

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

CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2021
TOGETHER WITH THE REVIEW REPORT

EURO ARAB INSURANCE GROUP
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
SEPTEMBER 30, 2021

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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 September 30, 2021 and the related condensed interim statements of profit or loss and comprehensive income for the three months and nine months ended September 30, 2021 and changes in shareholders' equity and cash flows for the nine months 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 information in accordance with International Accounting Standard No. (34) related to interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the entity". A review of 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) relating 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
Octobre 28, 2021**

Deloitte & Touche (M.E.) – Jordan

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التشويق الأوسط

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Note</u>	September 30, 2021	December 31,
		Reviewed not) (Audited	2020
		JD	JD
Deposits at banks	4	17,036,685	19,390,619
Financial assets at fair value through profit or loss	5	854,950	1,263,868
Financial assets at amortized cost	6	3,754,908	978,647
Investment property - net	7	871,745	878,655
Total Investments		22,518,288	22,511,789
Cash on hand and at banks		778,216	191,094
Cheques under collection - net	8	1,453,729	1,388,340
Accounts receivable - net	9	11,231,823	7,010,663
Re-insurance receivables - net	10	1,248,336	943,106
Deferred tax assets	16/b	1,392,887	1,347,296
Property and equipment - net		3,233,246	3,031,761
Intangible assets		27,922	22,958
Other assets	11	703,453	748,574
TOTAL ASSETS		42,587,900	37,195,581
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Unearned premiums reserve - net		10,958,051	9,081,491
Claims reserve - net		10,083,766	9,453,369
Mathematical reserve - net		129,389	95,187
Total Insurance Contracts Liabilities		21,171,206	18,630,047
Due to banks	12	1,378,007	601,718
Accounts payable	13	3,046,778	3,474,528
Re-insurance payables	14	4,108,263	1,431,259
Other provisions	15	184,585	335,702
Income tax provision	16/a	201,477	254,530
Other liabilities		720,406	577,355
TOTAL LIABILITIES		30,810,722	25,305,139
<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		1,364,813	2,244,813
Profit for the period		766,736	-
Total Shareholders' Equity		11,777,178	11,890,442
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		42,587,900	37,195,581

Chairman of the Board of Directors

General Manager

THE ACCOMPANYING NOTES FROM (1) TO (28) CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE REVIEW 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 AND NINE MONTHS ENDED SEPTEMBER 30, 2021

	Note	For the Three Months		For the Nine Months	
		Ended September 30, 2021	2020	Ended September 30, 2021	2020
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
<u>Revenue:</u>					
Gross written premiums		9,778,234	7,125,855	25,535,313	22,284,415
Less: Re-insurers' share		(3,334,221)	(1,130,754)	(7,392,011)	(3,849,703)
Net Written Premiums		6,444,013	5,995,101	18,143,302	18,434,712
Net change in unearned premiums reserve		(827,146)	(183,242)	(1,876,560)	(1,316,990)
Net change in mathematical reserve		(30,438)	(44,645)	(34,202)	(41,810)
Net Earned Written Premiums		5,586,429	5,767,214	16,232,540	17,075,912
Commissions revenue		189,848	58,697	484,592	262,216
Insurance policies issuance fees		252,750	228,800	676,385	651,064
Interest revenue		321,446	290,005	749,757	913,059
Net gain / (loss) from financial assets and investments	17	2,659	(18,583)	266,522	(72,664)
Other revenue	18	109,850	99,051	616,464	205,720
Total Revenue		6,462,982	6,425,184	19,026,260	19,035,307
<u>Claims, Losses and Expenses:</u>					
Paid claims		6,343,431	5,578,542	17,996,682	14,855,474
Less: Recoveries		(622,088)	(565,702)	(1,652,698)	(1,111,676)
Re-insurers' share		(1,112,505)	(545,950)	(2,855,033)	(1,286,579)
Net Paid Claims		4,608,838	4,466,890	13,488,951	12,457,219
Net change in claims reserve		275,168	984,912	630,397	1,431,111
Allocated employees' expenses		402,841	374,279	1,301,802	1,257,080
Allocated general and administrative expenses		128,300	163,178	424,154	453,471
Policies acquisition cost		249,460	231,804	663,527	653,120
Excess of loss		58,750	43,250	163,750	142,250
Other expenses related to underwritings		189,995	234,743	518,482	505,867
Net Claims Costs		5,913,352	6,499,056	17,191,063	16,900,118
Unallocated employees' expenses		51,396	46,735	168,621	153,874
Depreciation and amortization		27,449	22,349	77,249	58,937
Unallocated general and administrative expenses		32,075	40,794	106,038	113,367
Expected credit loss provision	21	42,214	(108,942)	340,274	385,974
Other expenses		19,986	(2,256)	163,603	41,640
Total Expenses		6,086,472	6,497,736	18,046,848	17,653,910
Income for the Period before Tax		376,510	(72,552)	979,412	1,381,397
Income tax expense	16/a	(76,457)	16,872	(212,676)	(324,075)
Income for the Period / Total Comprehensive Income		300,053	(55,680)	766,736	1,057,322
The Company's Shareholders		8,000,000	8,000,000	8,000,000	8,000,000
Earnings per Share for the Period	19	0.038	(0.007)	0.096	0.132

Chairman of the Board of Directors

General Manager

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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	Retained Earnings	Income for the Period	Total
	JD	JD	JD	JD	JD	JD
For the Nine Months Ended September 30, 2021:						
Balance - as of January 1, 2021 (Audited)	8,000,000	1,629,953	15,676	2,244,813	-	11,890,442
Total comprehensive income for the period	-	-	-	-	766,736	766,736
Dividends paid *	-	-	-	(880,000)	-	(880,000)
Balance - End of the Period (Reviewed)	8,000,000	1,629,953	15,676	1,364,813	766,736	11,777,178
For the Nine Months Ended September 30, 2020:						
Balance - as of January 1, 2020 (Audited)	8,000,000	1,467,751	15,676	1,788,958	-	11,272,385
Total comprehensive income for the period	-	-	-	-	1,057,322	1,057,322
Dividends paid *	-	-	-	(600,000)	-	(600,000)
Balance - End of the Period (Reviewed)	8,000,000	1,467,751	15,676	1,188,958	1,057,322	11,729,707

- Retained earnings includes deferred tax assets in an amount of JD 1,392,887 as of September 30, 2021 (JD 1,347,296 as of December 31, 2020).

* The General Assembly of shareholders approved in its ordinary meeting held on April 15, 2021, the recommendation of the Board of Directors to distribute cash dividends in the amount of JOD 880,000 which is equivalent to 11% from the paid in capital. (JD 600,000 for the year 2019).

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EURO ARAB INSURANCE GROUP COMPANY
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AMMAN - JORDAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

		For the Nine Months Ended September 30,	
	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		JD	JD
Income for the period before tax		979,412	1,381,397
Adjustments:			
Depreciation and amortization		77,249	58,937
Unrealized loss from financial assets at fair value through profit or loss	17	(9,250)	119,441
(Gains) loss from selling financial assets at fair value through profit or loss	17	(158,066)	586
Expected credit loss provision	21	340,274	385,974
End of service indemnity provision		4,585	4,931
Net change in unearned premiums reserve		1,876,560	1,316,990
Net Change in claims reserve		630,397	1,431,111
Sundry provisions		124,298	-
Income from reversing a provision no longer needed		(280,000)	-
Net Change in mathematical reserve		34,202	41,810
Cash Flows from Operating Activities before Changes in Working Capital Items		3,619,661	4,741,177
(Increase) in checks under collection		(65,389)	(328,572)
(Increase) in accounts receivables		(4,561,434)	(2,645,507)
(Increase) in re-insurance receivables		(305,230)	(39,060)
Decrease (increase) in other assets		45,121	(1,113,215)
(Decrease) increase in accounts payable		(427,750)	51,798
Increase in re-insurance payables		2,677,004	478,855
Increase in other liabilities		146,524	71,938
Net Cash Flows from Operating Activities before Income Tax and end of service Paid		1,128,507	1,217,414
Income tax paid	16/a	(311,320)	(600,040)
Paid end of service indemnity		-	(59,837)
Net Cash Flows from Operating Activities		817,187	557,537
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) decrease in deposits at banks matured within more than three months		(1,567,136)	626,711
(Purchasing) property and equipment and investment properties - net		(283,698)	(35,363)
Proceeds from selling financial assets at fair value through profit or loss		576,234	467,146
(Purchasing) financial assets at fair value through profit or loss		-	(644,366)
(Purchasing) financial assets at amortized cost		(2,776,261)	-
Net Cash Flows (used in) from Investing Activities		(4,050,861)	414,128
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(880,000)	(600,000)
Increase (decrease) in due to banks		776,289	(219,421)
Net Cash Flows (used in) Financing Activities		(103,711)	(819,421)
Net (Decrease) Increase In Cash and Cash Equivalents		(3,337,385)	152,244
Cash and cash equivalents - beginning of the period		7,191,027	3,340,418
Cash and Cash Equivalents - End of the Period	19	3,853,642	3,492,662
Non - Cash Transactions :			
Reclassify of restricted current bank accounts to other current assets		-	896,867

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EURO ARAB INSURANCE GROUP COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION
(REVIEWED NOT AUDITED)

1. General

- 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, and medical liability.

The accompanying condensed interim financial information for September 30, 2021 were approved by the Board of Directors in their meeting held on October 25, 2021.

2. Accounting Policies

Basis of Preparation

- The accompanying condensed interim financial information is prepared in accordance with International Accounting Standard No. 34, relating to 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 should be read with the Company's annual report as of December 31, 2020. Moreover, the results of nine months ended September 30, 2021 do not represent any indicator on the expected results for the year ending December 31, 2021.
- The Company has not deducted the statutory reserves according to the Company's law and instructions issued from the income for the nine months ended September 30, 2021. However, these deductions are made at the end of each 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, 2020.

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 information.

4. Deposits at Banks

This item consists of the following:

	September 30, 2021			December 31, 2020	
	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	2,812,591	262,835	13,977,814	17,053,240	19,410,611
Expected credit loss *	-	-	(16,555)	(16,555)	(19,992)
	<u>2,812,591</u>	<u>262,835</u>	<u>13,961,259</u>	<u>17,036,685</u>	<u>19,390,619</u>

* Movement of the expected credit loss is as follow:

	For the Nine Months Ended in September 30, 2021	For the Year Ended in December 31, 2020
	JD	JD
Balance at the beginning of period/ year	19,992	19,992
Add: Additions during the period/ year	(3,437)	-
Balance at the End of Period/ Year	<u>16,555</u>	<u>19,992</u>

- Interest rates on deposits at Banks in Jordanian Dinar ranged from 3.75% to 6.9% during the nine months ended at September 30, 2021, (3.75% to 7% during 2020) and for USD was 2% (2% to 3.5% during the year 2020).
- Deposits collateralized to the order of the Insurance Management amounted to JD 325,000 as of September 30, 2021 and December 31, 2020 for deposits maturing after nine 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 September 30, 2021 and December 31, 2020 against credit facilities granted to the Company by two local banks. The utilized balance amounted to JD 1,378,007 as of September 30, 2021 (JD 601,188 as of December 31, 2020).

5. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Number of Shares	September 30, 2021	Number of Shares	December 31, 2020
	Share	JD	Share	JD
<u>Inside Jordan:</u>				
<u>Quoted shares:</u>				
Arab Jordan Investment Bank	275,000	357,500	371,524	442,114
Cairo Amman Bank	105,030	142,600	316,000	331,800
Jordan Petroleum Refinery Company	-	-	25,000	62,500
Arab Bank	-	-	75,006	309,024
Jordan Insurance Company	-	-	100	180
Ahli Bank	55,000	51,150	75,000	57,750
Jordanian Electronic Power Company	-	-	50,000	60,500
The Housing Bank for Trade and Finance	35,000	131,600	-	-
Jordan Kuwait Bank	50,000	69,500	-	-
Bank al Etihad	60,000	102,600	-	-
		<u>854,950</u>		<u>1,263,868</u>

6. Financial Assets at Amortized Cost

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
<u>Inside Jordan</u>		
Arab Real Estate Development Company's debenture bonds (a)	300,000	300,000
Jordanian Hashemite Government Bonds (b)	2,776,261	-
Governmental bonds (Foreign) (c)	978,647	978,647
<u>Less: Provision for value impairment</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	4,054,908	1,278,647
	<u>4,054,908</u>	<u>1,278,647</u>

- (a) During the year 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 ended on April 1, 2014. The bond bears interest at a rate of 11%, and is payable in two installments maturing on April 1, and October 1, of the bond's term and is unquoted. Noting that the bond's value and interest were not paid to the Company, during the nine months ended on September 30, 2021 and December 31, 2020, and accordingly, an impairment provision was booked for the entire value of the bond.
- (b) The Company purchased unlisted Government bonds during the first quarter of the year 2021 with an average return of 5.85% annually and paid semi-annually. The maturity date of these bonds extends until January of the year 2030.
- (c) The Company purchased unlisted 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 until January of the year 2029.

7. Investment Properties - Net

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Land	753,216	753,216
Buildings *	135,366	135,366
Accumulated depreciation	<u>(16,837)</u>	<u>(9,927)</u>
	<u>871,745</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 be revaluated at the end of the year.

8. Cheques under Collection - Net

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Cheques under Collection *	1,476,712	1,411,323
<u>Less: Expected credit loss **</u>	<u>(22,983)</u>	<u>(22,983)</u>
	<u>1,453,729</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 Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance - beginning of the period/year	22,983	13,636
<u>Add:</u> Additions during the period/year	-	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:

	September 30, 2021	December 31, 2020
	JD	JD
Policyholders (a)	9,956,642	6,195,091
Brokers	1,809,584	1,513,367
Agents	461,177	363,947
Employees	124,665	100,020
Others	153,157	40,864
Total	<u>12,505,225</u>	<u>8,213,289</u>
<u>Less:</u> Expected credit loss (b)	<u>(1,273,402)</u>	<u>(1,202,626)</u>
Accounts Receivable – Net	<u>11,231,823</u>	<u>7,010,663</u>

(a) These amounts includes scheduled payments debts after September 30, 2021 with a total of JD 8,482,548 (JD 4,044,101 as of December 31, 2020).

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

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2021
	JD	JD
Balance - beginning of the period/year	1,202,626	1,271,341
<u>Add:</u> Additions during the period/year	70,776	80,560
<u>Less:</u> (Recovered) during the period/year	-	(149,275)
Balance – End of the Period/Year	<u>1,273,402</u>	<u>1,202,626</u>

(c) The ageing of receivables is as follows:

as of September 30, 2021	Less than 90 days	91 – 180 days	181 – 360 days	More than 360 days	Total Due	Total not Due and Scheduled	Total
	JD	JD	JD	JD	JD	JD	JD
total trade receivables	2,034,460	584,538	227,071	1,176,608	4,022,677	8,482,548	12,505,225
Expected credit loss	25,104	23,743	47,947	1,176,608	1,273,402	-	1,273,402
% of ECL					32%	-	10%

as of December 31, 2020	Less than 90 days	91 – 180 days	181 – 360 days	More than 360 days	Total Due	Total not Due and Scheduled	Total
	JD	JD	JD	JD	JD	JD	JD
total trade receivables	1,884,846	679,411	441,559	1,163,372	4,169,188	4,044,101	8,213,289
Expected credit loss	7,157	14,241	17,856	1,163,372	1,202,626	-	1,202,626
% of ECL					29%	-	15%

10. Re-insurance Receivable - Net

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Local insurance companies	710,637	819,090
Foreign re-insurance companies	857,449	370,831
Total	1,568,086	1,189,921
<u>Less:</u> Expected credit losses for re-insurance accounts receivable*	(319,750)	(246,815)
Re-insurance Accounts Receivable - Net	1,248,336	943,106

* Re-insurance receivables movements on the expected credit loss are as follows:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance - beginning of the period/year	246,815	236,117
<u>Add:</u> Additions during the period/year	72,935	10,698
Balance - End of the Period/Year	319,750	246,815

** Re-insurance accounts receivable is as follows:

	Less than 90 days	91 – 180 days	181 – 360 days	More than 360 days	Total
<u>As of September 30, 2021</u>	JD	JD	JD	JD	JD
Total Re-insurance receivables	853,957	391,811	65,093	257,225	1,568,086
Provision of expected credit loss	21,585	25,342	15,598	257,225	319,750
Percentage of ECL	2.5%	6.7%	24%	100%	20.4%
 <u>As of December 31, 2020</u>	 JD	 JD	 JD	 JD	 JD
Total trade receivables	456,253	416,735	147,072	169,858	1,189,918
Provision of expected credit loss	15,459	33,148	147,072	169,858	246,815
Percentage of ECL	3.3%	8%	19%	100%	20.7%

11. Other Assets

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Restricted deposits-net*	322,089	518,552
Accrued banks interests	243,463	177,275
Prepaid income tax	55,861	22,213
Prepaid expenses	68,740	23,269
Refundable deposits	6,928	6,055
Other	6,372	1,210
	<u>703,453</u>	<u>748,574</u>

- * This item represents two deposits held at the Republic of Lebanon in USD net of expected credit loss in the amount of JD 718,552 noting that its transfer is restricted as of September 30, 2021, due to the financial and economic situation in Lebanon. The provision is being re-evaluated in the light of the economic and the country credit rating developments.

12. Due to Banks

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Local bank – overdraft *	751,684	77,745
Local bank – overdraft **	626,323	523,973
	<u>1,378,007</u>	<u>601,718</u>

- * This amount represents the balance of an overdraft granted to the Company by Ahli Bank at a ceiling of JD 1,200,000 as of September 30, 2021 against 100% cash collaterals. The overdraft bears interest at 4.2% calculated on the daily balance, and interest is recorded at the end of every month, moreover, the overdraft is due on March 2nd, 2022.

- ** 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. The overdraft bears interest at 6.45% calculated on the daily balance, and interest is recorded at the end of every month, moreover, the overdraft is due on September 28, 2022.

13. Account Payable

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Agent payable	70,083	27,014
Brokers payable	295,801	233,541
Policyholders payable	477,161	565,071
Garages and parts payable	447,784	259,283
Medical network payable	1,706,999	2,159,174
Employees payable	7,325	88,940
Other payables	41,624	141,505
	<u>3,046,778</u>	<u>3,474,528</u>

14. Re-insurance Payables

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Local insurance companies	542,777	176,977
Foreign re-insurance companies	3,565,485	1,254,282
	<u>4,108,263</u>	<u>1,431,259</u>

15. Other provisions

This item consists of the following:

	September 30, 2021	December 31, 2020
	JD	JD
Other liabilities provision *	-	280,000
End of service indemnity provision **	23,067	18,482
Lawsuits provision	31,518	37,220
Unallocated expenses provision	130,000	-
	<u>184,585</u>	<u>335,702</u>

* This item represents a provision by the Company to meet any legal obligations that the Company might face. This provision is no longer needed and has been reversed during the first half of the year 2021 to other income in the interim condensed statement of profit or loss and comprehensive income for the period.

** The movement on the end of service indemnity provision during the period / year was as follows:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2021
	JD	JD
Balance - beginning of the period/year	18,482	72,263
Additions during the period/year	4,585	6,056
Paid during the period/year	-	(59,837)
Balance - End of the Period/Year	<u>23,067</u>	<u>18,482</u>

16. Income Tax

- a. A final settlement has been reached with the Income and Sales Tax Department up to the year 2018. Moreover, the Company filed its tax return for the years 2020 and 2019 on time. However, no final settlement has been reached yet. In addition, the income tax for the nine month ended September 30, 2021 has been calculated according to the enacted income tax law. In the opinion of the Company's management and it's tax consultant, the provision is sufficient to meet any obligation for that period ended September 30, 2021 and for all open years.

- Movement on the income tax provision was as follows:

	For the Nine Months Ended September 30, 2021	For the Year Ended December 31, 2020
	JD	JD
Balance - beginning of the period / year	254,530	282,734
Income tax paid	(311,320)	(498,663)
Income tax paid for bank interest	-	(79,400)
Income tax expense for the period / year	258,267	549,859
Balance - End of the Period / Year	201,477	254,530

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

	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
	JD	JD
Income tax for the period	258,267	495,167
Deferred tax assets - net	(45,591)	(171,092)
	212,676	324,075

b. Deferred Tax Assets:

	For the Nine Months Ended September 30, 2020				September 30, 2021	December 31, 2020
	Balance at the Beginning of the Period	Amounts Released	Amounts Added	Balance at the End of the Period	Deferred Tax	Deferred Tax
	JD	JD	JD	JD	JD	JD
Deferred Tax Assets						
<u>Accounts Included</u>						
Expected credit loss	2,010,965	3,437	343,711	2,351,239	611,323	522,851
Financial assets at fair value through profit or loss (Historical)	246,144	9,250	-	236,894	61,593	63,997
Impairment of financial assets at amortized cost	300,000	-	-	300,000	78,000	78,000
Unreported claims reserve	2,291,100	5,000	-	2,286,100	594,386	595,686
End-of-service indemnity provision	18,482	-	4,585	23,067	5,997	4,805
Other liabilities provision	315,220	285,263	130,000	159,957	41,588	81,957
	5,181,911	302,950	478,296	5,357,257	1,392,887	1,347,296

- The deferred taxes were calculated according to the tax rates prescribed by the applicable Income Tax Law at a rate of 26% as of September 30, 2021 and December 31, 2020.

17. Net Gain (loss) of Financial Assets and Investments

This item consists of the following:

	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Cash dividend received	47,834	1,740
Gain on sale of financial assets at fair value through profit or loss	158,066	(586)
Net change in fair value for financial assets through profit or loss (unearned)	9,250	(119,441)
Income from leasing investments propriety	51,372	45,623
	<u>266,522</u>	<u>(72,664)</u>

18. Other Income - Net

This item consists of the following:

	For the Nine Months September 30,	
	2021	2020
	JD	JD
Other income related to underwriting accounts	336,464	205,720
Income from reversing a provision no longer needed	280,000	-
	<u>616,464</u>	<u>205,720</u>

19. Earnings per Share for the Period

	For the Three Months September 30,		For the Nine Months September 30,	
	2021 (reviewed)	2020 (reviewed)	2021 (reviewed)	2020 (reviewed)
	JD	JD	JD	JD
Income for the period	<u>300,053</u>	<u>(55,680)</u>	<u>766,736</u>	<u>1,057,322</u>
Outstanding shares	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>	<u>8,000,000</u>
Earnings per Share for the Period-JD	<u>-/038</u>	<u>(-/007)</u>	<u>-/096</u>	<u>-/132</u>

20. 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).

21. Expected Credit Loss Provision

The expected credit loss for the period ended September 30, 2021 and 2020 is as follows:

	For the Nine Months September 30,	
	2021	2020
	JD	JD
Deposits at banks	(3,437)	575
Cheques under collection	-	10,091
Receivables	70,776	155,308
Re-insurance receivable	72,935	-
Restricted deposit – Note (11)	<u>200,000</u>	<u>220,000</u>
Total	<u>340,274</u>	<u>385,974</u>

22. Cash and Cash Equivalents

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

	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Cash on hand and at banks	778,216	491,689
Add: Deposits at banks maturing within three months	3,075,426	3,000,973
Cash and Cash Equivalents	<u>3,853,642</u>	<u>3,492,662</u>

23. Balances and 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 using standard insurance premium rates and commission. All credit granted to related parties are considered operating, and no provisions were taken.

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

			Total	
	Board of Directors JD	Executive Management JD	September 30, 2021 JD	December 31, 2020 JD
<u>Condensed Interim Statement of Financial Position Items:</u>				
Accounts receivable	-	26,491	26,491	663
Accounts payables	9,676	-	9,676	83,703

	For the Nine Months Ended September 30,			
	2021		2020	
	JD	JD	JD	JD
<u>Condensed Interim Income Statement Items:</u>				
Policies revenue	4,238	3,026	4,815	2,938
Expenses paid	-	995	-	820

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

Description	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Salaries and benefits	467,800	407,938
Board of Directors' transportation fees	31,500	30,263
	<u>499,300</u>	<u>438,201</u>

24. 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 2,861,809 as of September 30, 2021 (JD 2,774,569 as of December 31, 2020). In the opinion of the Company's management and its legal advisor, the claims provision is sufficient to cover these liabilities.

Lawsuits raised by the Company against other parties amounted to JD 4,089,287 as of September 30, 2021.

25. Contingent Liabilities

The Company was contingently liable for bank guarantees of JD 1,311,566 as of September 30, 2021 (JD 1,056,361 as of December 31, 2020).

26. Information on Geographical Distribution

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

	September 30, 2021		December 31, 2020	
	Assets	Liabilities*	Assets	Liabilities*
	JD	JD	JD	JD
<u>According to Geographical Area</u>				
Inside Jordan	40,689,810	6,132,470	35,787,647	5,420,810
Other Middle East countries and Asia	1,310,457	2,437,011	1,351,029	750,612
Europe	543,285	1,063,535	12,557	501,248
Africa	44,348	6,500	44,348	2,422
	<u>42,587,900</u>	<u>9,639,516</u>	<u>37,195,581</u>	<u>6,675,092</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:

	September 30, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
<u>According to Sector</u>				
Public	1,009,622	12,254	908,981	1,843
Private Sector				
Companies and institutions	12,273,887	6,887,660	7,953,159	4,401,675
Individuals	789,798	255,128	541,070	427,269
	<u>14,073,307</u>	<u>7,155,042</u>	<u>9,403,210</u>	<u>4,830,787</u>

27. Impact of Coronavirus (Covid-19)

The management has taken into consideration the impact of COVID-19 virus and its unique circumstances and has studied the risks of the Company's exposures, as well as evaluating the expected effects on the Company's business and operations in order to review and evaluate the potential risks arising from this event. The Company's management is constantly monitoring the impact of this event and its impact on the Company's continuity including its adequacy and capital adequacy, and it has also assessed its impact on management's estimates used, including the expected credit loss model for related financial assets, valuation of investments, debt instruments, shareholders' equity, and the reasonableness of the inputs used for this purpose. There was no modification to the interim condensed financial information for the period ended September 30, 2021.

28. Fair Value Hierarchy

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

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
	September 30, 2021	December 31, 2020				
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value through Profit or Loss						
Shares that have available market price	854,950	1,263,868	Level One	Stated Prices in financial markets	Not Applicable	Not Applicable
Total	854,950	1,263,868				

There were no transfers between Level 1 and Level 2 during the nine months ended September 30, 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 condensed 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 / year.

Financial Assets of Non-specified Fair Value	September 30, 2021		December 31, 2020		The level of fair value
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Deposit at banks	17,036,685	17,158,685	19,390,619	19,567,894	Level Two
Investments properties	871,745	1,330,290	878,655	1,330,290	Level Two
Total Financial Assets of Non-specified Fair Value	17,908,430	18,488,975	20,269,274	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.