



بورصة عمان  
شركة التأمين الوطنية  
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الوطنية

شركة التأمين الوطنية



Ref : Acc / 244 / 2020

Date : 06 / 08 / 2020

هيئة الأوراق المالية  
الدائرة الإدارية / الديوان

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الرقم المتسلسل ٣٨٩٥

الجهة المختصة ١٢/١٢/٢٠٢٠

اشارة رقم : م ح / 244 / 2020

التاريخ : 2020/08/06

To : Jordan Securities

Commission Amman Stock Exchange

السادة : هيئة الأوراق المالية

السادة بورصة عمان

Subject : Semi-Annual Report as of

30/06/2020

الموضوع : التقرير نصف السنوي كما هو في

2020/06/30

مرفق طيه نسخة من التقرير نصف السنوي لشركة التأمين الوطنية م.ع.م كما هو بتاريخ 2020/06/30 باللغتين العربية والانجليزية. Attached the Semi-Annual Report of National Insurance Co. as of 30/06/2020 in Arabic and English languages.

kindly accept our highly appreciation  
and respect

وتفضلوا بقبول فائق الاحترام ،،،

National Insurance Co

شركة التأمين الوطنية م.ع.م

General Manager

المدير العام

Dr. Manal Jarrar

د. منال جرار

**NATIONAL INSURANCE COMPANY**

**(PUBLIC SHAREHOLDING COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**30 JUNE 2020**

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

## **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of **NATIONAL INSURANCE COMPANY** (a public shareholding company) and its subsidiary ("the Group") as of 30 June 2020, comprising of interim consolidated statement of financial position as of 30 June 2020 and the related interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity, and interim consolidated statement of cash flows for the six months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## **Scope of review**

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

## **Conclusion**

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

Amman – Jordan  
27 July 2020



**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020 (UNAUDITED)**

	Notes	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>Assets</b>			
<b>Investments-</b>			
Deposits at banks	3	6,802,629	7,784,091
Financial assets at fair value through other comprehensive income		3,064,629	3,636,513
Financial assets at amortized cost		5,537,152	4,727,962
Investment properties		450,177	459,826
<b>Total Investments</b>		<b>15,854,587</b>	<b>16,608,392</b>
<b>Other assets-</b>			
Cash on hands and at banks		596,095	318,811
Notes receivables and checks under collection		993,356	995,353
Account receivables, net	4	7,556,392	5,504,753
Reinsurance receivables, net	5	1,159,523	1,194,673
Deferred tax assets	6	346,663	350,457
Property and equipment, net		598,536	614,708
Other assets		1,221,308	1,233,978
<b>Total other assets</b>		<b>12,471,873</b>	<b>10,212,733</b>
<b>Total Assets</b>		<b>28,326,460</b>	<b>26,821,125</b>
<b>Liabilities and Equity</b>			
<b>Technical Reserves-</b>			
Unearned premium reserve, net		4,887,197	5,618,366
Outstanding claims reserve, net		7,354,566	7,153,116
Mathematical reserve, net		62,621	38,088
<b>Total Technical Reserves Liabilities</b>		<b>12,304,384</b>	<b>12,809,570</b>
<b>Other liabilities-</b>			
Accounts payable		3,128,317	2,222,922
Accrued expenses		248,549	80,658
Reinsurance payables		1,804,552	946,298
Other provisions		30,352	30,253
Income tax provision	6	161,644	32,147
Other liabilities		1,404,718	1,612,802
<b>Total other liabilities</b>		<b>6,778,132</b>	<b>4,925,080</b>
<b>Total Liabilities</b>		<b>19,082,516</b>	<b>17,734,650</b>
<b>Equity</b>			
Paid in capital		8,000,000	8,000,000
Statutory reserve		1,356,991	1,356,991
Voluntary reserve		311,000	311,000
Fair value reserve		(1,588,903)	(962,630)
Retained earnings		381,114	381,114
Profit for the period		783,742	-
<b>Net Shareholders' Equity</b>		<b>9,243,944</b>	<b>9,086,475</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>28,326,460</b>	<b>26,821,125</b>

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

		Three months period ended 30 June		Six months period ended 30 June	
	Notes	2020 JD	2019 JD	2020 JD	2019 JD
<b>Revenues –</b>					
Gross written premiums		3,966,334	4,573,477	8,996,881	9,121,580
Less: reinsurance share		1,258,180	1,341,720	3,582,239	2,732,135
<b>Net written premiums</b>		<u>2,708,154</u>	<u>3,231,757</u>	<u>5,414,642</u>	<u>6,389,445</u>
Net change in unearned premiums reserve		288,592	184,212	731,169	843,651
Net change in mathematical reserve		(18,353)	(11,774)	(24,533)	(10,449)
<b>Net earned premiums</b>		<u>2,978,393</u>	<u>3,404,195</u>	<u>6,121,278</u>	<u>7,222,647</u>
Commissions income		94,436	143,968	288,909	231,006
Insurance policies issuance fees		145,611	180,963	338,590	396,859
Other income related to written premiums		134,453	88,464	357,947	115,752
Interest income		179,477	177,366	360,445	359,765
Gain from financial assets		91,622	104,686	91,622	244,288
Investments properties' rental income		6,000	-	6,000	-
Other income		283	-	663	846
<b>Total revenues</b>		<u>3,630,275</u>	<u>4,099,642</u>	<u>7,565,454</u>	<u>8,571,163</u>
<b>Claims, losses and related expenses</b>					
Paid claims		2,601,303	4,609,474	7,074,578	9,771,749
Less: recoveries		138,295	843,186	452,068	1,619,553
Less: reinsurance share		813,784	774,222	2,069,267	1,801,817
<b>Paid claims, net</b>		<u>1,649,224</u>	<u>2,992,066</u>	<u>4,553,243</u>	<u>6,350,379</u>
Net change in claims reserve		406,372	(230,519)	201,450	(200,237)
Policies acquisition costs		178,018	288,249	393,322	577,201
Excess of loss premiums		51,031	58,925	102,062	117,850
Allocated employees' expenses		239,151	269,836	446,731	486,536
Allocated administrative and general expenses		124,296	135,391	253,643	273,153
Other expenses		110,184	136,490	218,025	249,443
<b>Net Claims costs</b>		<u>2,758,276</u>	<u>3,650,438</u>	<u>6,168,476</u>	<u>7,854,325</u>
Unallocated employees' expenses		25,985	36,153	48,273	61,927
Depreciation		12,982	13,289	26,436	26,059
Administrative and unallocated general expenses		46,369	33,848	78,705	68,289
Expected credit loss	4	250,000	-	300,000	-
Other expenses		18,023	4,119	21,289	11,053
<b>Total expenses</b>		<u>353,359</u>	<u>87,409</u>	<u>474,703</u>	<u>167,328</u>
<b>Profit for the period before tax</b>		<u>518,640</u>	<u>361,795</u>	<u>922,275</u>	<u>549,510</u>
Income tax expense	6	(136,973)	(77,832)	(138,533)	(123,309)
<b>Profit for the period</b>		<u>381,667</u>	<u>283,963</u>	<u>783,742</u>	<u>426,201</u>
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share	7	<u>0/048</u>	<u>0/035</u>	<u>0/098</u>	<u>0/053</u>

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Three months period ended 30 June		Six months period ended 30 June	
	2020	2019	2020	2019
	JD	JD	JD	JD
<b>Profit for the period</b>	381,667	283,963	783,742	426,201
<b>Add: Other comprehensive income items after tax which will not to be reclassified to profit and loss in subsequent periods:</b>				
Changes in fair value of financial assets at fair value through other comprehensive income, net after tax	(250,441)	126,764	(626,273)	44,955
<b>Total comprehensive income for the period</b>	<b>131,226</b>	<b>410,727</b>	<b>157,469</b>	<b>471,156</b>

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary reserve	Fair value reserve	Retained earnings (Accumulated losses)	Profit for the period	Total
	JD	JD	JD	JD	JD	JD	JD
<b>For the period ended 30 June 2020 -</b>							
<b>Balance at 1 January 2020 –</b>	8,000,000	1,356,991	311,000	(962,630)	381,114	-	9,086,475
<b>Total comprehensive income for the period</b>	-	-	-	(626,273)	-	783,742	157,469
<b>Balance at 30 June 2020</b>	<u>8,000,000</u>	<u>1,356,991</u>	<u>311,000</u>	<u>(1,588,903)</u>	<u>381,114</u>	<u>783,742</u>	<u>9,243,944</u>
<b>For the period ended 30 June 2019 -</b>							
<b>Balance at 1 January 2019 –</b>	8,000,000	1,305,481	311,000	(919,754)	(28,547)	-	8,668,180
<b>Total comprehensive income for the period</b>	-	-	-	44,955	-	426,201	471,156
<b>Balance at 30 June 2019</b>	<u>8,000,000</u>	<u>1,305,481</u>	<u>311,000</u>	<u>(874,799)</u>	<u>(28,547)</u>	<u>426,201</u>	<u>9,139,336</u>

Included in the retained earnings a restricted amount of JD 346,663 in accordance with the Jordan securities commission regulations representing deferred tax assets as of 30 June 2020 (31 December 2019: JD 350,457), in addition to an amount of JD 1,588,903 restricted from retained earnings representing the negative fair value reserve as of 30 June 2020 (31 December 2019: JD 962,630).

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

		For the six months ended 30 June	
	Note	2020	2019
		JD	JD
<b>FROM OPERATING ACTIVITIES</b>			
Profit for the period before tax		922,275	549,510
<b>Adjustment for non-cash items</b>			
Depreciation		26,436	26,059
Profit on sale property and equipment		(59)	-
Interest income		(360,445)	(359,765)
Dividends from financial assets through other comprehensive income		(91,622)	(244,288)
Net change in outstanding claims reserve		201,450	(200,237)
Net change in unearned premiums reserve		(731,169)	(843,651)
Net change in mathematical reserve		24,533	10,449
Insurance Department fees provision		57,716	58,212
Group life insurance fees provision		1,384	7,933
Amortization of financial assets at amortized cost		3,199	2,662
<b>Cash flows from (used in) operating activities before changes in working capital</b>		53,698	(993,116)
Notes receivables and checks under collection		1,997	15,060
Accounts receivable		(2,051,639)	(343,795)
Reinsurance receivables		35,150	135,768
Other assets		12,670	(408,341)
Accounts payables		905,395	110,798
Accrued expenses		167,891	(19,398)
Reinsurance payables		858,254	(71,365)
Other payables		(196,310)	696,581
Other provisions		(59,001)	(67,517)
<b>Net cash flows (used in) operating activities before tax</b>		(271,895)	(945,325)
Income tax paid on interest		(17,016)	(16,493)
<b>Net cash flows (used in) operating activities</b>		(288,911)	(961,818)
<b>INVESTING ACTIVITIES</b>			
Term deposits mature after 3 months		(930,875)	(504,586)
Proceeds from sale of financial assets at fair value through other comprehensive income		80,531	-
Purchase of financial assets at fair value through other comprehensive income		(134,921)	-
Purchase of financial assets at amortized cost		(2,080,389)	(2,120,400)
Purchase of property and equipment		(615)	(11,113)
Proceeds from sale of financial assets at amortized cost		1,268,000	-
Proceed from sale of property and Equipment		60	-
Interest income		360,445	359,765
Dividends from financial assets through other comprehensive income		91,622	244,288
<b>Net cash flows (used in) investing activities</b>		(1,346,142)	(2,032,046)
<b>Net (decrease) in cash and cash equivalent</b>		(1,635,053)	(2,993,864)
Cash and cash equivalents at beginning of the period		3,066,057	4,178,968
<b>Cash and cash equivalents at the end of the period</b>	8	1,431,004	1,185,104

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDER WRITING REVENUES FOR LIFE INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Life insurance business	
	Six months period ended 30	
	June	
	2020	2019
	JD	JD
<b>Written Premiums –</b>		
Direct insurance	230,957	216,459
Reinsurance inward business	64,974	59,402
<b>Total written premiums</b>	<b>295,931</b>	<b>275,861</b>
Less:		
Local reinsurance share	43,886	49,530
Foreign reinsurance share	136,596	133,945
<b>Net premiums</b>	<b>115,449</b>	<b>92,386</b>
Add:		
Balance at the beginning of the period	85,925	133,228
Less: reinsurance share	47,837	80,528
<b>Net mathematical reserve at the beginning of the period</b>	<b>38,088</b>	<b>52,700</b>
Less:		
Balance at the end of the period	155,641	157,257
Less: reinsurance share	93,020	94,108
<b>Net mathematical reserve at the end of the period</b>	<b>62,621</b>	<b>63,149</b>
<b>Net earned revenue from written Premiums- net</b>	<b>90,916</b>	<b>81,937</b>

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF CLAIMS COST FOR LIFE INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Life insurance business	
	Six months period ended 30	
	June	
	2020	2019
	JD	JD
Paid claims	41,745	51,188
Less:		
Foreign reinsurance share:	32,828	41,390
Net paid claims	8,917	9,798
Add:		
Claims reserve at the end of the period		
Reported	137,270	35,618
Not reported	25,933	24,612
Less:		
Reinsurance share	99,804	28,092
<b>Net claims reserve at the end of the period</b>	<b>63,399</b>	<b>32,138</b>
Reported	53,639	23,639
Not reported	9,760	8,499
Less:		
Claims reserve at the beginning of the period		
Reported	74,040	33,245
Not reported	24,728	30,414
Less:		
Reinsurance share	61,961	32,943
<b>Net claims reserve at the beginning of the period</b>	<b>36,807</b>	<b>30,716</b>
<b>Net claims cost</b>	<b>35,509</b>	<b>11,220</b>

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDER WRITING RESULTS FOR LIFE INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Life insurance business	
	Six months period ended 30	
	June	
	2020	2019
	JD	JD
<b>Net earned revenue from written premiums</b>	90,916	81,937
Less:		
<b>Net claims cost</b>	35,509	11,220
Add:		
Commissions received	1,071	1,527
Insurance policies issuance fees	2,483	2,438
<b>Total revenues</b>	3,554	3,965
Less:		
Policy acquisition cost	5,662	2,230
Allocated Administrative and general expenses	21,728	32,053
Other expenses	471	7,933
<b>Total expenses</b>	27,861	42,216
<b>Underwriting profit</b>	31,100	32,466

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDER WRITING REVENUES FOR GENERAL INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Written Premiums:</b>												
Direct insurance	3,750,554	4,622,713	274,664	316,233	1,566,189	941,431	35,795	35,536	2,665,194	2,436,927	8,312,396	8,352,840
Optional reinsurance inward business	317,435	396,270	333	(2,656)	70,615	98,994	171	271	-	-	388,554	492,879
<b>Total Premiums</b>	<b>4,067,989</b>	<b>5,018,983</b>	<b>274,997</b>	<b>313,577</b>	<b>1,636,804</b>	<b>1,040,425</b>	<b>35,966</b>	<b>35,807</b>	<b>2,665,194</b>	<b>2,436,927</b>	<b>8,700,950</b>	<b>8,845,719</b>
Less:												
Local reinsurance share	127,262	80,824	2,019	-	180,308	185,992	2,735	6,185	-	-	312,324	274,001
Foreign reinsurance share	62,415	88,497	211,957	213,127	1,221,611	570,817	25,722	14,576	1,567,728	1,387,642	3,089,433	2,274,659
<b>Net Written Premiums</b>	<b>3,878,312</b>	<b>4,849,662</b>	<b>61,021</b>	<b>100,450</b>	<b>254,885</b>	<b>282,616</b>	<b>7,509</b>	<b>15,046</b>	<b>1,097,466</b>	<b>1,049,285</b>	<b>5,299,193</b>	<b>6,297,059</b>
Add:												
Balance at the beginning of the period												
Unearned premiums reserve	5,497,062	5,870,133	76,369	138,310	937,608	1,428,065	23,979	72,381	661,276	906,795	7,196,294	8,415,684
Less: Reinsurance share	281,222	224,401	55,007	95,227	846,592	1,338,003	14,087	58,481	381,020	292,945	1,577,928	2,009,057
<b>Net Unearned Premiums Reserve</b>	<b>5,215,840</b>	<b>5,645,732</b>	<b>21,362</b>	<b>43,083</b>	<b>91,016</b>	<b>90,062</b>	<b>9,892</b>	<b>13,900</b>	<b>280,256</b>	<b>613,850</b>	<b>5,618,366</b>	<b>6,406,627</b>
Less:												
Balance at the end of the period												
Unearned premiums reserve	4,513,324	5,311,640	71,373	80,527	1,358,332	1,207,304	28,830	36,641	952,734	672,185	6,924,593	7,308,297
Less: Reinsurance share	227,269	210,497	61,067	57,526	1,166,774	995,553	22,914	23,813	559,372	458,132	2,037,396	1,745,321
<b>Unearned Premiums Reserve- net</b>	<b>4,286,055</b>	<b>5,101,143</b>	<b>10,306</b>	<b>23,001</b>	<b>191,558</b>	<b>211,951</b>	<b>5,916</b>	<b>12,828</b>	<b>393,362</b>	<b>214,053</b>	<b>4,887,197</b>	<b>5,562,976</b>
<b>Earned revenue from written Premiums- net</b>	<b>4,808,097</b>	<b>5,394,251</b>	<b>72,077</b>	<b>120,532</b>	<b>154,343</b>	<b>160,727</b>	<b>11,485</b>	<b>16,118</b>	<b>984,360</b>	<b>1,449,082</b>	<b>6,030,362</b>	<b>7,140,710</b>

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF CLAIMS COST FOR GENERAL INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Paid claims</b>	4,074,451	6,577,501	75,152	137,450	257,296	417,689	7,534	27,969	2,618,400	2,559,952	7,032,833	9,720,561
Less:												
Recoveries	428,514	1,499,354	-	60,690	-	17,015	-	-	23,554	42,494	452,068	1,619,553
Local reinsurance share	-	-	-	-	2,766	231,505	-	-	-	-	2,766	231,505
Foreign reinsurance share	120,748	157,779	52,824	92,532	217,098	148,076	3,308	19,750	1,639,695	1,110,785	2,033,673	1,528,922
<b>Net Paid Claims</b>	3,525,189	4,920,368	22,328	(15,772)	37,432	21,093	4,226	8,219	955,151	1,406,673	4,544,326	6,340,581
Add:												
Outstanding Claims Reserve at the end of the period												
Reported	6,623,993	5,839,521	164,508	491,869	2,976,610	2,822,299	221,539	221,721	399,119	483,193	10,385,769	9,858,603
Not reported	1,350,309	900,309	5,774	6,305	25,627	23,608	587	837	115,465	159,780	1,497,762	1,090,839
Less:												
Reinsurance share	730,565	615,993	139,225	452,407	2,851,477	2,724,905	127,136	151,268	344,922	396,466	4,193,325	4,341,039
Recoveries	399,039	358,087	-	-	-	-	-	-	-	-	399,039	358,087
<b>Net Outstanding Claims Reserve at the end of the period</b>	6,844,698	5,765,750	31,057	45,767	150,760	121,002	94,990	71,290	169,662	246,507	7,291,167	6,250,316
Reported	5,584,389	4,955,441	29,547	43,790	147,763	117,439	94,817	70,967	130,901	190,284	5,987,417	5,377,921
Not reported	1,260,309	810,309	1,510	1,977	2,997	3,563	173	323	38,761	56,223	1,303,750	872,395
Less:												
Net outstanding claims reserve at the beginning of the period												
Reported	6,173,647	5,853,204	473,598	247,809	3,088,755	3,052,359	225,948	246,990	571,166	195,048	10,533,114	9,595,410
Not reported	1,350,309	900,309	6,160	5,618	19,463	26,836	586	1,887	158,147	460,323	1,534,665	1,394,973
Less:												
Reinsurance share	636,111	550,178	434,071	199,970	2,934,406	2,954,186	129,318	171,053	503,729	228,347	4,637,635	4,103,734
Recoveries	313,835	434,674	-	-	-	-	-	-	-	-	313,835	434,674
<b>Net Outstanding Claims Reserve at the beginning of the period</b>	6,574,010	5,768,661	45,687	53,457	173,812	125,009	97,216	77,824	225,584	427,024	7,116,309	6,451,975
<b>Net Claims Cost</b>	3,795,877	4,917,457	7,698	(23,462)	14,380	17,086	2,000	1,685	899,229	1,226,156	4,719,184	6,138,922

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

**NATIONAL INSURANCE COMPANY  
PUBLIC SHAREHOLDING COMPANY  
STATEMENT OF UNDERWRITING RESULTS FOR GENERAL INSURANCE  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Motor		Marine and transportations		Fire and property		Liability		Medical		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>Net earned revenue from written premiums</b>	4,808,097	5,394,251	72,077	120,532	154,343	160,727	11,485	16,118	984,360	1,449,082	6,030,362	7,140,710
Less:												
<b>Net claims cost</b>	3,795,877	4,917,457	7,698	(23,462)	14,380	17,086	2,000	1,685	899,229	1,226,156	4,719,184	6,138,922
Add:												
Commissions received	12,508	17,825	81,845	121,612	193,119	89,185	366	857	-	-	287,838	229,479
Insurance policies issuance fees	210,379	286,561	7,274	8,472	15,608	11,666	753	894	102,083	106,828	336,107	394,421
Other income related to written premiums	70,715	28,722	-	-	-	-	-	-	287,232	87,030	357,947	115,752
<b>Total revenues</b>	293,602	313,108	89,119	130,084	208,727	100,851	1,119	1,751	399,325	193,858	981,892	739,652
Less:												
Policies acquisition cost	301,945	462,168	2,939	8,664	23,395	46,332	122	1,417	59,259	56,190	387,660	574,971
Excess of loss premiums	58,250	68,850	4,406	5,000	39,406	44,000	-	-	-	-	102,062	117,850
Allocated general and administrative expenses	334,608	391,869	42,138	45,460	117,168	95,311	6,724	11,810	178,008	183,186	678,646	727,636
Other expenses	42,930	43,700	288	310	585	724	-	-	173,751	196,776	217,554	241,510
<b>Total Expenses</b>	737,733	966,587	49,771	59,634	180,554	186,367	6,846	13,227	411,018	436,152	1,385,922	1,661,967
Underwriting profit	568,089	(176,685)	103,727	214,444	168,136	58,125	3,758	2,957	63,438	(19,368)	907,148	79,473

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

**(1) GENERAL**

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

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

The consolidated financial statements have been approved by the board of directors in its meeting on 27 July 2020

**(2) Basis of preparation**

The interim condensed consolidated financial statements for the Group as of 30 June 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual report as at 31 December 2019. In addition, the results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of National Insurance Company (the "Company"), and its subsidiary (referred to together as the "Group") as of the 30 June 2020:

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

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

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

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

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

### **Changes in accounting policies**

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

#### **Amendments to IFRS 3: Definition of a Business**

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

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

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

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

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

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

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

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

### **Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as change in fair value presented in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The following are details of the management's fundamental assumptions:

- The fiscal year is charged with its income tax expense in accordance with the laws and regulations.

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- A provision for impairment is made based on the principles and assumptions approved by the company's management to estimate the provision to be established in accordance with the requirements of IFRS 9.
- The management periodically re-assesses the useful lives of the tangible assets for the purpose of calculating annual depreciation based on the general condition of these assets and estimates of expected useful lives in the future, and the impairment loss (if any) is taken into the condensed interim income statement.
- The outstanding claims reserve, and technical reserve are estimated based on technical studies and in accordance with the instructions of the Insurance Administration and in accordance with actuarial studies.
- Provision for legal cases against the company is made based on a legal study prepared by the company's attorney, according to which the potential risks in the future are identified, and those studies are reviewed periodically.

**(3) DEPOSITS AT BANKS**

This item consists of the following:

	30 June 2020			31 December 2019
	Deposits due within a month	Deposits due from 1 to 3 months	Deposits due from 3 months to 1 year	Total
	JD	JD	JD	JD
				(Unaudited)
				(Audited)
Local deposit	834,909	-	5,967,720	6,802,629
				7,784,091

Interest rates on bank deposit balances in Jordanian Dinar ranges from 3.3% to 6.5% during the period ended 30 June 2020.

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**(4) ACCOUNTS RECEIVABLE, NET**

This item consists of the following:

	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Policy holders receivables	6,905,909	4,776,423
Agents receivables	879,004	782,617
Brokers receivables	943,786	830,887
Employees receivables	81,297	77,294
Other receivables	59,249	50,385
	8,869,245	6,517,606
Less: expected credit losses*	(1,312,853)	(1,012,853)
	<u>7,556,392</u>	<u>5,504,753</u>

\* The following represents movement for expected credit losses:

	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Beginning balance for the period/ year	1,012,853	962,853
Additions	300,000	50,000
Ending balance for the period/ year	<u>1,312,853</u>	<u>1,012,853</u>

**(5) REINSURANCE RECEIVABLES, NET**

This item consists of the following:

	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Local insurance companies	533,637	647,500
Foreign reinsurance companies	750,228	671,515
Less: provision for doubtful debts	(124,342)	(124,342)
Net reinsurance receivables for the period / year	<u>1,159,523</u>	<u>1,194,673</u>

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**(6) INCOME TAX PROVISION**

**A- Income tax provision**

The movement on the income tax provision is as follows:

	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
Balance at beginning of the period / year	32,147	14,130
Income tax expense for the period / year	146,513	18,017
Income tax paid on interest income from banks deposits	(17,016)	-
Balance at the end of the period/ year	161,644	32,147

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

	Six months period ended 30 June	
	2020 JD (Unaudited)	2019 JD (Unaudited)
Income tax for the period	146,513	12,519
Deferred tax assets additions	(341,873)	(254,298)
Deferred tax assets reversals	345,667	295,458
Income tax withholding	(11,774)	69,630
Balance at end of the period /year	138,533	123,309

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

	Six months period ended 30 June	
	2020 JD (Unaudited)	2019 JD (Unaudited)
Accounting profit	922,275	549,510
Net non taxable income	(163,140)	(604,445)
Non deductible expenses	345,284	7,933
Prior year tax loss	(598,041)	-
Net taxable profit (loss)	506,378	(47,002)
Income tax rate and national contribution	26%	26%
Income tax for the period from local income	131,658	-
Foreign investments income	148,547	125,189
Income tax rate from foreign investment income	10%	10%
Income tax for the period from foreign income	14,855	12,519
Income tax for period from local and foreign income	146,513	12,519

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Income Tax provision for the period ended 30 June 2020 was calculated in accordance with the Income tax law No. (38) of 2018.

Final settlement was reached with Income and Sales Tax Department up to 2016. In the opinion of the Group's management and tax advisor, the income tax provision is sufficient to meet any tax liabilities.

**B- Deferred tax assets**

	30 June 2020				2019 December 31
	Beginning Balance	Released	Additions	Ending Balance	Deferred Tax
	JD	JD	JD	JD	JD
					(Unaudited)
					(Audited)
<b>Deferred tax assets:</b>					
Provisions for IBNR claims	1,326,516	1,326,516	1,313,510	1,313,510	341,513
Provision for end of service indemnity	16,102	-	-	16,102	4,187
Group life insurance fees provision	5,295	2,971	1,384	3,708	963
	<u>1,347,913</u>	<u>1,329,487</u>	<u>1,314,894</u>	<u>1,333,320</u>	<u>346,663</u>
					<u>350,457</u>

Movement on deferred tax assets is as follows:

	30 June 2020	31 December 2019
	JD	JD
	(Unaudited)	(Audited)
Balance beginning for the period / year	350,457	277,088
Additions	341,873	370,297
Disposals	(345,667)	(296,928)
Balance at the end of the period / year	<u>346,663</u>	<u>350,457</u>

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

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**(7) EARNINGS PER SHARE**

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

	Three months period ended 30 June		Six months period ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (JD)	381,667	283,963	783,742	426,201
Weighted average number of shares (Share)	8,000,000	8,000,000	8,000,000	8,000,000
	Fils/ JD	Fils/ JD	Fils/ JD	Fils/ JD
Earnings per share for the period	0/048	0/035	0/098	0/053

**(8) CASH AND CASH EQUIVALENTS**

This item consists of the following:

	30 June 2020 JD (Unaudited)	30 June 2019 JD (Unaudited)
Cash on hands and at banks	596,095	417,544
Add: deposits at banks	6,802,629	7,596,148
Less: deposits at banks with maturities more than three months	(5,967,720)	(6,828,588)
<b>Net Cash and cash equivalent</b>	<b>1,431,004</b>	<b>1,185,104</b>

**(9) RELATED PARTY TRANSACTIONS**

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

Below is a summary of related parties transactions:

	30 June 2020	31 December 2019
	JD (Unaudited)	JD (Audited)
<b><u>Statement of financial position:</u></b>		
Account receivables (Companies related to members of board of directors)	1,550,746	1,097,547
	Six months ended 30 June 2020	2019
	JD (Unaudited)	JD (Unaudited)
<b><u>Income statement:</u></b>		
Written premium (Companies related to members of board of directors)	1,475,938	1,167,058
Paid claims (Companies related to members of board of directors)	726,641	608,989
Compensations of key management personal of the Company (salaries, bonuses, and other benefits) are as follows:		
	Six months period ended 30 June	
	2020	2019
	JD (Unaudited)	JD (Unaudited)
Salaries and benefits	202,194	210,274

**(10) LAWSUITS AGAINST THE COMPANY**

The Group is defendant in a number of lawsuits by amount of JD 2,776,654 as at 30 June 2020 (31 December 2019: JD 2,507,837). The Group's lawyers and management believe that the provision taken is sufficient to meet the obligations that may arise from these lawsuits.

**(11) CONTINGENT LIABILITIES**

The Group has bank guarantees amounting to JD 621,532 as at 30 June 2020 and JD 677,273 as at 31 December 2019.

**(12) STATEMENT OF FINANCIAL POSITION FOR LIFE INSURANCE BUSINESS**

	30 June 2020 JD (Unaudited)	31 December 2019 JD (Audited)
<b>Assets</b>		
Accounts receivable	231,888	110,671
<b>Total Assets</b>	<b>231,888</b>	<b>110,671</b>
<b>Liabilities and Equity</b>		
Outstanding claims reserve, net	63,399	36,807
Mathematical reserve, net	62,621	38,088
<b>Total Technical Reserves</b>	<b>126,020</b>	<b>74,895</b>
Accounts payable	10,844	10,319
Head Office account	95,024	25,457
<b>Total Liabilities</b>	<b>231,888</b>	<b>110,671</b>

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

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

**Control Sheet A – Final before binding**Client: National Insurance BankPeriod: 30th June 2020

Financial statements Review Control

As a minimum check the following:

	<u>Initial</u>	<u>Initial</u>
☐ Insure correct year on all headings on all pages of the FS	MS .....	AP .....
☐ All comparative amounts agree to previous year FS	NA .....	NA .....
☐ Reference to (Year/Period) on the FS is correct	MS .....	AP .....
☐ Note the numbers at the bottom of the BS, P&L, SCE and CFS are correct	MS .....	AP .....
☐ All note numbers in the BS, P&L, SRE and CFS agree to the respective notes in the "Notes of the FS" and agree to Description & Totals.	MS ..... MS .....	AP ..... AP .....
☐ Closing the RE in the BS agree to the SRE	MS .....	AP .....
☐ Opening RE agree to last year closing RE	MS .....	AP .....
☐ Where relevant, the transfer to the statutory reserve is at the correct percentage Of the profit of the year, or if no transfer is required the statutory reserve note States the reason.	NA ..... MS .....	NA ..... AP .....
☐ Profit (Loss) of the year in the P&L agrees with the SRE.		
☐ Profit (Loss) before Interest in the P&L agrees with the CFS (or to the note Reconciling operating profit (Loss) to net cash flow from operations).	MS .....	AP .....
☐ Depreciation/Amortisation charge for the year in the Fixed Assets note Agrees with the CFS and P&L.	MS ..... MS .....	AP ..... AP .....
☐ All derived amounts in the CFS are correct and documented.		
☐ Cash and Cash Equivalents in the CFS agrees to the BS or Cash flow note.	MS .....	AP .....
☐ Opening cash agrees to last year's closing cash in the CFS.	MS .....	AP .....
☐ Cast and Cross cast all amounts.	MS .....	AP .....

.....

MS : MOHAMMED SABEER

AP : ANBUKARASAN P