

**AXA COOPERATIVE INSURANCE COMPANY  
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH AND NINE-MONTH  
PERIODS ENDED 30 SEPTEMBER 2020 (UNAUDITED)  
AND REPORT ON REVIEW OF INTERIM FINANCIAL  
INFORMATION**

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Financial Information**  
**For the three-month and nine-month periods ended 30 September 2020**

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## Report on review of interim financial information

To the shareholders of AXA Cooperative Insurance Company:  
(A Saudi Joint Stock Company)

### Introduction

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

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5 November 2020

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**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Financial Position**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited)</b>
	<b>Note</b>		
<b>Assets</b>			
Cash and cash equivalents	4	476,448	234,840
Short-term deposits		471,195	613,521
Premiums and reinsurers' balances receivable - net	5	331,529	190,435
Reinsurers' share of unearned premiums	7	36,075	19,261
Reinsurers' share of outstanding claims	7	83,138	84,450
Reinsurers' share of claims incurred but not reported and other reserves	7	62,234	50,577
Deferred policy acquisition costs		42,806	29,665
Investments	6	967,500	806,081
Prepaid expenses and other assets		24,260	17,188
Long-term deposits		215,721	235,721
Right-of-use asset	8	23,783	26,004
Property and equipment		22,390	10,980
Intangible assets		8,647	12,151
Due from shareholders' / insurance operations		100,945	86,815
Goodwill	19	50,000	50,000
Statutory deposit	14	50,000	45,000
Accrued income on statutory deposit		5,724	4,450
<b>Total assets</b>		<b>2,972,395</b>	<b>2,517,139</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Claims payable, accrued expenses and other liabilities		124,627	113,002
Surplus distribution payable		26,605	20,091
Reinsurers' balances payable		44,496	27,294
Advance premiums		30,586	31,189
Unearned premiums	7	619,406	459,190
Unearned reinsurance commission		5,729	3,511
Outstanding claims	7	287,483	260,004
Claims incurred but not reported and other reserves	7	798,878	700,963
Lease liability	8	21,639	24,265
Due to a related party		3,440	2,616
Employee benefit obligations		30,392	30,622
Zakat and income tax	13	44,741	43,315
Due to shareholders' / insurance operations		100,945	86,815
Accrued income payable to SAMA		5,724	4,450
<b>Total liabilities</b>		<b>2,144,691</b>	<b>1,807,327</b>

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**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Financial Position (continued)**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		<b>30 September 2020 (Unaudited)</b>	<b>31 December 2019 (Audited)</b>
	<b>Note</b>		
<b>Equity</b>			
Share capital	17	500,000	500,000
Statutory reserve	15	70,325	49,298
Performance share reserve	16	1,943	1,489
Retained earnings		223,190	139,083
Fair value reserve on investments		32,246	19,942
<b>Total equity</b>		<b>827,704</b>	<b>709,812</b>
<b>Total liabilities and equity</b>		<b>2,972,395</b>	<b>2,517,139</b>

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.



Paul Adamson  
Managing Director



Gary Lewin  
Chief Executive Officer



Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**
**(A Saudi Joint Stock Company)**
**Interim Condensed Statement of Income**

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2020	2019	2020	2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenues</b>					
Gross premiums written					
- Direct		384,097	378,153	1,192,951	1,170,505
- Reinsurance		5,557	400	8,481	2,967
		<u>389,654</u>	<u>378,553</u>	<u>1,201,432</u>	<u>1,173,472</u>
Reinsurance premiums ceded:					
- Foreign		(40,643)	(29,119)	(109,592)	(74,617)
- Local		(1,564)	(1,601)	(4,596)	(2,574)
		<u>(42,207)</u>	<u>(30,720)</u>	<u>(114,188)</u>	<u>(77,191)</u>
<b>Net premiums written</b>	7	<u>347,447</u>	<u>347,833</u>	<u>1,087,244</u>	<u>1,096,281</u>
Changes in unearned premiums		(33,901)	(43,910)	(160,216)	(170,395)
Changes in reinsurers' share of unearned premiums		5,970	7,285	16,814	7,542
<b>Net premiums earned</b>	7	<u>319,516</u>	<u>311,208</u>	<u>943,842</u>	<u>933,428</u>
Reinsurance commissions		3,967	2,936	10,049	10,027
<b>Total revenues</b>		<u>323,483</u>	<u>314,144</u>	<u>953,891</u>	<u>943,455</u>
<b>Underwriting costs and expenses</b>					
Gross claims paid		209,015	226,964	562,232	661,029
Reinsurers' share of claims paid		(8,015)	(4,188)	(16,941)	(19,437)
<b>Net claims and other benefits paid</b>		<u>201,000</u>	<u>222,776</u>	<u>545,291</u>	<u>641,592</u>
Changes in outstanding claims		21,633	(14,006)	27,479	(21,537)
Changes in reinsurers' share of outstanding claims		(3,290)	8,299	1,312	15,662
Changes in claims incurred but not reported and other reserves		(4,807)	25,452	97,915	72,590
Changes in reinsurers' share of claims incurred but not reported and other reserves		(3,616)	(4,235)	(11,657)	(4,304)
<b>Net claims and other benefits incurred</b>		<u>210,920</u>	<u>238,286</u>	<u>660,340</u>	<u>704,003</u>
Policy acquisition costs		27,560	22,662	78,373	67,102
<b>Total underwriting costs and expenses</b>		<u>238,480</u>	<u>260,948</u>	<u>738,713</u>	<u>771,105</u>
<b>Net underwriting income</b>		<u>85,003</u>	<u>53,196</u>	<u>215,178</u>	<u>172,350</u>
<b>Other operating (expenses) income</b>					
General and administrative expenses		(39,917)	(42,533)	(121,914)	(126,402)
Other income - net		15,934	13,915	45,080	41,330
<b>Total other operating expenses - net</b>		<u>(23,983)</u>	<u>(28,618)</u>	<u>(76,834)</u>	<u>(85,072)</u>

(Continued)


**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Income** (continued)  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	<b>Three-month period ended</b> <b>30 September</b>		<b>Nine-month period ended</b> <b>30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Total income for the period before surplus attribution, zakat and income tax</b>	<b>61,020</b>	<b>24,578</b>	<b>138,344</b>	<b>87,278</b>
Surplus attributed to the insurance operations	(5,370)	(2,029)	(12,389)	(7,425)
<b>Total income for the period before zakat and income tax</b>	<b>55,650</b>	<b>22,549</b>	<b>125,955</b>	<b>79,853</b>
Zakat expense	(4,250)	(3,409)	(11,210)	(9,545)
Income tax expense	(4,232)	(1,829)	(9,611)	(6,490)
<b>Total income for the period attributable to the shareholders</b>	<b>47,168</b>	<b>17,311</b>	<b>105,134</b>	<b>63,818</b>
<b>Earnings per share (expressed in Saudi Riyals per share)</b>				
Basic earnings per share	0.94	0.35	2.10	1.28
Diluted earnings per share	0.94	0.35	2.10	1.28

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

  
Paul Adamson  
Managing Director

  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Comprehensive Income**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	<b>Three-month period ended</b>		<b>Nine-month period ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Total income for the period attributable to the shareholders</b>	<b>47,168</b>	<b>17,311</b>	<b>105,134</b>	<b>63,818</b>
<b>Other comprehensive income:</b>				
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>				
Net change in the fair values of available-for-sale investments	6			
	<b>13,698</b>	<b>5,351</b>	<b>12,304</b>	<b>29,422</b>
<b>Total comprehensive income for the period</b>	<b>60,866</b>	<b>22,662</b>	<b>117,438</b>	<b>93,240</b>

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.



Paul Adamson  
Managing Director



Gary Lewin  
Chief Executive Officer



Babar Ali Khan  
Chief Financial Officer



**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Changes in Equity**  
**For the nine-month period ended 30 September 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
<b>Balance as at 1 January 2020 (Audited)</b>		500,000	49,298	1,489	139,083	19,942	<b>709,812</b>
<b>Total comprehensive income for the period</b>							
Total income for the period attributable to the shareholders		-	-	-	105,134	-	<b>105,134</b>
Changes in fair values of available-for-sale investments	6	-	-	-	-	12,304	<b>12,304</b>
Total comprehensive income for the period		-	-	-	105,134	12,304	<b>117,438</b>
Transfer to statutory reserve	15	-	21,027	-	(21,027)	-	-
Performance share reserve	16	-	-	1,028	-	-	<b>1,028</b>
Performance share reserve - settlement	16	-	-	(574)	-	-	<b>(574)</b>
<b>Balance as at 30 September 2020 (Unaudited)</b>		<b>500,000</b>	<b>70,325</b>	<b>1,943</b>	<b>223,190</b>	<b>32,246</b>	<b>827,704</b>

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Paul Adamson  
Managing Director



Gary Lewin  
Chief Executive Officer



Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Changes in Equity (Continued)**  
**For the nine-month period ended 30 September 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
<b>Balance as at 1 January 2019 (Audited)</b>		450,000	31,961	1,323	119,881	(13,283)	589,882
<b>Total comprehensive income for the period</b>							
Total income for the period attributable to the shareholders		-	-	-	63,818	-	63,818
Changes in fair values of available-for-sale investments		-	-	-	-	29,422	29,422
<b>Total comprehensive income for the period</b>		-	-	-	63,818	29,422	93,240
Transfer to statutory reserve	15	-	12,764	-	(12,764)	-	-
Performance share reserve	16	-	-	610	-	-	610
Performance share reserve - settlement	16	-	-	(696)	-	-	(696)
<b>Balance as at 30 September 2019 (Unaudited)</b>		450,000	44,725	1,237	170,935	16,139	683,036

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.



Paul Adamson  
Managing Director



Gary Lewin  
Chief Executive Officer



Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Cash Flows**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Nine-month period ended 30 September	
		2020 (Unaudited)	2019 (Unaudited)
<b>Cash flows from operating activities</b>			
Total income before surplus attribution, zakat and income tax		138,344	87,278
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment		4,434	2,827
Depreciation of right-of-use asset	8	2,221	-
Amortization of intangible assets		4,390	4,408
Interest on lease liability		557	-
Provision for doubtful debts		1,914	254
Accretion of discount on available-for-sale investments	6	(1,065)	(1,018)
Amortization of premium on available-for-sale investments	6	339	158
Amortization of premium on held-to-maturity investments	6	8	11
Impairment loss on available-for-sale investments	6	511	-
Performance share reserve	16	1,028	610
<b>Changes in operating assets and liabilities:</b>			
Premiums and reinsurers' receivable – net		(143,008)	(119,179)
Reinsurers' share of unearned premiums		(16,814)	(7,542)
Reinsurers' share of outstanding claims		1,312	15,662
Reinsurers' share of claims incurred but not reported and other reserves		(11,657)	(4,304)
Deferred policy acquisition costs		(13,141)	(11,278)
Prepaid expenses and other assets		(7,072)	(1,316)
Accrued income on statutory deposit		(1,274)	(1,027)
Accrued and other liabilities		11,625	15,872
Surplus distribution paid		(5,876)	(1,737)
Reinsurers' balances payable		17,202	(3,455)
Advance premiums		(603)	(6,053)
Unearned premiums		160,216	170,395
Unearned reinsurance commission		2,218	384
Outstanding claims		27,479	(21,537)
Claims incurred but not reported and other reserves		97,915	72,590
Due to a related party		824	1,503
Employee benefit obligations		(230)	1,324
Zakat and income tax paid		(19,394)	(9,089)
Accrued income payable to SAMA		1,274	1,027
		253,677	186,768
Interest paid		(557)	-
<b>Net cash generated from operating activities</b>		<b>253,120</b>	<b>186,768</b>

(Continued)









**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Interim Condensed Statement of Cash Flows (continued)**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		<b>Nine-month period ended</b>	
		<b>30 September</b>	
		<b>2020</b>	<b>2019</b>
	<b>Note</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from investing activities</b>			
Placements of short-term deposits		<b>(444,083)</b>	(514,692)
Proceeds from disposals of short-term deposits		<b>581,409</b>	770,044
Purchases of investments	6	<b>(205,651)</b>	(103,522)
Proceeds from disposals of investments	6	<b>56,743</b>	100,631
Placement of long-term deposits		-	(55,000)
Proceeds from disposals of long-term deposits		<b>20,000</b>	-
Purchases of property and equipment		<b>(15,843)</b>	(1,836)
Purchases of intangible assets		<b>(887)</b>	(153)
<b>Net cash (used in) generated from investing activities</b>		<b>(8,312)</b>	195,472
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		<b>(2,626)</b>	(3,183)
Performance share reserve - settlement		<b>(574)</b>	(696)
<b>Net cash used in financing activities</b>		<b>(3,200)</b>	(3,879)
<b>Net increase in cash and cash equivalents</b>		<b>241,608</b>	378,361
Cash and cash equivalents, beginning of the period		<b>234,840</b>	46,064
<b>Cash and cash equivalents, end of the period</b>	4	<b>476,448</b>	424,425
<b>Supplemental non-cash information:</b>			
Changes in fair values of available-for-sale investments	6	<b>12,304</b>	29,422

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

  
Paul Adamson  
Managing Director

  
Gary Lewin  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to The Interim Condensed Financial Information**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**1 General**

AXA Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), "the Company", was formed pursuant to Royal Decree No. M/36 dated 27 Jumada II 1429H. (1 July 2008) (Date of inception). The Company was incorporated vide Ministerial Order number Q/192, dated 10 Jumada II 1430H, (3 June 2009) (date of incorporation). The Company is registered in the Kingdom of Saudi Arabia under commercial registration number 1010271203 issued in Riyadh on Rajab 20, 1430H (13 July 2009). The Company's registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance activities. Its principal lines of business include health, motor, marine, property, engineering, accident and liability and protection insurance.

The principal activities of the Company are to engage in cooperative insurance operations and related activities including reinsurance activities in accordance with the Law on Supervision of Cooperative Insurance (the "Law"), the Company's by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. The Company obtained licence from the Saudi Arabian Monetary Authority ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide licence number TMN/25/20101, dated Safar 11, 1431H (corresponding to 26 January 2010). The Company has commenced insurance operations on 4 Rabi' I 1431H (corresponding to 18 February 2010) after obtaining full product approval for certain products and temporary approval for the remaining products. During 2016, the Company obtained approval for the remaining products.

**2 Basis of preparation**

*(a) Basis of presentation*

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34")', as endorsed in the Kingdom of Saudi Arabia.

The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: long-term deposits, deferred policy acquisition costs, investments, right-of-use asset, property and equipment, intangible assets, goodwill, statutory deposit and employee benefit obligations. All other financial statements line items would generally be classified as current.

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to The Interim Condensed Financial Information**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2 Basis of preparation (continued)**

*(a) Basis of presentation (continued)*

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 41 to 53 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's interim condensed financial information in compliance with IAS 34, as endorsed in Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

*(b) Critical accounting judgments, estimates and assumptions*

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2019. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the Coronavirus ("Covid-19") outbreak. For further details, refer below. Management will continue to assess the situation and reflect any required changes in future reporting periods.

On 11 March 2020, the World Health Organization ("WHO") declared the Covid-19 outbreak as a pandemic in recognition of its rapid spread globally. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world have taken steps to contain the spread of Covid-19. The Kingdom of Saudi Arabia has implemented closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews.

In response to the spread of Covid-19 in the Kingdom of Saudi Arabia and its consequential disruption to social and economic activities, the Company's management has assessed its impact on the Company's operations and has taken a series of proactive and preventive measures to ensure:

- the health and safety of its employees; and
- the continuity of its business throughout the Kingdom of Saudi Arabia is protected and remains intact.

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to The Interim Condensed Financial Information**  
**For the three-month and nine-month periods ended 30 September 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2 Basis of preparation (continued)**

*(b) Critical accounting judgments, estimates and assumptions (continued)*

The following accounting judgments and estimates are critical in preparation of this interim condensed financial information:

**(1) Impact of Covid-19**

*Motor technical reserves*

In response to the Covid-19 pandemic, SAMA issued circular 189 (the “Circular”) dated 8 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the Circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing two months of additional coverage for all new retail motor insurance policies written within one month of the date of the Circular without additional consideration from the policyholders.

The management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded that the two months extension as per the Circular in existing retail motor policies is a modification of those policies and, accordingly, the earning patterns for those retail motor policies impacted by the Circular have been amended to reflect the additional two months of coverage period. As a result, the Company has experienced a decline of Saudi Riyals 11.5 million in its net earned premiums for the nine-month period ended 30 September 2020. Furthermore, the management performed a liability adequacy test using current estimates of future cash flows under its motor insurance contracts at a segmented level and concluded that the existing level of reserves were sufficient.

For new policies issued within one month of the date of the Circular, the premium is earned over the period of coverage i.e. fourteen months.

*Health technical reserves*

Based on managements’ assessment, the management believes that the Kingdom of Saudi Arabia’s governments’ decision to assume the medical treatment costs for both Saudi Arabian citizens and expatriates has helped in reducing any unfavorable impact of the Covid-19 pandemic. During the three-month and nine-month periods ended 30 September 2020, the Company experienced a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a decline in claims experience. However, subsequent to the easing of curfew protocols in the Kingdom of Saudi Arabia on 21 June 2020, the Company has experienced an increase in claims which is in line with the expectations of the Company’s management. The Company’s management has duly considered the impact of the increase in claims in the current estimate of future contractual cashflows of the insurance contracts in force as at 30 September 2020 for its liability adequacy test. Based on the results of management’s assessment, the existing technical reserves of the Company were sufficient and, accordingly, no additional amount was recorded in the Health technical reserves of the Company for the three-month and nine-month periods ended 30 September 2020.

*Other financial assets*

To cater for any potential impact that the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, for held-to-maturity investments and financial assets designated as loans and receivables, to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. These include factors such as significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization etc.

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**2 Basis of preparation (continued)**

*(b) Critical accounting judgments, estimates and assumptions (continued)*

**(1) Impact of Covid-19 (continued)**

For available-for-sale investments, the Company has performed an assessment to determine whether there is a significant decline in the fair value of available-for-sale investments to below cost along with other qualitative factors such as the prolonged decline in the fair value of available-for-sale equity investments and / or occurrence of credit default events in case of available-for-sale debt investments.

Based on these assessments, the Company believes that the Covid-19 pandemic has had no material effect on the Company's reported results for the three-month and nine-month periods ended 30 September 2020. The Company continues to monitor the situation closely.

**(2) Liability arising from claims under insurance contracts**

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior period claims estimates are reassessed for adequacy and changes are made to the provision.

The provision for claims incurred but not reported is an estimation of claims which are expected to be reported subsequent to the date of interim condensed statement of financial position, for which the insured event has occurred prior to the date of interim condensed statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary also uses a segmentation approach including analyzing cost per member per year for the medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

**(3) Impairment of premiums and reinsurance balances receivable and goodwill**

An estimate of the uncollectible amount of premium receivable, if any, is made when collection of the full amount of the receivables as per the original terms of the insurance policy is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due and Company's past experience.

The recoverable amount of goodwill is estimated based on the present value of the future cash flows expected to be derived from the asset. In case, the recoverable amount is less than carrying value, the difference is charged to interim condensed statement of income as impairment loss.

**(4) Impairment of available-for-sale investments**

The Company treats available-for-sale investments as impaired when there has been a significant and prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted investments and the future cash flows and the discount factors for unquoted investments.



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**2 Basis of preparation (continued)**

*(c) Seasonality of operations*

There are no seasonal changes that may affect the insurance operations of the Company.

**3 Significant accounting policies**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019 except as explained below:

**3.1 New standards, amendments and interpretations not yet applied by the Company**

**IFRS 9, 'Financial Instruments'**

In July 2014, the IASB published IFRS 9 which will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in the interim condensed statement of comprehensive income instead of the interim condensed statement of income. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4, 'Insurance Contracts' that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

The Company is eligible and have chosen to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

For detailed impact assessment of IFRS 9 adoption, reference to the annual financial statements for the year ended 31 December 2019 should be made.

**IFRS 17, 'Insurance Contracts'**

Applicable for the period beginning on or after 1 January 2023, and will supersede IFRS 4. Earlier adoption is permitted if IFRS 9 has also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect the interim condensed statements of financial position, income and comprehensive income. The Company has decided not to early adopt this new standard.

For detailed impact assessment of IFRS 17 adoption, reference to the annual financial statements for the year ended 31 December 2019 should be made.

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**4 Cash and cash equivalents**

Cash and cash equivalents included in the interim condensed statement of financial position comprise the following:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Bank balances and cash	<b>32,364</b>	87,437
Deposits maturing within 3 months from the placement date	<b>444,084</b>	147,403
	<b>476,448</b>	234,840

Cash at banks are placed with counterparties that have investment grade credit ratings. As at 30 September 2020, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 0.45% to 4.10% (31 December 2019: 1.90% to 2.40%) per annum.

**5 Premiums and reinsurers' balances receivable - net**

	<b>30 September 2020</b>	<b>31 December 2019</b>
Policyholders	<b>339,257</b>	177,893
Brokers and agents	<b>1,001</b>	86
Related parties	<b>17,323</b>	22,739
Reinsurers and other insurers	<b>21,399</b>	35,254
	<b>378,980</b>	235,972
Less: Provision for doubtful debts	<b>(47,451)</b>	(45,537)
	<b>331,529</b>	190,435

Movement in provision for doubtful debts is as follows:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Balance at the beginning of the period / year	<b>45,537</b>	45,352
Provision for the period / year	<b>1,914</b>	185
Balance at the end of the period / year	<b>47,451</b>	45,537

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**6 Investments**

Investments are comprised of the following:

	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Insurance operations</b>		
Available-for-sale	<b>617,157</b>	477,511
Held-to-maturity	<b>78,797</b>	78,805
Total	<b>695,954</b>	556,316
<b>Shareholders' operations</b>		
Available-for-sale	<b>211,546</b>	189,765
Held-to-maturity	<b>60,000</b>	60,000
Total	<b>271,546</b>	249,765
<b>Total investments</b>	<b>967,500</b>	806,081

Available-for-sale investments at 30 September 2020 include 1,923,078 shares (31 December 2019: 1,923,078 shares) in Najm for Insurance Services ("Najm") and are held by the Company at Nil value.

Movement in available-for-sale investments is as follows:

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As at 1 January, 2020	<b>477,511</b>	<b>189,765</b>	<b>667,276</b>
Purchases	<b>166,768</b>	<b>38,883</b>	<b>205,651</b>
Disposals	<b>(33,906)</b>	<b>(22,837)</b>	<b>(56,743)</b>
Amortization of premium	<b>(254)</b>	<b>(85)</b>	<b>(339)</b>
Accretion of discount	<b>881</b>	<b>184</b>	<b>1,065</b>
Impairment	-	<b>(511)</b>	<b>(511)</b>
Changes in fair values	<b>6,157</b>	<b>6,147</b>	<b>12,304</b>
As at 30 September 2020	<b>617,157</b>	<b>211,546</b>	<b>828,703</b>
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As of 1 January, 2019	415,131	178,264	593,395
Purchases	138,206	50,692	188,898
Disposals	(96,928)	(51,209)	(148,137)
Amortization of premium	(116)	(56)	(172)
Accretion for the discount	1,177	185	1,362
Impairment	-	(1,295)	(1,295)
Changes in fair values	20,041	13,184	33,225
As at 31 December 2019	477,511	189,765	667,276

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**6 Investments (continued)**

Movement in held-to-maturity investments is as follows:

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>30 September 2020</b>	<b>31 December 2019</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
Opening balance	<b>78,805</b>	78,820	<b>60,000</b>	60,000
Amortization of premium	<b>(8)</b>	(15)	-	-
Closing balance	<b>78,797</b>	78,805	<b>60,000</b>	60,000

**7 Technical reserves**

**7.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Outstanding claims	<b>349,760</b>	310,627
Less: realizable value of salvage and subrogation	<b>(62,277)</b>	(50,623)
	<b>287,483</b>	260,004
Claims incurred but not reported and other reserves	<b>798,878</b>	700,963
	<b>1,086,361</b>	960,967
Less:		
- Reinsurers' share of outstanding claims	<b>(83,138)</b>	(84,450)
- Reinsurers' share of claims incurred but not reported and other reserves	<b>(62,234)</b>	(50,577)
	<b>(145,372)</b>	(135,027)
<b>Net outstanding claims and reserves</b>	<b>940,989</b>	825,940

**7.2 Movement in net unearned premiums**

Movement in net unearned premiums comprise of the following:

	<b>30 September 2020</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the period	<b>459,190</b>	<b>(19,261)</b>	<b>439,929</b>
Premium written during the period	<b>1,201,432</b>	<b>(114,188)</b>	<b>1,087,244</b>
Premium earned during the period	<b>(1,041,216)</b>	<b>97,374</b>	<b>(943,842)</b>
Balance as at the end of the period	<b>619,406</b>	<b>(36,075)</b>	<b>583,331</b>

	<b>31 December 2019</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the year	388,193	(18,275)	369,918
Premium written during the year	1,409,777	(88,054)	1,321,723
Premium earned during the year	(1,338,780)	87,068	(1,251,712)
Balance as at the end of the year	459,190	(19,261)	439,929

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**8 Right-of-use asset and lease liability**

	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Right-of-use asset - Building</b>		
<b>Cost</b>		
Balance as at the beginning of the period / year	<b>27,086</b>	-
Additions	-	27,086
Balance as at the end of the period / year	<b>27,086</b>	27,086
<b>Accumulated depreciation</b>		
Balance as at the beginning of the period / year	<b>(1,082)</b>	-
Charge for the period / year	<b>(2,221)</b>	(1,082)
Balance as at the end of the period / year	<b>(3,303)</b>	(1,082)
<b>Net book value</b>	<b>23,783</b>	26,004
	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Lease liability</b>		
Within one year	<b>3,183</b>	3,183
Later than one year but not later than five years	<b>12,732</b>	12,732
Later than five years	<b>9,549</b>	12,732
	<b>25,464</b>	28,647
Future finance charges	<b>(3,825)</b>	(4,382)
Total lease liabilities	<b>21,639</b>	24,265

Short-term leases that were expensed during the three-month and nine-month periods ended 30 September 2020 amounted to Saudi Riyals 1.1 million and Saudi Riyals 3.7 million, respectively (three-month and nine-month periods ended 30 September 2019: Saudi Riyals 1.3 million and Saudi Riyals 4.0 million, respectively).

**9 Commitments and contingencies**

(i) The Company has issued various bank guarantees amounting to Saudi Riyals 25.3 million (31 December 2019: Saudi Riyals 5.8 million) in the ordinary course of business.

(ii) The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

**10 Determination of fair value and fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

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**10 Determination of fair value and fair value hierarchy (continued)**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
30 September 2020					
Financial assets measured at fair value (Insurance operations)					
Available-for-sale investments					
- Government bonds	511,237	511,237	-	-	511,237
- Other bonds	84,878	84,878	-	-	84,878
- Mutual funds	21,042	21,042	-	-	21,042
	617,157	617,157	-	-	617,157
Financial assets measured at fair value (Shareholders' operations)					
Available-for-sale investments					
- Government bonds	123,865	123,865	-	-	123,865
- Other bonds	20,802	20,802	-	-	20,802
- Mutual funds	8,170	8,170	-	-	8,170
- Equities	58,709	58,709	-	-	58,709
	211,546	211,546	-	-	211,546

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**10 Determination of fair value and fair value hierarchy (continued)**

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2019					
Financial assets measured at fair value (Insurance operations)					
Available-for-sale investments					
- Government bonds	360,940	360,940	-	-	360,940
- Other bonds	95,166	95,166	-	-	95,166
- Mutual funds	21,405	21,405	-	-	21,405
	477,511	477,511	-	-	477,511
Financial assets measured at fair value (Shareholders' operations)					
Available-for-sale investments					
- Government bonds	98,372	98,372	-	-	98,372
- Other bonds	19,679	19,679	-	-	19,679
- Mutual funds	9,208	9,208	-	-	9,208
- Equities	62,506	62,506	-	-	62,506
	189,765	189,765	-	-	189,765

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances caused by the Covid-19 pandemic as explained in Note 2. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required.

**11 Segmental information**

Operating segments for the purpose of segmental information are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the interim condensed statement of income. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, short-term deposits, premiums and reinsurers' balances receivable - net, investments, prepaid expenses and other assets, long-term deposits, right of use asset, property and equipment, intangible assets, due from shareholders' / insurance operations, goodwill, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include claims payable, accrued expenses and other liabilities, surplus distribution payable, reinsurers' balances payable, advance premiums, lease liability, due to related party, employee benefit obligations, zakat and income tax, due to shareholders' / insurance operations, and accrued income payable to SAMA. Accordingly, they are included in unallocated liabilities.

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**11 Segmental information** (continued)

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- Motor;
- Property and casualty;
- Health; and
- Protection.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the interim condensed financial information.

Where intersegment transaction was to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of interim condensed financial information of the Company.



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**11 Segmental information** (continued)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 September 2020 and 31 December 2019, its total revenues, expenses, and net income for the three-month and nine-month periods ended 30 September 2020 and 30 September 2019 are as follows:

<b>30 September 2020 (Unaudited)</b>	<b>Insurance operations</b>					<b>Shareholders' operations</b>	<b>Grand total</b>
	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>	<b>Total</b>		
<b>Assets</b>							
Reinsurers' share of unearned premiums	-	31,608	3,737	730	36,075	-	36,075
Reinsurers' share of outstanding claims	3,577	75,786	109	3,666	83,138	-	83,138
Reinsurers' share of claims incurred but not reported and other reserve	12,435	48,692	759	348	62,234	-	62,234
Deferred policy acquisition costs	22,984	8,572	10,627	623	42,806	-	42,806
Segment assets	38,996	164,658	15,232	5,367	224,253	-	224,253
Unallocated assets					1,887,931	860,211	2,748,142
<b>Total assets</b>					<b>2,112,184</b>	<b>860,211</b>	<b>2,972,395</b>
<b>Liabilities and equity</b>							
Unearned premiums	314,010	95,268	205,377	4,751	619,406	-	619,406
Unearned reinsurance commission	-	4,572	951	206	5,729	-	5,729
Outstanding claims	28,781	193,233	57,968	7,501	287,483	-	287,483
Claims incurred but not reported and other reserves	504,584	206,521	69,363	18,410	798,878	-	798,878
Segment liabilities	847,375	499,594	333,659	30,868	1,711,496	-	1,711,496
Unallocated liabilities and equity					400,688	860,211	1,260,899
<b>Total liabilities and equity</b>					<b>2,112,184</b>	<b>860,211</b>	<b>2,972,395</b>

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**11 Segmental information** (continued)

<b>31 December 2019 (Audited)</b>	<b>Insurance operations</b>					<b>Shareholders' operations</b>	<b>Grand total</b>
	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>	<b>Total</b>		
<b>Assets</b>							
Reinsurers' share of unearned premiums	-	17,442	854	965	19,261	-	19,261
Reinsurers' share of outstanding claims	4,195	80,389	(34)	(100)	84,450	-	84,450
Reinsurers' share of claims incurred but not reported and other reserve	21,809	28,768	-	-	50,577	-	50,577
Deferred policy acquisition costs	12,547	5,015	11,309	794	29,665	-	29,665
Segment assets	38,551	131,614	12,129	1,659	183,953	-	183,953
Unallocated assets					1,587,180	746,006	2,333,186
<b>Total assets</b>					<b>1,771,133</b>	<b>746,006</b>	<b>2,517,139</b>
<b>Liabilities and equity</b>							
Unearned premiums	220,849	64,352	167,361	6,628	459,190	-	459,190
Unearned reinsurance commission	-	3,063	179	269	3,511	-	3,511
Outstanding claims	27,690	180,588	50,924	802	260,004	-	260,004
Claims incurred but not reported and other reserves	452,990	165,881	64,868	17,224	700,963	-	700,963
Segment liabilities	701,529	413,884	283,332	24,923	1,423,668	-	1,423,668
Unallocated liabilities and equity					347,465	746,006	1,093,471
<b>Total liabilities and equity</b>					<b>1,771,133</b>	<b>746,006</b>	<b>2,517,139</b>

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the three-month period ended 30 September 2020 (Unaudited)</b>							
<b>Revenues</b>							
Gross premiums written							
- Direct							
- Large corporates	81,379	7,044	35,811	-	124,234	-	124,234
- Medium corporates	33,904	46,096	74,299	10,830	165,129	-	165,129
- Small corporates	22,432	1,508	3,798	-	27,738	-	27,738
- Micro enterprises	5,074	2,597	1,628	-	9,299	-	9,299
- Retail	57,322	118	257	-	57,697	-	57,697
- Reinsurance	-	5,557	-	-	5,557	-	5,557
	<b>200,111</b>	<b>62,920</b>	<b>115,793</b>	<b>10,830</b>	<b>389,654</b>	-	<b>389,654</b>
Reinsurance premiums ceded							
- Foreign	(1,000)	(32,117)	(338)	(7,188)	(40,643)	-	(40,643)
- Local	-	(1,564)	-	-	(1,564)	-	(1,564)
	<b>(1,000)</b>	<b>(33,681)</b>	<b>(338)</b>	<b>(7,188)</b>	<b>(42,207)</b>	-	<b>(42,207)</b>
<b>Net premiums written</b>	<b>199,111</b>	<b>29,239</b>	<b>115,455</b>	<b>3,642</b>	<b>347,447</b>	-	<b>347,447</b>
Changes in unearned premiums	(17,059)	(1,724)	(17,125)	2,007	(33,901)	-	(33,901)
Changes in reinsurers' share of unearned premiums	-	7,946	(2,443)	467	5,970	-	5,970
<b>Net premiums earned</b>	<b>182,052</b>	<b>35,461</b>	<b>95,887</b>	<b>6,116</b>	<b>319,516</b>	-	<b>319,516</b>
Reinsurance commissions	-	3,167	680	120	3,967	-	3,967
<b>Total revenues</b>	<b>182,052</b>	<b>38,628</b>	<b>96,567</b>	<b>6,236</b>	<b>323,483</b>	-	<b>323,483</b>

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the three-month period ended 30 September 2020 (Unaudited)</b>							
<b>Underwriting costs and expenses</b>							
Gross claims paid	118,657	1,331	78,782	10,245	209,015	-	209,015
Reinsurers' share of claims paid	(490)	277	(973)	(6,829)	(8,015)	-	(8,015)
<b>Net claims and other benefits paid</b>	<b>118,167</b>	<b>1,608</b>	<b>77,809</b>	<b>3,416</b>	<b>201,000</b>	-	<b>201,000</b>
Changes in outstanding claims	11,650	8,291	(10)	1,702	21,633	-	21,633
Changes in reinsurers' share of outstanding claims	304	(2,919)	246	(921)	(3,290)	-	(3,290)
Changes in claims incurred but not reported and other reserves	(14,487)	23,411	(12,581)	(1,150)	(4,807)	-	(4,807)
Changes in reinsurers' share of claims incurred but not reported and other reserves	6,609	(10,531)	40	266	(3,616)	-	(3,616)
<b>Net claims and other benefits incurred</b>	<b>122,243</b>	<b>19,860</b>	<b>65,504</b>	<b>3,313</b>	<b>210,920</b>	-	<b>210,920</b>
Policy acquisition costs	12,884	5,327	7,470	1,879	27,560	-	27,560
<b>Total underwriting costs and expenses</b>	<b>135,127</b>	<b>25,187</b>	<b>72,974</b>	<b>5,192</b>	<b>238,480</b>	-	<b>238,480</b>
<b>Net underwriting income</b>	<b>46,925</b>	<b>13,441</b>	<b>23,593</b>	<b>1,044</b>	<b>85,003</b>	-	<b>85,003</b>

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the three-month period ended 30 September 2020 (Unaudited)</b>							
<b>Other operating (expenses) income</b>							
General and administrative expenses	(22,230)	(4,710)	(11,709)	(751)	(39,400)	(517)	(39,917)
Other income - net	-	-	-	-	8,111	7,823	15,934
<b>Total other operating (expenses) income - net</b>	<b>(22,230)</b>	<b>(4,710)</b>	<b>(11,709)</b>	<b>(751)</b>	<b>(31,289)</b>	<b>7,306</b>	<b>(23,983)</b>
<b>Total income before surplus attribution, zakat and income tax</b>							<b>61,020</b>
Surplus attributed to the insurance operations							(5,370)
<b>Total income for the period attributable to the shareholders</b>							<b>55,650</b>
Zakat expense							(4,250)
Income tax expense							(4,232)
<b>Total income for the period attributable to the shareholders</b>							<b>47,168</b>

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the three-month period ended 30 September 2019 (Unaudited)</b>							
<b>Revenues</b>							
Gross premiums written							
- Direct							
- Large corporates	146,123	-	58,044	-	204,167	-	204,167
- Medium corporates	22,877	55,904	48,283	2,584	129,648	-	129,648
- Small corporates	608	155	4,326	-	5,089	-	5,089
- Micro enterprises	261	66	1,854	-	2,181	-	2,181
- Retail	28,287	1,565	7,216	-	37,068	-	37,068
- Reinsurance	-	400	-	-	400	-	400
	198,156	58,090	119,723	2,584	378,553	-	378,553
Reinsurance premiums ceded							
- Foreign	(1,042)	(27,089)	(238)	(750)	(29,119)	-	(29,119)
- Local	-	(1,601)	-	-	(1,601)	-	(1,601)
	(1,042)	(28,690)	(238)	(750)	(30,720)	-	(30,720)
<b>Net premiums written</b>	197,114	29,400	119,485	1,834	347,833	-	347,833
Changes in unearned premiums	(4,705)	(9,809)	(30,237)	841	(43,910)	-	(43,910)
Changes in reinsurers' share of unearned premiums	-	7,894	(635)	26	7,285	-	7,285
<b>Net premiums earned</b>	192,409	27,485	88,613	2,701	311,208	-	311,208
Reinsurance commissions	-	2,414	159	363	2,936	-	2,936
<b>Total revenues</b>	192,409	29,899	88,772	3,064	314,144	-	314,144

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**11 Segmental information** (continued)

For the three-month period ended 30 September 2019 (Unaudited)	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>Underwriting costs and expenses</b>							
Gross claims paid	147,181	7,077	70,231	2,475	226,964	-	226,964
Reinsurers' share of claims paid	(1,339)	(2,235)	(614)	-	(4,188)	-	(4,188)
<b>Net claims and other benefits paid</b>	145,842	4,842	69,617	2,475	222,776	-	222,776
Changes in outstanding claims	(1,518)	(7,796)	(3,616)	(1,076)	(14,006)	-	(14,006)
Changes in reinsurers' share of outstanding claims	74	7,743	382	100	8,299	-	8,299
Changes in claims incurred but not reported and other reserves	(466)	17,190	9,302	(574)	25,452	-	25,452
Changes in reinsurers' share of claims incurred but not reported and other reserves	1,313	(5,548)	-	-	(4,235)	-	(4,235)
<b>Net claims and other benefits incurred</b>	145,245	16,431	75,685	925	238,286	-	238,286
Policy acquisition costs	11,670	4,365	6,132	495	22,662	-	22,662
<b>Total underwriting costs and expenses</b>	156,915	20,796	81,817	1,420	260,948	-	260,948
<b>Net underwriting income</b>	35,494	9,103	6,955	1,644	53,196	-	53,196

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**11 Segmental information** (continued)

	<b>Insurance operations</b>					<b>Shareholders' operations</b>	<b>Grand total</b>
	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>	<b>Total</b>		
<b>For the three-month period ended 30 September 2019 (Unaudited)</b>							
<b>Other operating (expenses) income</b>							
General and administrative expenses	(26,047)	(3,717)	(11,994)	(366)	(42,124)	(409)	(42,533)
Other income - net	-	-	-	-	9,232	4,683	13,915
<b>Total other operating (expenses) income - net</b>	(26,047)	(3,717)	(11,994)	(366)	(32,892)	4,274	(28,618)
<b>Total income before surplus attribution, zakat and income tax</b>							24,578
Surplus attributed to the insurance operations							(2,029)
<b>Total income for the period attributable to the shareholders</b>							22,549
Zakat expense							(3,409)
Income tax expense							(1,829)
<b>Total income for the period attributable to the shareholders</b>							17,311



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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the nine-month period ended 30 September 2020 (Unaudited)</b>							
<b>Revenues</b>							
Gross premiums written							
- Direct							
- Large corporates	325,012	21,496	74,948	-	421,456	-	421,456
- Medium corporates	134,770	163,742	222,897	32,979	554,388	-	554,388
- Small corporates	24,985	3,417	11,394	-	39,796	-	39,796
- Micro enterprises	6,168	3,415	4,884	-	14,467	-	14,467
- Retail	145,462	912	16,470	-	162,844	-	162,844
- Reinsurance	-	8,481	-	-	8,481	-	8,481
	<b>636,397</b>	<b>201,463</b>	<b>330,593</b>	<b>32,979</b>	<b>1,201,432</b>	-	<b>1,201,432</b>
Reinsurance premiums ceded							
- Foreign	(2,963)	(77,779)	(11,076)	(17,774)	(109,592)	-	(109,592)
- Local	-	(4,596)	-	-	(4,596)	-	(4,596)
	<b>(2,963)</b>	<b>(82,375)</b>	<b>(11,076)</b>	<b>(17,774)</b>	<b>(114,188)</b>	-	<b>(114,188)</b>
<b>Net premiums written</b>	<b>633,434</b>	<b>119,088</b>	<b>319,517</b>	<b>15,205</b>	<b>1,087,244</b>	-	<b>1,087,244</b>
Changes in unearned premiums	(93,161)	(30,916)	(38,016)	1,877	(160,216)	-	(160,216)
Changes in reinsurers' share of unearned premiums	-	14,166	2,883	(235)	16,814	-	16,814
<b>Net premiums earned</b>	<b>540,273</b>	<b>102,338</b>	<b>284,384</b>	<b>16,847</b>	<b>943,842</b>	-	<b>943,842</b>
Reinsurance commissions	-	7,108	1,936	1,005	10,049	-	10,049
<b>Total revenues</b>	<b>540,273</b>	<b>109,446</b>	<b>286,320</b>	<b>17,852</b>	<b>953,891</b>	-	<b>953,891</b>

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**11 Segmental information (continued)**

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the nine-month period ended 30 September 2020 (Unaudited)</b>							
<b>Underwriting costs and expenses</b>							
Gross claims paid	324,091	15,817	207,886	14,438	562,232	-	562,232
Reinsurers' share of claims paid	(1,503)	(4,380)	(2,596)	(8,462)	(16,941)	-	(16,941)
<b>Net claims and other benefits paid</b>	<b>322,588</b>	<b>11,437</b>	<b>205,290</b>	<b>5,976</b>	<b>545,291</b>	-	<b>545,291</b>
Changes in outstanding claims	1,091	12,645	7,044	6,699	27,479	-	27,479
Changes in reinsurers' share of outstanding claims	618	4,603	(143)	(3,766)	1,312	-	1,312
Changes in claims incurred but not reported and other reserves	51,594	40,640	4,495	1,186	97,915	-	97,915
Changes in reinsurers' share of claims incurred but not reported and other reserves	9,374	(19,924)	(759)	(348)	(11,657)	-	(11,657)
<b>Net claims and other benefits incurred</b>	<b>385,265</b>	<b>49,401</b>	<b>215,927</b>	<b>9,747</b>	<b>660,340</b>	-	<b>660,340</b>
Policy acquisition costs	34,279	15,455	23,840	4,799	78,373	-	78,373
<b>Total underwriting costs and expenses</b>	<b>419,544</b>	<b>64,856</b>	<b>239,767</b>	<b>14,546</b>	<b>738,713</b>	-	<b>738,713</b>
<b>Net underwriting income</b>	<b>120,729</b>	<b>44,590</b>	<b>46,553</b>	<b>3,306</b>	<b>215,178</b>	-	<b>215,178</b>

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the nine-month period ended 30 September 2020 (Unaudited)</b>							
<b>Other operating (expenses) income</b>							
General and administrative expenses	(69,062)	(13,082)	(36,352)	(2,154)	(120,650)	(1,264)	(121,914)
Other income – net	-	-	-	-	29,366	15,714	45,080
<b>Total other operating (expenses) income - net</b>	<b>(69,062)</b>	<b>(13,082)</b>	<b>(36,352)</b>	<b>(2,154)</b>	<b>(91,284)</b>	<b>14,450</b>	<b>(76,834)</b>
<b>Total income before surplus attribution, zakat and income tax</b>							<b>138,344</b>
Surplus attributed to the insurance operations							<b>(12,389)</b>
<b>Total income for the period attributable to the shareholders</b>							<b>125,955</b>
Zakat expense							<b>(11,210)</b>
Income tax expense							<b>(9,611)</b>
<b>Total income for the period attributable to the shareholders</b>							<b>105,134</b>

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the nine-month period ended 30 September 2019 (Unaudited)</b>							
<b>Revenues</b>							
Gross premiums written							
- Direct							
- Large corporates	450,010	24,315	102,552	5,452	582,329	-	582,329
- Medium corporates	124,672	135,983	168,622	5,834	435,111	-	435,111
- Small corporates	2,840	1,249	12,377	-	16,466	-	16,466
- Micro enterprises	1,217	536	5,305	-	7,058	-	7,058
- Retail	95,374	4,008	30,159	-	129,541	-	129,541
- Reinsurance	-	2,967	-	-	2,967	-	2,967
	674,113	169,058	319,015	11,286	1,173,472	-	1,173,472
Reinsurance premiums ceded							
- Foreign	(1,888)	(66,735)	(3,306)	(2,688)	(74,617)	-	(74,617)
- Local	-	(2,574)	-	-	(2,574)	-	(2,574)
	(1,888)	(69,309)	(3,306)	(2,688)	(77,191)	-	(77,191)
<b>Net premiums written</b>	672,225	99,749	315,709	8,598	1,096,281	-	1,096,281
Changes in unearned premiums	(91,518)	(26,869)	(51,014)	(994)	(170,395)	-	(170,395)
Changes in reinsurers' share of unearned premiums	-	6,230	898	414	7,542	-	7,542
<b>Net premiums earned</b>	580,707	79,110	265,593	8,018	933,428	-	933,428
Reinsurance commissions	(13)	8,938	470	632	10,027	-	10,027
<b>Total revenues</b>	580,694	88,048	266,063	8,650	943,455	-	943,455

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand Total
	Motor	Property and casualty	Health	Protection	Total		
<b>For the nine-month period ended 30 September 2019 (Unaudited)</b>							
<b>Underwriting costs and expenses</b>							
Gross claims paid	413,764	28,707	214,050	4,508	661,029	-	661,029
Reinsurers' share of claims paid	(6,988)	(10,695)	(1,458)	(296)	(19,437)	-	(19,437)
<b>Net claims and other benefits paid</b>	406,776	18,012	212,592	4,212	641,592	-	641,592
Changes in outstanding claims	740	(19,537)	(2,425)	(315)	(21,537)	-	(21,537)
Changes in reinsurers' share of outstanding claims	(794)	16,354	202	(100)	15,662	-	15,662
Changes in claims incurred but not reported and other reserves	28,958	40,372	4,180	(920)	72,590	-	72,590
Changes in reinsurers' share of claims incurred but not reported and other reserves	8,533	(12,837)	-	-	(4,304)	-	(4,304)
<b>Net claims and other benefits incurred</b>	444,213	42,364	214,549	2,877	704,003	-	704,003
Policy acquisition costs	35,281	12,734	17,865	1,222	67,102	-	67,102
<b>Total underwriting costs and expenses</b>	479,494	55,098	232,414	4,099	771,105	-	771,105
<b>Net underwriting income</b>	101,200	32,950	33,649	4,551	172,350	-	172,350

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**11 Segmental information** (continued)

<b>For the nine-month period ended 30 September 2019 (Unaudited)</b>	<b>Insurance operations</b>					<b>Shareholders' operations</b>	<b>Grand total</b>
	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>	<b>Total</b>		
<b>Other operating (expenses) income</b>							
General and administrative expenses	(77,854)	(10,607)	(35,607)	(1,075)	(125,143)	(1,259)	(126,402)
Other income - net	-	-	-	-	27,042	14,288	41,330
<b>Total other operating (expenses) income - net</b>	(77,854)	(10,607)	(35,607)	(1,075)	(98,101)	13,029	(85,072)
<b>Total income before surplus attribution, zakat and income tax</b>							87,278
Surplus attributed to the insurance operations							(7,425)
<b>Total income for the period attributable to the shareholders</b>							79,853
Zakat expense							(9,545)
Income tax expense							(6,490)
<b>Total income for the period attributable to the shareholders</b>							63,818

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**12 Related party transactions and balances**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the three-month and nine-month periods ended 30 September 2020 and 2019, and the related balances:

	<b>Three-month period ended 30 September</b>		<b>Nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b><u>Major shareholders</u></b>				
Gross premiums from major shareholders	<b>14,229</b>	15,542	<b>19,118</b>	26,832
Reinsurance premiums ceded to major shareholders	<b>23,620</b>	16,873	<b>75,577</b>	41,351
Reinsurance commissions from major shareholders	<b>864</b>	674	<b>4,835</b>	2,042
Net claims paid to major shareholders	<b>3,653</b>	2,961	<b>9,225</b>	9,632
Reinsurers' share of gross claims paid to major shareholders	<b>8,774</b>	1,676	<b>13,255</b>	4,411
Expenses charged by major shareholders	<b>1,015</b>	794	<b>2,500</b>	2,857
<b><u>Entities controlled, jointly controlled or significantly influenced by related parties</u></b>				
Gross premiums from other related parties	<b>21,035</b>	23,073	<b>24,250</b>	25,979
Net claims paid to other related parties	<b>5,119</b>	5,028	<b>14,083</b>	19,654

The compensation of key management personnel during the nine-month period is as follows:

	<b>Three-month period ended 30 September</b>		<b>Nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Salaries and benefits	<b>2,384</b>	2,134	<b>7,318</b>	8,084
Employee benefit obligations	<b>130</b>	139	<b>489</b>	489
	<b>2,514</b>	2,273	<b>7,807</b>	8,573

Board of Directors fees for the three-month and nine-month periods ended 30 September 2020 were Saudi Riyals 0.4 million and Saudi Riyals 1.1 million, respectively (three month and nine-month periods ended 30 September 2019: Saudi Riyals 0.3 million and 1.0 million, respectively).

The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the By-laws of the Company.

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**13 Zakat and income tax**

During 2014, the GAZT issued final income tax, zakat and withholding tax assessments for the years 2009 through 2012 with additional liabilities amounting to Saudi Riyals 11.6 million. The Company filed appeals against such additional assessments with the Preliminary Appeals Court ("PAC") and, subsequently, the Higher Appeals Court ("HAC"). The PAC issued its judgement with reduced additional liabilities of Saudi Riyals 4.9 million and, in 2018, the HAC upheld the PAC's judgement. The Company accordingly settled the additional liabilities for the years 2009 through 2012.

During 2018, the GAZT issued final income tax, zakat and withholding tax assessments for the years 2013 through 2015 with additional liabilities amounting to Saudi Riyals 17.2 million including delay fines. The Company filed an appeal with the GAZT in relation to these assessments. The management of the Company reassessed the income tax, zakat and withholding tax liabilities for the years 2013 through 2015 in light of the rulings by the PAC and HAC in relation to the final assessments from the GAZT for the years 2009 through 2012 and proposed to the Alternative Dispute Resolution Committee ("ADRC") to settle the liabilities for the years 2013 through 2015 amounting to Saudi Riyals 15.9 million as final settlement for those years. The ADRC accepted the Company's proposed settlement and, accordingly, the Company received final tax certificates from the GAZT for those years during the nine-month period ended 30 September 2020.

Also, the GAZT has issued invoices amounting to Saudi Riyals 4.9 million as delay fines for the years 2009 through 2015 which have been settled by the Company. However, the Company has subsequently requested the GAZT to cancel these additional invoices on the grounds that the Company has settled all the income tax, zakat and withholding tax liabilities related to the aforementioned years.

Income tax, zakat and withholding tax assessments for the years 2016 through 2019 are currently under review by the GAZT.

**14 Statutory deposit**

In accordance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of SAMA.

**15 Statutory reserve**

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

**16 Performance share reserve**

AXA Group (the "Group") has introduced a performance share-based plan for employees of AXA entities world-wide which is designed to reward them for their role in achievement of the Group's long-term objectives. This scheme incentivizes employees after completion of certain number of years with the Company, with shares of AXA Societe Anonyme ("AXA SA") without any cost to employees. These shares are issued outside the Kingdom of Saudi Arabia and employees have the right to receive at the settlement date, a certain number of AXA SA shares based on the achievement of performance criteria defined by AXA SA and vesting period. The Company absorbs the cost of these shares under a group recharge arrangement, paid directly to AXA SA.



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**16 Performance share reserve (continued)**

As at 30 September 2020, the Company recognised changes in the performance share reserve of Saudi Riyals 0.45 million (30 September 2019: Saudi Riyals 0.09 million). During the nine-month period ended 30 September 2020, the Company has recognised an expense amounting to Saudi Riyals 1.02 million (30 September 2019: Saudi Riyals 0.61 million) in the interim condensed statement of income with respect to performance shares.

**17 Share capital**

The authorized, issued and paid up capital of the Company is Saudi Riyals 500 million at 30 September 2020 (31 December 2019: Saudi Riyals 500 million) consisting of 50 million shares (31 December 2019: 50 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as at 30 September 2020 and 31 December 2019 is as below. The shareholders of the Company are subject to zakat and income tax.

	<b>No. of shares (thousands)</b>	<b>Saudi Riyals (thousands)</b>
AXA Insurance Gulf B.S.C (c.)	<b>16,000</b>	<b>160,000</b>
AXA Mediterranean Holding SA	<b>9,000</b>	<b>90,000</b>
General public	<b>25,000</b>	<b>250,000</b>
	<b>50,000</b>	<b>500,000</b>

**18 Capital management**

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum capital requirement of Saudi Riyals 200 million;
- Premium solvency margin; or
- Claims solvency margin.

The Company's management, through various scenario analyses as required by SAMA, has assessed the potential impact of Covid-19 on the Company's solvency margin by performing stress testing for various variables such as gross premium growth, increase in employee cost, year-to-date loss ratios, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratios and solvency ratios. The Company's management has concluded that, based on the stress testing performed, the solvency margin of the Company is adequate at 30 September 2020. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

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**19 Goodwill on acquisition of insurance portfolio**

This represents goodwill recognized on acquisition of insurance portfolio and net assets of AXA Insurance Saudi Arabia B.S.C (c). The Company received approval from SAMA on 15 Dhul-Qadah 1433H (corresponding to 1 October 2012) to transfer the insurance portfolio from AXA Saudi Arabia Holding W.L.L. (formerly AXA Insurance Saudi Arabia B.S.C.c) at a total consideration of Saudi Riyals 106.6 million. During 2015, the Company met payment conditions imposed by SAMA and received approval for payment of Saudi Riyals 50.0 million in respect of initial consideration to AXA Saudi Arabia Holding W.L.L. which was recognized as goodwill being the excess of consideration paid and the net assets acquired. The remaining amount of Saudi Riyals 56.6 million which was recorded as contingent liability was accordingly relinquished.

**20 Supplementary information**

**Interim condensed statement of financial position**

	<b>30 September 2020 (Unaudited)</b>			<b>31 December 2019 (Audited)</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operation</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	<b>337,708</b>	<b>138,740</b>	<b>476,448</b>	209,030	25,810	234,840
Short-term deposits	<b>252,939</b>	<b>218,256</b>	<b>471,195</b>	374,355	239,166	613,521
Premiums and reinsurers' balances receivable - net	<b>331,529</b>	-	<b>331,529</b>	190,435	-	190,435
Reinsurers' share of unearned premiums	<b>36,075</b>	-	<b>36,075</b>	19,261	-	19,261
Reinsurers' share of outstanding claims	<b>83,138</b>	-	<b>83,138</b>	84,450	-	84,450
Reinsurers' share of claims incurred but not reported and other reserves	<b>62,234</b>	-	<b>62,234</b>	50,577	-	50,577
Deferred policy acquisition costs	<b>42,806</b>	-	<b>42,806</b>	29,665	-	29,665
Investments	<b>695,954</b>	<b>271,546</b>	<b>967,500</b>	556,316	249,765	806,081
Prepaid expenses and other assets	<b>24,260</b>	-	<b>24,260</b>	17,188	-	17,188
Long-term deposits	<b>190,721</b>	<b>25,000</b>	<b>215,721</b>	190,721	45,000	235,721
Right-of-use asset	<b>23,783</b>	-	<b>23,783</b>	26,004	-	26,004
Property and equipment	<b>22,390</b>	-	<b>22,390</b>	10,980	-	10,980
Intangible assets	<b>8,647</b>	-	<b>8,647</b>	12,151	-	12,151
Due from shareholders' / insurance operations	-	<b>100,945</b>	<b>100,945</b>	-	86,815	86,815
Goodwill	-	<b>50,000</b>	<b>50,000</b>	-	50,000	50,000
Statutory deposit	-	<b>50,000</b>	<b>50,000</b>	-	45,000	45,000
Accrued income on statutory deposit	-	<b>5,724</b>	<b>5,724</b>	-	4,450	4,450
<b>Total assets</b>	<b>2,112,184</b>	<b>860,211</b>	<b>2,972,395</b>	1,771,133	746,006	2,517,139

(Continued)

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**20 Supplementary information (continued)**

**Interim condensed statement of financial position (continued)**

	30 September 2020 (Unaudited)			31 December 2019 (Audited)		
	Insurance operations	Share-holders' operations		Insurance operations	Share-holders' operations	Total
<b>Liabilities</b>						
Claims payable, accrued expenses and other liabilities	122,868	1,759	124,627	111,013	1,989	113,002
Surplus distribution payable	26,605	-	26,605	20,091	-	20,091
Reinsurers' balances payable	44,496	-	44,496	27,294	-	27,294
Advance premiums	30,586	-	30,586	31,189	-	31,189
Unearned premiums	619,406	-	619,406	459,190	-	459,190
Unearned reinsurance commission	5,729	-	5,729	3,511	-	3,511
Outstanding claims	287,483	-	287,483	260,004	-	260,004
Claims incurred but not reported and other reserves	798,878	-	798,878	700,963	-	700,963
Lease liability	21,639	-	21,639	24,265	-	24,265
Due to a related party	3,440	-	3,440	2,616	-	2,616
Employee benefit obligations	30,392	-	30,392	30,622	-	30,622
Zakat and income tax	-	44,741	44,741	-	43,315	43,315
Due to shareholders' / insurance operations	100,945	-	100,945	86,815	-	86,815
Accrued income payable to SAMA	-	5,724	5,724	-	4,450	4,450
<b>Total liabilities</b>	<b>2,092,467</b>	<b>52,224</b>	<b>2,144,691</b>	<b>1,757,573</b>	<b>49,754</b>	<b>1,807,327</b>
<b>Equity</b>						
Share capital	-	500,000	500,000	-	500,000	500,000
Statutory reserve	-	70,325	70,325	-	49,298	49,298
Performance share reserve	-	1,943	1,943	-	1,489	1,489
Retained earnings	-	223,190	223,190	-	139,083	139,083
Fair value reserve on investments	19,717	12,529	32,246	13,560	6,382	19,942
<b>Total equity</b>	<b>19,717</b>	<b>807,987</b>	<b>827,704</b>	<b>13,560</b>	<b>696,252</b>	<b>709,812</b>
<b>Total liabilities and equity</b>	<b>2,112,184</b>	<b>860,211</b>	<b>2,972,395</b>	<b>1,771,133</b>	<b>746,006</b>	<b>2,517,139</b>

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**20 Supplementary information (continued)**

**Interim condensed statement of income for the three-month period ended 30 September 2020 (Unaudited)**

	<b>2020</b>		<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Revenue</b>					
Gross premiums written					
- Direct	<b>384,097</b>	-	<b>384,097</b>	378,153	378,153
- Reinsurance	<b>5,557</b>	-	<b>5,557</b>	400	400
	<b>389,654</b>	-	<b>389,654</b>	378,553	378,553
Reinsurance premiums ceded:					
- Foreign	<b>(40,643)</b>	-	<b>(40,643)</b>	(29,119)	(29,119)
- Local	<b>(1,564)</b>	-	<b>(1,564)</b>	(1,601)	(1,601)
	<b>(42,207)</b>	-	<b>(42,207)</b>	(30,720)	(30,720)
<b>Net premiums written</b>	<b>347,447</b>	-	<b>347,447</b>	347,833	347,833
Changes in unearned premiums	<b>(33,901)</b>	-	<b>(33,901)</b>	(43,910)	(43,910)
Changes in reinsurers' share of unearned premiums	<b>5,970</b>	-	<b>5,970</b>	7,285	7,285
<b>Net premiums earned</b>	<b>319,516</b>	-	<b>319,516</b>	311,208	311,208
Reinsurance commissions	<b>3,967</b>	-	<b>3,967</b>	2,936	2,936
<b>Total revenues</b>	<b>323,483</b>	-	<b>323,483</b>	314,144	314,144

*(Continued)*

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**20 Supplementary information (continued)**

**Interim condensed statement of income for the three-month period ended 30 September 2020 (Unaudited) (continued)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Underwriting costs and expenses</b>						
Gross claims paid	<b>209,015</b>	-	<b>209,015</b>	226,964	-	226,964
Reinsurers' share of claims paid	<b>(8,015)</b>	-	<b>(8,015)</b>	(4,188)	-	(4,188)
<b>Net claims and other benefits paid</b>	<b>201,000</b>	-	<b>201,000</b>	222,776	-	222,776
Changes in outstanding claims	<b>21,633</b>	-	<b>21,633</b>	(14,006)	-	(14,006)
Changes in reinsurers' share of outstanding claims	<b>(3,290)</b>	-	<b>(3,290)</b>	8,299	-	8,299
Changes in claims incurred but not reported and other reserves	<b>(4,807)</b>	-	<b>(4,807)</b>	25,452	-	25,452
Changes in reinsurers' share of claims incurred but not reported and other reserves	<b>(3,616)</b>	-	<b>(3,616)</b>	(4,235)	-	(4,235)
<b>Net claims and other benefits incurred</b>	<b>210,920</b>	-	<b>210,920</b>	238,286	-	238,286
Policy acquisition costs	<b>27,560</b>	-	<b>27,560</b>	22,662	-	22,662
<b>Total underwriting costs and expenses</b>	<b>238,480</b>	-	<b>238,480</b>	260,948	-	260,948
<b>Net underwriting income</b>	<b>85,003</b>	-	<b>85,003</b>	53,196	-	53,196

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**20 Supplementary information (continued)**

**Interim condensed statement of income for the three-month period ended 30 September 2020 (Unaudited) (continued)**

	<b>2020</b>		<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Other operating (expenses) income</b>					
General and administrative expenses	(39,400)	(517)	(39,917)	(42,124)	(42,533)
Other income - net	8,111	7,823	15,934	9,232	13,915
<b>Total other operating (expenses) income - net</b>	<b>(31,289)</b>	<b>7,306</b>	<b>(23,983)</b>	<b>(32,892)</b>	<b>(28,618)</b>
<b>Total income before surplus attribution, zakat and income tax</b>	<b>53,714</b>	<b>7,306</b>	<b>61,020</b>	<b>20,304</b>	<b>24,578</b>
Zakat expense	-	(4,250)	(4,250)	-	(3,409)
Income tax expense	-	(4,232)	(4,232)	-	(1,829)
<b>Total income (loss) for the period</b>	<b>53,714</b>	<b>(1,176)</b>	<b>52,538</b>	<b>20,304</b>	<b>19,340</b>
<b>Surplus transferred to shareholders' operations</b>	<b>(48,344)</b>	<b>48,344</b>	-	(18,275)	18,275
<b>Total income for the period after transfer of insurance operations surplus</b>	<b>5,370</b>	<b>47,168</b>	<b>52,538</b>	<b>2,029</b>	<b>19,340</b>
<b>Earnings per share (expressed in Saudi Riyals per share)</b>					
Basic earnings per share	-	-	0.94	-	0.35
Diluted earnings per share	-	-	0.94	-	0.35

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**20 Supplementary information (continued)**

**Interim condensed statement of comprehensive income for the three-month period ended 30 September (Unaudited)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
Total income for the period after transfer of insurance operations surplus	<b>5,370</b>	<b>47,168</b>	<b>52,538</b>	2,029	17,311	19,340
<b>Other comprehensive income:</b>						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent period</i>						
Net change in fair value of available-for-sale investments	<b>3,955</b>	<b>9,743</b>	<b>13,698</b>	3,274	2,077	5,351
<b>Total comprehensive income for the period</b>	<b>9,325</b>	<b>56,911</b>	<b>66,236</b>	5,303	19,388	24,691

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**20 Supplementary information (continued)**

**Interim condensed statement of income for the nine-month period ended 30 September (Unaudited)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Revenue</b>						
Gross premiums written						
- Direct	<b>1,192,951</b>	-	<b>1,192,951</b>	1,170,505	-	1,170,505
- Reinsurance	<b>8,481</b>	-	<b>8,481</b>	2,967	-	2,967
	<b>1,201,432</b>	-	<b>1,201,432</b>	1,173,472	-	1,173,472
Reinsurance premiums ceded						
- Foreign	<b>(109,592)</b>	-	<b>(109,592)</b>	(74,617)	-	(74,617)
- Local	<b>(4,596)</b>	-	<b>(4,596)</b>	(2,574)	-	(2,574)
	<b>(114,188)</b>	-	<b>(114,188)</b>	(77,191)	-	(77,191)
<b>Net premiums written</b>	<b>1,087,244</b>	-	<b>1,087,244</b>	1,096,281	-	1,096,281
Changes in unearned premiums	<b>(160,216)</b>	-	<b>(160,216)</b>	(170,395)	-	(170,395)
Changes in reinsurers' share of unearned premiums	<b>16,814</b>	-	<b>16,814</b>	7,542	-	7,542
<b>Net premiums earned</b>	<b>943,842</b>	-	<b>943,842</b>	933,428	-	933,428
Reinsurance commissions	<b>10,049</b>	-	<b>10,049</b>	10,027	-	10,027
<b>Total revenues</b>	<b>953,891</b>	-	<b>953,891</b>	943,455	-	943,455

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**20 Supplementary information (continued)**

**Interim condensed statement of income for the nine-month period ended 30 September (Unaudited) (continued)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance Operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Underwriting costs and expenses</b>						
Gross claims paid	<b>562,232</b>	-	<b>562,232</b>	661,029	-	661,029
Reinsurers' share of claims paid	<b>(16,941)</b>	-	<b>(16,941)</b>	(19,437)	-	(19,437)
<b>Net claims and other benefits paid</b>	<b>545,291</b>	-	<b>545,291</b>	641,592	-	641,592
Changes in outstanding claims	<b>27,479</b>	-	<b>27,479</b>	(21,537)	-	(21,537)
Changes in reinsurers' share of outstanding claims	<b>1,312</b>	-	<b>1,312</b>	15,662	-	15,662
Changes in claims incurred but not reported and other reserves	<b>97,915</b>	-	<b>97,915</b>	72,590	-	72,590
Changes in reinsurers' share of claims incurred but not reported and other reserves	<b>(11,657)</b>	-	<b>(11,657)</b>	(4,304)	-	(4,304)
<b>Net claims and other benefits incurred</b>	<b>660,340</b>	-	<b>660,340</b>	704,003	-	704,003
Policy acquisition costs	<b>78,373</b>	-	<b>78,373</b>	67,102	-	67,102
<b>Total underwriting costs and expenses</b>	<b>738,713</b>	-	<b>738,713</b>	771,105	-	771,105
<b>Net underwriting income</b>	<b>215,178</b>	-	<b>215,178</b>	172,350	-	172,350

(Continued)

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**20 Supplementary information (continued)**

**Interim condensed statement of income for the nine-month period ended 30 September (Unaudited) (continued)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Other operating (expenses) income</b>						
General and administrative expenses	<b>(120,650)</b>	<b>(1,264)</b>	<b>(121,914)</b>	(125,143)	(1,259)	(126,402)
Other income - net	<b>29,366</b>	<b>15,714</b>	<b>45,080</b>	27,042	14,288	41,330
<b>Total other operating (expenses) income, net</b>	<b>(91,284)</b>	<b>14,450</b>	<b>(76,834)</b>	(98,101)	13,029	(85,072)
<b>Total income before surplus attribution, zakat and income tax</b>	<b>123,894</b>	<b>14,450</b>	<b>138,344</b>	74,249	13,029	87,278
Zakat expense	-	<b>(11,210)</b>	<b>(11,210)</b>	-	(9,545)	(9,545)
Income tax expense	-	<b>(9,611)</b>	<b>(9,611)</b>	-	(6,490)	(6,490)
<b>Total income (loss) for the period</b>	<b>123,894</b>	<b>(6,371)</b>	<b>117,523</b>	74,249	(3,006)	71,243
<b>Surplus transferred to shareholders' operations</b>	<b>(111,505)</b>	<b>111,505</b>	-	(66,824)	66,824	-
<b>Total income for the period after transfer of insurance operations surplus</b>	<b>12,389</b>	<b>105,134</b>	<b>117,523</b>	7,425	63,818	71,243
<b>Earnings per share (expressed in Saudi Riyals per share)</b>						
Basic earnings per share	-	-	<b>2.10</b>	-	-	1.28
Diluted earnings per share	-	-	<b>2.10</b>	-	-	1.28

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**20 Supplementary information (continued)**

**Interim condensed statement of comprehensive income for the nine-month period ended September 30 (Unaudited)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
Total income for the period after transfer of insurance operations surplus	<b>12,389</b>	<b>105,134</b>	<b>117,523</b>	7,425	63,818	71,243
<b>Other comprehensive income:</b>						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent period</i>						
Net change in fair value of available-for-sale investments	<b>6,157</b>	<b>6,147</b>	<b>12,304</b>	19,196	10,226	29,422
<b>Total comprehensive income for the period</b>	<b>18,546</b>	<b>111,281</b>	<b>129,827</b>	26,621	74,044	100,665

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**20 Supplementary information (continued)**

**Interim condensed statement of cash flows for the nine-month period ended 30 September (Unaudited)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Cash flows from operating activities</b>						
Total income before surplus attribution, zakat and income tax	<b>123,894</b>	<b>14,450</b>	<b>138,344</b>	74,249	13,029	87,278
<b>Adjustments for non-cash items:</b>						
Depreciation of property and equipment	<b>4,434</b>	-	<b>4,434</b>	2,827	-	2,827
Depreciation of right-of-use asset	<b>2,221</b>	-	<b>2,221</b>	-	-	-
Amortization of intangible assets	<b>4,390</b>	-	<b>4,390</b>	4,408	-	4,408
Interest on lease liability	<b>557</b>	-	<b>557</b>	-	-	-
Provision for doubtful debts	<b>1,914</b>	-	<b>1,914</b>	254	-	254
Accretion of discount on available-for-sale investments	<b>(881)</b>	<b>(184)</b>	<b>(1,065)</b>	(873)	(145)	(1,018)
Amortization of premium on available-for-sale investments	<b>254</b>	<b>85</b>	<b>339</b>	117	41	158
Amortization of premium on held-to-maturity investments	<b>8</b>	-	<b>8</b>	11	-	11
Impairment loss on available-for-sale investments	-	<b>511</b>	<b>511</b>	-	-	-
Performance share reserve	-	<b>1,028</b>	<b>1,028</b>	-	610	610
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' balances receivable - net	<b>(143,008)</b>	-	<b>(143,008)</b>	(119,179)	-	(119,179)
Reinsurers' share of unearned premiums	<b>(16,814)</b>	-	<b>(16,814)</b>	(7,542)	-	(7,542)
Reinsurers' share of outstanding claims	<b>1,312</b>	-	<b>1,312</b>	15,662	-	15,662
Reinsurers' share of claims incurred but not reported and other reserves	<b>(11,657)</b>	-	<b>(11,657)</b>	(4,304)	-	(4,304)
Deferred policy acquisition costs	<b>(13,141)</b>	-	<b>(13,141)</b>	(11,278)	-	(11,278)

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**20 Supplementary information (continued)**

**Interim condensed statement of cash flows for the nine-month period ended September 30 (Unaudited) (continued)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
Prepaid expenses and other assets	(7,072)	-	(7,072)	(2,022)	706	(1,316)
Accrued income on statutory deposit	-	(1,274)	(1,274)	-	(1,027)	(1,027)
Accrued and other liabilities	11,855	(230)	11,625	16,189	(317)	15,872
Surplus distribution paid	(5,876)	-	(5,876)	(1,737)	-	(1,737)
Reinsurers' balances payable	17,202	-	17,202	(3,455)	-	(3,455)
Advance premiums	(603)	-	(603)	(6,053)	-	(6,053)
Unearned premiums	160,216	-	160,216	170,395	-	170,395
Unearned reinsurance commission	2,218	-	2,218	384	-	384
Outstanding claims	27,479	-	27,479	(21,537)	-	(21,537)
Claims incurred but not reported and other reserves	97,915	-	97,915	72,590	-	72,590
Due to a related party	824	-	824	1,503	-	1,503
Employee benefit obligations	(230)	-	(230)	1,324	-	1,324
Zakat and income tax paid	-	(19,394)	(19,394)	-	(9,089)	(9,089)
Accrued income payable to SAMA	-	1,274	1,274	-	1,027	1,027
Due from shareholders' operations	(97,374)	97,374	-	(50,834)	50,834	-
	<b>160,037</b>	<b>93,640</b>	<b>253,677</b>	<b>131,099</b>	<b>55,669</b>	<b>186,768</b>
Interest paid	(557)	-	(557)	-	-	-
<b>Net cash generated from operating activities</b>	<b>159,480</b>	<b>93,640</b>	<b>253,120</b>	<b>131,099</b>	<b>55,669</b>	<b>186,768</b>

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**20 Supplementary information (continued)**

**Interim condensed statement of cash flows for the nine-month period ended 30 September (Unaudited) (continued)**

	<b>2020</b>			<b>2019</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Insurance Total operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	
<b>Cash flows from investing activities</b>						
Placements of short-term deposit	<b>(305,339)</b>	<b>(138,744)</b>	<b>(444,083)</b>	(391,236)	(123,456)	(514,692)
Proceeds from disposals of short-term deposits	<b>426,755</b>	<b>154,654</b>	<b>581,409</b>	496,381	273,663	770,044
Purchase of investments	<b>(166,768)</b>	<b>(38,883)</b>	<b>(205,651)</b>	(87,333)	(16,189)	(103,522)
Proceeds from disposals of investments	<b>33,906</b>	<b>22,837</b>	<b>56,743</b>	57,051	43,580	100,631
Placement of long-term deposits	-	-	-	(30,000)	(25,000)	(55,000)
Proceeds from disposals of long-term deposits	-	<b>20,000</b>	<b>20,000</b>	-	-	-
Purchase of property and equipment	<b>(15,843)</b>	-	<b>(15,843)</b>	(1,836)	-	(1,836)
Purchase of intangible assets	<b>(887)</b>	-	<b>(887)</b>	(153)	-	(153)
<b>Net cash (used in) generated from investing activities</b>	<b>(28,176)</b>	<b>19,864</b>	<b>(8,312)</b>	42,874	152,598	195,472
<b>Cash flows from financing activities</b>						
Principal elements of lease payments	<b>(2,626)</b>	-	<b>(2,626)</b>	(3,183)	-	(3,183)
Performance share reserve - settlement	-	<b>(574)</b>	<b>(574)</b>	-	(696)	(696)
<b>Net cash used in financing activities</b>	<b>(2,626)</b>	<b>(574)</b>	<b>(3,200)</b>	(3,183)	(696)	(3,879)
<b>Net increase in cash and cash equivalents</b>	<b>128,678</b>	<b>112,930</b>	<b>241,608</b>	170,790	207,571	378,361
Cash and cash equivalents, beginning of the period	<b>209,030</b>	<b>25,810</b>	<b>234,840</b>	46,064	-	46,064
<b>Cash and cash equivalents, end of the period</b>	<b>337,708</b>	<b>138,740</b>	<b>476,448</b>	216,854	207,571	424,425
<b>Supplemental non-cash information:</b>						
Changes in fair value of available-for sale-investments	<b>6,157</b>	<b>6,147</b>	<b>12,304</b>	19,196	10,226	29,422

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**21      Approval of the interim condensed financial information**

The interim condensed financial information has been approved by the Board of Directors on 2 November 2020.