المشرق للتأمين
Al Mashreq Insurance

Date: 15\02\2021

REF: MIC\022\2021

Messers: Palestine Exchange,

To the Attention of the CEO, Mr. Ahmed Aweidah,

Nablus.

Subject: Disclosure of consolidated initial financial statements as at 31/12/2020

We are pleased to attach herewith, referring to the above mentioned subject, the consolidated initial financial statements of Al Mashreq Insurance Company for the financial year ended in 31/12/2020, in comparison with the consolidated financial statements as on 31/12/2019, which include the following:

1) Consolidated financial position statement
2) Consolidated income statement
3) Consolidated comprehensive income statement
4) Changes in consolidated equity Statement
5) Consolidated Cash Flows Statement

Note: These financial statements did not obtain a non-objection from the Palestinian Capital Market Authority. They are subject to amendment and change according to the notes of the Insurance General Administration of the Palestinian Capital Market Authority, noting that the amendments made to the financial statements of the company may sometimes be substantial.

Your cooperation is highly appreciated,

Kind regards,

Al Mashreq Insurance
Head Office

Nihad Asaad
General Manager

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نسير قُدماً

المشـــرق للـتـأمـــين
Al Mashreq Insurance

Al Mashreq Insurance Company
(MIC)

Consolidated Initial Financial Report and Statements of 2020

Al Mashreq Insurance
Head Office

Board of Directors

Al Mashreq Insurance Company Board of Directors is composed of nine members with extensive experience in insurance and other economic areas.

The main tasks of the Board of Directors are to develop the company's strategies, future plans, public policies and follow-up on business progress in the company, approve the public budgeting and approve the financial statements and other tasks described in the Company's Bylaw.

Board Members

1	Jalal Kathem Nasireddin	Chairman of the Board
2	Yasser Mahmoud Abbas	Deputy chairman of the Board
3	Ayoub Wael Zurub	Board Member / CEO
4	Waleed Wael Zurub	Board Member
5	Waseem Wael Zurub	Board Member
6	"Nader Elias" Ahmed Mughrabi	Board Member
7	Adnan Adel Abdul Latif Representative of Jerusalem Cigarette Company	Board Member
8	Ismael Abdelkareem Hussein Representative of Jordan French Insurance Company	Board Member
9	Tawfiq Issa Habbash Representative of Mashreq Insurance Company Employee Savings Fund	Board Member

General Manager

Nihad Asaad

Al Mashreq Insurance
Head Office
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About Al Mashreq Insurance Company

Al Mashreq Insurance Company

Al Mashreq Insurance, a public shareholding company, landed a leading position in the insurance industry over the past 27 years; by continuously investing in a team of specialists and offering an innovative range of insurance solutions. Since 1992, Al Mashreq managed complex risks and uncertainties, and provided financial strength that empowers a varied client database across Palestine.

Today, Al Mashreq is becoming more focused and more profitable. It is evolving to better meet its clients' needs by protecting what they have today while preparing for a brighter tomorrow, and working more closely with them providing greater transparency. The progressive business strategies and solutions of Al Mashreq continue to reinvent the industry standards.

With a world that is rapidly changing, Al Mashreq Insurance prepares its clients for the future with less fear with a detailed outlook; being the main focus of all its endeavors.

Our Mission

To provide security to the individuals and companies of the community, and encourage them to move forward by helping them face future risks.

Our Vision

To increase the awareness of insurance products and services, in addition to developing the company's insurance
portfolio through innovative products and digital insurance services that place the company at the frontline of competing companies in the industry, while expanding across different cities.

Our Objectives

To provide high quality insurance services for individuals and companies, in addition to achieving the utmost satisfaction of our stakeholders through a team of diligent and hardworking employees, who operate in accordance to a set of guidelines that place the consumers at the heart of their interest.

Al Mashreq Insurance
Head Office

Al-Mashreq Insurance Company's Subsidiaries

Aqariya Commercial & Investment Company:

Al Mashreq Insurance Company owns Aqariya Commercial & Investment Company, a public joint-stock Company specializing in real estate investment and developing the land sector in Palestine. The company has carried out several housing and trading construction and land development projects. It provides real estate investment solutions to the real estate market by adopting the best proper management standards.

PAL Med Service for Medical Insurance Management:

PAL Med Service is a leading medical claim management company for insurance companies and Palestinian health insurance funds. PAL Med Service is serving thousands of companies and institutions affiliated with the insurance companies' portfolios and Palestinian health insurance funds through an up-to-date program in cooperation with Med Jordan Service.

PAL Med Service company provides professional services through highly qualified specialized staff in technical, financial, and administrative fields. These highly experienced and competent cadres include doctors, nurses, pharmacists, dental technicians, laboratories, IT engineers, programmers, administrators, and quality management managers who ensure high-quality and top-notch services.

Baby Cord STEM CELL TECHNOLOGIES:

Baby Cord STEM CELL TECHNOLOGIES and tissue cryopreservation Company – Palestine, in line with Al Mashreq Insurance Group's strategy to develop the Group's services to citizens, joined as one of the Group's companies. It is the first and leading company in Palestine in this field through collaboration with the Stem Cell Technology Bank of Jordan/Baby Cord Jordan. Baby Cord specializes in cryopreserving stem cells, being one of the basic cells that make up all parts of the human body. Stem Cells divide to renew itself and to form more than 200 different types of specialized cells such as muscle cells, liver cells, nerve cells, skin cells and others that can be used for therapeutic purposes in the future.

Al Mashreq Insurance
Head Office

Other investments

Tamkeen Insurance Company

It's a limited public shareholding company that provides a bunch of insurance services and solutions that are consistent with Islamic Sharia'a through sales points in the West Bank Governorates and Gaza Strip. The company was founded in 2017 by a group of Palestinian Businessmen and a number of Palestinian enterprises and companies, primarily the Establishment of Manage and Development Orphans Funds and Palestine Pension Agency. Al Mashreq Insurance Company was selected as the strategic ally to support the company in its business and provide it with the necessary expertise.

The Company's Business and area of activity

Al Mashreq Insurance Company sells and markets all types of public insurance in all areas of the Palestinian National Authority, including Jerusalem, through its offices, its network of branches, agents and producers, which are deployed in various governorates of the country.

In this context, the company attracts a distinct group of major economic and civil companies and institutions operating in the country. It provides insurance services in accordance with the highest standards followed in this field, which include the best coverage and insurance requirements based on mutual partnership with its insurers and which is based on the principle of achieving and protecting the interests and objectives of the parties. It has the most high-quality reinsurance agreements in the global market, to ensure that it meets its obligations.

External Auditor

The company's accounts are audited by Deloitte Touche (Middle East)

Senior Executive Management:

Ayoub Wael Zurub	Board Member / CEO
Nihad Mohammed Asaad	General manager
Naseem Mohammad Abu Mahmoud	Assistant General Manager for Financial and Administrative Affairs

Al Mashreq Insurance
Head Office
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Heads of branches and departments

Laith Farhan Karajeh	Director Of The Physical Compensation Department
Hisham Deeb Mashaqi	Director Of The Material Compensation Department
Samer Juma Mousa	Director Of The Public Insurance Issuing Department
Yousef Abdel Karem Albarghuthi	Central Marketing Director
Rawan Rimon Juha	Head Of Marketing Communications Department
Hatef Hasan Baraghtha	Head Of Vehicles Department
Hamza Fathi Abu Hamoud	Head Of Reinsurance Department
Omar Mustafa Naser	Ramallah Production Department Director
Hazem Ismaeil Habeel	Director Of The Collection Department
Muna Odeh Hammad	Director Of Personnel And Procurement Department
Areen Khader Alkhateeb	Product Development Director
Ahmad Mahmoud Ta'mah	Accounts Department Director
Hassan Hashem Suidan	Director Of The Audit Department
Nidal Yusef Zayed	Director Of Tulkarm And Qalqilya Regions

Nasser Saed Shaheen	Nablus Branch Director
Eva Hani Musleh	Bethlehem Branch Director
Mohammad Abdel Lateef Zain Aldeen	Huara Branch Director
Mohammad Khaled Bani Nimra	Salfeet Branch Director
Mohammad Karam Nasar	Jenin Branch Director
Ibrahim Abdel Kareem Nojoum	Jericho Branch Director

Legal proceedings and cases:

The executive management of the company has continued to pay great attention to all the lawsuits raised against the company, which do not exceed the scope of normal procedures concerning the nature of the company's business and which arise as a direct result of disputes over compensation values and damage caused by various general vehicle and insurance accidents. The Company's expertise over the past years confirms that there is no abnormal impact on the financial position of the company due to these lawsuits as a result of sufficient financial allocations to meet them in the company's financial statements.

Strategic Direction

The Company's Board of Directors and its Executive Management are determined to move forward with a new success story that adds to the Goodwill and reputation that the company continues to enjoy with a vast base of large Palestinian companies and enterprises. This is due to their belief in the success and possible development of the company's human potential and reputation based on distinguished service and fulfilment of the obligations achieved.

Al Mashreq Insurance
Head Office

Al Mashriq Insurance Company Ltd. and its Subsidiaries
Consolidated Statement of Financial Position
As of December 31, 2020

	December 31, 2020 USD	December 31, 2019 USD
Assets		
Non Current Assets		
Property and Equipment	5,273,203	5,175,041
Right of use	188,498	203,192
Investment Property	14,169,370	16,160,237
OCI Financial Investments	3,164,384	2,167,332
Mandatory Deposits	250,000	250,000
Deferred Tax Assets	843,569	736,531
Cheques Under Collection Due After a Year	2,585,615	1,421,684
Total Non Current Assets	**26,474,639**	**26,114,017**
Current Assets		
Accounts Receivable, Net	13,659,104	9,574,885
Insurance and Reinsurance Companies Receivables	398,038	392,971
Reinsurance Contract Asset	4,549,579	4,579,250
Financial Investments through P&L	954,021	1,159,947
Property Inventory	1,367,980	1,186,725
Other Debit Balances	179,913	150,673
Cheques Under Collection Due Within a Year	12,341,776	11,079,332
Deposits at Banks	2,794,549	2,746,313
Cash and Cash Equivalent	4,767,086	3,641,030
Total Current Assets	**41,012,046**	**34,511,126**
Total Assets	**67,486,685**	**60,625,143**
Owners' Equity and Liability		
Owners' Equity		
Share Capital	5,200,000	5,200,000
Statuary Reserve	1,118,483	1,012,728
Cumulative change in fair value	1,561,512	1,545,042
Financial statements currency translation variance	(998,640)	(481,014)
Retained earnings	2,937,025	2,115,227
Equity Attributable to Owners of the Company	**9,818,380**	**9,391,983**
Non controlling interests	5,815,868	5,665,382
Total Equity	**15,634,248**	**15,057,365**
Non Current Liabilities		
Reserve for Employees' End of Service	1,352,511	1,256,058
Bank Loans - long term	1,780,387	2,062,801
Lease liability - long term	176,562	192,083
Total Non Current Liabilities	**3,309,460**	**3,510,942**
Current Liabilities		
Accounts Payable	6,627,178	5,971,125
Insurance and Reinsurance Companies Payable	1,203,988	1,104,357
Other credit balances	1,666,448	1,178,336
Other provisions	2,557,027	1,909,926
Insurance Contract Liability	34,362,829	30,367,384
Postdated Cheques Payables	1,112,135	716,779
Lease liability - short term	16,968	15,791
Bank Loans - short term	996,404	793,138
Total Current Liabilities	**48,542,977**	**42,056,836**
Total Liabilities	**51,852,437**	**45,567,778**
Total Equity and Liability	**67,486,685**	**60,625,143**

Al Mashreq Insurance
Head Office

Al Mashriq Insurance Company Ltd. and its Subsidiaries
Consolidated Statement of Profit and Loss
For the Year Ended December 31, 2020

	December 31, 2020	December 31, 2019
	USD	USD
Gross Written Premium	30,450,163	31,180,828
Change in Unearned Premium Reserve	239,556	(1,594,846)
Earned Premium Revenue	**30,689,719**	**29,585,982**
Reinsurance Premium share	(2,642,113)	(2,239,697)
Change in Reinsurance Share of Unearned Premium Reserve	(76,883)	152,299
Net Reinsurance Premium Ceded	**(2,718,996)**	**(2,087,398)**
Net Insurance Premium Earned	**27,970,723**	**27,498,584**
Gross Reinsurance Premium Commission Earned	261,206	320,647
Less: Commission Paid	(1,202,128)	(1,567,667)
Net Insurance Premium Earned After Commission	**27,029,801**	**26,251,564**
Investment Revenues	**267,522**	**164,728**
Claims Incurred		
Gross Claims Incurred	(19,259,421)	(19,362,819)
Reinsurance Share of Claims Incurred	406,925	853,484
Net Claims Incurred	**(18,852,496)**	**(18,509,335)**
Net Insurance Activity Before Administrative Expenses	**8,444,827**	**7,906,957**
General and Administrative Expenses Allocated to Insurance Activities	(5,796,488)	(5,930,595)
Net Insurance Activity After Administrative Expenses	**2,648,339**	**1,976,362**
Bank interest	(33,773)	(37,577)
(Loss) on Currency Exchange Revaluation	(151,561)	(409,441)
Expected credit loss	(434,593)	(271,629)
Gain from Sale of Property and Equipment	1,064	-
General and Administrative Expenses not Allocated to Insurance Activities	(1,228,801)	(1,134,630)
Amortization of Lease Liability	(56,474)	(49,371)
Interest expense on lease liability	(2,606)	(2,533)
Other Revenues not allocated to Insurance Activities	191,684	847,808
(Loss) from Revaluation of Investments through profit or loss	(160,841)	(107,044)
Gain on revaluation of investment property	1,109,794	1,279,311
Net Income for the Year Before Taxes	**1,882,232**	**2,091,256**
Value Added Tax and Income Tax	(603,260)	(263,407)
Net Income After Taxes	**1,278,972**	**1,827,849**
Attributable to:		
Owners of the Company	1,057,553	1,217,978
Non Controlling Interests	221,419	609,871
	1,278,972	**1,827,849**
Earnings Per Share for Parent Company	**0.20**	**0.23**

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