

الرقم: أت/ 2020/4548
التاريخ: 2020/10/28

السادة/ بورصة عمان المحترمين

تحية واحتراماً،،،

الموضوع: البيانات المالية للفترة المنتهية في 30 أيلول 2020

بالإشارة إلى الموضوع أعلاه، نرفق لكم البيانات المالية للفترة المنتهية في 2020/09/30 باللغة الانجليزية للشركة الأولى للتأمين موقعة حسب الأصول.

وتفضلوا بقبول فائق الاحترام ،،،


سوليديرتي
SOLIDARITY
الأولى للتأمين FIRST INSURANCE
أحمد عادي
نائب المدير التنفيذي للمالية

بورصة عمان
الدائرة الإدارية والمالية
الديوان
٠١ تشرين الثاني ٢٠٢٠
٤٥٤٣
٢١٥٣٤
الرقم المتسلسل:
رقم الملف:
الجهة المختصة:


FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

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

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
SEPTEMBER 30, 2020

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Review Report

AM/ 012534/101

To the Chairman and Members of the Board of Directors
First Insurance Company
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of First Insurance Company (A Public Shareholding Limited Company) as of September 30, 2020 and the related condensed consolidated interim statements of policyholders revenue and expenses, profit or loss and comprehensive income, for the three-month and nine-month period ended September 30, 2020, and condensed consolidated interim statement of changes in owners' equity, changes in policyholders' equity and cash flows for the nine-month period ended then, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial information in accordance with International Accounting Standard (34) related to Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated 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 Company". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that the accompanying condensed consolidated interim financial information are not prepared in accordance with International Accounting Standard No. (34) related to Interim Financial Reporting.

Other Matters

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

Amman – The Hashemite Kingdom of Jordan
October 26, 2020


Deloitte & Touche (M.E.) – Jordan

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>Note</u>	September 30, 2020 (Reviewed) JD	December 31, 2019 (Audited) JD
Investments:			
Deposits at banks - net	4	11,387,604	13,047,653
Financial assets at fair value through other comprehensive income	20	1,099,403	1,357,495
Financial assets at amortized cost	5	6,377,759	6,529,087
Real Estate Investments - net	20	6,730,515	6,769,324
Total Investments		<u>25,595,281</u>	<u>27,703,559</u>
Cash on hand and at banks	6	472,682	480,791
Checks under collection - net		3,041,067	2,806,965
Receivables - net	7	17,815,882	15,344,549
Re-insurers' receivables - net	8	2,775,302	2,390,730
Deferred tax assets		832,131	639,626
Property and equipment - net		10,727,229	5,644,450
Intangible assets - net		888,005	939,698
Projects under construction		27,000	4,200,149
Other assets		1,100,274	585,616
TOTAL ASSETS		<u>63,274,853</u>	<u>60,736,133</u>
<u>LIABILITIES AND POLICYHOLDERS' EQUITY AND OWNERS' EQUITY</u>			
<u>LIABILITIES:</u>			
Unearned contributions reserve - net		8,373,922	8,857,812
Outstanding claims reserve - net		7,691,779	6,154,320
Mathematical reserve - net		153,021	141,316
Total Insurance Contracts Liabilities		<u>16,218,722</u>	<u>15,153,448</u>
Payables	10	4,337,119	2,998,694
Re-insurers' payables	11	8,721,142	8,391,264
Accrued expenses		55,166	63,659
Various provisions		-	58,244
Income tax provision	9/a	383,631	409,181
Deferred tax liabilities		961	934
Other liabilities		1,233,101	567,225
TOTAL LIABILITIES		<u>30,949,842</u>	<u>27,642,649</u>
<u>POLICYHOLDERS' EQUITY:</u>			
Reserve to cover deficit (contingency provision)	12	-	145,276
Accumulated surplus for policyholders' fund	13	-	-
Al-Qard Al-Hasan granted by owners' equity to cover policyholders' deficit	14	-	-
Total Policyholders' Equity		<u>-</u>	<u>145,276</u>
<u>OWNERS' EQUITY</u>			
Authorized and paid-up capital	1	28,000,000	28,000,000
Statutory reserve		3,276,493	3,276,493
Financial assets valuation reserve - net after tax		(2,094,147)	(1,715,994)
Retained earnings		2,127,709	3,387,709
Profit for the period		1,014,956	-
Total Owners' Equity - Company's Shareholders		<u>32,325,011</u>	<u>32,948,208</u>
Total Policyholders' and Owners' Equity		<u>32,325,011</u>	<u>33,093,484</u>
TOTAL LIABILITIES AND POLICYHOLDERS' AND OWNERS' EQUITY		<u>63,274,853</u>	<u>60,736,133</u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH THE ACCOMPANYING
REVIEW REPORT.

Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF POLICYHOLDERS' REVENUE AND EXPENSES
(REVIEWED NOT AUDITED)

	Note	For the Three-Months Ended		For the Nine-Months Ended	
		September 30,		September 30,	
		2020	2019	2020	2019
		JD	JD	JD	JD
<u>Takaful Insurance Activities Revenue</u>					
Gross written contributions		11,060,285	11,744,674	34,256,073	34,369,943
<u>Less: Re-insurers' share</u>		<u>(6,335,885)</u>	<u>(6,369,490)</u>	<u>(19,403,727)</u>	<u>(19,049,547)</u>
Net Earned Contributions from Takaful Operations for Policyholders		4,724,400	5,375,184	14,852,346	15,320,396
Net change in unearned contribution reserve		234,329	(357,558)	483,890	(694,936)
Net change in mathematical reserve		41,250	68,749	(11,705)	(8,204)
Net Earned Contributions from Takaful Insurance for Policyholders		<u>4,999,979</u>	<u>5,086,375</u>	<u>15,324,531</u>	<u>14,617,256</u>
Commissions' revenue		1,260,657	786,043	2,776,347	2,504,534
Takaful policies issuance fees		541,606	575,231	1,599,558	1,738,019
Policyholders' share of investment income		29,558	35,297	92,800	143,494
<u>Less: Owners' Equity for managing the investment portfolio</u>		<u>(10,345)</u>	<u>(12,354)</u>	<u>(32,480)</u>	<u>(50,223)</u>
Total Revenue from Takaful Insurance for Policyholders'		<u>6,821,455</u>	<u>6,470,592</u>	<u>19,760,756</u>	<u>18,953,080</u>
<u>Claims, Losses and Expenses from Takaful Insurance Operations:</u>					
Paid claims		8,654,424	7,559,048	21,677,320	22,436,213
<u>Less: Recoveries</u>		<u>(780,420)</u>	<u>(457,742)</u>	<u>(1,778,094)</u>	<u>(1,175,585)</u>
Re-insurers' share		<u>(3,436,692)</u>	<u>(2,678,079)</u>	<u>(8,512,238)</u>	<u>(8,806,775)</u>
Net Paid Claims from Takaful Insurance Operations		<u>4,437,312</u>	<u>4,423,227</u>	<u>11,386,988</u>	<u>12,453,853</u>
Net change in outstanding claims reserve		251,870	(125,667)	1,552,405	386,675
Owners' equity share for managing the operations of takaful insurance	15	1,641,274	1,681,085	4,995,205	4,735,459
Excess of loss contributions		(7,990)	49,256	206,029	147,768
Takaful policies acquisition costs		183,968	175,134	679,765	737,105
Other underwriting expenses		347,608	169,331	929,043	805,734
Net Claims Costs		<u>6,854,042</u>	<u>6,372,366</u>	<u>19,749,435</u>	<u>19,266,594</u>
<u>Less: Policyholders' share of takaful Insurance:</u>					
Expected credit losses	7	50,000	50,000	450,000	150,000
Depreciation and amortization		19,292	19,173	57,243	56,812
Other expenses		9,631	45,357	163,860	102,400
Total Policyholders' share From Al-Takaful Insurance Operations		<u>78,923</u>	<u>114,530</u>	<u>671,103</u>	<u>309,212</u>
(Deficit) in Policyholders' before Tax		<u>(111,510)</u>	<u>(16,304)</u>	<u>(659,782)</u>	<u>(622,726)</u>
<u>Add: Income tax refund for the period</u>	9/b	<u>29,766</u>	<u>(1,081)</u>	<u>171,866</u>	<u>260,010</u>
(Deficit) in Policyholders' from Takaful Insurance Operations		<u>(81,744)</u>	<u>(17,385)</u>	<u>(487,916)</u>	<u>(362,716)</u>

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Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

	Notes	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2020	2019	2020	2019
		JD	JD	JD	JD
Owners' Equity Revenue from Al-Takaful insurance activities					
Owners' Equity share of takaful insurance operations management	15	1,641,274	1,681,085	4,995,205	4,735,459
Owners' Equity share of investment income		110,679	157,612	329,894	419,816
Owners' Equity share of financial assets and investments income		98,749	217,871	349,536	557,460
Owners' Equity share for managing the investments portfolio		10,345	12,354	32,480	50,223
Other income		(17,743)	4,086	(16,122)	39,210
Total Owners' Equity Revenues from Takaful Insurance Operations		1,843,304	2,073,008	5,690,993	5,802,168
<u>Claims, losses and Expenses from General Insurance Activities:</u>					
Paid claims		11,953	-	96,749	39,647
<u>Less: Recoveries</u>		-	(20,414)	-	(80,651)
Reinsurers' share		(10,182)	-	(89,753)	(99)
Net paid claims		1,771	(20,414)	6,996	(41,103)
Net change in claims reserve		(8,244)	-	(14,946)	(22,898)
Net Claims from General Insurance		(6,473)	(20,414)	(7,950)	(64,001)
Employees' expenses		940,578	935,200	2,679,813	2,673,942
General and administrative expenses		382,673	269,266	1,031,020	996,783
Al Qard Al Hassan granted to policyholders' expense		81,744	17,385	342,640	219,432
Depreciation and amortization		81,099	60,678	206,053	134,511
Total Expenses		1,486,094	1,282,529	4,259,526	4,024,668
Total Claims, loss, expenses from General Insurance Activities		1,479,621	1,262,115	4,251,576	3,960,667
Income for the period before income tax		363,683	810,893	1,439,417	1,841,501
<u>Less: Income Tax Expense for the period</u>	9/b	(119,324)	78,737	(424,461)	(77,411)
Income for the period		244,359	889,630	1,014,956	1,764,090
Earnings per share for the period-(basic & diluted)	16	0.009	0.032	0.036	0.063

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Chairman of the Board of Directors

Chief Executive Officer

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three-Months		For the Nine-Months	
	Ended September 30,		Ended September 30,	
	2020	2019	2020	2019
	JD	JD	JD	JD
Income for the period	244,359	889,630	1,014,956	1,764,090
<u>Add: Other comprehensive income items after tax that hasn't been transferred</u>				
to the profit or loss statement in subsequent periods:				
Owners' Equity share from the change in fair value of financial assets at				
fair value through other comprehensive income	<u>(124,460)</u>	<u>(14,677)</u>	<u>(378,153)</u>	<u>(217,172)</u>
Total Comprehensive Income for the Period	<u>119,899</u>	<u>874,953</u>	<u>636,803</u>	<u>1,546,918</u>

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Financial Assets				Income for	Net Owners'
	Paid-up	Statutory	Valuation	Retained	the Period	Equity
	Capital	Reserve	Reserve	Earnings *		
	JD	JD	JD	JD	JD	JD
<u>For the Nine Months Ended September 30, 2020</u>						
Balance at the beginning of the period	28,000,000	3,276,493	(1,715,994)	3,387,709	-	32,948,208
Total comprehensive income for the period	-	-	(378,153)	-	1,014,956	636,803
Distributed Dividend **	-	-	-	(1,260,000)	-	(1,260,000)
Balance at the end of the period	28,000,000	3,276,493	(2,094,147)	2,127,709	1,014,956	32,325,011
<u>For the Nine Months Ended September 30, 2019</u>						
Balance at the beginning of the period	28,000,000	3,010,963	(1,874,622)	3,549,146	-	32,685,487
Total comprehensive income for the period	-	-	(217,172)	-	1,764,090	1,546,918
Distributed Dividend **	-	-	-	(1,540,000)	-	(1,540,000)
Balance at the end of the period	28,000,000	3,010,963	(2,091,794)	2,009,146	1,764,090	32,692,405

* An amount equivalent to the negative financial assets valuation reserve, as of September 30, 2020 is restricted from the retained earnings according to Jordan Securities Commission.

** Under the decision of the general assembly at its meeting held on June 8, 2020, a cash dividends were distributed to the shareholder at a percentage of 4.5% of paid up capital for the year 2019 profit with an amount of JD 1,260,000 (JD 1,540,000 dinar with a percentage of 5% from paid up capital for the year of 2018 profits).

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN POLICYHOLDERS' EQUITY
(REVIEWED NOT AUDITED)

	Reserve to		Accumulated Deficit		Qard Hasan		Net	
	Cover Deficit		Realized		from Owners'		Policyholders'	
	(Contingencies		Unrealized		to Cover the		Equity	
	provision)				Policyholders'			
	JD	JD	JD	JD	JD	JD	JD	JD
For the Nine Month Ended September 30, 2020								
Balance at the beginning of the period	145,276	-	-	-	-	-	145,276	
(Deficit) in Policyholders' for the period	-	(487,916)	-	-	-	(487,916)		
Transfers from reserve to cover the deficit (contingency provision)	(145,276)	-	-	-	145,276	-	-	
Al Qard Al Hasan granted by owners' equity to cover policyholders deficit	-	-	-	-	342,640	342,640		
Transfers to Policyholders Deficit	-	487,916	-	-	(487,916)	-	-	
Balance at the End of the Period	-	-	-	-	-	-	-	
For the Nine Month Ended September 30, 2019								
Balance at the beginning of the period	143,284	-	-	-	-	-	143,284	
(Deficit) in Policyholders' for the period	-	(362,716)	-	-	-	(362,716)		
Transfers from reserve to cover the deficit (contingency provision)	(143,284)	-	-	-	143,284	-	-	
Al Qard Al Hasan granted by owners' equity to cover policyholders deficit	-	-	-	-	219,432	219,432		
Transfers to Policyholders Deficit	-	362,716	-	-	(362,716)	-	-	
Balance at the End of the Period	-	-	-	-	-	-	-	

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FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For The Nine Months Ended September 30,	
		2020	2019
		JD	JD
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income for the period before tax		1,439,417	1,841,501
Adjustments:			
Depreciation and amortization		263,296	191,323
Expected credit losses	7	450,000	150,000
Net change in unearned contributions reserve		(483,890)	694,936
Net change in outstanding claims reserve		1,537,459	363,777
Net change in mathematical reserve		11,705	8,204
Dividends income from financial assets at fair value through other comprehensive income		(36,735)	(39,595)
Returns from sukuk		(205,239)	(222,489)
Al Qard Al Hasan granted to policyholders expenses		342,640	219,432
Net Cash Flows from Operating Activities before Changes in Working Capital		3,318,653	3,207,089
(Increase) decrease in checks under collection		(234,102)	201,637
(Increase) in receivables		(2,921,333)	(5,545,247)
(Increase) in re-insurers' receivables		(384,572)	(274,549)
(Increase) decrease in other assets		(514,658)	35,885
Increase in payables		1,338,425	1,628,584
Increase (decrease) in re-insurance payables		329,878	(18,417)
(Decrease) in accrued expenses		(8,493)	(38,657)
(Decrease) increase in other liabilities		(1,060,994)	(785,122)
(Decrease) in various provisions		(58,244)	(41,658)
Net Cash Flows (used in) Operating Activities before Income Tax Paid and		(195,440)	(1,630,455)
Income tax paid	9/a	(461,691)	(110,344)
Net Cash Flows (used in) Operating Activities		(657,131)	(1,740,799)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase) decrease in deposits at banks		(1,447,047)	4,234,281
(Purchase) of Financial assets at amortized cost		-	(1,773,918)
Proceeds from sale of financial assets at amortized cost		151,328	2,377,109
Proceeds of dividends from financial assets at fair value through comprehensive income		36,735	39,595
Change in property & equipment, intangible assets and projects under construction		(1,121,233)	(2,074,120)
Proceeds from sale of financial assets at fair value through comprehensive income		-	576,587
(Purchase) of Financial assets at fair value through comprehensive Income		(129,987)	-
Change in investment property		38,809	38,668
Proceeds from Sukuk returns		205,239	222,489
Net Cash Flows (used in) From Investing Activities		(2,266,156)	3,640,691
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash Dividends		(250,072)	(724,890)
Net Cash (used in) financing activities		(250,072)	(724,890)
Net (decrease) increase in Cash and Cash Equivalent		(3,173,359)	1,175,002
Cash and cash equivalent at the beginning of the year		10,145,079	9,043,753
Cash and Cash Equivalent at the End of the period	17	6,971,720	10,218,755
<u>Non-Cash Transactions</u>			
Unpaid distributed dividends		1,009,928	815,110

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AND WITH THE ACCOMPANYING REVIEW REPORT.

FIRST INSURANCE COMPANY
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(REVIEWED NOT AUDITED)

1. General

- a. First Insurance Company (the "Company") was established on December 28, 2006 and registered as a public shareholding limited company under license No. (424) with an authorized paid-up capital of JD 24 million of a par value of JD 1 per share.

On April 2, 2015, First Insurance Company acquired a percentage of 76.25% of the Yarmouk Insurance Company's capital (a Public Shareholding Limited Company), on November 2, 2015 a final approval took place on the merger between the Yarmouk Insurance Company and the First Insurance Company and the result of the merger will be the First Insurance Company with an authorized and paid up capital of JD 28 million at 1 JD per share.

- b. The accompanying condensed consolidated interim financial information were approved by the Board of Directors on October 22, 2020.

2. Basis of preparation

a. Basis of preparation of the Condensed Consolidated Interim Financial Information.

- The accompanying condensed consolidated interim financial information and its subsidiary have been prepared in accordance with International Accounting Standard IAS (34) relating to Interim Financial Reporting.
- The condensed consolidated interim financial information are stated in Jordanian Dinar. Which represents the functional currency for the Company and its subsidiaries.
- The consolidated condensed interim financial information are prepared in accordance with the historical cost except for the financial assets and financial liabilities, which are presented at their fair value as of the condensed consolidated interim financial information date.
- The condensed consolidated interim financial information doesn't include all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Company's annual report for the year ended December 31, 2019. Moreover, the results of operations for the nine-month period ended September 30, 2020 do not necessarily provide an indication of the expected results of operations for the year ending December 31, 2020. Also, appropriation is made on the profit of the period ended September 30, 2020 which is made at the end of the financial year.

The accounting policies adopted in preparing the condensed consolidated interim financial information are consistent with those applied in the year ended December 31, 2019 except for the effect of the adoption of the new and revised standards which are applied on current periods as follow:

a. Amendments to IAS 1 and IAS 8 and related to definition of materiality

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

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

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

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

Amendments to IFRS 3 and related to definition of a business

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

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

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

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

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC 32.

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

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

b. Basis of consolidation of the consolidated condensed interim financial information

- The consolidated condensed interim financial information include the financial statements of the Company and its subsidiary companies that are subject to its control. In this regard, control is established when the Company has the ability to conduct the main activities of the subsidiary company, it is subject to the variable returns arising from its investment in the subsidiary company, or it has the right to these returns, and it has the ability to influence the returns through its control of the subsidiary company. Intercompany transactions, balances, revenues and expenses are eliminated between the Company and its subsidiaries.

- The results of the subsidiary companies are incorporated into the consolidated condensed statement of profit or loss from the effective date of acquisition, which is the date on which the Company assumes actual control over the subsidiary. Moreover, the operating results of the disposed subsidiaries are incorporated into the consolidated statement of profit or loss up to the effective date of disposal, which is the date on which the Company loses control over the subsidiary companies.
- Control is achieved when the Company:
 - Has the ability to control the investee.
 - Is subject to variable returns, or have the right to variable returns arising from its association with the investee.
 - Has the ability to use its power to influence the returns of the investee.

The Company re-evaluates whether it controls the investee companies or not, if the facts and circumstances indicate that there are changes to one or more of the control criteria referred to above.

If the Company's voting rights are less than the majority's voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Company the ability to direct the activities of the related subsidiary unilaterally. Moreover, the Company takes into account all the facts and circumstances in assessing whether the Company has enough voting rights in the investee to enable it to control or not. These facts and circumstances include the following:

- The size of voting rights owned by the Company in relation to the size and distribution of other voting rights.
- Potential voting rights held by the Company and any other voting rights held by others or third parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances indicating that the Company has or does not have an existing responsibility for directing the relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings.

When the Company loses control over any of its subsidiaries, the Company:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities.
- Derecognizes the carrying amount of any uncontrolled interest.
- Derecognizes the cumulative transfer differences recognized in consolidated owners' equity.
- Derecognizes the fair value of the consideration received.
- Derecognizes the fair value of any investment held.
- Derecognizes any surplus or deficit in the consolidated statement of Profit or Loss.
- Reclassifies the Company's equity previously recognized in other comprehensive income to the statement of profit or loss or retained earnings, as appropriate.

The financial information of the subsidiary companies are prepared for the same financial period of the parent Company using the same accounting policies of the parent Company. If the accounting policies adopted by the subsidiary companies differ from those of parent Company, the necessary adjustments to the financial information of the subsidiary companies are made to comply with the accounting policies of the parent Company.

Non-controlling interest represent the unowned part by the Company from subsidiary companies owners' equity.

The Company owns the following subsidiaries as of September 30, 2020:

Company's Name	Principal Activity	Ownership Percentage	Capital	Year of Incorporation
Mulkiyat for Investment and Trade Company	Investment	100%	50,000	2010
Baden for Trade and Investment Company	Investment	100%	5,000	2016

The most important financial information of the subsidiary companies for the period ended September 30, 2020 is as follows:

Company's Name	Total Assets JD	Total Liabilities JD	Total Revenue JD	Total Expenses JD
Mulkiyat for Investment and Trade Company	1,928,451	1,980,749	51,169	67,290
Baden for Trade and Investment Company	6,000	1,508,528	-	-

3. Judgments, estimates and risk management

The preparation of the condensed consolidated 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.

We believe that our used estimates for the preparation of the interim condensed consolidated financial information are reasonable and consistent with the estimates approved for the preparation of the consolidated financial statements for the year 2019, 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 consolidated financial information as of September 30, 2020, 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:
 - Providing alternative locations to distribute the employees on, in order to ensure continuity of work and to maintain social separation among employees.
 - 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.
- 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.
- c. As for monitoring the impact of the COVID-19 crisis on the group's liquidity levels, the group'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.

4. Deposits at Banks - net

This item consists of the following:

	September 30, 2020 (Reviewed)						December 31, 2019 (Audited)					
	Deposits maturing within one month		Deposits maturing after a month till three months		Deposits maturing after three months till one year		Total		Total			
	Policyholders'	Owners'	Policyholders'	Owners'	Policyholders'	Owners'	Policyholders'	Owners'	Policyholders'	Owners'		
	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Inside Jordan	29,500	45,968	1,475,803	5,000,000	-	2,000,000	1,505,303	7,045,968	8,551,271	1,447,825	8,899,446	10,347,271
Outside Jordan	-	-	-	-	-	2,921,826	-	2,921,826	2,921,826	-	2,785,875	2,785,875
(Less): Expected credit losses provision	(355)	(311)	(17,778)	(33,789)	-	(33,260)	(18,133)	(67,360)	(85,493)	(18,133)	(67,360)	(85,493)
	29,145	45,657	1,458,025	4,966,211	-	4,888,566	1,487,170	9,900,434	11,387,604	1,429,692	11,617,961	13,047,653

- Return rates on the deposits at banks in Jordanian Dinar ranges from 2.5% to 5%.

5. Financial assets at amortized cost

This item consists of the following:

		September 30, 2020 (Reviewed)				December 31, 2019 (Audited)			
		Policyholders		Owners' Equity		Total		Policyholders	
		JD		JD		JD		JD	
Sukuk		991,359	(790)	5,392,754	(5,564)	6,384,113	990,340	5,545,101	6,535,441
(Less): Expected credit losses						(6,354)	(790)	(5,564)	(6,354)
Total		990,569		5,387,190		6,377,759	989,550	5,539,537	6,529,087

- The sukuk above is of fixed yield ranging between 2.5% to 5% annually.

6. Cash on Hand and at Banks

This item consists of the following:

		September 30, 2020 (Reviewed)				December 31, 2019 (Audited)			
		Policyholders		Owners' Equity		Total		Policyholders	
		JD		JD		JD		JD	
Cash on hand		118,816		1,000		119,816	122,316	1,000	123,316
Current accounts at banks provision		177,630		175,236		352,866	273,889	83,586	357,475
		296,446		176,236		472,682	396,205	84,586	480,791

7. Receivables - Net

This item consists of the following:

	September 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Policyholders' receivable	19,133,991	16,185,743
Brokers' receivable	17,924	13,809
Employees' receivable	132,129	116,751
Owners' Equity receivable	76,961	80,870
Others	55,878	98,377
Total	19,416,883	16,495,550
<u>Less: Expected credit losses Provision *</u>	<u>(1,601,001)</u>	<u>(1,151,001)</u>
	<u>17,815,882</u>	<u>15,344,549</u>

* The movement on expected credit losses provision is as follows:

	September 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Balance at the beginning of the period / year	1,151,001	1,001,001
<u>Add: Expected Credit losses during the period / year</u>	<u>450,000</u>	<u>150,000</u>
Balance at the end of the period / year	<u>1,601,001</u>	<u>1,151,001</u>

The table below shows the aging of receivables:

	Un-due Receivables	Due Receivables				Total
		1-90 Days	91-180 Days	181-360 Days	More than 361 Days	
<u>September 30, 2020</u>	JD	JD	JD	JD	JD	JD
Policyholders receivable	7,774,974	6,437,896	1,652,384	1,847,250	1,421,487	19,133,991
Brokers' receivable	-	6,204	965	10,244	511	17,924
Employee receivable	129,535	2,300	-	5	289	132,129
Owners' Equity receivable	-	76,961	-	-	-	76,961
Other receivables	21,468	9,720	13,898	9,477	1,315	55,878
Net Receivables	<u>7,925,977</u>	<u>6,533,081</u>	<u>1,667,247</u>	<u>1,866,976</u>	<u>1,423,602</u>	<u>19,416,883</u>

	Un-due Receivables	Due Receivables				Total
		1-90 Days	91-180 Days	181-360 Days	More than 361 Days	
<u>December 31, 2019</u>	JD	JD	JD	JD	JD	JD
Policyholders receivable	6,059,160	5,581,584	1,930,466	1,570,828	1,043,705	16,185,743
Brokers' receivable	-	7,035	1,553	1,233	3,988	13,809
Employees' receivable	67,484	21,339	12,900	12,271	2,757	116,751
Owners' Equity Receivable	-	54,983	-	25,887	-	80,870
Other receivables	21,674	65,372	7,274	4,057	-	98,377
Receivables	<u>6,148,318</u>	<u>5,730,313</u>	<u>1,952,193</u>	<u>1,614,276</u>	<u>1,050,450</u>	<u>16,495,550</u>

8. Reinsurance Receivables - net
This item consists of the following:

	September 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Local insurance companies	2,227,934	1,551,404
Foreign reinsurance companies	717,368	1,009,326
Total reinsurance receivables	2,945,302	2,560,730
<u>Less: Expected credit losses*</u>	<u>(170,000)</u>	<u>(170,000)</u>
	<u>2,775,302</u>	<u>2,390,730</u>

The table below shows the aging reinsurance receivables:

	Due Receivables					
	Un-due Receivables	1-90 Days	91-180 Days	181-360 Days	More than 361 Days	Total
	JD	JD	JD	JD	JD	JD
<u>September 30, 2020</u>						
Local insurance Companies	1,329,800	523,719	220,100	46,709	107,606	2,227,934
Foreign reinsurance companies	129,706	518,728	6,028	40,915	21,991	717,368
Net reinsurance receivables	<u>1,459,506</u>	<u>1,042,447</u>	<u>226,128</u>	<u>87,624</u>	<u>129,597</u>	<u>2,945,302</u>
<u>December 31, 2019</u>						
Local insurance companies	831,684	432,572	101,527	88,570	97,051	1,551,404
Foreign reinsurance companies	271,443	642,060	8,785	87,038	-	1,009,326
Net reinsurance receivables	<u>1,103,127</u>	<u>1,074,632</u>	<u>110,312</u>	<u>175,608</u>	<u>97,051</u>	<u>2,560,730</u>

9. Income Tax

a. Income tax provision

Movement on the income tax provision is as follows:

	September 30, 2020 (Reviewed)			December 31, 2019 (Audited)		
	Policyholders	Owners' Equity	Total	Policyholders	Owners' Equity	Total
	JD	JD	JD	JD	JD	JD
Balance at beginning of the period / year	41,498	367,683	409,181	53,356	3,545	56,901
Income tax expense for the period / year	11,680	424,461	436,141	(5,169)	479,744	474,575
<u>(Less): Income tax paid</u>	<u>-</u>	<u>(461,691)</u>	<u>(461,691)</u>	<u>(6,689)</u>	<u>(115,606)</u>	<u>(122,295)</u>
Balance at end of the period / year	<u>53,178</u>	<u>330,453</u>	<u>383,631</u>	<u>41,498</u>	<u>367,683</u>	<u>409,181</u>

- b. Income tax in the condensed consolidated interim statement of policyholders' revenue and expenses and the condensed consolidated interim statement of profit or loss is as follows:

	September 30, 2020 (Reviewed)		September 30, 2019 (Reviewed)	
	Policyholders'	Owners'	Policyholders'	Owners'
	JD	Equity JD	JD	Equity JD
Accrued income tax on the period's profits	11,680	424,461	-	115,737
Impact of deferred taxes	(183,546)	-	(261,010)	(38,326)
Income tax (benefits) expense for the period	<u>(171,866)</u>	<u>424,461</u>	<u>(261,010)</u>	<u>77,411</u>

c. Tax status:

- The Company is committed to submit annual income tax returns (self-assessment statements) to the Income and Sales Tax Department on the company's annual business results.
- The Company is committed to submit general sales tax returns to the Income and Sales Tax Department on the results of the company's business and for all tax periods in accordance with the relevant law.
- The Company has obtained a final settlement with Income and Sales Tax Department until the end of year 2018, it has also submitted a self-assessment statement for the year 2019 and paid the declared amount and it has not been reviewed yet.
- In the opinion of the management and the tax consultant, the Income tax provision is sufficient as of September 30, 2020.

10. Payables:

This item consists of the following:

	September 30, 2020 (Reviewed)			December 31, 2019 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Agents' Payable	118,045	-	118,045	139,478
Brokers' Payable	255,787	-	255,787	51,242
Employees' Payable	-	5,872	5,872	9,182
Suppliers' Payable	1,403,890	49,920	1,453,810	1,333,442
Others *	1,555,848	947,757	2,503,605	1,465,350
Total	<u>3,333,570</u>	<u>1,003,549</u>	<u>4,337,119</u>	<u>2,998,694</u>

- * This item includes dividends not received by the parent company, amounting to JD 910,900 (Note 18).

11. Reinsurance Payables:

This item consists of the following:

	September 30, 2020 (Reviewed)			December 31, 2019 (Audited)
	Policyholders	Owners' Equity	Total	Total
	JD	JD	JD	JD
Local insurance companies	741,730	8,533	750,263	686,232
Foreign re-insurance companies	7,899,741	71,138	7,970,879	7,705,032
	<u>8,641,471</u>	<u>79,671</u>	<u>8,721,142</u>	<u>8,391,264</u>

12. Reserve to Cover Policyholders' Fund Deficit (Contingency Provision)

- This account represents what has been transferred from the policyholders' fund surplus during this period and previous periods.
- Below is a summary movement of the reserve to cover deficit (contingency provision):

	September 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Balance at the beginning of the period / year	145,276	143,284
Transfers from reserve to cover the policyholders' fund deficit	(145,276)	1,992
Balance at the end of the period / year	-	145,276

13. Policyholders Accumulated Surplus

This item consists of the following:

	September 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Balance at the beginning of the period / year	-	-
Policyholders' surplus during the period / year	-	1,992
Policyholders' (deficit) during the period / year	(487,916)	-
Transferred to reserve to cover policyholders' fund deficit (contingency provision)	-	(1,992)
Transferred from reserve to cover policyholders' fund deficit (contingency provision)	145,276	-
Qard Hasan granted by Owners' Equity to cover policyholders' deficit	342,640	-
Balance at the end of the period / year	-	-

14. Al Qard Al Hassan Granted by the Owner's Equity to Cover the Policyholders' Fund Deficit

This item consists of the following:

	September 30, 2020 (Reviewed)	December 31, 2019 (Audited)
	JD	JD
Balance at the beginning of the period / year	-	-
Al Qard Al Hassan granted by Owners' equity to cover the deficit	342,640	-
Transferred to policyholders' fund deficit	(342,640)	-
Balance at the end of the period / year	-	-

15. Owners Equity Share for Takaful Operations Management

- The contractual relationship between owners' equity and policyholders represents an agent relationship to manage the insurance business through a specialized staff which were appointed for this mission.
- Wakala fees for third quarter of the year 2020 were determined at 17% for Motors department (2019: 17%) and 22% for Medical department less the administrative fees (2019: 22%) and 22% for life department (2019: 22%) and 25% for marine department (2019: 25%) and 7% for aviation department (2019: 7%) and 20% for fire department and other damages (2019: 20%) and 25% for the liability and other departments (2019: 25%) and decreasing it to a rate of 10% for policies issued from the departments owned by policyholders from insurance contributions utilized against real estate rentals, except for 100% reinsured policies, 10% of the premium were deducted while it should not exceed 90% from the reinsurance commission. As for investing policyholders' surplus, the contractual relation between the shareholders and policyholders is based on the Islamic trading (Modaraba) against a percentage of 35% from the investments share in 2020.

- The determined compensation for the investment management is based on the Islamic principles (Modaraba & Wakala) based on budgets prepared by the Company and on a fair basis to the policyholders. The Company has a strict separation between the assets and liabilities of the policyholders and shareholders and hence the investment returns of the assets of the policyholders are determined accurately.

16. Earnings per Share

Earnings per share is calculated by dividing the net earnings for the period over the weighted average common stock and it is calculated as follows:

	For the nine Month Ended September 30,	
	2020	2019
	JD	JD
Income for the period	1,014,956	1,764,090
	Share	Share
Number of shares – Weighted average	28,000,000	28,000,000
	JD / Share	JD / Share
Earnings per share for the period - (basic & diluted)	0.036	0.063

17. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statements consist of the amount shown in the condensed consolidated interim statement of financial position, which are details as follows:

	September 30,	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Cash on hand and at banks	472,682	137,734
Add: Bank deposits maturing in three months	6,499,038	10,081,021
Cash and cash equivalents at the end of the period	6,971,720	10,218,755

18. Related Party Balances and transactions

- The Company engaged in transactions with major owners' equity, directors, and key management and within normal activities. All of the deferred insurance accounts receivables and financing due to the related parties are performing, and no provisions were recorded.
- The Company's management depends on the pricing policy and conditions for these transactions.
- Below is a summary of related parties' transactions during the period / year:

	Related Party				Total	
	Major Shareholders and Directors	Upper Management	Parent Company	Sister Company	September 30, 2020	December 31, 2019
	JD	JD	JD		JD	JD
Condensed Consolidated Interim Statement of Financial Position Items						
Accounts receivable	-	45,807	-	-	45,807	139,586
Accounts payable	-	-	-	-	-	14,237
Deposits at banks outside of Jordan	-	-	-	2,921,826	2,921,826	2,785,875
Unpaid Dividends (Note 10)	-	-	910,900	-	910,900	-
Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income Items						
Investments income	-	-	-	102,592	102,592	111,030
Takaful Insurance contribution	2,587	-	-	-	2,587	6,535

Below is a summary of the executive management benefits (salaries, bonuses and other benefits):

	September 30,	
	2020 (Reviewed) JD	2019 (Reviewed) JD
Salaries and bonuses	554,869	485,406
Others	207,464	145,532
	<u>762,222</u>	<u>630,938</u>

19. Lawsuits against the Company

There are lawsuits held against the Company for various types of claims, the determined lawsuits at courts is about JD 1,247,025 as of September 30, 2020 (994,231 as of December 31, 2019). In the management and the legal advisors' opinion, the Company will not have claims that exceed the outstanding claims provision amount.

20. Fair Value Hierarchy

a. Fair Value of Financial Assets and Financial Liabilities Continuously Determined at Fair Value

Some of the financial assets and financial liabilities of the Company are estimated at fair value at the end of each financial period.

The following table provides information about the manner in which financial assets and financial liabilities are determined (Evaluation methods and input used):

Financial assets / liabilities	Fair Value		Fair Value Level	Evaluation Method and Used Entries	Relation between	
	September 30, 2020	December 31, 2019			Significant Intangible Entries	Significant Intangible Entries and Fair Value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through comprehensive income						
Shares with quoted prices	962,304	1,074,324	First Level	Prices stated in financial markets	N/A	N/A
Shares with un-quoted prices	137,099	283,171	Third Level	Based on the latest available financial information	N/A	N/A
Total	<u>1,099,403</u>	<u>1,357,495</u>				

There were no transfers between first level and second level during the nine months of September 30, 2020 and the ended year December 31, 2019.

b. Fair Value of Financial Assets and Financial Liabilities Continuously Undetermined at Fair Value

Except for what is stated in the schedule below, we believe that the carrying amount of the financial assets and financial liabilities stated in the Company's condensed consolidated interim financial information approximates their fair value. Moreover, the Company's management believes that the book value of the items below approximates their fair value due to either their short-term maturity or the re-pricing of interest rates during the period.

	September 30, 2020		December 31, 2019		Fair Value Layer
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial assets not evaluated at fair value					
Deposits at banks	11,387,604	11,717,498	13,047,653	13,697,940	Third Level
Real-estate investments	6,730,515	7,212,643	6,769,324	7,212,643	Third Level
Financial assets at amortized cost	6,377,759	6,582,998	6,529,087	6,732,436	Third Level
Total	<u>24,495,878</u>	<u>25,513,139</u>	<u>26,346,064</u>	<u>27,643,019</u>	

For the items shown above the fair value of assets and liabilities for the second and third level were determined according to agree upon pricing models that reflects credit risks related to the parties that are being dealt with.