>50,206,336</u>	<u>47,095,273</u>
Accounts payable	13	1,838,687	1,610,913
Accrued expenses		154,633	358,474
Companies and re-insurance payables- credit	14	2,154,451	1,819,004
Law suits provision		201,575	201,575
Provision for income tax	12\A	412,525	322,172
Other liabilities		788,735	749,561
TOTAL LIABILITIES		<u>55,756,942</u>	<u>52,156,972</u>
<u>OWNERS' EQUITY</u>			
Authorized and paid-up capital		10,000,000	10,000,000
Additional paid-in capital		3,750,000	3,750,000
Statutory reserve		2,565,868	2,565,868
Voluntary reserve		1,326,652	1,326,652
Investments revaluation reserve	15	210,483	98,713
Retained earnings		3,015,836	3,015,836
Profit for the period		483,093	-
Total Owners' Equity		<u>21,351,932</u>	<u>20,757,069</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>77,108,874</u>	<u>72,914,041</u>

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF  
THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ  
WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

AL NISR AL ARABI INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

		<u>For the Three-Month Period Ended March 31,</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
		<u>JD</u>	<u>JD</u>
<u>Revenue:</u>			
Gross written premiums		9,518,438	9,040,016
<u>(Less):</u> Re-insurers' share		<u>1,722,827</u>	<u>1,701,090</u>
Net Written Premiums		7,795,611	7,338,926
Net change in unearned premiums reserve		(1,121,874)	(1,036,215)
Net change in mathematical reserve		<u>(1,988,173)</u>	<u>(1,760,120)</u>
Net Earned Premiums Revenue		4,685,564	4,542,591
Commissions revenue		166,799	190,379
Policy issuance fees		269,120	266,868
Investment revenue from underwriting accounts		549,475	422,500
Other revenue from underwriting accounts		92,304	191,561
Credit interest		208,520	199,343
Net gains from financial assets and investments	17	17,284	19,554
Other gains (losses)-Net		<u>12,671</u>	<u>(157)</u>
Total Revenue		<u>6,001,737</u>	<u>5,832,639</u>
<u>Claims, Losses and Expenses:</u>			
Paid claims		3,250,516	3,393,133
<u>(Add):</u> Maturity and qualifying policyholders		<u>1,295,512</u>	<u>747,614</u>
<u>(Less):</u> Recoveries		<u>94,379</u>	<u>116,205</u>
<u>(Less):</u> Re-insurers' share		<u>761,994</u>	<u>446,108</u>
Net Claims Paid		<u>3,689,655</u>	<u>3,578,434</u>
Net change in claims reserve		1,016	(377,679)
Allocated employees' expenses		709,543	755,709
Allocated general and administrative expenses		322,545	278,850
Excess of loss premiums		33,750	104,840
Cost of policies acquisition		419,330	422,045
Other expenses related to underwritings		<u>49,327</u>	<u>49,166</u>
Net Claims Paid Cost		<u>5,225,166</u>	<u>4,811,365</u>
Unallocated employees expenses		5,590	4,793
Depreciation and amortization		74,439	72,598
Unallocated general and administrative expenses		30,959	22,428
(Recovered from) impairment in accounts receivable provision - net	10&11	-	(100,000)
Other expenses		<u>8,603</u>	<u>32,705</u>
Total Expenses		<u>119,591</u>	<u>32,524</u>
Profit for the Period Before Tax		656,980	988,750
Less: Income tax expense	12\A	<u>(173,887)</u>	<u>(106,157)</u>
Profit for the Period		<u>483,093</u>	<u>882,593</u>
Earnings per Share for the Period	18	<u>0/048</u>	<u>0/088</u>

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF  
THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ  
WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT

AL NISR AL ARABI INSURANCE COMPANY

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(REVIEWED NOT AUDITED)

	For the Three-Month	
	Period Ended March 31,	
Note	2017	2016
	JD	JD
Profit for the period		
Other Comprehensive Income Items:		
Items that are not subsequently transferred to the consolidated condensed interim statement of income:		
Net change in the investment revaluation reserve	111,770	(216,930)
(Loss) on sale of financial assets at fair value through other comprehensive income	-	(615,230)
Total Comprehensive Income for the Period	594,863	50,433

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORTS/STATEMENTS

REVIEWED NOT AUDITED

Retained earnings includes JD 211,679 representing restricted deferred tax assets as of March 31, 2017 (JD 224,149 as of December 31, 2016).

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**AL NISR AL ARABI INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**(REVIEWED NOT AUDITED)**

	Note	For the Three-Month Period Ended March 31,	
		2017	2016
Cash Flows from Operating Activities:		JD	JD
Profit before income tax		656,980	988,750
Adjustments for:			
(Gains) / losses from the disposal of property and equipment		(12,671)	157
Depreciation and amortization		74,439	72,598
(Recovered from) impairment in accounts receivable provision - net	10 & 11	-	(100,000)
Net change in unearned premiums reserve		1,121,874	1,036,215
Net change in mathematical reserve		1,016	1,760,120
Net change in claims provision		1,988,173	(377,679)
Cash Flows from Operating Activities before Changes in Working Capital Items		3,829,811	3,380,161
Decrease (Increase) in Current Assets:			
Cheques under collection		95,598	(254,177)
Accounts receivable		(1,288,543)	(1,002,018)
Reinsurance companies accounts - debit		(193,603)	18,384
Other assets		(58,872)	(135,527)
Increase (Decrease) in Current Liabilities:			
Accounts payable		227,774	(48,314)
Accrued expenses		(203,841)	(177,157)
Reinsurance companies accounts - credit		335,447	57,982
Other liabilities		39,174	184,091
Net Cash Flows from Operating Activities before Income Tax Paid		2,782,945	2,023,425
Income tax paid	12	(71,064)	(160,633)
Net Cash Flows from Operating Activities		2,711,881	1,862,792
Cash flows from Investing Activities:			
Deposits at banks (maturing within three months)		1,855,780	(1,253,511)
Financial assets at fair value through other comprehensive Income		-	3,089,707
Financial assets at amortized cost		(6,090,525)	(1,837,422)
Life policyholders' loans		(100,958)	(179,053)
(Purchase) of property and equipment		(52,974)	(10,213)
Proceeds from sale of property and equipment		20,314	4,463
(Acquisition) of intangible assets		(13,537)	(7,446)
Net Cash Flows (used in) Investing Activities		(4,381,900)	(193,475)
Net (Decrease) Increase in Cash		(1,670,019)	1,669,317
Cash and cash equivalents - beginning of the period		11,255,905	9,473,382
Cash and Cash Equivalents - End of the Period	19	9,585,886	11,142,699

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF  
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**STATE OF NEW YORK**  
**DEPARTMENT OF FINANCE**  
**OFFICE OF THE COMPTROLLER**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Notes	For the Three Months Ended March 31, 2017			For the Three Months Ended March 31, 2016			For the Three Months Ended March 31, 2015			For the Three Months Ended March 31, 2014			For the Three Months Ended March 31, 2013			For the Three Months Ended March 31, 2012			For the Three Months Ended March 31, 2011			For the Three Months Ended March 31, 2010		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Written premiums:																								
Direct business:																								
Premiums received from business:																								
Gross premiums:																								
Less: Unearned premium reserve - beginning of the period																								
Less: Unearned premium reserve - end of the period																								
Net Unearned Premium Reserve - beginning of the period																								
Net Unearned Premium Reserve - end of the period																								
Net Revenue from the Underwriting Premiums																								

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT

STATE OF CALIFORNIA

OFFICE OF THE ATTORNEY GENERAL

DEPARTMENT OF PUBLIC SAFETY

STATEMENT OF PAID CLAIMS AND RESERVE INFORMATION

AS OF 03/31/2017

Account	Period Ending March 31			Period Ending March 31			Period Ending March 31			Period Ending March 31			Period Ending March 31			Period Ending March 31		
	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015	2017	2016	2015
Paid claims																		
Fire	3,616	79,275	11,256	197,129	104,013	172,519	11,592	9,672	2,377,358	8,124,453	6,464	2,544,839	2,695,032	2,695,032				
Auto	7,185	5,702		10,058	744	5,462		86,450	94,383			94,372	1,110,705					
Local re-insurers' share	(913)																	
Foreign re-insurers' share	500																	
Net Claims Paid	9,014	79,073	11,256	197,129	104,013	172,519	11,592	9,672	2,377,358	8,124,453	6,464	2,544,839	2,695,032	2,695,032				
Add: Reported claims reserve - end of the period	306,200	547,236	520,955	1,360,714	9,058,344	1,078,707	1,078,707	156,165	925,402	824,939	49,170	6,331,741	10,430,815	10,430,815				
Reserve for not reported claims	150,000	200,000	71,000	25,000	25,000	25,000	25,000	40,000	325,900	650,000	45,000	646,050	1,121,050	1,121,050				
Less: Re-insurers' share - end of the period	117,059	172,127	614,527	742,447	1,325,622	7,902,512	1,070,465	157,096	524	524	59,562	2,187,750	9,064,721	9,064,721				
Recoveries	71,549	127,715	148,159	186,581	1,662	2,316	1,662		632	4,832		225,602	271,656	271,656				
Net Claims Reserve - End of the Period	268,200	447,391	520,955	1,360,714	9,058,344	1,078,707	1,078,707	156,165	925,402	824,939	49,170	6,331,741	10,430,815	10,430,815				
Net claims reserve - end of the period	164,200	267,394	(196,013)	61,395	93,716	33,321	33,321	22,279	925,116	825,813	19,640	1,094,189	1,194,620	1,194,620				
Net claims reserve - end of the period	100,000	150,000	15,000	5,000	5,000	6,000	6,000	6,000	525,000	650,000	15,000	646,050	1,121,050	1,121,050				
[(0.0%): Reported claims reserve - beginning of the period	302,362	590,487	602,316	1,291,431	1,049,021	1,069,074	1,069,074	144,716	953,442	960,410	72,309	15,978	4,300,336	3,589,366				
Reserve for unreported claims:	150,000	200,000	71,000	25,000	25,000	25,000	25,000	30,000	300,000	600,000	45,000	45,000	831,000	1,121,050				
Re-insurers' share - beginning of the period	116,396	169,027	620,071	745,942	1,021,068	1,070,471	1,070,471	140,269	524	524	71,225	41,311	3,137,009	3,137,009				
Recoveries	75,682	128,852	153,662	169,733	1,662	2,316	1,662		632	4,832		225,602	271,656	271,656				
Net Claims Reserve - Beginning of the Period	268,200	447,391	520,955	1,360,714	9,058,344	1,078,707	1,078,707	156,165	925,402	824,939	49,170	6,331,741	10,430,815	10,430,815				
Net Paid Claims Cost	17,435	29,859	11,927	66,600	66,600	66,600	66,600	66,600	2,376,822	2,162,071	2,162,071	2,162,071	2,162,071	2,162,071				

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED IN-THIRD FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT

Abstracts of the 1997-1998 Conference on the History of Mathematics

NOT PLANNING FROM THE UNDERWATER DISTRICTS

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT

AL NISR AL ARABI INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF UNDERWRITING REVENUE FOR LIFE INSURANCE ACTIVITIES  
(REVIEWED NOT AUDITED)

	<u>For the Three-Month Period Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
Written Premiums:		
Direct insurance	4,800,074	4,346,590
Facultative reinsurance accepted	-	-
Gross Earned Premiums	4,800,074	4,346,590
Less: Local re-insurers' share	-	-
Foreign reinsurance share	850,014	741,469
Net Earned Premiums	3,950,060	3,605,121
<u>Add:</u> Provision for unearned premiums- beginning of the period	610,491	612,837
<u>Less:</u> Reinsurance share	328,181	336,977
Net Provision for Unearned Premiums- Beginning of the Period	282,310	275,860
<u>Add:</u> Mathematical reserve - beginning of the period	40,582,005	33,286,253
<u>Less:</u> Reinsurance share	-	-
Net Mathematical Provision at the Beginning of the Period	40,582,005	33,286,253
<u>Add:</u> Provision for unearned premiums-End of the period	628,876	999,962
<u>Less:</u> Reinsurance share	522,972	626,202
Net Provision for Unearned Premiums- End of the Period	105,904	373,760
<u>Add:</u> Mathematical reserve-End of the period	42,570,178	35,046,373
<u>Less:</u> Reinsurance share	-	-
Net Mathematical reserve at the End of the Period	42,570,178	35,046,373
Net Earned Premiums Income from Written Premiums	2,138,293	1,747,101

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

AL NISR AL ARABI INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF PAID CLAIMS COST FOR LIFE INSURANCE ACTIVITIES  
(REVIEWED NOT AUDITED)

	For the Three-Month Period Ended March 31,	
	2017	2016
	JD	JD
Claims paid	705,686	398,040
Maturity and qualifying policyholders	1,295,512	747,614
<u>Less:</u> Local re-insurers' share	-	-
Foreign reinsurance share	596,003	236,028
Net Claims Paid	1,405,195	909,626
<u>Add:</u> Reported Outstanding Claims Provision at End of the period	1,128,668	964,880
Unreported Outstanding Claims Provision at End of the period	300,000	350,000
<u>Less:</u> Reinsurance Share	1,143,507	988,767
Net Out standing Provision at End of the period	285,161	326,113
Reported	225,161	266,113
Not reported	60,000	60,000
<u>Add:</u> Reported Outstanding Provision at the Beginning of the period	1,218,529	887,013
Unreported Outstanding Claims Provision at the Beginning of the period	350,000	300,000
<u>Less:</u> Reinsurance share	1,307,529	827,531
Net Outstanding Claims Provision at the Beginning of the Period	261,000	359,482
Net Cost of Claims Incurred	1,429,356	876,257

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

AL NISR AL ARABI INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - THE HASHEMITE KINGDOM OF JORDAN  
STATEMENT OF UNDERWRITING PROFIT FOR LIFE INSURANCE ACTIVITIES  
(REVIEWED NOT AUDITED)

	<u>For the Three-Month Period Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
	<u>JD</u>	<u>JD</u>
Net Earned premiums income	2,138,293	1,747,101
<u>Less:</u> Cost of claims incurred	<u>1,429,356</u>	<u>876,257</u>
	708,937	870,844
<u>Add:</u>		
Commissions received	26,252	31,931
Issuing fees	35,312	35,857
Investment revenue from underwriting accounts	549,475	422,500
Other revenues	<u>40,125</u>	<u>84,825</u>
Total Revenues	<u>1,360,101</u>	<u>1,445,957</u>
<u>Less:</u> Commissions paid	342,987	331,426
Allocated administrative expenses	604,835	616,988
Other expenses	<u>45,805</u>	<u>45,756</u>
Total Expenses	<u>993,627</u>	<u>994,170</u>
Net Underwriting Profit-Before Tax	<u>366,474</u>	<u>451,787</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED  
 CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH

THE ACCOMPANYING REVIEW REPORT.

**AL NISR AL ARABI INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE ACTIVITIES**

	March 31, 2017	December 31,
	(Reviewed Not	2016
	Audited)	JO
ASSETS	JO	JO
Deposits at banks	5,088,818	7,009,876
Financial assets at fair value through other comprehensive income	3,576,975	3,340,455
Financial assets at amortized cost	27,585,362	22,404,598
Property investments	632,620	599,720
Investment in affiliate	72,640	68,862
Life Policyholders' loans	4,605,945	4,504,957
Total Investments	41,562,360	37,928,498
Cash on hand and at banks	1,581,207	1,615,952
Checks under collection	584,041	618,513
Accounts receivable - Net	1,944,754	1,708,839
Companies and reinsurance receivables	180,284	125,509
Deferred tax assets	52,919	55,987
Property and equipment	885,174	890,892
Intangible assets	18,685	16,860
Other assets	932,469	893,932
Total Assets	47,741,893	43,854,992
<b>LIABILITIES AND HEAD OFFICE'S EQUITY</b>		
<b>Liabilities:</b>		
Provision for unearned premiums - Net	105,904	282,310
Outstanding claims provision - net	285,161	261,000
Mathematical reserve - Net	42,570,178	40,582,005
Total Insurance Contracts Liabilities	42,961,243	41,125,315
Accounts payable	459,671	402,728
Companies and Reinsurance payable - Credit	538,612	454,751
Accrued expenses	77,316	178,237
Income tax provision	87,953	275,981
Various provisions	201,575	201,575
Other provisions	197,183	183,857
Total liabilities	44,523,553	42,822,444
<b>Head Office's Equity:</b>		
Head office current account	2,851,866	(125,348)
Profit for the period	365,474	1,157,886
Total Liabilities and Head Office's Equity	47,741,893	43,854,992

THE ACCOMPANYING NOTES REPRESENT AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED  
INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH  
THE ACCOMPANYING REVIEW REPORT.



**AL NISR AL ARABI INSURANCE COMPANY**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - THE HASHEMITE KINGDOM OF JORDAN**  
**NOTES TO CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**

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**1. General**

- a. Al Nisr Al Arabi Insurance Company (a public shareholding limited company) was established in September 28, 1989 and registered at the Ministry of Industry and Trade under Number (207) to conduct insurance business after the merge between Al Nisr Al Ordoni insurance company and RIFCO Life insurance company according resolution of the economic security commission on June 11, 1985 and in compliance with insurance business control law.
- b. The Company conducts all types of life and general Insurance (Motor, Marine and Transportation, Fire and other property damages, Liability, Medical and personal accidents and flight).
- c. on the basis of the minutes for the company's board of directors' meeting number (146) in October 27, 2011, it had been decided the license for the Motor branch not to be renewed starting in the year 2012.
- d. The accompanying consolidated condensed interim financial statements were approved by the Board of Directors on April 20, 2017.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Preparation of Consolidated Condensed Interim Financial Statements**

- The consolidated condensed interim financial statements and its subsidiary have been prepared in accordance with International Accounting Standard (IAS) No. 34 (Interim Financial Reporting) and in accordance with the forms prescribed by the Jordanian Insurance Management.
- The consolidated condensed interim financial statements have been prepared according to the historical cost convention except for the financial assets and liabilities shown at fair value as of the consolidated condensed interim financial statements date.
- The reporting currency of the consolidated condensed interim financial statements is the Jordanian dinar, which is the functional currency of the Company and its subsidiary.
- The consolidated condensed interim financial statements do not include all information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read with the annual report of the company as of December 31, 2016. Moreover, the results of its operations for the Three-month period ended March 31, 2017 do not necessarily provide an indication of the expected results of operations for the year ending on December 31, 2017. The company's profits for the three-month period ended March 31, 2017, have not been appropriated, as such appropriations will be made at the end of the year.

- The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the year ended December 31, 2016 except for the following:
- Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS (12).
- Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealized losses.
- Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the above new standards had no impact on the amounts reported and disclosures made in the condensed consolidated interim financial statements.

**b. Basis of Consolidation of the Condensed Interim Financial Statements:**

The consolidated condensed Interim financial statements include the financial statements of the company and its subsidiary after eliminating intercompany transactions and balances:

Company Name	Paid-in Capital	Ownership	Type of Business	Company's Location	Date of Ownership
Al Ameen Al Arabi for Real Estate company	458,841	%100	Real Estate Development	Amman	2012

Following is a summary of the financial information for the subsidiary:

	March 31, 2017	December 31, 2016
	JD	JD
Assets	2,978,676	2,991,098
Liabilities	2,276,700	2,313,680
Net partner's Equity	701,976	677,418

	For the Three-Months Period Ended March 31, 2017	2016
	JD	JD
Revenues	68,750	68,750
Expenses	(44,192)	(13,151)
Profit for the Period	24,558	55,599

Control is achieved when the Company has the ability to control the financial and operating policies of the subsidiaries to obtain benefits from their activities. Additionally, transactions, balances, revenues, and expenses between the Company and its subsidiaries are eliminated.

The results of the subsidiaries are incorporated into the consolidated condensed interim statement of income from the effective date of acquisition, which is the date actual control over the subsidiaries is assumed by the Company. Moreover, the operating results of the disposed of subsidiaries are incorporated into the consolidated condensed interim statement of income up to the effective date of disposal, which is the date on which the Company loses control over the subsidiaries.

The financial statements of the subsidiaries are prepared for the same financial year using the same accounting policies adopted by the insurance Company.

If the accounting policies adopted by the subsidiaries are different from those used by the insurance Company, the necessary adjustments to the condensed interim financial statements of the subsidiaries are made to comply with the accounting policies followed by the insurance Company.

### **3. Use of Estimates**

Preparation of the consolidated condensed interim financial information and application of the accounting policies require the Company's and subsidiary's management to perform estimates and judgments that affect the amounts of the financial assets and liabilities, and disclosures relating to contingent liabilities. These estimates and judgments also affect revenues, expenses, provisions and investments revaluation reserve. In particular, the Company's management and its subsidiaries' are required to issue significant judgments to assess expected future cash flows and their timing. The above-mentioned estimates are based on several assumptions and factors with varying degrees of estimation and uncertainty. Moreover, the actual results may differ from the estimates due to changes resulting from the circumstances and situations of those estimates in the future.

We believe that the estimates within the consolidated condensed interim financial statements are reasonable and consistent with the estimates used at the end of year 2016.

### **4. Deposits at Banks**

This item consists of the following:

	March 31, 2017			2016	
	Deposits Maturing Within One Months	Deposits Maturing Within Three Months	Deposits Maturing after Three Months and up to One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	5,122,977	1,452,938	-	6,575,915	8,124,541
Outside Jordan	985,480	-	-	985,480	2,793,199
Total	<u>6,108,457</u>	<u>1,452,938</u>	<u>-</u>	<u>7,561,395</u>	<u>10,917,740</u>

- The interest rates on deposits at banks in Jordanian Dinar ranged from 3.5% to 4.3% and 1.02% on USD deposits during the current period of year 2017.
- Moreover, collateralized deposits issued to the order of the Director of the Insurance Commission in addition to his position amounted to JD 325,000 as of March 31, 2017 and December 31, 2016 at Al-Ittihad Bank.
- There were no restricted balances as of March 31, 2017 and December 31, 2016.

**5. Financial Assets at Fair Value through Other Comprehensive Income**

This item consists of the following:

	March 31, 2017	December 31, 2016
<u>Inside Jordan</u>	JD	JD
Quoted shares at Amman Stock Exchange	48,970	48,970
<u>Outside Jordan</u>		
Quoted shares	1,595,664	1,548,592
listed investment funds *	1,678,573	1,638,015
Quoted bonds	1,991,764	1,967,624
	<u>5,314,971</u>	<u>5,203,201</u>

- \* This item represents investment in listed investment funds, after taking into consideration that it has unguaranteed capital and stated at fair value as of the consolidated condensed interim financial information date.
- Interest rates averages on bonds outside Jordan vary between 6.25% and 8.375%.
- Bonds maturity dates extend as follows:

	3-6 months	6-9 months	9 months- 1 year	More than one year	Total
<u>Outside Jordan</u>	JD	JD	JD	JD	JD
Bonds quoted at stock exchange	-	-	-	1,991,764	1,991,764
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,991,764</u>	<u>1,991,764</u>

- The aforementioned bonds are of fixed return.

**6. Financial Assets at Amortized Cost**

This item consists of the following:

	March 31, 2017	December 31, 2016
<u>Inside Jordan</u>	JD	JD
Government bonds	39,519,960	34,431,123
	<u>39,519,960</u>	<u>34,431,123</u>
<u>Outside Jordan</u>		
Corporate bonds	1,574,383	572,695
Provision for impairment	(105,691)	(105,691)
	<u>1,468,692</u>	<u>467,004</u>
	<u>40,988,652</u>	<u>34,898,127</u>

- The maturities of bonds extend as follows:

	1-3 months	3-6 months	6-9 months	9 months 1 year	More than 1 year	Total
<u>Inside Jordan</u>	JD	JD	JD	JD	JD	JD
Government bonds	1,999,967	-	-	-	37,519,993	39,519,960
<u>Outside Jordan</u>						
Corporate bonds	-	-	-	-	1,468,692	1,468,692
	<u>1,999,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,988,685</u>	<u>40,988,652</u>

- Interest rates on bonds denominated in Jordanian Dinar vary between 4.689% and 7.786%. Moreover, interest rates on bonds denominated in foreign currency vary between 3.898% and 6.5% during the three-month period ended March 31, 2017.

- The above mentioned bonds are of fixed return.

#### **7. Investment in Affiliate**

This item represents the company's investment in Al Nisr Al Arabi for Real Estate Company (under liquidation) with 50% of capital that amounts to JD 200 thousand as of March 31, 2017. The investment in affiliate is stated in the consolidated condensed interim financial information using the equity method.

#### **8. Real Estate Investments**

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Land	940,001	940,001
	<u>940,001</u>	<u>940,001</u>

- Real estate investment details and information related to fair value hierarchy as of March 31, 2017 is as follows:

	Level 1	Level 2	Level 3	Fair Value as of March 31, 2017 *
	JD	JD	JD	JD
Land	-	1,038,967	-	1,038,967

- There were no transfers between Level 1 and Level 2 during the first three months of the year 2017.
- \* The average fair value amounted to JD 1,038,967 according to the last appraisal for the land as of December 31, 2015 and January 13, 2016 by three certified real estate appraisers.

#### **9. Checks under Collection**

The maturities of checks under collection extends up to November 30, 2018.

#### **10. Accounts Receivable - Net**

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Policyholders	9,027,075	7,743,608
Others	5,902	5,902
	<u>9,032,977</u>	<u>7,749,510</u>
Less: Provision for doubtful debts *	<u>(540,662)</u>	<u>(493,537)</u>
Accounts Receivable - Net	<u>8,492,315</u>	<u>7,255,973</u>

- \* Movement on the provision for the impairment in receivables is as follows:

	For the Three- Month Period Ended March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Balance - beginning of the period / year	493,537	678,976
(Recovered) during the period	-	(100,000)
Transferred to re-insurers receivable during the period / year	52,201	(26,703)
<u>Less: Written-off debts</u>	<u>(5,076)</u>	<u>(58,736)</u>
Balance - End of the Period / Year	<u>540,662</u>	<u>493,537</u>

#### **11. Companies and Re-Insurance Companies' - Debit**

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Local insurance companies	485,426	496,017
Foreign re-insurance companies	295,320	91,126
	<u>780,746</u>	<u>587,143</u>
<u>Less: Provision for doubtful debts *</u>	<u>(59,610)</u>	<u>(111,811)</u>
Companies and Re-insurance Companies' Accounts - Net	<u>721,136</u>	<u>475,332</u>

- \* The movement on the provision for doubtful debts for insurance and re-insurance companies was as follows:

	For the Three- Month period Ended March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Balance - beginning of the period / year	111,811	85,108
Additions during the period / year	-	26,703
Transferred during the period / year	<u>(52,201)</u>	<u>-</u>
Balance - End of the Period / Year	<u>59,610</u>	<u>111,811</u>

#### **12. Income Tax**

##### **a. Income Tax Provision:**

Movement on the income tax provision was as follows:

	For the Three- Month Period Ended March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Balance - beginning of the period / year	322,172	514,756
Income tax paid	(71,064)	(679,953)
Income tax during the period /	161,417	487,369
Balance - End of the Period / Year	<u>412,525</u>	<u>322,172</u>

Income tax in the consolidated condensed interim statement of income represents the following:

	For the Three-Month Period Ended March 31,	
	2017	2016
	JD	JD
Income tax accrued on the period's profit	161,417	135,351
Deferred tax assets	12,470	(29,194)
	<u>173,887</u>	<u>106,157</u>

- A final settlement for the income tax had been reached up to the end of the year 2014. Moreover, the Company had submitted the tax return for the years 2015 and 2016 on time. The income tax provision for the three-month period ended March 31, 2017 had been calculated and booked. In the opinion of the Company and its tax consultant, the Company will not incur additional obligations exceeding the provisions taken as of March 31, 2017.
- A final settlement for the subsidiary's income tax has been reached up to the end of the year 2015. Moreover, the tax return for the year 2016 had been submitted on time. However, the tax return has not been reviewed as of the consolidated condensed interim financial statements date. In the opinion of the Company and its tax consultant, there is no need to for taking an Income tax provision for the subsidiary as of the consolidated condensed interim financial statements date. Moreover, the Company will book an income tax provision at the end of year 2017 if necessary.

**b. Deferred tax assets:**

This item consists of the following:

Accounts Included	For the Three-Month Period Ended March 31, 2017					For the Year Ended December 31, 2016
	Balance at the Beginning of the Period	Amounts Released	Amounts Added	Balance at Period-End	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Provision for doubtful debts	605,348	(57,277)	52,201	600,272	144,066	145,284
Tax deductible losses from foreign investments	304,870	(112,519)	-	192,351	19,235	30,487
Lawsuits provision	201,575	-	-	201,575	48,378	48,378
	<u>1,111,793</u>	<u>(169,796)</u>	<u>52,201</u>	<u>994,198</u>	<u>211,679</u>	<u>224,149</u>

- The movement on deferred tax assets was as follows:

	For the Three- Month Period Ended March 31, 2017	For the Year Ended December 31, 2016
	JD	JD
Balance at the beginning of the period / year	224,149	231,758
Additions	12,528	36,896
Disposal	(24,998)	(44,505)
Balance - End of the Period / Year	<u>211,679</u>	<u>224,149</u>

In the opinion of management, deferred tax assets will be used in the near future.

**13. Accounts Payable**

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Policy holders	1,596,576	1,390,096
Agents	183,624	162,174
Others	58,487	58,643
	<u>1,838,687</u>	<u>1,610,913</u>

**14. Companies and Re-Insurance Companies' - Credit**

This item consists of the following:

	March 31, 2017	December 31, 2016
	JD	JD
Local insurance companies	13,462	20,941
Foreign re-insurance companies	1,639,462	1,289,632
Re-insurance deposits	501,527	508,431
	<u>2,154,451</u>	<u>1,819,004</u>

**15. Investment Revaluation Reserve**

This item represents the net change in fair value for financial assets at fair value through comprehensive income and its details follow:

	March 31, 2017	December 31, 2016
	JD	JD
Balance at the beginning of the period / year	98,713	225,329
Realized losses transferred to retained earnings	-	726,053
Change during the period / year	111,770	(852,669)
Net change during the period / year	111,770	(126,616)
Balance - End of Period / Year	<u>210,483</u>	<u>98,713</u>

**16. Proposed dividends**

The Board of Directors recommend the distribution of 22%, the current year's profits equivalent to JD 2.2 million subject to the approval of the General Assembly as dividends to shareholders for the current year. In the previous year, dividends equal to 22% of capital, equivalent to JD 2.2 million were distributed.

**17. Net Gain from Financial Assets and Investments**

This item consists of the following:

	For the Three-Months Period Ended March 31,	
	2017	2016
	JD	JD
Dividends from financial assets at fair value through comprehensive income	52,850	51,731
	52,850	51,731
Amount transferred to underwriting account	35,566	32,177
Amount transferred to consolidated condensed interim statement of income	<u>17,284</u>	<u>19,554</u>



**18. Earnings per Share for the Period**

Earnings per share has been calculated by dividing net profit for the period by the outstanding shares during the period. The details are as follows:

	For the Three-Months Period Ended March 31,	
	2017	2016
	JD	JD
Profit for the period	483,093	882,593
Number of shares	<u>10,000,000</u>	<u>10,000,000</u>
Earnings per Share for the period	<u>0/048</u>	<u>0/088</u>

**19. Cash and Cash Equivalents**

This item consists of the following:

	March 31,	
	2017	2016
Cash on hand and at banks	2,349,491	2,023,942
<u>Add:</u> Deposits at banks maturing within three months	7,561,395	9,443,757
<u>(Less):</u> Mortgaged deposits	(325,000)	(325,000)
	<u>9,585,886</u>	<u>11,142,699</u>

**20. Related Parties Balances and Transactions**

The Company have entered into transactions with the major shareholders, Members of the Board of Directors, and executive management in the ordinary course of business. Moreover, all of the Insurance receivables are considered functional and no provisions were taken for those receivables.

The Policy of prices and terms related to these transactions is selected by the Company's management.

The following summarizes the transactions with related parties during the period / year:

	March 31, 2017			Total	
	Members of the Board of Directors	Top Executive Management	Parent Company	March 31, 2017	December 31, 2016
Consolidated Condensed Interim Financial Position Items:	JD	JD	JD	JD	JD
Deposits at Arab Bank	-	-	985,480	985,480	2,594,771
Current accounts at Arab Bank	-	-	340,408	340,408	1,019,730
Accrued interest	-	-	2,258	2,258	6,786
Accounts receivable	-	-	123,166	123,166	26,532
Consolidated Condensed Interim Income Statement Items:					
Underwriting premiums	-	-	297,385	297,385	307,609
Outstanding claims	-	-	580	580	-
Paid claims	-	-	143,983	143,983	51,984
Paid commissions	-	-	73,001	73,001	321,612
Interest revenue	-	-	1,989	1,989	7,905

The following is a summary of remunerations (salaries, bonuses, and fringe benefits) for the Company's Executive Management:

	March 31,	
	2017	2016
	JD	JD
Salaries, bonuses, and other benefits	160,060	136,818
Board of Directors' transportation	6,300	6,300
	<u>166,360</u>	<u>143,118</u>

## **21. Main Segments Analysis**

### **a. Information on the Company's Operating Segments**

For managerial purposes, the Company was organized into two sectors:

1. The General Insurance Sector which includes general, motor, transportation, fire and other damages on properties, and liability.
2. The life insurance sector.

These two sectors represent the main sectors that the Company uses to demonstrate the information related to the main sectors. The above- mentioned sectors also include investments and management of cash for the Company's own account. Moreover, transactions among business sectors are based on estimated market prices on the same terms used for others.

### **b. Information on Geographical Distribution**

This note represents the geographical distribution of the Company's operations. Moreover, the Company conducts its operations in the Hashemite Kingdom of Jordan, representing local operations.

The following is the distribution of the Company's revenues, assets, and capital expenditures according to geographical sector:

	Inside Jordan		Outside Jordan		Total	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
	JD	JD	JD	JD	JD	JD
Total Assets	69,093,381	63,448,375	8,015,493	9,465,666	77,108,874	72,914,041
	For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,		For the Three-Month Period Ended March 31,	
	2017	2016	2017	2016	2017	2016
Total Revenues	5,881,650	5,756,392	120,087	76,247	6,001,737	5,832,639
Capital Expenditures	66,511	17,659	-	-	66,511	17,659

## **22. Lawsuits against the Company**

There are lawsuits against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 697,783 as of March 31, 2017 (JD 704,610 as of December 31, 2016) and the Company took the necessary provision to face any liabilities that may arise from these lawsuits. In the opinion of the Company's management and its lawyer, no liabilities in excess of the provisions within the net claims provision shall arise.

## **23. Contingent Liabilities**

There are commitments by the company against bank guarantees of JD 68,536 as of March 31, 2017 (JD 76,846 as of December 31, 2016).

## 24. Fair Value Hierarchy

### a. Fair Value of Financial Assets Continuously Determined at Fair Value

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period. The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and Input used):

Financial assets / liabilities	Fair Value at March 31, 2017 JD	Fair Value at December 31, 2016 JD	Fair Value Level JD	Evaluation Method and Inputs Used JD	Significant Intangible Inputs JD	Relation between Significant Intangible Inputs and Fair Value JD
<b>Financial assets at fair value</b>						
<b>Financial assets at fair value through comprehensive income:</b>						
Shares with quoted prices	1,644,634	1,597,562	First Level	Prices listed In Financial Markets	N/A	N/A
Investment funds with quoted prices	1,678,573	1,638,015	First Level	Prices listed In Financial Markets	N/A	N/A
Investment Bonds with quoted prices	1,991,764	1,967,624	First Level	Prices listed in Financial Markets	N/A	N/A
<b>Total Financial Assets at Fair Value</b>	<b>5,314,971</b>	<b>5,203,201</b>				

There were no transfers between Level 1 and Level 2 during the first three months of the year 2017 and year 2016.

### b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value

Except for what is stated in the schedule below, we believe that the carrying value of the financial assets and financial liabilities stated in the Company's Consolidated Condensed Interim financial statements approximates their fair value. Moreover, the Company's management believes that the carrying value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the period.

	March 31, 2017		December 31, 2016		Fair Value Level
	Book Value JD	Fair Value JD	Book Value JD	Fair Value JD	
<b>Financial Assets not Evaluated at Fair Value</b>					
Deposits at banks	7,561,395	7,576,428	10,917,740	10,942,822	Second Level
Financial assets at amortized cost	40,988,652	41,561,672	34,898,127	35,428,415	Second Level
Real estate investments	940,001	1,038,967	940,001	1,038,967	Second Level
<b>Total Financial Assets not Evaluated at Fair Value</b>	<b>49,490,048</b>	<b>50,177,067</b>	<b>46,755,868</b>	<b>47,410,204</b>	

For the items shown above the fair value of assets and liabilities for the first and second level were determined according to agreed upon pricing models that reflect credit risks related to the parties dealt with.

## 25. Subsequent Events:

After the date of the Consolidated Condensed Interim Financial Statements, On April 20, 2017, The General Assembly approved the recommendation from the Board of Directors proposal to distribute 22 % of capital as cash dividends to