

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONDENSED INTERIM FINANCIAL
INFORMATION FOR THE THREE MONTHS ENDED
March 31, 2021

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONDENSED INTERIM FINANCIAL INFORMATION AND
REVIEW REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

AM/ 007205

To the Chairman and Members of the Board of Directors
Euro Arab Insurance Group Company
(Public Shareholding Limited Company)
Amman – Jordan

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Euro Arab Insurance Group Company (a Public Shareholding Limited Company) as of March 31, 2021 and the related condensed interim statements of profit or loss and comprehensive income, changes in shareholding equity and cash flows for the three-month period then ended. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this 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 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 causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to "Interim Financial Reporting"

Other Matter

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

Amman – Jordan
April 29, 2021

Deloitte & Touche (M.E.)
Deloitte & Touche (M.E.) – Jordan
ديلويت اند توش (الشرق الاوسط)
010103

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Note</u>	<u>March 31, 2021</u> <u>(Reviewed)</u>	<u>December 31, 2020</u> <u>(Audited)</u>
		<u>JD</u>	<u>JD</u>
Deposits at banks	4	16,615,783	19,390,619
Financial assets at fair value through profit or loss	5	840,892	1,263,868
Financial assets at amortized cost	6	3,754,908	978,647
Investment property - net	7	877,353	878,655
Total Investments		<u>22,088,936</u>	<u>22,511,789</u>
Cash on hand and at banks		944,598	191,094
Cheques under collection	8	1,266,562	1,388,340
Accounts receivable - net	9	9,101,811	7,010,663
Re-insurance receivable - Net	10	782,970	943,106
Deferred tax assets	15/B	1,371,900	1,347,296
Property and equipment - net		3,107,484	3,031,761
Intangible assets		32,219	22,958
Other assets	11	931,952	748,574
TOTAL ASSETS		<u>39,628,432</u>	<u>37,195,581</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Unearned premiums reserve - net		10,764,830	9,081,491
Claims reserve - net		9,594,058	9,453,369
Mathematical reserve - net		48,177	95,187
Total Insurance Contracts Liabilities		<u>20,407,065</u>	<u>18,630,047</u>
Due to banks	12	601,232	601,718
Accounts payable	13	2,877,444	3,474,528
Re-insurance payable	14	2,148,728	1,431,259
Other provisions		381,748	335,702
Provision for income tax	15/A	352,963	254,530
Other liabilities		722,995	577,355
TOTAL LIABILITIES		<u>27,492,175</u>	<u>25,305,139</u>
<u>SHAREHOLDERS' EQUITY:</u>			
Authorized and paid-up capital		8,000,000	8,000,000
Statutory reserve		1,629,953	1,629,953
Voluntary reserve		15,676	15,676
Retained earnings		2,244,813	2,244,813
Profit for the period		245,815	-
Total Shareholders' Equity		<u>12,136,257</u>	<u>11,890,442</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>39,628,432</u>	<u>37,195,581</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 INDEPENDENTS AUDITOR'S REPORT.

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2021

	For the Three Months	
	Ended March 31,	
	2021	2020
Note	(Reviewed)	(Reviewed)
	JD	JD
Revenue:		
Gross written premiums	9,028,921	9,147,007
<u>Less:</u> Re-insurer's share	<u>(2,013,171)</u>	<u>(1,444,656)</u>
Net Written Premiums	7,015,750	7,702,351
Net change in unearned premiums reserve	(1,683,339)	(1,981,778)
Net change in mathematical reserve	<u>47,010</u>	<u>48,574</u>
Net Earned Written Premiums	5,379,421	5,769,147
Commissions' revenue	171,731	107,793
Insurance policies issuance fees	249,686	261,820
Interest revenue	241,340	320,134
Net gain (loss) from financial assets and investments	16 80,096	(51,061)
Other revenue	<u>96,656</u>	<u>72,473</u>
Total Revenue	<u>6,218,930</u>	<u>6,480,306</u>
Claims, Losses and Expenses:		
Paid claims	5,541,559	5,697,308
<u>Less:</u> Recoveries	<u>(526,566)</u>	<u>(258,554)</u>
Re-insurers' share	<u>(541,849)</u>	<u>(471,939)</u>
Net Paid Claims	4,473,144	4,966,815
Net change in claims reserve	140,689	(294,464)
Allocated employees' expenses	380,933	422,394
Allocated general and administrative expenses	151,941	174,654
Policies acquisition cost	215,853	252,180
Excess of loss	58,750	55,750
Other expenses related to underwritings	<u>204,224</u>	<u>129,981</u>
Net Claims Costs	<u>5,625,534</u>	<u>5,707,310</u>
Unallocated employees' expenses	48,352	49,586
Depreciation and amortization	27,452	14,757
Unallocated general and administrative expenses	37,985	43,664
Expected credit loss provision - net	48&8&10 100,483	47,380
Other expenses	<u>58,452</u>	<u>6,065</u>
Total Expenses	<u>5,898,258</u>	<u>5,868,762</u>
Income for the Period before Tax	320,672	611,544
Income tax expense	15/a <u>(74,857)</u>	<u>(152,560)</u>
Income for the Period / Total Comprehensive Income	<u>245,815</u>	<u>458,984</u>
The Company's Shareholders	<u>8,000,000</u>	<u>8,000,000</u>
Earnings per Share for the Period	17 <u>0.031</u>	<u>0.057</u>

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM
FINANCIAL INFORMATION.

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - JORDAN

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Authorized and Paid - up Capital		Statutory Reserve		Voluntary Reserve		Realized		Unrealized		Total		Income for the Period		Total
	JD		JD		JD		JD		JD		JD		JD		
For the Three Months Ended March 31, 2021:															
Balance - beginning of the Year (Audited)	8,000,000		1,629,953		15,676		897,517		1,347,296		2,244,813		-		11,890,442
Total comprehensive income for the period	-		-		-		-		-		-		245,815		245,815
Balance - End of the Period (Reviewed)	8,000,000		1,629,953		15,676		897,517		1,347,296		2,244,813		245,815		12,136,257
For the Three Months Ended March 31, 2020 (Restated):															
Balance - beginning of the Year (Audited)	8,000,000		1,467,751		15,676		734,958		1,054,000		1,788,958		-		11,272,385
Total comprehensive income for the period	-		-		-		-		-		-		458,984		458,984
Balance - End of the Period (Reviewed)	8,000,000		1,467,751		15,676		734,958		1,054,000		1,788,958		458,984		11,731,369

- Retained earnings includes deferred tax assets in an amount of JD 1,358,900 as of March 31, 2021 (JD 1,347,296 as of December 31, 2020).

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION.

EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Note	For the Three Months	
		Ended March 31,	
		2021 (Reviewed)	2020 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Income for the period before tax		320,672	611,544
Adjustments:			
Depreciation and amortization		27,452	14,757
Unrealized loss from financial assets at fair value through profit or loss	16	(3,898)	81,841
(Gains) from selling financial assets at fair value through profit or loss		(59,102)	(13,709)
Expected credit loss provision	4&8&10	100,483	47,380
End of service indemnity provision		1,028	1,718
Other provisions		50,000	-
Net change in Unearned premiums reserve		1,683,339	1,981,778
Net change in claims reserve		140,689	(294,464)
Net change in mathematical reserve		(47,010)	(48,574)
Loss from selling properties and equipment		113	-
Cash Flows from Operating Activities before Changes in Working Capital Items		2,213,766	2,382,271
Decrease in cheques under collection		121,778	46,415
(Increase) in accounts receivables		(2,191,631)	(3,363,263)
Decrease in re-insurance receivables - net		160,136	148,334
(Increase) in other assets		(183,378)	(1,229,337)
(Decrease) increase in accounts payable		(597,084)	364,713
Increase (decrease) in re-insurance payables		717,469	(71,015)
Increase in other liabilities		133,955	52,744
Net Cash Flows from (used in) Operating Activities before Income Tax Paid		375,011	(1,669,138)
Income tax paid	15/a	(1,028)	(121,557)
Paid end of service indemnity		-	(53,305)
Net Cash Flows from (used in) Operating Activities		373,983	(1,844,000)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) in deposits at banks matured within more than three months		(1,183,576)	(1,783,396)
(Increase) in property and equipment and investment properties - net		(112,323)	(8,995)
Proceeds from sale of financial assets at fair value through profit or loss		489,874	160,315
(Increase) in financial assets at amortized cost		(2,776,261)	-
Net Cash Flows (used in) Investing Activities		(3,582,286)	(1,632,076)
CASH FLOWS FROM FINANCING ACTIVITIES:			
(Decrease) increase in due to bank	12	(486)	716,184
Net Cash Flows (used in) from Financing Activities		(486)	716,184
Net (Decrease) in Cash		(3,208,789)	(2,759,892)
Cash and cash equivalents - beginning of the period		7,191,027	3,340,418
Cash and Cash Equivalents - End of the Period	19	3,982,238	580,526

THE ACCOMPANYING NOTES FROM (1) TO (25) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION.

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION

1. Incorporation and Activities

- Euro Arab Insurance Company was established in 1996 and registered as a Jordanian public company according to the provisional Companies Law No. (1) for the year 1989 and (Amended) Jordan Insurance Regulatory Act (9) of 1995 with a capital of JD 2 million, divided into (2) million shares. The Company was registered in the public shareholding company's register at the Ministry of Industry and Trade in Jordan under No. (304) on January 8, 1996. Moreover, the Company's name was changed, on June 24, 2002, from Amman Insurance Company Ltd to the current name, and its capital was increased in stages over the past years to become JD 8 million, divided into 8 million shares.
- The Company conducts all types of insurance: life, motor, marine, transport, fire and other damages to properties, medical and liability.

2. Basis of Preparation

- The accompanying condensed interim financial information for the three months ended March 31, 2021 have been prepared in accordance with International Accounting Standard (IAS) 34 " Condensed Interim Financial Reporting".
- The Jordanian Dinar is the functional and reporting currency of the condensed interim financial information.
- The condensed interim financial information do not include the whole information and disclosures for the annual financial statements prepared in accordance with the International Financial Reporting Standards which must be read with the Company's annual report as of December 31, 2020. Moreover, the results of March 31, 2021 do not represent any indicator on the expected results for the year ending December 31, 2021, and do not contain appropriation of the income for the three months ended March 31, 2021 which is usually performed at year end.

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, 2020, except for the following:

The occurrence of the outbreak of the Corona virus (COVID-19) at the beginning of the year 2020 and its spread in several geographical regions around the world has caused disturbances to economic activities and businesses, and this event is witnessing continuous and rapid developments, which requires the group management to conduct an assessment of the expected effects on the group's business, and conducting a study to review and evaluate potential risks in the interim financial information as of March 31, 2021, based on the foregoing, the group has taken the following measures to contain the crisis as follows:

- a. The Company has formed a Business continuity planning committee to determine and oversee the implementation of business continuity plan, which are:
 - Activate working remotely feature for sensitive jobs in order to ensure the continuity of providing service to customers through electronic channels.
 - Maintaining the safety of all employees and clients, through taking all procedures related to the sterilization of branches and workplaces.
 - Distribution of leaflets before the start of the quarantine to raise awareness and preventive measures to be followed by employees.
 - The collection department continue to follow up for customers whom receivables matured in order to be collected from them in possible ways.
- b. In terms of monitoring the impact of the COVID-19 crisis on the group's business results, the management has updated the forward-looking assumptions used in calculation of expected credit losses provision and outstanding reserve.
- c. As for monitoring the impact of the COVID-19 crisis on the group's liquidity levels, the Company's management has prepared all scenarios related to stressful situations, knowing that the group has comfortable levels and a strong solvency margin that enables it to respond to market conditions and economy developments, The company does not expect any disruptions to its operations.

3. Significant Accounting Policies

The accounting policies adopted in preparing the condensed interim financial information are consistent with those applied in the year ended December 31, 2020 except for the effect of the adoption of the new and revised standards which are applied on January 1, 2021, no amendments have been applied early.

Many adjustments will be implemented for the first time in 2021, but there is no impact on the Company's interim condensed financial statements.

4. Deposits at Banks

This item consists of the following:

	March 31, 2021 (Reviewed)			December 31, 2020 (Audited)	
	Deposits Maturing Within One Month	Deposits Maturing Within three Months	Deposits Maturing During a Period after three Months till One Year	Total	Total
	JD	JD	JD	JD	JD
Inside Jordan	2,777,210	260,430	13,594,254	16,631,894	19,397,308
Expected credit loss *	-	-	-	(16,111)	(19,992)
Inside Jordan	<u>2,777,210</u>	<u>260,430</u>	<u>13,594,254</u>	<u>16,615,783</u>	<u>19,390,619</u>

* Movement of the expected credit loss is as follow:

	For the Three Months Ended in March 31, 2021 (Reviewed)	For the Year Ended in December 31, 2020 (Audited)
	JD	JD
Balance at the beginning of period/year	19,992	19,992
<u>(Deduct):</u> disposal during the period/year	<u>(3,878)</u>	<u>-</u>
Balance at the End of Period/Year	<u>16,111</u>	<u>19,992</u>

- Interest rates on deposits at Banks in Jordanian Dinar ranged from 3.75% to 6.9% and for the USD was 2% during the three months ended at March 31, 2021 (3.25% to 7% during the year 2020).
- Deposits collateralized to the order of the Insurance Management amounted to JD 325,000 as of March 31, 2021 and December 31, 2020 for deposits maturing within three months.
- Restricted balances amounted to JD 1,200,000 from Societe General Bank Jordan and amount JD 1,000,000 from Bank of Jordan as of March 31, 2021 and December 31, 2020 against credit facilities granted to the Company by two local banks. The utilized balance amounted to JD 601,232 as of March 31, 2021 (JD 601,188 as of December 31, 2020).

Balances with banks are assessed to have low credit risk as a result of default, as these banks are subject to high control by the Central Bank of Jordan and central banks in each of the countries in which the Company has bank accounts. Accordingly, the Company's management estimates the provision for loss on bank balances at the end of the reporting period in an amount equal to the expected credit losses over a 12-month period. Considering the historical information of default, the current credit ratings of banks.

5. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Number of Shares	March 31, 2021 (Reviewed)	Number of Shares	December 31, 2020 (Audited)
	Share	JD	Share	JD
<u>Inside Jordan:</u>				
<u>Quoted shares:</u>				
Arab Jordan Investment Bank	358,364	440,788	371,524	442,114
Cairo Amman Bank	-	-	316,000	331,800
Jordan Petroleum Refinery Company	-	-	25,000	62,500
Arab Bank	100,026	400,104	75,006	309,024
Jordan Insurance Company	-	-	100	180
Ahli Bank	-	-	75,000	57,750
Jordanian Electronic Power Company	-	-	50,000	60,500
		<u>840,892</u>		<u>1,263,868</u>

6. Financial Assets at Amortized Cost

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
<u>Inside Jordan</u>		
Arab Real Estate Development Company's debenture bonds *	300,000	300,000
Governmental bonds (Foreign)**	978,647	978,647
The Hashemite Kingdom of Jordan bonds***	2,776,261	-
<u>Less: Provision for Expected Credit Loss</u>	<u>(300,000)</u>	<u>(300,000)</u>
	<u>3,754,908</u>	<u>978,647</u>
<u>Analysis of Bills and Bonds</u>		
Fixed rate	<u>4,054,908</u>	<u>1,278,647</u>
	<u>4,054,908</u>	<u>1,278,647</u>

* During 2008, an agreement was signed between the Company and Arab Real Estate Development Company through the custodian (the Housing Bank for Trade and Finance). According to the agreement, the second party shall submit debenture bonds of JD 300,000 to the first party at an interest rate of 10%. These bonds matured on April 1, 2011 and have been renewed based on the General Assembly of Debenture Bondholders' approval to reschedule debenture bonds for six years ending on April 1, 2014. The bonds bear interest at a rate of 11%, and are payable in two installments maturing on April 1, and October 1, of the bond's term. The bonds are unquoted. The bonds together with the interest have not been paid yet during the three months ended March 31, 2021 and December 31, 2020. A full provision for the impairment in value of the bonds has been booked.

** The Company purchased non listed foreign bonds during the year 2020 with an average return of 5.8% annually and paid semi-annually. The maturity date of these bonds extends to January 2029.

*** The Company purchased non listed governmental bonds during the year 2020 with an average return of 5.85% annually and paid semi-annually. The maturity date of these bonds extends to January 2030.

7. Investment Properties - Net

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Land	753,216	753,216
Buildings *	133,366	135,366
Accumulated depreciation	<u>(11,229)</u>	<u>(9,927)</u>
Annual Depreciation Rate %	<u>877,353</u>	<u>878,655</u>

- The fair value of investment properties was estimated by three certified real estate appraisers as of December 31, 2019, and the average of their estimates amounted to JD 1,330,290 according to the instructions and resolutions issued by Insurance Management and will reevaluate it at year end.

8. Cheques Under Collection - Net
This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Cheques under collection *	1,289,545	1,411,323
<u>Less: Expected credit loss **</u>	(22,983)	(22,983)
	<u>1,266,562</u>	<u>1,388,340</u>

* The maturities of cheques under collection are up to December 17, 2022.

** Movement on the expected credit losses was as follows:

	For the Three Months Ended March 31, 2021 (Reviewed)	For the Year Ended December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period/year	22,983	13,636
<u>Add: Additions during the period/year</u>	-	9,347
Balance - End of the Period/Year	<u>22,983</u>	<u>22,983</u>

9. Accounts Receivable - Net
This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Policyholders (a)	8,367,606	6,195,091
Brokers	1,457,294	1,513,367
Agents	373,993	363,947
Employees	129,685	100,020
Others	43,724	40,864
Total	10,372,302	8,213,289
<u>Less: Expected credit loss (b)</u>	(1,270,491)	(1,202,626)
Accounts Receivable - Net	<u>9,101,811</u>	<u>7,010,663</u>

(a) These amounts represent debts with a repayment schedule after March 31, 2021 a total of JD 6,184,375 (JD 4,044,101 as of December 31, 2020).

(b) Movement on the expected credit losses was as follows:

	For the Three Months Ended March 31, 2021 (Reviewed)	For the Year Ended December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period/year	1,202,626	1,271,341
<u>Add: Additions during the period/year</u>	67,865	80,560
<u>Less: (Recovered) during the period</u>	-	(149,275)
Balance - End of the Period/Year	<u>1,270,491</u>	<u>1,202,626</u>

(c) The aging of receivables is as follows:

	December 31,	
	2020	2019
	JD	JD
Accounts receivable not due and scheduled	6,184,375	4,044,101
Less than 90 days	2,114,606	1,884,846
91 – 180 days	558,669	679,411
181 – 360 days	391,208	441,559
More than 360 days	<u>1,123,444</u>	<u>1,163,372</u>
	<u>10,372,302</u>	<u>8,213,289</u>

The Company always measures the provision for loss on the account's receivable in an amount equal to the expected credit losses over the life of the receivables using the simplified method. The expected credit losses on receivables are estimated using a provision matrix by reference to past experience with the customer and an analysis of the current financial position of the debtor, adjusted by factors specific to the receivables, the general economic conditions of the industry in which the receivables operate and an assessment of the current trend as well as the expected direction of the circumstances at the reporting date.

10. Re-insurance Receivables - Net

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Local insurance companies	694,793	819,086
Foreign re-insurance companies	371,488	370,831
Total	<u>1,066,281</u>	<u>1,189,918</u>
<u>Less:</u> Expected credit losses for re-insurance accounts receivable*	<u>(283,311)</u>	<u>(246,816)</u>
Re-insurance Accounts Receivable - Net	<u>782,970</u>	<u>943,106</u>

- The Company follows the policy of settling the receivables of local insurance companies within three months of the claim.

* Movements on the expected credit loss are as follows:

	For the Three Months Ended March 31, 2021 (Reviewed)	For the Year Ended December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period/year	246,815	236,117
<u>Add:</u> Additions during the period/year	<u>36,496</u>	<u>10,698</u>
Balance - End of the Period/Year	<u>283,311</u>	<u>246,815</u>

The Company always measures the provision for loss on re-insurance receivables in an amount equal to the expected credit losses over the life of the asset using the simplified methodology. The expected credit losses on reinsurance receivables are estimated using a matrix of provisions based on past experience with the instructor and an analysis of the current financial position of the re-insurer, adjusted by the factors specific to the receivables, the general economic conditions of the industry in which the instructor operates and an assessment of the current trend as well as the expected trend of conditions at the reporting date.

11. Other Assets

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Restricted deposits-Net*	519,062	518,552
Accrued bank interests	275,335	177,275
Prepaid income tax	32,181	22,213
Prepaid expenses	92,747	23,269
Refundable deposits	7,941	6,055
Other	4,686	1,210
	<u>931,952</u>	<u>748,574</u>

- * This item represents two deposits held at the Republic of Lebanon in the USD net of expected credit loss in the amount of JD 518,552, noting that its transfer is restricted as of March 31, 2021, due to the financial and economic situation in Lebanon. The provision will be re-evaluated in the light of the economic and credit rating development.

12. Due to Banks

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Local bank – overdraft *	293,087	77,745
Local bank – overdraft **	308,145	523,973
	<u>601,232</u>	<u>601,718</u>

- * This amount represents the balance of an overdraft granted to the Company by Society General Bank Jordan at a ceiling of JD 1,200,000 as of March 31, 2021 against 100% cash collaterals. Moreover, the overdraft bears interest at 7.6% calculated on the daily balance, and interest is recorded at the end of every month. The overdraft is due on July 26, 2021.

- ** This amount represents the balance of an overdraft granted to the Company from the Bank of Jordan at a ceiling of JD 1,000,000 against 100% cash collaterals. Moreover, the overdraft bears interest at 6.75% calculated on the daily balance, and interest is recorded at the end of every month. The overdraft is due on September 28, 2021.

13. Account Payable

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Agent payable	46,676	27,014
Brokers payable	242,902	233,541
Policyholders payable	285,781	565,071
Garages and parts payable	277,132	259,283
Medical network payable	1,881,259	2,159,174
Employees payable	80,795	88,940
Other payables	62,899	141,505
	<u>2,877,444</u>	<u>3,474,528</u>

14. Re-insurance Payables

This item consists of the following:

	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
	JD	JD
Local insurance companies	252,463	176,977
Foreign re-insurance companies	1,896,265	1,254,282
	<u>2,148,728</u>	<u>1,431,259</u>

15. Income Tax

- a. A final settlement has been reached with the Income Tax Department until the end of 2018, and the sales tax has been audited and settled until the end of 2017, Moreover, the income tax return has been submitted for 2019. Income tax for the three months ended March 31, 2021 has been calculated in accordance with the applicable income tax law and in the opinion of the management and its tax advisor, the provision is sufficient to meet any tax liabilities for that period and for open years.

- Movement on the income tax provision was as follows:

	For the Three Months Ended March 31, 2021 (Reviewed)	For the Year Ended December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period / year	254,530	282,734
Income tax paid	(1,028)	(498,663)
Income tax paid for bank interest	-	(79,400)
Income tax expense for the period / year	99,462	549,859
Balance - End of the Period / Year	<u>352,963</u>	<u>254,530</u>

- Income tax in the condensed interim statement of profit or loss represents the following:

	For the Three Months Ended March 31,	
	2021 (Reviewed)	2020 (Audited)
	JD	JD
Expense tax incurred for the period	99,462	70,705
Deferred tax assets for the period - net	(24,605)	81,855
	<u>74,857</u>	<u>152,560</u>

- b. Deferred tax assets:

	For the Three Months Ended March 31, 2021 (Reviewed)			December 31, 2020 (Audited)		
	Balance at the Beginning of the Period	Amounts Released	Amounts Added	Balance at the End of the Period	Deferred Tax	Deferred Tax
<u>Deferred Tax Assets</u>	JD	JD	JD	JD	JD	JD
<u>Accounts Included</u>						
Expected credit loss - deposits for banks	2,010,965	3,878	104,361	2,111,448	548,976	522,851
Expected credit loss - financial assets at fair value through profit or loss (Historical)	246,144	3,898	-	242,246	62,984	63,997
Expected credit loss financial assets at amortized cost	300,000	-	-	300,000	78,000	78,000
Unreported claims reserve	2,291,100	50,000	-	2,241,100	582,686	595,686
End-of-service indemnity provision	18,482	-	1,528	20,010	5,203	4,805
Other liabilities provision	315,220	3,482	50,000	361,738	94,052	81,957
	<u>5,181,911</u>	<u>61,258</u>	<u>155,889</u>	<u>5,276,542</u>	<u>1,371,900</u>	<u>1,347,296</u>

- The deferred taxes were calculated according to the tax rates prescribed by the applicable Income Tax and law that the Company is subject to at a rate of 26% as of March 31, 2021 and December 31, 2020.

16. Net Gain (Loss) of Financial Assets and Investments

The details are as follows:

	For the Three Months Ended March 31,	
	2021	2020
	(Reviewed)	(Reviewed)
	JD	JD
Gain on sale of financial assets at fair value through profit or loss	59,102	13,709
Net change in fair value for financial assets through profit or loss (unearned)	3,898	(81,841)
Income from leasing investments propriety	17,096	17,071
	<u>80,096</u>	<u>(51,061)</u>

17. Earnings per Share for the Period

This item consists of the following:

	For the Three Months Ended March 31,	
	2021	2020
	(Reviewed)	(Audited)
	JD	JD
Income for the period	245,815	458,984
Outstanding shares	8,000,000	8,000,000
Earnings per Share for the Period- Dinar	<u>0/031</u>	<u>0/057</u>

18. Dividends

On April 15, 2021, the General Assembly approved the Board of Directors' recommendation to distribute 11% of capital as cash dividends to shareholders for the year 2020, which is equivalent to JD 880,000 (JD 600,000 for the year 2019).

19. Cash and Cash Equivalents

Cash and cash equivalent shown in the condensed interim statement of cash flows consists of the following amounts:

	For the Three Months Ended March 31,	
	2021	2020
	(Reviewed)	(Reviewed)
	JD	JD
Cash on hand and at banks	944,598	326,366
Deposits at banks maturing within Three months	3,037,640	254,160
Cash and Cash Equivalents	<u>3,982,238</u>	<u>580,526</u>

20. Balances and Transactions with Related Parties

Related parties, as defined in IAS 24 (related party disclosures), include associates companies, major shareholders, directors and other key management personnel of the Company, and entities that are jointly controlled, jointly controlled or significantly affected by it. The balances and movements resulting from transactions with related parties are as follows:

- The following is a summary of the transactions with related parties during the period:

Discription	Board of Directors JD	Executive Management JD	Total	
			March 31, 2021 (Reviewed)	December 31, 2020 (Audited)
			JD	JD
<u>Condensed Interim Statement of Financial Position Items:</u>				
Accounts receivable	1,460	21,506	22,966	663
Accounts payables	7,450	75,000	82,450	83,703
<u>Condensed Interim Statement of Profit or Loss Items:</u>				
	For the Three Months Ended March 31, 2021 and 2020			
	JD	JD	JD	JD
Policies revenue	3,845	940	4,785	9,059
Expenses paid	-	995	995	8,719

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

Description	For the Three Months Ended March 31,	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Salaries and benefits	132,190	127,648
Board of Directors' transportation fees	10,500	10,500
	<u>142,690</u>	<u>138,148</u>

21. Lawsuits Raised Against the Company

There are lawsuits raised against the Company claiming compensation on various accidents. Moreover, the lawsuits at courts with determined amounts totaled JD 2,907,029 as of March 31, 2021 (JD 2,774,569 as of December 31, 2020). In the opinion of the Company's management and its lawyer, the claims provision in the condensed interim financial information is sufficient to cover these liabilities.

22. Contingent Liabilities

The Company was contingently liable for bank guarantees of JD 916,960 as of March 31, 2021 (JD 1,056,361 as of December 31, 2020).

23. Approval of Condensed Interim Financial Information

The condensed interim financial information of the Company has been approved by the Company's Board of Directors on April 27, 2021.

24. Information on Geographical Distribution

The information related to the disclosed sectors of the company is shown below, according to the International Financial Reporting Standard No. (8). IFRS 8 requires determination of sectors that can be based on internal reports that are regularly reviewed by the Company's chief operating decision maker, and used to allocate resources to the segments and assess their performance. The main activity of the company is the practice of various insurance activities. The Company's revenues, profits and assets include expectations in the Hashemite Kingdom of Jordan. Inter-sectoral sales are recorded at normal selling prices.

Concentration of the assets and liabilities according to the geographical and sectorial distribution is as follows:

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)	
	Assets	Liabilities*	Assets	Liabilities*
	JD	JD	JD	JD
<u>According to Geographical Area</u>				
Inside Jordan	<u>38,724,881</u>	<u>5,188,396</u>	<u>35,787,647</u>	<u>5,419,895</u>
Other Middle East countries and Asia	564,536	1,334,050	1,351,029	750,612
Europe	275,599	500,846	12,557	501,248
Africa	<u>50,416</u>	<u>11,817</u>	<u>44,348</u>	<u>2,422</u>
	<u>39,615,432</u>	<u>7,035,109</u>	<u>37,195,581</u>	<u>6,674,177</u>

* Except for insurance contracts liabilities.

Concentration of assets and liabilities related to accounts receivable (before provisions) and accounts payable according to sector is as follows:

	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to Sector</u>				
Public sector	405,729	10,193	908,981	1,843
Private sector				
Companies and institutions	10,450,115	2,356,557	7,953,159	4,401,675
Individuals	<u>582,740</u>	<u>377,214</u>	<u>541,070</u>	<u>427,269</u>
	<u>11,438,584</u>	<u>2,743,964</u>	<u>9,403,210</u>	<u>4,905,784</u>

25. Fair Value Hierarchy

a. The fair value of financial assets and financial liabilities of the Company specified at fair value on an ongoing basis

The fair value is the price that is delivered for asset selling or payment transferred or organized obligation between parties in an active market at a measured timing regardless if the price was directly noticeable or evaluated using different technic. Upon evaluating the fair value of assets or liabilities, the Company takes consideration the assets and liabilities nature or the obligation if the parties has considered the nature of obligation upon pricing and the time measured.

Some financial assets and liabilities of the Company are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value		The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	Relation between the Fair Value and the Important Intangible Inputs
	March 31, 2021 (Reviewed)	December 31, 2020 (Audited)				
Financial Assets at Fair Value	JD	JD				
Financial Assets at Fair Value through Profit or Loss						
Shares that have available market price	840,892	1,253,868	Level One	Stated Prices in financial markets	Not Applicable	Not Applicable
Total	840,892	1,253,868				

There were no transfers between Level 1 and Level 2 during March 31, 2021 and for the year 2020 .

b. The fair value of financial assets and financial liabilities of the Company (non-specific fair value on an ongoing 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 condense interim financial information of the Company approximates their fair value. Moreover, the Company's management believes that the carrying value of the items below is equivalent to their fair value. This is due to either short-term maturity or interest rate repricing during the period.

Financial Assets of Non-specified Fair Value	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)	
	Book Value	Fair Value	Fair Value	Fair Value
Deposit at banks	JD	JD	JD	
Investments properties	16,615,783	16,891,118	19,390,619	19,567,894
	878,655	1,330,290	878,665	1,330,290
Total Financial Assets of Non-specified Fair Value	17,494,438	18,221,408	20,269,284	20,898,184

The fair value of the financial assets and liabilities for Level 2 have been determined according to agreed pricing models, which reflect the credit risk of the parties dealt with and fair value from independent real estate appraisals.