

عمان في 2020/11/08  
الإشعار م 20/686/0-0

Messrs. Amman Stock Exchange  
Amman - Jordan

السادة : بورصة عمان المحترمين  
عمان - الأردن

تحية واحتراما ،،،

**Subject: Subject: Quarterly Report**  
**in English as 30/ 09/ 2020**

**الموضوع : التقرير ربع السنوي باللغة الانجليزية**  
**كما في 2020/09/30**

Attached the the Quarterly Report of  
United Insurance Co. as of  
30/ 09/ 2020.

مرفق طيه نسخة من البيانات المالية ربع السنوية  
المراجعها للشركة المتحدة للتأمين م.ع.م كما في  
2020 /09 /30

Kindly accept our high appreciation  
and respect

وتفضلوا بقبول فائق الاحترام،،،

**The United Insurance co.Ltd**

**General Manager**  
**Imad AL- Hajeh**



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**الشركة المتحدة للتأمين م.ع.م**

**المدير العام**  
**عماد الحجه**



UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN

CONDENSED INTERIM  
FINANCIAL STATEMENTS FOR  
THE NINE MONTHS ENDED  
SEPTEMBER 30, 2020  
TOGETHER WITH THE REVIEW REPORT

UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
SEPTEMBER 30, 2020  
  
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## Review Report

AM/ 008607

To the Chairman and Members of the Board of Directors  
United Insurance Company  
(A Public Shareholding Limited Company)  
Amman – Jordan

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of United Insurance Company (A Public Shareholding Limited Company) as of September 30, 2020 and the related condensed interim statements of income and comprehensive income, changes in Shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements 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 Company". A review of 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 condensed interim financial statements for United Insurance Company are not prepared in accordance with International Accounting Standard No. (34) Related to Interim Financial Reporting.

### **Other Matter**

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



Amman - Jordan  
October 27, 2020

Deloitte & Touche (M.E.) – Jordan

UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		September 30, 2020 (Reviewed not Audited)	December 31, 2019 (Audited)
<u>ASSETS</u>	<u>Note</u>		
Investments:		JD	JD
Deposits at banks	4	8,988,550	10,232,255
Financial assets at fair value through profit or loss	5	124,306	142,039
Financial assets at fair value through other comprehensive income	6	4,590,040	4,730,360
Financial assets at amortized cost	7	2,985,001	999,001
Investment property - net	8	4,881,916	4,946,390
		<u>21,569,813</u>	<u>21,050,045</u>
Cash on hand and at banks		782,955	1,060,044
Cheques under collection	9	2,266,466	3,134,502
Receivables - net	10	9,293,011	6,143,979
Re-insurance and local insurance companies' accounts receivables - net	12	569,985	1,515,588
Deferred tax assets		808,458	652,554
Property and equipment - net	11	4,971,486	5,163,754
Intangible assets - net		40,630	62,434
Other assets		580,150	673,348
		<u>19,313,141</u>	<u>18,406,203</u>
TOTAL ASSETS		<u>40,882,954</u>	<u>39,456,248</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		7,578,875	7,418,166
Claims reserve - net		11,238,046	10,769,248
Mathematical reserve		50,414	81,573
Total Insurance Contracts Liabilities		<u>18,867,335</u>	<u>18,268,987</u>
Payables		2,513,906	2,970,741
Re-insurance and local insurance companies' accounts payable	13	3,771,588	3,178,439
Accrued expenses and sundry provisions	14	120,856	242,251
Provision for income tax	15	294,850	296,344
Deferred tax liabilities		26,864	26,864
Other liabilities		279,120	282,767
TOTAL LIABILITIES		<u>25,874,519</u>	<u>25,266,393</u>
<u>SHAREHOLDERS' EQUITY</u>			
Authorized and paid-up capital	1	8,000,000	8,000,000
Issuance premium		41,507	41,507
Statutory reserve		2,000,000	2,000,000
Financial assets valuation reserve - net	16	(857,124)	(611,881)
Retained earnings		4,760,229	4,760,229
Profit for the period		1,063,823	-
Total Shareholders' Equity		<u>15,008,435</u>	<u>14,189,855</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>40,882,954</u>	<u>39,456,248</u>

Chairman of the Board of Directors

General Manager

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

UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONDENSED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

		For the Three Months		For the Nine Months	
		Ended September 30,		Ended September 30,	
	Note	2020	2019	2020	2019
<u>Revenue:</u>		JD	JD	JD	JD
Gross written premiums		5,057,662	5,760,139	18,693,791	20,599,244
<u>Less:</u> Re-insurers' share		877,141	1,538,393	6,392,753	6,907,698
Net Written Premiums		4,180,521	4,221,746	12,301,038	13,691,546
Net change in unearned premiums reserve		(118,718)	204,057	(160,709)	(221,676)
Net change in mathematical reserve		-	-	31,159	32,652
Net Earned Written Premiums		4,061,803	4,425,803	12,171,488	13,502,522
Commissions' revenue		154,237	148,409	402,364	444,189
Insurance policies issuance fees		191,177	174,144	640,834	647,173
Interest revenue		157,639	172,944	349,673	506,512
Net gain from financial assets and investments	17	130,535	92,231	135,233	456,310
Other revenue		583	3	583	18,450
Total Revenue		4,695,974	5,013,534	13,700,175	15,575,156
<u>Claims, Losses and Expenses:</u>					
Paid claims		4,863,417	9,144,363	13,137,160	21,025,516
<u>Less:</u> Claims Recoveries		344,790	518,818	964,801	1,542,089
Re-insurers' share		1,326,986	4,754,333	3,453,552	7,871,938
Net paid claims		3,191,641	3,871,212	8,718,807	11,611,489
Net change in claims reserve		63,345	(182,069)	468,798	186,044
Allocated general and administrative expenses		114,314	118,497	444,297	413,569
Allocated employees' expenses		292,122	252,615	975,185	780,893
Excess of loss premiums		27,500	28,750	116,275	103,935
Policies acquisition cost		117,575	146,097	368,402	478,821
Other expenses related to underwriting		110,677	133,881	306,644	366,800
Net Claims Costs		3,917,174	4,368,983	11,398,408	13,941,551
Unallocated employees' expenses		41,195	33,356	137,713	97,308
Depreciation and amortization		96,112	92,721	286,594	282,217
Unallocated general and administrative expenses		28,576	29,624	111,074	103,392
Other expenses		7,500	6,666	27,500	25,833
Expected credit losses provision		250,000	-	350,000	111,200
Total Expenses		423,383	162,367	912,881	619,950
Income for the Period before Tax		355,417	482,184	1,388,886	1,013,655
Income tax expense	15	(102,809)	(111,252)	(293,883)	(206,038)
National Contribution Fees	15	(15,039)	(9,584)	(31,180)	(21,404)
Income for the Period		237,569	361,348	1,063,823	786,213
Earnings per Share for the Period	19	-/030	-/045	-/133	-/098

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STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)

	For the Three Months		For the Nine Months	
	<u>Ended September 30,</u>		<u>Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	JD	JD	JD	JD
Profit for the period	237,569	361,348	1,063,823	786,213
<b>Items that will not be transferred to the condensed interim statement of income in future:</b>				
(Loss) Gain from sale of financial assets through Comprehensive Income				
Change in the valuation reserve of financial assets at fair value - net	<u>51,740</u>	<u>(108,840)</u>	<u>(245,243)</u>	<u>35,259</u>
Total Comprehensive Income for the Period	<u>289,309</u>	<u>252,508</u>	<u>818,580</u>	<u>821,472</u>

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UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
(REVIEWED NOT AUDITED)

	Note	Paid-up Capital	Issuance Premium	Reserve Statutory	Financial Assets Valuation Reserve	Retained Earnings *	Profit For the Period	Total
		JD	JD	JD	JD	JD	JD	JD
<u>For the Nine Months Period Ended September 30, 2020</u>								
Balance - beginning of the period (Audited)		8,000,000	41,507	2,000,000	(611,881)	4,717,568	42,661	14,189,855
Profit for the period		-	-	-	-	-	1,063,823	1,063,823
Change in the valuation reserve of financial assets - net		-	-	-	(245,243)	-	-	(245,243)
Total comprehensive income		-	-	-	(245,243)	-	-	818,580
Balance - End of the Period (Reviewed)		8,000,000	41,507	2,000,000	(857,124)	4,717,568	1,063,823	15,008,435
<u>For the Nine Months Period Ended September 30, 2019</u>								
Balance - beginning of the period (Audited)		8,000,000	41,507	2,000,000	(240,847)	4,022,983	42,661	13,866,304
Profit for the period		-	-	-	-	-	786,213	786,213
Change in the financial assets valuation reserve - net		-	-	-	35,259	-	-	35,259
Total Comprehensive Income		-	-	-	35,259	-	-	821,472
Adjustments to the assets valuation reserve related to IFRS (9)		-	-	-	11,417	(11,417)	-	-
Dividend distributions		-	-	-	-	(400,000)	-	(400,000)
Gain from sale of financial assets through OCI		-	-	-	(5,792)	5,792	-	-
Balance - End of the Period (Reviewed)		8,000,000	41,507	2,000,000	(199,963)	3,617,358	786,213	14,287,776

ained earnings include JD 808,458 as of September 30, 2020, restricted against deferred tax assets which cannot be utilized in accordance with the instructions accounting to Jordan Securities Commi  
(JD 652,554 as of December 31, 2019).

- During the subsequent period, the general assembly of the company on May 27, 2020, agreed to suspend the distribution of profits for the year 2019, which was proposed by the Board of Directors statements for the year 2019.

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UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

		For the Nine Months Period Ended September 30,	
	Note	2020	2019
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period before tax		1,388,886	1,013,655
Adjustments:			
Depreciation and amortization		286,594	282,217
Expected credit loss provision		350,000	111,200
Sundry provisions	16	270,222	153,302
Change in the fair value of financial assets at fair value through profit or loss		17,733	(10,714)
Unearned premiums reserve - net		(160,709)	221,676
Claims provision - net		468,798	186,044
Mathematical reserve - net		31,159	(32,652)
(Gain) on sale of property and equipment		-	(18,447)
Cash Flows from Operating Activities before Changes in Working Capital Items		2,652,683	1,906,281
Decrease (increase) in cheques under collection		868,036	(161,340)
(Increase) in accounts receivable		(3,499,032)	(1,362,922)
Decrease (increase) in re-insurance and local insurance companies' accounts receivable		945,603	(587,602)
Decrease (increase) in other assets		93,198	(22,245)
(Decrease) increase in accounts payable		(456,835)	782,505
Increase in re-insurance and local insurance companies' accounts payable		593,149	455,880
(Decrease) in other liabilities		(3,647)	(23,956)
Net Cash Flows from Operating Activities before Provisions and Paid Tax		1,193,155	986,601
Income tax paid	15	(396,297)	(324,211)
Paid provisions		(391,617)	(153,036)
Net Cash Flows from Operating Activities		405,241	509,354
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in deposits at banks		1,004,955	(4,103,534)
(Purchase) / Proceeds from the maturity of financial assets at amortized cost		(1,986,000)	1,000,000
Sale of financial assets at fair value through other comprehensive income		140,320	11,542
Proceeds from the sale of financial assets at fair value through profit or loss		-	76,907
Proceeds from the sale of property and equipment		-	36,948
(Purchase) of property and equipment - net		(8,048)	(4,429)
(Purchase) of intangible assets		-	(6,000)
(Increase) in investment property - net		-	-
Net Cash Flows (used in) Investing Activities		(848,773)	(2,988,566)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributed dividends to shareholders		-	(400,000)
Net Cash Flows (used in) Financing Activities		-	(400,000)
Net (Decrease) in Cash		(443,532)	(2,879,212)
Cash and cash equivalents - beginning of the period		2,435,044	2,727,801
Cash and Cash Equivalents - End of the Period	20	1,991,512	(151,411)

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FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

UNITED INSURANCE COMPANY  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(REVIEWED NOT AUDITED)

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1. General

- a. United Insurance Company was established in 1972 and registered as a Jordanian Public Shareholding Limited Company under Number (74) according to the Companies Law and its amendments. Moreover, United Insurance Company was merged with Egyptian Orient Insurance Company and New India Insurance Company in Jordan. The merger took effect from the beginning of 1988 and the Company resulting from the merger (United Insurance Company) has become the general success of the Company. In addition, more capital adjustments were made, the last of which was during the year 2008, so that authorized and paid-up capital became JD 8 million, divided into 8 million shares at a par value of JD 1 each.

The Company's address is P.O. Box 7521, Building No. (188), Zahran Street – 11118 Amman, Jordan.

The Company's objective is conducting all types of insurance, including life insurance.

2. Basis of preparation

- The condensed interim financial information have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", and in accordance to the local laws and regulations in force, as well as the form prescribed by the Insurance administrative (previously known as the Insurance Commission).
- The condensed interim financial information are prepared on the historical cost basis except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed interim financial information date.
- The Jordanian Dinar is the functional and reporting currency of the condensed interim financial information.
- The condensed interim financial information does not include all the information and disclosures required for the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read with company's annual report for the year ended December 31, 2019. In addition, the results of the Company's operations for the nine months ended September 30, 2020 do not necessarily represent an indication of the expected results for the year ending December 31, 2020.
- The Company did not deduct any statutory reserves for the profit of the nine months ended September 30, 2020 in accordance with the regulations of the Companies Law and the issued instructions, as these financial information are interim information and the deductions are made at the end of the fiscal year.

### Judgments, Estimates and Risk Management

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's annual financial statements for the year ended December 31, 2019 , except for what is mentioned in note (3) below.

We believe that the estimates used in the preparation of these condensed interim financial information are consistent with those used in the annual financial information for the year ended December 31, 2019 except for the below:

The Coronavirus (Covid-19) outbreak in early 2020 in many geographical regions around the world has caused widespread disruptions to business, with a consequential negative impact on economic activity. Also, this event is witnessing continuous and rapid developments, which required the Company's management to conduct an evaluation of the expected effects on the Company's business inside and outside the kingdom, perform a study to review and evaluate potential risks, in addition to providing additional disclosures in the interim financial statements as of September 30, 2020. Accordingly, the Company has taken the following measures to contain the crisis:

- a. Before announcing any case of infection in Jordan, the Supreme Committee for Emergency has taken all necessary measures to ensure business continuity and customer service in the event of any emergency, through the formation of a specialized team to manage the crisis of the Coronavirus spread in coordination with various sector heads and executives to ensure the implementation of a set of procedures, the most important of which are the following:
  - Providing alternative locations for staff distribution to ensure work continuity and to maintain social distancing among employees.
  - Activating the remote work feature for sensitive jobs in order to ensure the continuity of the provision of customer service through electronic channels.
  - Maintaining the safety of both employees and clients by taking all measures related to the sterilization of branches and workplaces.
- b. In the aspect of monitoring the impact of the COVID 19 crisis on the results of the Company's operations, a set of assumptions was used, based on the interplay of two main pillars that enable the Company to monitor the impact of the crisis on its business. These two pillars are the following:

Global practices for calculating credit losses based on International Financial Reporting Standard No. (9), and amendment of the calculation models developed for this purpose in a manner that leads to taking into account the impact of (COVID-19) event, and reaching reasonable expectations for the expected outputs of the impact. In addition to Management's overlay in assessing the impact on specific sectors or specific clients based on the study of each sector or customer separately. Noting that the Company has a strong financial position and a strong capital base that enables it to absorb these traumas.

- c. The effect of the coronavirus (COVID-19) outbreak on the Company's liquidity levels. The Company has prepared all scenarios related to stressful situations, and it enjoys comfortable levels that enable it to respond to market conditions.
- d. The company has re-examined assets distribution strategy, as it took advantage of the increase in cash and deposits at banks to invest in items with high annual income, long term and high liquidity in order to be able to respond to any unexpected situations.

### 3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed interim financial information for the period ended on September 30, 2020 are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2019, except for the impact of the application of the new and amended International Financial Reporting Standards, which have become effective in the current period, as shown below:

#### **a. Amendments to IAS 1 and IAS 8 Definition of material**

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after January 1, 2020.

#### **- Amendments to IFRS 3 Definition of a business**

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020.

#### **- Amendments to References to the Conceptual Framework in IFRS Standards**

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS No. (2), (3), (6), (14), IAS No. (1), (8) and (34), IAS No. (38), IFRIC No. (12), (19), (20) and (22), and SIC- No. (32).

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2020.

#### 4. Deposits at Banks

- During the period ended September 30, 2020, annual interest rates on deposits in Jordanian Dinar ranged from 4% to 4.6% (6.0% to 6.5% during the period ended September 30, 2019).
- Deposits collateralized to the order of the General Director of the Insurance Commission in addition to his position amounted to JD 325,000 as of September 30, 2020 (JD 325,000 as of December 31, 2019).
- Restricted balances amounted to JD 300,000 as of September 30, 2020 (JD 300,000 as of December 31, 2019) representing cash margins for overdrafts granted to the Company in addition to the deposits collateralized to the order of the General Director of the Insurance Commission.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of their respective countries. Accordingly, the management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to expected credit losses for 12 months. Taking into account the historical default rates and the current credit ratings for banks.

#### 5. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
<u>Inside Jordan:</u>		
Listed shares in Amman stock exchange	124,306	142,039
	<u>124,306</u>	<u>142,039</u>

#### 6. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

<u>Company Name</u>	September 30, 2020	December 31, 2019
<u>Inside Jordan</u>	JD	JD
Quoted shares at Amman Stock Market	4,379,534	4,519,854
Unquoted shares at Amman Stock Market *	8,923	8,923
	<u>4,388,457</u>	<u>4,528,777</u>
<u>Outside Jordan</u>		
Arab Reinsurance Company *	201,583	201,583
	<u>4,590,040</u>	<u>4,730,360</u>

- \* This investment has been evaluated according to the equity method used and the Company's last audited financial statements, The Company has conducted a detailed study of the investee company and the company believes that there is no decline in terms of market value exceeding the book value.

#### 7. Financial Assets at Amortized Cost.

This item consists of the following:

<u>Company Name</u>	September 30, 2020	December 31, 2019
<u>Inside Jordan</u>	JD	JD
Arab Corp Bonds*	50,000	50,000
Al-Ahli Bank Bonds**	1,000,000	1,000,000
Jordanian Government Bonds***	1,988,000	-
<u>Less:</u> Declining in investing in Arab Corp provision	<u>(49,999)</u>	<u>(49,999)</u>
Balance	2,988,001	1,000,001
<u>Less:</u> Expected Credit Loss ****	<u>3,000</u>	<u>1,000</u>
Adjusted Balance	<u>2,985,001</u>	<u>999,001</u>

- \* ArabCorp bonds matured on April 1, 2014 and the original bond and any interest for the company were not paid during the years 2016 and 2017, a provision was made for the entire value of this bond and the suspension of interest recognition during the past years.
- \*\* On October 12, 2017, the Company invested in (10) loan bonds with a nominal value of 100,000 dinars / loan bond with a total value of one million dinars from the Jordan Ahli Bank with a contribution rate of 4% in the bonds, these bonds are due on November 12, 2023, with the benefit of issuing 6/75 % For the first six months, at a variable interest rate, where the interest is recalculated every six months during the life of the bond, so that the interest at the beginning of each period is equal to the discount interest rate at the central bank plus a margin of 2%.
- \*\*\* On June 17, 2020, the Company invested in (13) Jordanian government loan bonds with a nominal value of \$ 200,000 / loan bond and a total value of \$ 2,600,000 and on September 28, 2020, the Company invested in another one Jordanian government loan bond with a nominal value of \$ 200,000 / loan bond through the Housing Bank. These bonds are due on October 10, 2047, and at a fixed interest rate of 7/375% annually, it is calculated based on the number of actual days divided by 360 days.
- \*\*\*\* The movement in the allowance for expected credit losses on financial assets at amortized cost:

	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the beginning of the year	1,000	-
Effect of applying IFRS 9	-	1,000
Adjusted Balance	1,000	1,000
Additions during the period/ year	2,000	-
Balance – End of the Year	3,0000	1,000

#### 8. Investment Property - Net

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Land	646,985	646,985
Buildings	5,007,455	5,007,455
<u>Less: Accumulated depreciation</u>	<u>(772,524)</u>	<u>(708,050)</u>
Buildings - net of accumulated depreciation	4,234,931	4,299,405
Total	4,881,916	4,946,390

- The movement on the accumulated depreciation account was as follows:

	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance – beginning of the period / year	708,050	622,164
Depreciation expense	64,474	85,886
Balance at Period / Year - End	772,524	708,050

- Buildings are depreciated at an annual rate of 2% and are stated at the carrying amount.

9. Cheques under collection:

The maturity date of checks under collection extended to August 30, 2023.

- This item consists of the following:

	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance	2,273,424	3,141,460
Expected credit losses	(6,958)	(6,958)
	<u>2,266,466</u>	<u>3,134,502</u>

10. Receivables - Net

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Policyholders receivable	7,054,176	3,803,798
Agents receivable	696,854	926,421
Brokers receivable	1,437,021	1,477,317
Employees receivable	21,473	20,487
Lawsuit receivables	436,677	436,926
Related parties receivable (Note 21)	1,380,895	933,409
Others	145,250	76,956
	<u>11,172,346</u>	<u>7,675,314</u>
<u>Less:</u> Expected credit losses	<u>(1,879,335)</u>	<u>(1,531,335)</u>
Receivables – Net	<u>9,293,011</u>	<u>6,143,979</u>

- \* Movement on the provision excepted credit Losses was as follows:

	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the beginning of the year	1,531,335	1,633,795
Provision for the period/ year	348,000	-
Written off during the period/ year	-	(102,460)
Balance – End of the Year	<u>1,879,335</u>	<u>1,531,335</u>

- The aging of receivables is as follows:

	September 30, 2020	December 31, 2019
	JD	JD
Less than 90 days	4,429,160	3,152,914
90 – 180 days	2,919,485	2,248,047
181 – 270 days	1,813,080	503,238
271 – 360 days	599,127	467,393
More than 360 days	1,411,494	1,303,722
	<u>11,172,346</u>	<u>7,675,314</u>

- The company always measures the provision for loss for debtors at an amount equal to the expected credit losses over the life of the debt using the simplified approach. The expected credit losses on debtors are estimated using an allowance matrix by referring to previous experiences with the customer and an analysis of the debtor's current financial position, adjusting it according to the debtors' factors, the general economic conditions of the field in which the debtors operate and an assessment of the current trend as well as the expected trend of conditions at the date of the report.

**11. Property and Equipment's - Net**

During the nine months ended September 30, 2020, purchased property and equipment 8,048 JD. The company did not sell property and equipment. The value of depreciation for the period reached 200,316 JD.

**12. Re-insurance and Local Insurance Companies' Accounts Receivable-net**

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Local insurance companies	488,536	580,256
Foreign re-insurance companies	116,656	970,539
	605,192	1,550,795
<u>Less: Expected credit losses *</u>	<u>(35,207)</u>	<u>(35,207)</u>
Re-insurance Companies' Accounts – Net	569,985	1,515,588

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

	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the beginning of the period / year	35,207	77,345
Written off during the period / year	-	(42,138)
Balance at End of Period /Year	35,207	35,207

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

	September 30, 2020	December 31, 2019
	JD	JD
Less than 90 days	497,302	870,583
90 – 180 days	26,544	663,397
181 – 270 days	74,503	719
271 – 365 days	6,843	16,096
Total	605,192	1,550,795

- A provision is booked for reinsurers' expected credit Loss with due age of more than one year and with no repayments and according to the management estimates. Thus, The Company always measures the loss provision for reinsurance receivables at an amount equal to the expected credit losses over the life of the liability, using the simplified approach. The expected credit losses are estimated on the receivables of reinsurers using a matrix of allocations by referring to previous experiences with the repeater and an analysis of the current financial position of the repeater, with adjustments according to factors specific to the reinsurers receivables, the general economic conditions of the field in which the reinsurer operates and an assessment of the current trend as well as the expected direction of the conditions on the date of the report.



**13. Re-insurance and Local Insurance Companies' Accounts Payable**

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Local insurance companies	3,508,424	2,918,817
Foreign re-insurance companies	263,164	259,622
	<u>3,771,588</u>	<u>3,178,439</u>

**14. Accrued Expenses and Various Provisions**

This item consists of the following:

	September 30, 2020	December 31, 2019
	JD	JD
Provision for the Insurance Administration fees	10,853	8,111
End of service provision	16,600	98,370
Accrued bonuses	93,403	135,770
	<u>120,856</u>	<u>242,251</u>

The following table illustrates the movement on accrued expenses and the various provisions:

	Balance Beginning of the Period	Booked for the Period	Released During the Period	Balance ending of the period
	JD	JD	JD	JD
Accrued expense for the Insurance Administration	8,111	120,384	(117,642)	10,853
End of service indemnity	98,370	52,338	(134,108)	16,600
Accrued bonuses	135,770	97,500	(139,867)	93,403
	<u>242,251</u>	<u>270,222</u>	<u>(391,617)</u>	<u>120,856</u>

**15. Income Tax**

The Movement on the income tax provision is as follows:

	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the beginning of the period / year	296,344	240,223
Income tax paid	(364,782)	(291,227)
Income tax expense for the period / year	355,600	357,088
Income tax for prior years	8,023	-
National Contribution Fees **	31,180	31,489
Tax paid on interest deposits	(31,515)	(41,299)
Balance at the End of the Period / Year	<u>294,850</u>	<u>296,344</u>

- Income tax in the statement of income represents the following:

	For the Nine Months Ended September 30, 2020	2019
	JD	JD
Income tax for the period profit	355,600	239,037
Accrued income tax from prior years	8,023	-
	<u>363,623</u>	<u>239,037</u>
Deferred tax assets	(69,740)	(32,999)
	<u>293,883</u>	<u>206,038</u>

\*\* During the year 2019, the national contribution fees for the public joint-stock companies were approved at 2% of the total subject income.

- A final settlement has been reached regarding the company's tax status up to the year 2018. Income tax returns have been submitted for the year 2019, these returns have not been reviewed by the Sales and Income Tax Department so far.

**16. Financial Assets Valuation Reserve - Net**

This item consists of the following:

	For the Nine Months Ended September 30, 2020	For the Year Ended December 31, 2019
	JD	JD
Balance at the beginning of the period/ year	(611,886)	(240,847)
(Loss) on sale of financial assets through other comprehensive income	-	(9,388)
	<u>(611,886)</u>	<u>(250,235)</u>
Change during the period/ year	(331,401)	500,574
transferred from deferred tax assets	86,163	138,928
Net Change during the period/ year	<u>(245,238)</u>	<u>(361,646)</u>
Balance – End of Period/ Year	<u>(857,124)</u>	<u>(611,881)</u>

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

This item consists of the following:

	For the Nine Months Ended September 30,	
	2020	2019
	JD	JD
Cash dividends from financial assets at fair value through profit or loss	-	1,885
Cash dividends (financial assets at fair value through other comprehensive income)	77,577	305,934
Rental income - net	75,389	142,654
Loss on sale of financial assets at fair value through income statement	-	(4,877)
Net change in financial assets fair value through income statement	<u>(17,733)</u>	<u>10,714</u>
	<u>135,233</u>	<u>456,310</u>

**18. Expected credit losses**

This item consists of the following:

	For the Nine Months Period Ended September 30,	
	2020	2019
	JD	JD
Deposits at banks	-	-
Cheques under collection	-	-
Account receivables	348,000	111,200
Loan bonds	2,000	-
	<u>350,000</u>	<u>111,200</u>

## 19. Earnings per Share

Earnings per share have been computed by dividing profit for the period by the outstanding shares. The details are as follows:

	For the Nine Months Period Ended September 30,	
	2020	2019
	JD	JD
Income for the period	1,063,823	786,213
Weighted average number shares	8,000,000	8,000,000
Basic and diluted earnings per share	-/133	-/098

## 20. Cash and Cash Equivalent

The details of this item are as follows:

	September 30, 2020	December 31, 2019
	JD	JD
Cash on hand	8,629	2,886
Deposits at banks maturing within three months	1,833,557	2,000,000
Current accounts at banks	774,326	1,057,157
<u>Less: Restricted deposits</u>	<u>(625,000)</u>	<u>(625,000)</u>
	<u>1,991,512</u>	<u>2,435,044</u>

## 21. Transactions with Related Parties

- The Company entered into transactions with major shareholders, members of the Board of Directors, and executive management within its regular activities.
- The following is a summary of the transactions with related parties:

	September 30, 2020	December 31, 2019
	JD	JD
<b><u>Statement of Financial Position Items:</u></b>		
<b><u>Accounts receivable:</u></b>		
Jordan Projects for Tourism Development *	231,081	495
Jordan Paper and Cardboard Company * / **	387,627	387,627
Modern Arab Distribution Company Ltd *	277,035	185,666
Yousef Nader & Sons Company *	144,710	77,402
Specialized Logistics Services Company	-	74,973
General Investment Company *	123,583	18,937
Abu Jaber Brothers Company *	106,428	87,592
Board of Directors and Shareholders Receivables	2,924	9,299
Communication Development Company *	7,233	7,233
Saed Abu Jaber and Sons Company	9,249	12,599
Al Awael Distribution and General Trading Company	-	2,718
Arabian Italian Trading Company	9,116	7,333
Specialized Distributors for consumer goods Company	43,581	39,836
Bidfood Service Middle East- Jordan Company	11,087	10,688
Jordan Distribution Company and Agencies *	14,339	-
Al-Yadouda Trading Company *	1,856	1,856
Aqaba Packaging company-Aqaba Special Economic Zone	6,244	9,155
Jordanian Spectrum for Information Technology Company	4,802	-
	<u>1,380,895</u>	<u>933,409</u>
	September 30, 2020	December 31, 2019
	JD	JD
<b><u>Checks under Collection:</u></b>		
Jordan Projects for Tourism Development Company *	283,024	380,839
Orient Insurance Company *	92,802	92,803
Abu Jaber Brothers Company *	11,460	-
	<u>342,287</u>	<u>473,642</u>

	September 30, 2020	December 31, 2019
<b><u>Accounts Payable:</u></b>	JD	JD
Marina Plaza Hotel	169	169
Modern Arab Distribution Company	7	7
Board of Directors and Shareholders Receivables	19,560	10,850
Al-Ayoubi Factory for metal Furniture *	4,603	-
	<u>24,339</u>	<u>11,026</u>

	For the Nine Months Ended September 30,	
	2020	2019
<b><u>Income Statement Items:</u></b>	JD	JD
Revenues and commissions on underwritten installments	914,730	1,276,653
Paid claims	463,619	481,806
Rental income	184,625	281,134

\* Company partially owned by a member of Board of Directors.

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

	For the Nine Months Ended September 30	
	2020	2019
<u>Description</u>	JD	JD
Salaries and other benefits	<u>598,568</u>	<u>475,209</u>

## 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 3,974,567 as of September 30, 2020. In the opinion of the Company's management and its lawyer, no additional liabilities in excess of the provisions booked within the claims reserve.

There are lawsuits by the Company against others. The total estimated cases amounted to about JD 2,026,775 as of September 30, 2020.

## 23. Contingent Liabilities

As of the date of the statement of financial position, the Company was contingently liable for bank guarantees of JD 301,396 and cash collaterals for letters of credit of Euro 1,440.

## 24. Information on Geographical Distribution

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

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

		Inside Jordan	
		For the Nine Months Ended September 30,	
		2020	2019
		JD	JD
Earned premiums revenue		12,171,488	13,502,521
Interest revenue		349,673	506,512
Investment revenue		135,223	468,727
Other revenues		583	18,450
Capital expenditures		200,315	982,650

  

	Inside Jordan		Outside Jordan		Total	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
	JD	JD	JD	JD	JD	JD
Total assets	38,576,715	38,284,126	2,306,239	1,172,122	40,882,954	39,456,248

- The sectoral distribution of the company's business has been disclosed through the lists of revenues and the cost of compensation for the insurance business.

## 25. Dividend Distribution

The general Assembly of the company, which was on May 27, 2020, agreed to suspend the distribution of profits for the year 2019, which was proposed by the Board of Directors in the financial statements for the year 2019.

## 26. COVID-19 pandemic effect

During March 2020, the World Health Organization classified the COVID-19 virus as a global pandemic, affecting supply and demand, which in turn negatively affected global markets, and the pandemic changed social behavior due to the stone imposed by governments.

The company has documented a business continuity plan that has been activated to ensure the security and stability of business continuity. A dedicated Business Continuity Planning Committee has been formed to identify and oversee the implementation of the Business Continuity Plan related to the impact of the COVID-19 pandemic, which consists of measures to identify and reduce major problems related to financial and operating activities.

The company assessed the impact of COVID-19 and concluded that there were no material changes in the financial position and financial performance as of September 30, 2020. Based on this conclusion, the company decided that it is not necessary to change the assumptions and estimates as of September 30, 2020 from those that were followed in the financial statements as of December 31, 2019, with the exception of updating the future aspirations of the assumptions used to determine the impact of the expected credit losses.

The management believes that the impact of COVID-19 on the company's insurance operations does not constitute a major impact as the company has implemented business plans and strategies to reduce the financial and operational impact of the pandemic effect as much as possible, knowing that the future impact of the pandemic on business is not expected, and therefore the company continues to update plans for research and response to the pandemic.

27. Fair Value Hierarchy

A. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

Financial Assets/ Financial Liabilities	Fair Value		Fair Value Hierarchy	Valuation Techniques and Key Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	September 30, 2020	December 31, 2019				
	JD	JD				
<b>Financial Assets at Fair Value Through Income Statement</b>						
Shares with available market prices	124,306	142,039	Level One	Stated Rates in financial markets	Not Applicable	Not Applicable
	<u>124,306</u>	<u>142,039</u>				
<b>Financial Assets at Fair Value through statement of Comprehensive Income</b>						
Shares without market prices	210,506	210,506				
Shares with available market prices	<u>4,379,534</u>	<u>4,519,854</u>				
	<b><u>4,590,040</u></b>	<b><u>4,730,360</u></b>				

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the condensed interim financial statements approximates their fair value because the Company's management believes that the carrying value of the items is equivalent to their fair value. This is due to either maturity or short-term interest rates repriced during the period.

	September 30, 2020		December 31, 2019		Fair Value Hierarchy
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
<b>Financial assets without specific at fair value</b>					
Deposits at banks	8,988,550	9,067,796	10,232,255	10,417,113	Level 2
Investment properties	<u>4,881,916</u>	<u>7,488,355</u>	<u>4,946,390</u>	<u>7,488,355</u>	Level 2
<b>Total financial assets without specific at fair value</b>	<b><u>13,870,466</u></b>	<b><u>16,556,151</u></b>	<b><u>15,178,645</u></b>	<b><u>17,905,468</u></b>	

The fair values of the above financial assets and financial liabilities included in level 2 categories have been determined in accordance with the generally accepted pricing models, which reflects the credit risk of counterparties.

28. Approval of the Condensed Interim Financial Information.

.The accompanying condensed interim financial information was approved by the Board of Directors on October 26, 2020.