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**ALJAZIRA TAKAFUL TAAWUNI COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
(UNAUDITED)**

**FOR THE THREE-MONTH AND NINE-MONTH  
PERIODS ENDED 30 SEPTEMBER 2022**

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ALJAZIRA TAKAFUL TAAWUNI COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
For the three-month and nine-month period ended 30 September 2022

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Headquarters in Riyadh



**Crowe**

Al Azem, Al Sudairy, Al Shaikh & Partners  
CPA's & Consultants  
Member Crowe Global  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia

## INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The shareholders  
AlJazira Takaful Taawuni Company  
(A Saudi Joint Stock Company)  
Kingdom of Saudi Arabia

### Introduction

We have reviewed the accompanying condensed statement of financial position of AlJazira Takaful Taawuni Company - a Saudi Joint Stock Company (the "Company") as at 30 September 2022, and the related condensed statements of income, comprehensive income for the three-month and nine-month periods then ended and the condensed statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes (collectively referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements 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 these condensed interim financial statements 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 that are 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for KPMG Professional Services

Nasser Ahmed Al Shutairy  
License No. 454

for Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting

Abdullah M. Al Azem  
License No. 335

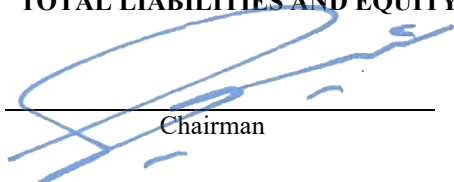


09 November 2022  
Corresponding to 15 Rabi' al-Akhir 1444H




**ALJAZIRA TAKAFUL TAAWUNI COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
As at 30 September 2022

		<b>30 September 2022 (Unaudited) SAR'000</b>	<b>31 December 2021 (Audited) SAR'000</b>
	<i>Notes</i>		
<b>ASSETS</b>			
Cash and cash equivalents	5	115,071	83,023
Premium receivable, net	6	27,850	20,286
Due from reinsurers, net		1,850	1,385
Reinsurers' share of unearned premium	11	11,678	25,716
Reinsurers' share of outstanding claims	12	42,949	52,471
Reinsurers' share of claims incurred but not reported	12	18,704	26,924
Deferred policy acquisition costs		3,711	2,686
Available for sale investments held to cover unit-linked liabilities	7	1,245,533	1,524,882
Investments	8	752,870	622,690
Due from a related party	13.2	3,726	60,788
Prepayments and other assets		22,288	79,261
Property and equipment		3,468	3,818
Intangible assets		2,502	3,562
Right of use assets		3,272	1,212
Goodwill	4	232,948	232,948
Statutory deposit	16	55,000	47,066
<b>TOTAL ASSETS</b>		<b>2,543,420</b>	<b>2,788,718</b>
<b>LIABILITIES</b>			
Accrued expenses and other liabilities		115,161	114,011
Lease liabilities		2,983	1,190
Payable to agents, policyholders and claimants		51,117	36,194
Unearned reinsurance commission		1,079	632
Reinsurance balances payable		21,554	34,389
Unearned premium	11	105,738	76,567
Outstanding claims	12	68,343	81,740
Claims incurred but not reported	12	51,174	62,123
Premium deficiency reserve	10.2	11,401	9,617
Unit reserves	9	1,248,668	1,526,927
Mathematical reserve	10.1	5,625	5,468
Other technical reserves	10.3	209	259
Employee benefits		5,013	5,248
Zakat and income tax	14	2,717	2,182
Due to a related party	13.3	-	984
Surplus from Insurance Operations		14,301	17,215
<b>TOTAL LIABILITIES</b>		<b>1,705,083</b>	<b>1,974,746</b>
<b>EQUITY</b>			
Share capital		550,000	550,000
Share premium	4	197,286	197,286
Statutory reserve		42,632	42,632
Retained earnings		47,177	22,812
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>837,095</b>	<b>812,730</b>
Remeasurement reserve of employee benefits - related to Insurance Operations		1,242	1,242
<b>TOTAL EQUITY</b>		<b>838,337</b>	<b>813,972</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,543,420</b>	<b>2,788,718</b>

  
Chairman

  
Chief Financial Officer

  
Managing Director

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF INCOME (UNAUDITED)**  
For the three-month and nine-month periods ended 30 September 2022

		<i>Three-month period ended</i>		<i>Nine-month period ended</i>	
		<i>30 September</i>		<i>30 September</i>	
	<i>Notes</i>	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
		<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<b><u>REVENUE</u></b>					
Gross written premium		<b>130,711</b>	74,086	<b>269,797</b>	192,933
Investible premium		<b>(31,034)</b>	(33,223)	<b>(91,515)</b>	(96,134)
Reinsurance premium ceded – local		<b>(5,059)</b>	(250)	<b>(18,926)</b>	(349)
Reinsurance premium ceded – foreign		<b>(5,023)</b>	(8,484)	<b>(14,358)</b>	(23,152)
Excess of loss expenses		<b>(430)</b>	(9,198)	<b>(622)</b>	(21,456)
<b>Net premium written</b>		<b>89,165</b>	22,931	<b>144,376</b>	51,842
Change in unearned premium, net		<b>(49,301)</b>	13,595	<b>(43,209)</b>	71,943
<b>Net premium earned</b>		<b>39,864</b>	36,526	<b>101,167</b>	123,785
Reinsurance commission earned		<b>1,178</b>	573	<b>2,806</b>	1,446
Other underwriting income		<b>10,094</b>	9,154	<b>11,228</b>	18,703
<b>TOTAL REVENUES</b>		<b>51,136</b>	46,253	<b>115,201</b>	143,934
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>					
Gross claims paid		<b>(31,018)</b>	(51,524)	<b>(77,868)</b>	(140,584)
Reinsurers' share of claims paid		<b>13,920</b>	15,026	<b>31,131</b>	36,609
<b>Net claims paid</b>		<b>(17,098)</b>	(36,498)	<b>(46,737)</b>	(103,975)
Changes in outstanding claims, net		<b>(525)</b>	9,014	<b>3,875</b>	7,429
Changes in claims incurred but not reported, net		<b>(2,801)</b>	126	<b>2,729</b>	(4,668)
<b>Net claims incurred</b>		<b>(20,424)</b>	(27,358)	<b>(40,133)</b>	(101,214)
Changes in mathematical reserve	10.1	<b>(77)</b>	21	<b>(157)</b>	3,220
Changes in premium deficiency reserve	10.2	<b>(4,499)</b>	2,446	<b>(1,784)</b>	11,098
Changes in other technical reserves	10.3	<b>(18)</b>	91	<b>50</b>	16,830
Policy acquisition costs		<b>(2,552)</b>	(3,430)	<b>(6,845)</b>	(10,373)
Supervision and inspection fees		-	-	-	(342)
Other direct underwriting expenses		<b>(3,940)</b>	(2,225)	<b>(10,362)</b>	(8,884)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(31,510)</b>	(30,455)	<b>(59,231)</b>	(89,665)
<b>NET UNDERWRITING INCOME</b>		<b>19,626</b>	15,798	<b>55,970</b>	54,269

Chairman


Managing Director

Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

ALJAZIRA TAKAFUL TAAWUNI COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED STATEMENT OF INCOME (UNAUDITED) (continued)  
For the three-month and nine-month periods ended 30 September 2022

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2022	2021	2022	2021
		SAR'000	SAR'000	SAR'000	SAR'000
<b>NET UNDERWRITING INCOME – B/F</b>		<b>19,626</b>	15,798	<b>55,970</b>	54,269
<b><u>OTHER OPERATING (EXPENSES) / INCOME</u></b>					
Impairment reversal / (loss) on premium receivable	6	1,734	(912)	1,663	(1,568)
General and administrative expenses		(17,477)	(16,596)	(51,025)	(50,618)
Commission from held to maturity investments	8.1	3,863	3,120	10,667	8,359
Commission income on deposits		27	258	28	635
Unrealized gain on FVIS investments	8.2	880	688	2,774	2,636
Realized gain on FVIS investments		78	72	100	73
Dividends from FVIS investments		39	38	197	99
Other income		2,320	3,299	7,759	8,914
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>		<b>(8,536)</b>	(10,033)	<b>(27,837)</b>	(31,470)
<b>Income before surplus, Zakat and income tax</b>		<b>11,090</b>	5,765	<b>28,133</b>	22,799
Net income attributed to the Insurance Operations		(821)	(404)	(1,978)	(1,677)
<b>Income for the period attributable to the Shareholders before zakat and income tax</b>		<b>10,269</b>	5,361	<b>26,155</b>	21,122
Zakat	14.1	(263)	(704)	(945)	(1,128)
Income tax	14.2	(148)	(20)	(845)	(61)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>		<b>9,858</b>	4,637	<b>24,365</b>	19,933
Weighted average number of ordinary shares outstanding (in thousands of shares)		<b>55,000</b>	47,066	<b>55,000</b>	44,385
<b>Earnings per share for the period (SAR / share) (Basic and diluted)</b>	15	<b>0.18</b>	0.10	<b>0.44</b>	0.45



Chairman



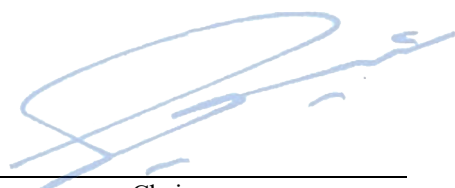
Chief Financial Officer



Managing Director

ALJAZIRA TAKAFUL TAAWUNI COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
For the three-month and nine-month periods ended 30 September 2022

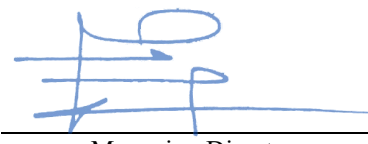
	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2022</i> <i>SAR'000</i>	<i>2021</i> <i>SAR'000</i>	<i>2022</i> <i>SAR'000</i>	<i>2021</i> <i>SAR'000</i>
<b>Net income for the period attributable to the shareholders</b>	<b>9,858</b>	4,637	<b>24,365</b>	19,933
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>9,858</b>	4,637	<b>24,365</b>	19,933



Chairman

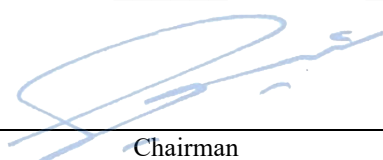




Chief Financial Officer



Managing Director

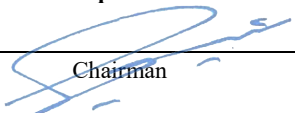

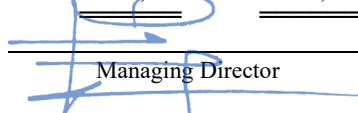
ALJAZIRA TAKAFUL TAAWUNI COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
CONDENSED STATEMENT OF CHANGES IN EQUITY  
For the nine-month period ended 30 September 2022

	<i>Shareholders' equity</i>					<i>Re-measurement reserve of employee benefits – related to insurance operations</i>	<i>Total equity</i>
	<i>Share capital SAR'000</i>	<i>Share premium SAR'000</i>	<i>Statutory reserve SAR'000</i>	<i>Retained earnings SAR'000</i>	<i>Total shareholders' equity SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<b>Balance at 01 January 2022</b>	<b>550,000</b>	<b>197,286</b>	<b>42,632</b>	<b>22,812</b>	<b>812,730</b>	<b>1,242</b>	<b>813,972</b>
Net income for the period	-	-	-	24,365	24,365	-	24,365
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,365</b>	<b>24,365</b>	<b>-</b>	<b>24,365</b>
<b>Balance as at 30 September 2022 (Unaudited)</b>	<b>550,000</b>	<b>197,286</b>	<b>42,632</b>	<b>47,177</b>	<b>837,095</b>	<b>1,242</b>	<b>838,337</b>
Balance at 01 January 2021	350,000	-	38,348	85,012	473,360	(412)	472,948
Net income for the period	-	-	-	19,933	19,933	-	19,933
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	19,933	19,933	-	19,933
Issue of share capital (note 4)	120,664	197,286	-	-	317,950	-	317,950
<b>Balance as at 30 September 2021 (Unaudited)</b>	<b>470,664</b>	<b>197,286</b>	<b>38,348</b>	<b>104,945</b>	<b>811,243</b>	<b>(412)</b>	<b>810,831</b>
<div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;">               _____              Chairman         </div> <div style="text-align: center;">               _____              Chief Financial Officer         </div> <div style="text-align: center;">               _____              Managing Director         </div> </div>							

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.



**ALJAZIRA TAKAFUL TAAWUNI COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
For the nine-month period ended 30 September 2022

	Notes	30 September 2022 SAR'000	30 September 2021 SAR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income for the period attributable to the shareholders before zakat and income tax		26,155	21,122
<b>Adjustments for non-cash items:</b>			
Net income attributed to the Insurance Operations		1,978	1,677
Impairment (reversal) / loss on premium receivable	6	(1,663)	1,568
Loss on disposal of property and equipment		-	239
Commission from held to maturity investments	8.1	(10,667)	(8,359)
Unrealized gain on FVIS investments	8.2	(2,774)	(2,636)
Realized gain on FVIS investments		(100)	(73)
Dividends from FVIS investments		(197)	(99)
Depreciation and amortization		3,438	3,616
Finance cost on lease liabilities		46	170
Employee benefits		1,160	985
		<b>17,376</b>	<b>18,210</b>
<i>Changes in operating assets and liabilities:</i>			
Premium receivable		(7,564)	(1,609)
Due from reinsurers		(465)	5,276
Reinsurers' share of unearned premium		14,038	16,720
Unearned premium		29,171	(88,663)
Unearned reinsurance commission		447	(466)
Deferred policy acquisition costs		(1,025)	5,155
Reinsurers' share of outstanding claims		9,522	4,436
Reinsurers' share of claims incurred but not reported		8,220	(2,077)
Available for sale investments held to cover unit-linked liabilities, net		279,349	(223,387)
Due from a related party		57,062	(4,031)
Due to a related party		(984)	-
Prepayments and other assets		56,973	7,987
Accrued expenses and other liabilities		1,150	(5,231)
Payable to agents, policyholders and claimants		14,923	9
Reinsurance balances payable		(12,835)	(10,269)
Outstanding claims		(13,397)	(11,865)
Claims incurred but not reported		(10,949)	6,745
Unit reserves		(278,259)	220,582
Mathematical reserve		157	(3,220)
Premium deficiency reserves		1,784	(11,098)
Other technical reserves		(50)	(16,830)
Cash generated from / (used in) operations		164,644	(93,626)
Release of short-term deposit acquired as a result of business combination	4.1	-	37,500
Increase in statutory deposit	16	(7,934)	(12,066)
Zakat and income tax paid	14	(1,255)	(3,027)
Employee benefits paid		(1,395)	(1,081)
Distribution of surplus to policyholders		(3,117)	(261)
<b>Net cash generated from / (used in) operating activities</b>		<b>150,943</b>	<b>(72,561)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturity of held to maturity investments	8.1	12,411	152,666
Proceeds from disposal of FVIS investments		84,820	173,484
Purchase of held to maturity investments	8.1	(60,914)	(149,202)
Purchase of FVIS investments	8.2	(166,000)	(235,000)
Commission received from held to maturity investments	8.1	12,953	27,144
Dividends from FVIS investments		197	99
Cash and cash equivalents acquired through business combination	4	-	140,850
Purchase of property and equipment		(1,291)	(512)
<b>Net cash (used in) / generated from investing activities</b>		<b>(117,824)</b>	<b>109,529</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(1,071)	(2,549)
<b>Net cash used in financing activities</b>		<b>(1,071)</b>	<b>(2,549)</b>
<b>Net increase in cash and cash equivalents</b>		<b>32,048</b>	<b>34,419</b>
Cash and cash equivalents at the beginning of the period	5	83,023	106,032
<b>Cash and cash equivalents at the end of the period</b>	5	<b>115,071</b>	<b>140,451</b>
			
Chairman		Chief Financial Officer	Managing Director

The accompanying notes 1 to 21 form an integral part of these condensed interim financial statements.

**ALJAZIRA TAKAFUL TAAWUNI COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
At 30 September 2022

---

**1. GENERAL**

AlJazira Takaful Taawuni Company (the "Company"), is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia pursuant to the Council of Ministers' resolution No. 137 dated 27 Rabi' Al-Thani 1431H (corresponding to 12 April 2010) and Royal Decree No. M/23 dated 28 Rabi' Al-Thani 1431H corresponding to 13 April 2010. The Company obtained its Commercial Registration 4030251980 on 2 Ramadan 1434H corresponding to 10 July 2013 and Ministry of Commerce and Industry's Resolution dated 24 Sha'baan 1434H corresponding to 03 July 2013. The Company operates only in the Kingdom of Saudi Arabia. The Company has the following branches and the assets, liabilities and results of operations of these branches and offices are included in these condensed interim financial statements:

<u>Branch</u>	<u>CR Number</u>	<u>Date</u>
Riyadh	1010519290	24 Jumada Al-Awal 1440
Riyadh	1010339648	01 Rajab 1433
Madinah	4650081845	21 Rabi' Al-Awal 1438
AlKhobar	2051224259	24 Jumada Al-Awal 1440

The registered office address of the Company is:

Al Musadia Plaza (3), Al Madinah Road,  
P.O. Box 5215, Jeddah 21422, Kingdom of Saudi Arabia.

The objectives of the Company are to engage in providing insurance products that include protection and saving insurance products and related services in accordance with its By-Laws and applicable regulations in the Kingdom of Saudi Arabia. On 13 Jumada al-Thani 1442H (corresponding to 26 January 2021), the Company amended its By-Laws to include the objective of practicing general insurance and health insurance business. The Company received license number TMN/34/201312 dated 15 Safar 1435H (corresponding to 18 December 2013) from the Saudi Central Bank (SAMA) to conduct insurance business. The Company is owned 97.92% by Saudi shareholders' and the general public subject to Zakat and 2.08% by non-Saudi shareholders' subject to income tax.

Further to receipt of regulatory approvals, shareholders of the Company and Solidarity Saudi Takaful Company ("Solidarity") in the Extra Ordinary General Meeting held on 13 Jumada al-Thani 1442H (corresponding to 26 January 2021) approved the proposed merger of the Company and Solidarity pursuant to Articles 191-193 of the Companies Law and Article 49 (a) (1) of the Merger and Acquisitions Regulations issued by the Capital Markets Authority of the Kingdom of Saudi Arabia (the "CMA"). On 16 Rajab 1442 (corresponding to 28 February 2021), the Company announced the enforcement of the decision to merge Solidarity into the Company and transfer all the assets and liabilities of Solidarity to the Company after both the Company and Solidarity had fulfilled the merger terms according to the merger agreement concluded between the two companies as described in the shareholders' circular and the offering document issued by the Company. Please refer to note 4 for details.

**2. BASIS OF PREPARATION**

**a) Basis of presentation**

The condensed interim financial statements of the Company as at and for the period ended 30 September 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA") (referred to as "IFRS as endorsed in KSA").

The condensed interim financial statements have been prepared on the historical cost basis, except for available-for-sale investments held to cover unit-linked liabilities and fair value through income statement (FVIS) investments that are measured at fair value and defined benefits obligations, which are recognised at the present value of future obligation using Projected Unit Credit Method. Further, the condensed interim financial statements are prepared using the accrual basis of accounting and the going concern assumption.

The Company's condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, right-of-use assets, goodwill, statutory deposit, employee benefits, lease liabilities, outstanding claims, claims incurred but not reported, premium deficiency reserves, unit reserves, mathematical reserves, and other technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.

ALJAZIRA TAKAFUL TAAWUNI COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)  
At 30 September 2022

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**2. BASIS OF PREPARATION (continued)**

**a) Basis of presentation (continued)**

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues, and expenses clearly attributable to either operation, are recorded in the respective books of accounts.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended 31 December 2021. The condensed interim financial statements may not be considered indicative of the expected results for the full year. These condensed interim financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

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

The preparation of condensed interim financial statements 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.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021. Management will continue to assess the situation and reflect any required changes in future reporting periods.

**c) Seasonality of operations**

Other than normal seasonality in the Medical Insurance Business in the Kingdom of Saudi Arabia, there are no seasonal changes that may affect the insurance operations of the Company.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021. Based on the adoption of amendments to existing standards and in consideration of the current economic environment, the following accounting policies are applicable effective 01 January 2022, replacing, amending, or adding to the corresponding accounting policies set out in the 2021 annual financial statements.

**a) Amendments to existing accounting standards**

A number of new standards and amendments became applicable for the current reporting period i.e. for reporting periods beginning on or after 01 January 2022. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting amended standards as these do not have a significant impact on the Company's condensed interim financial statements. These are described below:

<u>Standard / Interpretation</u>	<u>Description</u>
IAS 37	Onerous Contracts – Cost of Fulfilling a Contracts (Amendments to IAS 37)
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)

**b) Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's condensed interim financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at future date. The Company intends to adopt these standards when they are effective.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Standards issued but not yet effective (continued)

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 1	Presentation of financial statements', on classification of liabilities as current or non-current.	01 January 2023
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	01 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	01 January 2023
IFRS 16	Lease liability in a sale and leaseback – Amendments to IFRS 16	01 January 2024
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

The management does not anticipate any significant impact on the Company's financial statements as the result of the implementation of the above standards except for the following:

**IFRS 17 – Insurance Contracts**

**Overview**

This standard has been published on 18 May 2017, it establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts. The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- i) embedded derivatives, if they meet certain specified criteria;
- ii) distinct investment components; and
- iii) any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

**Measurement**

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General model is based on the following “building blocks”:

- a) the fulfilment cash flows (FCF), which comprise:
  - probability-weighted estimates of future cash flows,
  - An adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
  - and a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) Standards issued but not yet effective (continued)**

***IFRS 17 – Insurance Contracts (continued)***

***Measurement (continued)***

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
- and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

The *Variable Fee Approach (VFA)* is a mandatory model for measuring contracts with direct participation features (also referred to as ‘direct participating contracts’). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, the CSM is also adjusted for in addition to adjustment under general model;

- Changes in the entity’s share of the fair value of underlying items,
- Changes in the effect of the time value of money and financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid / received in one year or less from the date the claims are incurred.

***Effective date***

The IASB issued an Exposure Draft Amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently 01 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the standard on its effective date.

***Transition***

Retrospective application is required. However, if a full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

***Presentation and Disclosures***

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts, together with amendments to presentation and disclosures.

***Impact***

The Company has completed design of IFRS 17 requirements in May 2021, and the First and Second Dry Run financial statements were submitted to SAMA on 15 December 2021 and 4 June 2022 respectively. As of the date of the publication of these condensed interim financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. Following are the main areas under design phase and status of the progress made so far by the Company:

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**b) Standards issued but not yet effective (continued)**

**IFRS 17 – Insurance Contracts (continued)**

**Impact (continued)**

<u>Impact Area</u>	<u>Summary of Impact</u>
Financial Impact	The Company is still assessing the full financial impact along with the third Dry Run submissions to SAMA due on 15 November 2022.
Data Impact / IT Systems	<ul style="list-style-type: none"> <li>▪ Conceptual design of a new chart of accounts has been developed for PAA/ GMM / VFA</li> <li>▪ Actuarial and accounting data requirements have been developed at a more granular level</li> <li>▪ Discount rates will need to be stored for a group of contracts and tracked for interest accretion calculation under GMM / VFA</li> <li>▪ Embedded risk adjustment calculation in the actuarial system. Confidence interval numbers to be sourced for risk adjustment.</li> <li>▪ Conceptual design for identification of key inputs for onerous contracts tests as well as defining ‘facts and circumstance’ for PAA contracts has been developed</li> <li>▪ Conceptual design for calculation and tracking of contractual service margin</li> <li>▪ The company has selected a system vendor to update the above through an IFRS 17 engine</li> </ul>
Process Impact	<ul style="list-style-type: none"> <li>▪ Conceptual design for Finance, actuarial, underwriting, and IT processes has been built suitable for IFRS 17 together with a new set of the governance framework. New controls dealing with IFRS 17 will be developed during the implementation phase</li> <li>▪ New reconciliation processes to be put in place between accounting, actuarial and underwriting data sources</li> <li>▪ Conceptual design for new accounting policies each suitable for measurement model and technical decisions have been identified for each area</li> <li>▪ Monitor terms and conditions attaching to insurance contracts</li> <li>▪ Conceptual design for new expense allocation process, acquisition costs, claims settlement costs and underwriting costs has been put in place to identify profitability at a contract level.</li> <li>▪ System to track coverage period for future products need to be put in place</li> </ul>
Impact on Policies & Control Frameworks	<ul style="list-style-type: none"> <li>▪ New Steering committee for IFRS 17 has been established</li> <li>▪ Project plan for design and implementation has been set up at activities level</li> </ul>

The Company has started its implementation process and has set up an implementation committee. The Company submitted IFRS 17 Phase 3 Implementation plan report to SAMA in May 2021 to comply with the regulatory requirement for the design phase. Further, the Company is preparing to submit the third dry-run financial statements and results with SAMA by November 2022.

**IFRS 9 - Financial Instruments**

This standard was published on 24 July 2014 and has replaced IAS 39. The new standard addresses the following items related to financial instruments:

**Classification and measurement**

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *b) Standards issued but not yet effective (continued)*

##### *IFRS 9 - Financial Instruments (continued)*

##### *Classification and measurement (continued)*

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale, if both conditions are met:

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale and;
- ii) the contractual terms of cash flows are SPPI.

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss. Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

##### *Impairment*

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

##### *Hedge accounting*

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

##### *Effective date*

The published effective date of IFRS 9 was 01 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective.

The amendments introduce two alternative options:

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of
  - a) the effective date of a new insurance contract standard; or
  - b) annual reporting periods beginning on or after 01 January 2023. On 17 March 2020, the International Accounting Standards Board (IASB) decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from 01 January 2021 to 01 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominantly connected with insurance and have not applied IFRS 9 previously.

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**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***b) Standards issued but not yet effective (continued)***

***Effective date (continued)***

- 2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning 01 January 2021 which are included below:

- 1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and
- 2) The total carrying amount of the Company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities.

Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

***Impact assessment***

As at 30 September 2022, the Company has total financial assets and insurance-related assets amounting to SAR 2,139,488 thousand (31 December 2021: SAR 1,937,676 thousand) and SAR 104,690 thousand (31 December 2021: SAR 129,468 thousand), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SAR 631,829 thousand (31 December 2021: SAR 784,474 thousand). Other financial assets consist of available-for-sale investments amounting to SAR 1,485,371 thousand (31 December 2021: SAR 1,524,882 thousand). The Company expects to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and the strategic nature of equity investments. However, the Company has yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test required by IFRS 9. Investment in funds classified under available for sale investments will be at FVOCI under IFRS 9. As at 30 September 2022, these securities are measured at a fair value of SAR 1,245,533 thousand (31 December 2021: SAR 1,524,882 thousand) with changes in fair value during the period of SAR 237,824 thousand (31 December 2021: SAR 216,905 thousand). Other financial assets have a fair value as at 30 September 2022 of SAR 239,838 thousand (31 December 2021: 155,875 thousand) with a fair value change during the period of SAR 2,774 thousand (31 December 2021: 1,340 thousand). The above is based on a high-level impact assessment of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. The Company is still finalizing its assessment to measure the impact of applying and implementing IFRS 9. The Company, however, does not expect IFRS 9 to have a material impact on the classification and measurement of financial assets. The management is in the process of building non-performance risk quantification for certain reinsurance held arrangements based on the IFRS 9 ECL simplified approach.

Further, SAMA has issued instructions dated 08 February 2022, where the Company was required to submit an Operational Gap Assessment by 31 March 2022, which the Company has duly submitted on 4 April 2022. First Dry Run for IFRS 9 was submitted on 4th June 2022 and Second Dry Run is due to be submitted by November 2022.

**4. BUSINESS COMBINATION**

As disclosed in note 1, on 28 February 2021, the Company completed a statutory merger with Solidarity during the year-ended 31 December 2021. Following the merger, the assets, liabilities, and all the business activities of Solidarity were transferred to the Company in exchange for newly issued shares of the Company. The purchase consideration was determined to be SAR 317,950 thousand, which consisted of the issue of 12,066,403 new shares to the shareholders of Solidarity. The fair value of the newly issued shares of the Company was determined based on the closing market price of the ordinary shares of SAR 26.35 per share on the Saudi Exchange on the last trading date prior to the merger date of 28 February 2021. As a result, there was an increase in share capital and share premium of SAR 120,664 thousand and SAR 197,286 thousand, respectively, during the year ended 31 December 2021.



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**4. BUSINESS COMBINATION (continued)**

The merger has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the “Standard”), with the Company being the acquirer and Solidarity being the acquiree. The Company has accounted for the merger based on fair values of the acquired assets and assumed liabilities as of 28 February 2021 (“merger date”). During the year ended 31 December 2021, the Company completed the process of allocating the purchase consideration to the identifiable assets and liabilities in accordance with the requirements of IFRS 3. Accordingly, Goodwill amounting to SAR 232,948 thousand is recognised in the statement of financial position as a net result of purchase consideration paid amounting to SAR 317,950 thousand and fair value of net assets acquired amounting to SAR 85,002 thousand (refer below).

**Identifiable assets acquired and liabilities assumed**

The following table summarises the fair value of assets acquired, and liabilities assumed as at 28 February 2021.

	Insurance Operations SAR'000	Shareholder Operations SAR'000	Total SAR'000
<b>Assets</b>			
Cash and cash equivalents	48,215	92,635	140,850
Short term deposits (note 4.1)	-	37,500	37,500
Premium receivable, net	29,081	-	29,081
Due from reinsurers', net	10,962	-	10,962
Investments	-	98,479	98,479
Reinsurers' share of unearned premiums	10,231	-	10,231
Reinsurers' share of outstanding claims	22,968	-	22,968
Reinsurers' share of claims incurred but not reported	8,281	-	8,281
Deferred policy acquisition costs	8,818	-	8,818
Prepayments and other assets	28,336	1,413	29,749
Right of use assets, net	7,743	-	7,743
Property and equipment	4,447	-	4,447
Due from a related party	-	56,291	56,291
Due from Shareholder operations	147,218	-	147,218
Intangible assets	4,760	-	4,760
<b>TOTAL ASSETS</b>	<b>331,060</b>	<b>286,318</b>	<b>617,378</b>
<b>Liabilities</b>			
Payable to agents, policyholders and claimants	31,447	-	31,447
Accrued expenses and other liabilities	41,141	49,887	91,028
Reinsurers' balances payable	8,173	-	8,173
Unearned premium	106,795	-	106,795
Unearned reinsurance commission	1,356	-	1,356
Outstanding claims	53,513	-	53,513
Claims incurred but not reported	40,491	-	40,491
Premium deficiency reserve	19,244	-	19,244
Other technical reserves	18,544	-	18,544
Lease liabilities	7,407	-	7,407
Due to insurance operations	-	147,218	147,218
Due to a related party	146	838	984
Employee benefits	2,738	-	2,738
Zakat and income tax	-	3,398	3,398
Surplus from insurance operations	40	-	40
<b>TOTAL LIABILITIES</b>	<b>331,035</b>	<b>201,341</b>	<b>532,376</b>
Purchase consideration			317,950
Fair value of Solidarity's net assets at the merger date			(85,002)
<b>Goodwill arising from the merger</b>			<b>232,948</b>

- 4.1 This amount represents the statutory deposit of Solidarity Saudi Takaful Company which was acquired through a business combination. During the year ended 31 December 2021, the amount was fully withdrawn upon receipt of SAMA approval.

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5. CASH AND CASH EQUIVALENTS

	<i>30 September 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
Cash in hand	30	-	30	35	-	35
Cash at banks	109,015	6,026	115,041	77,593	5,395	82,988
Total	109,045	6,026	115,071	77,628	5,395	83,023

5.1 Cash and cash equivalents include the amount of SAR 71,289 thousand (31 December 2021: SAR 39,169 thousand) held with Bank AlJazira "the founding shareholder".

6. PREMIUM RECEIVABLE, NET

	<i>30 September 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
<i>Insurance Operations</i>		
Policyholders	35,234	27,050
Brokers and agents	5,272	5,886
Related parties (note 13.4)	7,564	9,233
Gross premium receivable	48,070	42,169
Provision for impairment loss	(20,220)	(21,883)
Premium receivable, net	27,850	20,286

Movement in provision for impairment loss during the period / year was as follows:

	<i>Nine-month period ended 30 September 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	21,883	202
Acquired through business combination (note 4)	-	15,505
(Reversal) / provision during the period / year	(1,663)	6,176
Balance at end of the period / year	20,220	21,883

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**7. AVAILABLE FOR SALE INVESTMENTS HELD TO COVER UNIT-LINKED LIABILITIES**

Investment of Insurance operations comprises of units of mutual funds denominated in Saudi Arabian Riyals (SAR) and United States Dollars (USD) managed by AlJazira Capital “the founding shareholder”.

<b>Insurance Operations</b>	<b>Denomination</b>	<b>30 September 2022 (Unaudited) SAR'000</b>	<b>31 December 2021 (Audited) SAR'000</b>
AlJazira Saudi Riyal Murabaha Fund	SAR	148,269	151,981
AlJazira Diversified Aggressive Fund	SAR	200,612	225,949
AlJazira Diversified Balanced Fund	SAR	62,404	65,262
AlJazira Diversified Conservative Fund	SAR	19,862	17,227
AlJazira Saudi Equities Fund	SAR	361,962	364,509
AlJazira International Equities Fund	USD	173,286	258,520
AlJazira European Equities Fund	USD	129,316	199,517
AlJazira Japanese Equities Fund	USD	149,822	241,917
<b>Total</b>		<b>1,245,533</b>	<b>1,524,882</b>

The movement in the available for sale investments held to cover unit-linked liabilities during the period / year is as follows:

	<b>Nine-month period ended 30 September 2022 (Unaudited) SAR'000</b>	<b>Year ended 31 December 2021 (Audited) SAR'000</b>
Balance at the beginning of the period / year	1,524,882	1,343,823
Redemption during the period / year, net	(41,525)	(35,846)
Changes in fair value during the period / year (note 9)	(237,824)	216,905
<b>Balance at the end of the period / year</b>	<b>1,245,533</b>	<b>1,524,882</b>

**8. INVESTMENTS**

	<b>30 September 2022 (Unaudited)</b>			<b>31 December 2021 (Audited)</b>		
	<b>Insurance operations SAR'000</b>	<b>Shareholders' operations SAR'000</b>	<b>Total SAR'000</b>	<b>Insurance operations SAR'000</b>	<b>Shareholders' operations SAR'000</b>	<b>Total SAR'000</b>
Held to maturity investments (note 8.1)	-	513,032	513,032	-	466,815	466,815
FVIS investments (note 8.2)	135,822	104,016	239,838	119,459	36,416	155,875
<b>Total</b>	<b>135,822</b>	<b>617,048</b>	<b>752,870</b>	<b>119,459</b>	<b>503,231</b>	<b>622,690</b>

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**8. INVESTMENTS (continued)**

**8.1 Held to maturity investments**

Held to maturity investments represent sukuks of SAR 513,032 thousand (31 December 2021: SAR 466,815 thousand) with a maturity of 12 to 30 years. The average coupon rate on these sukuks ranges between 1.83% to 5.65% per annum (31 December 2021: 1.83% to 5.65%).

The movement in the held to maturity investments for the period / year ended 30 September 2022 and 31 December 2021 is as follows:

	<i>30 September 2022 (Unaudited)</i>		
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>Total SAR'000</i>
Balance at the beginning of the period	-	466,815	466,815
Placements during the period	-	60,914	60,914
Maturity of held to maturity investments	-	(12,411)	(12,411)
Commission from held to maturity investments	-	10,667	10,667
Commission received from held to maturity investments	-	(12,953)	(12,953)
<b>Balance at the end of the period</b>	<b>-</b>	<b>513,032</b>	<b>513,032</b>

	<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>Total SAR'000</i>
Balance at the beginning of the year	16,370	378,978	395,348
Acquired through business combination (note 4)	-	93,500	93,500
Placements during the year	-	149,202	149,202
Commission from held to maturity investments	11	12,060	12,071
Commission received from held to maturity investments	(1,381)	(30,061)	(31,442)
Maturity of held to maturity investments	(15,000)	(136,864)	(151,864)
<b>Balance at the end of the year</b>	<b>-</b>	<b>466,815</b>	<b>466,815</b>

**8.2 FVIS investments**

The fair value through income statement ("FVIS") investments represent investments in mutual funds managed by 'AlJazira Capital', a founding shareholder, amounting to SAR 233,961 thousand (31 December 2021: SAR 150,388 thousand), investment in quoted equity shares amounting to SAR 3,954 thousand (31 December 2021: SAR 3,564 thousand) and investment in Najm, amounting to SAR 1,923 thousand (31 December 2021: SAR 1,923 thousand).

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**8. INVESTMENTS (continued)**

**8.2 FVIS investments (continued)**

The movement in FVIS investments for the period / year ended 30 September 2022 and 31 December 2021 is as follows:

	<i>30 September 2022 (Unaudited)</i>		
	<i>Insurance operations SAR'000</i>	<i>Shareholders' Operations SAR'000</i>	<i>Total SAR'000</i>
Balance at beginning of the period	119,459	36,416	155,875
Purchases during the period	35,000	131,000	166,000
Disposals during the period	(19,992)	(64,819)	(84,811)
Unrealized gain	1,355	1,419	2,774
<b>Balance at the end of the period</b>	<b>135,822</b>	<b>104,016</b>	<b>239,838</b>

	<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>Total SAR'000</i>
Balance at beginning of the year	53,479	2,984	56,463
Acquired through business combination (note 4)	-	4,979	4,979
Purchases during the year	89,950	175,000	264,950
Disposals during the year	(24,781)	(147,076)	(171,857)
Unrealized gain	811	529	1,340
<b>Balance at the end of the year</b>	<b>119,459</b>	<b>36,416</b>	<b>155,875</b>

**9. UNIT RESERVES**

	<i>Nine-month period ended 30 September 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	1,526,927	1,349,364
Investible premium	91,515	125,493
Surrenders	(105,326)	(132,884)
Maturities	(26,624)	(31,951)
Change in fair value of available for sale investments (note 7)	(237,824)	216,905
<b>Balance at the end of the period / year</b>	<b>1,248,668</b>	<b>1,526,927</b>

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**10. MATHEMATICAL, PREMIUM DEFICIENCY AND OTHER TECHNICAL RESERVES**

	<i>30 September 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
Mathematical reserve (note 10.1)	5,625	5,468
Premium deficiency reserves (note 10.2)	11,401	9,617
Other technical reserves (note 10.3)	209	259
	<u>17,235</u>	<u>15,344</u>

Mathematical, premium deficiency, and other technical reserves are created, as per the report received from the Independent Actuary.

**10.1 Mathematical reserve**

	<i>Nine-month period ended 30 September 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	5,468	9,160
Changes in mathematical reserve, net	157	(3,692)
<b>Balance at the end of the period / year</b>	<u>5,625</u>	<u>5,468</u>

**10.2 Premium deficiency reserve**

	<i>Nine-month period ended 30 September 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	9,617	-
Acquired through business combination (note 4)	-	19,244
Changes in premium deficiency reserve	1,784	(9,627)
<b>Balance at the end of the period / year</b>	<u>11,401</u>	<u>9,617</u>

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**10. MATHEMATICAL, PREMIUM DEFICIENCY AND OTHER TECHNICAL RESERVES (continued)**

**10.3 Other technical reserves**

	<i>Nine-month period ended 30 September 2022 (Unaudited) SAR'000</i>	<i>Year ended 31 December 2021 (Audited) SAR'000</i>
Balance at beginning of the period / year	259	322
Acquired through business combination (note 4)	-	18,544
Changes in other technical reserves, net	(50)	(18,607)
<b>Balance at the end of the period / year</b>	<b>209</b>	<b>259</b>

**11. MOVEMENT IN UNEARNED PREMIUM**

	<i>Nine-month period ended 30 September 2022 (Unaudited)</i>			<i>Year ended 31 December 2021 (Audited)</i>		
	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>	<i>Gross</i>	<i>Reinsurers' share</i>	<i>Net</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
Balance at beginning of the period / year	76,567	(25,716)	50,851	34,533	(17,423)	17,110
Acquired through business combination (note 4)	-	-	-	106,795	(10,231)	96,564
Premium written / (ceded) during the period / year	269,797	(33,906)	235,891	299,031	(82,812)	216,219
	346,364	(59,622)	286,742	440,359	(110,466)	329,893
Investible premium and premium earned during the period / year	(240,626)	47,944	(192,682)	(363,792)	84,750	(279,042)
<b>Balance at the end of the period / year</b>	<b>105,738</b>	<b>(11,678)</b>	<b>94,060</b>	<b>76,567</b>	<b>(25,716)</b>	<b>50,851</b>

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**12. OUTSTANDING CLAIMS INCLUDING CLAIMS INCURRED BUT NOT REPORTED (IBNR)**

	<i>Nine-month period ended 30 September 2022 (Unaudited)</i>			<i>Year ended 31 December 2021 (Audited)</i>		
	<i>Reinsurers'</i>			<i>Reinsurers'</i>		
	<i>Gross SAR'000</i>	<i>share SAR'000</i>	<i>Net SAR'000</i>	<i>Gross SAR'000</i>	<i>share SAR'000</i>	<i>Net SAR'000</i>
At beginning of the period / year						
Reported claims	81,740	(52,471)	29,269	49,226	(43,483)	5,743
IBNR	62,123	(26,924)	35,199	17,835	(15,164)	2,671
	<u>143,863</u>	<u>(79,395)</u>	<u>64,468</u>	<u>67,061</u>	<u>(58,647)</u>	<u>8,414</u>
Incurred during the period / year	53,522	(13,389)	40,133	160,539	(43,285)	117,254
Acquired through business combination (note 4)	-	-	-	94,004	(31,249)	62,755
(Paid) / recovered during the period / year	(77,868)	31,131	(46,737)	(177,741)	53,786	(123,955)
	<u>119,517</u>	<u>(61,653)</u>	<u>57,864</u>	<u>143,863</u>	<u>(79,395)</u>	<u>64,468</u>
At end of the period / year						
Reported claims	68,343	(42,949)	25,394	81,740	(52,471)	29,269
IBNR	51,174	(18,704)	32,470	62,123	(26,924)	35,199
	<u>119,517</u>	<u>(61,653)</u>	<u>57,864</u>	<u>143,863</u>	<u>(79,395)</u>	<u>64,468</u>

**13. RELATED PARTIES**

The Company in the normal course of business, enters into transactions with other entities that fall within the definition of the related party contained in the International Accounting Standard (IAS) – 24. Related parties represent major shareholders', directors, and key management personnel of the Company and entities controlled, jointly controlled, or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions approved by management.

**13.1** In addition to the disclosures set out in notes 5, 6, 7, 8 and 16, the following are the details of major related party transactions during the nine-month period ended:

<i>Related parties</i>	<i>Nature of transaction</i>	<i>Amount of transactions (Unaudited)</i>	
		<i>30 September 2022 SAR'000</i>	<i>30 September 2021 SAR'000</i>
<i>Bank AlJazira</i>	Commission income on deposits	29	-
	Gross written premium	13,852	5,544
	Claims paid	26,684	19,714
	Investment in equity shares	-	371
	Dividend received	15	7
<i>AlJazira Capital</i>	Profit earned on mutual funds	2,573	1,674
	Other income	7,353	-
	Custodian charges	197	-
<i>Durrah Advanced Development Company Consolidated Brother Company</i>	Gross written premium	2,756	-
	Gross written premium	33	-
	Commission	3	-
<i>Board of directors and committee members</i>	Gross written premium	188	39
<i>Key management personnel</i>	Salaries, benefits, and allowances, net	4,428	4,550
	Gross written premium	7	43



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**13. RELATED PARTIES (continued)**

**13.2 Due from a related party**

	<b>30 September 2022 (Unaudited) SAR'000</b>	<b>31 December 2021 (Audited) SAR'000</b>
AlJazira Capital	3,726	60,788
	<u>3,726</u>	<u>60,788</u>

**13.3 Due to a related party**

	<b>30 September 2022 (Unaudited) SAR'000</b>	<b>31 December 2021 (Audited) SAR'000</b>
Solidarity Group Holding	-	984
	<u>-</u>	<u>984</u>

**13.4** Premium receivable, net shown in the condensed statement of financial position includes SAR 7,564 thousand (31 December 2021: SAR 9,233 thousand) from Bank AlJazira (the founding shareholder).

**13.5** Outstanding claims shown in the condensed statement of financial position includes SAR 26,603 thousand (31 December 2021: SAR 35,783 thousand) to Bank AlJazira (the founding shareholder).

**14. ZAKAT AND INCOME TAX**

The Zakat and income tax payable by the Company have been calculated in accordance with Zakat and income tax regulations in the Kingdom of Saudi Arabia. The movement in the Zakat and income tax payable during the nine-month period ended 30 September 2022 and the year ended 31 December 2021 is as follows:

**14.1 Zakat**

	<b>30 September 2022 (Unaudited) SAR'000</b>	<b>31 December 2021 (Audited) SAR'000</b>
Balance at the beginning of period / year	2,838	1,137
Acquired through business combination (note 4)	-	4,119
Zakat for the period / year	945	490
Zakat paid during the period / year	(753)	(2,908)
	<u>3,030</u>	<u>2,838</u>

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**14. ZAKAT AND INCOME TAX (continued)**

**14.2 Income tax**

	<i>30 September 2022 (Unaudited) SAR'000</i>	<i>31 December 2021 (Audited) SAR'000</i>
Balance at the beginning of period / year	(656)	145
Acquired through business combination (note 4)	-	(721)
Income tax for the period / year	845	51
Income tax paid during the period / year	(502)	(131)
	<u>(313)</u>	<u>(656)</u>
Balance at the end of the period / year	<u>(313)</u>	<u>(656)</u>
<b>Total Zakat and Income tax at the end of the period / year</b>	<u><b>2,717</b></u>	<u><b>2,182</b></u>

**Status of assessments**

The Company has submitted its Zakat and income tax returns for the years 2014 to 2021 with Zakat, Tax and Customs Authority (Formerly known as "the General Authority of Zakat and Income Tax") ("Authority" or "ZATCA") and obtained restricted certificates.

During 2019, ZATCA has issued initial assessments for the years 2014 through 2018, disallowing investments from the Zakat base and withholding tax liability with additional Zakat liability of SAR 41,166 thousand. The Company has filed an appeal against these initial assessments. The Preliminary Appeal Committee ("PAC") issued their decision upholding ZATCA's treatment. The Company has filed an appeal against the PAC decision with the Higher Appeal Committee ("HAC"). The management and their independent Zakat and income tax consultant believe that the Company is in a strong position with respect to the aforementioned appeal.

In addition, Solidarity has also submitted its Zakat and income tax returns for the years 2014 to 2020 with ZATCA and obtained restricted certificates. During the previous years, ZATCA has issued the following initial assessments in respect of Solidarity:

- Income tax, zakat and withholding tax for the years amounting to SAR 18.5 million;
- Zakat and income tax assessment for the years from 2013 to 2016 amounting to SAR 22.1 million;
- Withholding tax assessment for 2017 and 2018 amounting to SAR 1.9 million;
- VAT assessment for the year 2018 and for November and December 2019 amounting to SAR 2.8 million;
- Zakat assessment for the year 2017 amounting to SAR 4.2 million.

Solidarity has filed an appeal against these initial assessments and is confident of a favorable outcome. The management of the Company and their independent Zakat and income tax consultant strongly believe that Solidarity is in a strong position with respect to the aforementioned appeal.

**15. EARNINGS PER SHARE**

The basic and diluted earnings per share have been calculated by dividing the net income for the period by the weighted average number of ordinary shares issued and outstanding at the period / year end. Diluted earnings per share is not applicable to the Company.

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**16. STATUTORY DEPOSIT**

In compliance with Article 58 of the Implementing Regulations of SAMA, the Company has deposited 10% of its paid-up capital in a bank designated by SAMA, which amounted to SAR 55,000 thousand as at 30 September 2022 (31 December 2021: SAR 47,066 thousand). As a result of the bonus share issue on 30 November 2021, the Company deposited a further amount of SAR 7,934 thousand during the period ended 30 September 2022. The amount of the statutory deposit cannot be withdrawn without SAMA's approval. This deposit is held with Bank AlJazira "the founding shareholder".

**17. FAIR VALUES OF FINANCIAL INSTRUMENTS**

- a) 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 Company's financial assets consist of Cash and cash equivalents, premium receivable, due from reinsurers, available for sale investments held to cover unit-linked liabilities, FVIS investments, held to maturity investments, other receivables, and its financial liabilities consist of other liabilities, reinsurance balances payable, lease liabilities, due to a related party, payable to agents policyholders and claimants, and outstanding claims. The fair values of financial instruments are not materially different from their carrying values. As at 30 September 2022, apart from the investments which are carried at fair value (note 7 and 8), there were no other financial instruments held by the Company that were measured at fair value.

- b) 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 instrument (i.e. without modification or repackaging);  
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 presents the carrying amounts and the fair values of financial assets, including their levels in fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value:

		30 September 2022 (SAR'000)				
		<u>Fair value (Unaudited)</u>				
	<u>Carrying value</u>	<u>Amortised cost</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>Financial assets measured at fair value:</u></b>						
Available for sale investments held to cover unit-linked liabilities	1,245,533	-	-	1,245,533	-	1,245,533
Held to maturity investments	513,032	513,032	-	-	-	513,032
FVIS investments	239,838	-	3,954	233,961	1,923	239,838
<b>Total</b>	<b>1,998,403</b>	<b>513,032</b>	<b>3,954</b>	<b>1,479,494</b>	<b>1,923</b>	<b>1,998,403</b>
		31 December 2021 (SAR'000)				
		<u>Fair value (Audited)</u>				
	<u>Carrying value</u>	<u>Amortised cost</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>Financial assets measured at fair value:</u></b>						
Available for sale investments held to cover unit-linked liabilities	1,524,882	-	-	1,524,882	-	1,524,882
Held to maturity investments	466,815	466,815	-	-	-	466,815
FVIS investments	155,875	-	3,564	150,388	1,923	155,875
<b>Total</b>	<b>2,147,572</b>	<b>466,815</b>	<b>3,564</b>	<b>1,675,270</b>	<b>1,923</b>	<b>2,147,572</b>

There are no transfers between Level 1, Level 2 and Level 3 during the period / year.

**18. OPERATING SEGMENT INFORMATION**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as Managing Director that makes strategic decisions. For management purposes, the activities of Insurance Operations, which are all in the Kingdom of Saudi Arabia, are reported under four business units, as detailed below:

The medical segment offers comprehensive medical care to the members of organizations and their dependents on a group basis and individuals in a wide network of hospitals and medical centers throughout the Kingdom of Saudi Arabia.

The Motor Segment offers Third-Party Liability Vehicle Insurance product, which solely covers the amounts payable to third parties by the insured, and a Vehicle comprehensive Insurance product, which covers all losses or damages incurred to the vehicle, including third party liability.

The general segment offers Fire and property insurance products, Marine insurance products, Engineering insurance products, Other liability insurance contracts, and others.

Life segment offers life insurance products on an individual basis, including unit-linked investment-oriented products to individuals and offers life protection programmers to the members of organizations on a group basis, and credit protection benefits in respect of personal loan given by financing organization. This segment also includes protection benefits in respect of various credit facilities other than personal loans extended by the financing organizations to its customers.

The unallocated assets and liabilities are not reported to the Chief Operating Decision Maker under related segments and are monitored on a centralized basis.

Operating segments do not include Shareholders' operations of the Company.

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18. OPERATING SEGMENT INFORMATION (continued)

	As at 30 September 2022 (Unaudited)					
	Medical	Motor	General	Individual	Group	Total
	SAR'000	SAR'000	SAR'000	Life SAR'000	Life SAR'000	SAR'000
<b>ASSETS</b>						
Reinsurers' share of unearned premium	-	-	9,626	-	2,052	11,678
Reinsurers' share of outstanding claims	156	2,524	11,954	3,425	24,890	42,949
Reinsurers' share of claims incurred but not reported	-	-	8,708	-	9,996	18,704
Deferred policy acquisition costs	1,439	1,890	382	-	-	3,711
Available for sale investments held to cover unit-linked liabilities	-	-	-	1,245,533	-	1,245,533
<b>Total segment assets</b>	<b>1,595</b>	<b>4,414</b>	<b>30,670</b>	<b>1,248,958</b>	<b>36,938</b>	<b>1,322,575</b>
<b>Unallocated assets</b>						
Cash and cash equivalents						115,071
Premium receivable, net						27,850
Due from reinsurers, net						1,850
Investments						752,870
Due from a related party						3,726
Prepayments and other assets						22,288
Property and equipment						3,468
Intangible assets						2,502
Right of use assets						3,272
Goodwill						232,948
Statutory deposit						55,000
<b>Total assets</b>						<b>2,543,420</b>
<b>LIABILITIES</b>						
Unearned reinsurance commission	-	-	1,079	-	-	1,079
Unearned premium	23,351	67,435	11,710	-	3,242	105,738
Outstanding claims	1,905	13,799	19,294	3,637	29,708	68,343
Claims incurred but not reported	8,348	19,220	11,438	-	12,168	51,174
Premium deficiency reserve	-	10,711	690	-	-	11,401
Unit reserves	-	-	-	1,248,668	-	1,248,668
Mathematical reserve	-	-	-	5,625	-	5,625
Other technical reserves	-	-	-	-	209	209
<b>Total segment liabilities</b>	<b>33,604</b>	<b>111,165</b>	<b>44,211</b>	<b>1,257,930</b>	<b>45,327</b>	<b>1,492,237</b>
<b>Unallocated liabilities and surplus</b>						
Reinsurance balances payable						21,554
Accrued expenses and other liabilities						115,161
Lease liabilities						2,983
Payable to agents, policyholders and claimants						51,117
Employee benefits						5,013
Zakat and income tax						2,717
Surplus from Insurance Operations						14,301
<b>TOTAL LIABILITIES</b>						<b>1,705,083</b>
<b>EQUITY</b>						
Share capital						550,000
Share Premium						197,286
Statutory reserve						42,632
Retained earnings						47,177
<b>TOTAL SHAREHOLDERS' EQUITY</b>						<b>837,095</b>
Remeasurement reserve of employee benefits - related to Insurance Operations						1,242
<b>TOTAL EQUITY</b>						<b>838,337</b>
<b>TOTAL LIABILITIES AND EQUITY</b>						<b>2,543,420</b>

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**18. OPERATING SEGMENT INFORMATION (continued)**

	As at 31 December 2021 (Audited)					
	Medical SAR'000	Motor SAR'000	General SAR'000	Individual Life SAR'000	Group Life SAR'000	Total SAR'000
<b>ASSETS</b>						
Reinsurers' share of unearned premium	-	-	5,252	-	20,464	25,716
Reinsurers' share of outstanding claims	1,883	1,749	12,710	3,373	32,756	52,471
Reinsurers' share of claims incurred but not reported	-	-	6,767	-	20,157	26,924
Deferred policy acquisition costs	1,737	426	523	-	-	2,686
Available for sale investments held to cover unit-linked liabilities	-	-	-	1,524,882	-	1,524,882
Total segment assets	3,620	2,175	25,252	1,528,255	73,377	1,632,679
Unallocated assets						
Cash and cash equivalents						83,023
Premium receivable, net						20,286
Due from reinsurers, net						1,385
Investments						622,690
Due from a related party						60,788
Prepayments and other assets						79,261
Property and equipment						3,818
Intangible assets						3,562
Right of use assets						1,212
Goodwill						232,948
Statutory deposit						47,066
Total assets						<u>2,788,718</u>
<b>LIABILITIES</b>						
Unearned reinsurance commission	-	-	632	-	-	632
Unearned premium	20,944	8,138	7,404	-	40,081	76,567
Outstanding claims	6,086	13,030	20,100	3,837	38,687	81,740
Claims incurred but not reported	14,751	14,628	9,146	-	23,598	62,123
Premium deficiency reserve	6,980	1,048	1,589	-	-	9,617
Unit reserves	-	-	-	1,526,927	-	1,526,927
Mathematical reserve	-	-	-	5,468	-	5,468
Other technical reserves	-	-	-	-	259	259
Total segment liabilities	48,761	36,844	38,871	1,536,232	102,625	1,763,333
Unallocated liabilities and surplus						
Reinsurance balances payable						34,389
Accrued expenses and other liabilities						114,011
Lease liabilities						1,190
Payable to agents, policyholders and claimants						36,194
Employee benefits						5,248
Zakat and income tax						2,182
Due to a related party						984
Surplus from Insurance Operations						17,215
TOTAL LIABILITIES						<u>1,974,746</u>
<b>EQUITY</b>						
Share capital						550,000
Share Premium						197,286
Statutory reserve						42,632
Retained earnings						22,812
TOTAL SHAREHOLDERS' EQUITY						<u>812,730</u>
Remeasurement reserve of employee benefits - related to Insurance Operations						1,242
TOTAL EQUITY						<u>813,972</u>
TOTAL LIABILITIES AND EQUITY						<u>2,788,718</u>

ALJAZIRA TAKAFUL TAAWUNI COMPANY  
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)  
At 30 September 2022

18. OPERATING SEGMENT INFORMATION (continued)

	For the three-month period ended 30 September 2022 (Unaudited)					
	Medical SAR'000	Motor SAR'000	General SAR'000	Individual Life SAR'000	Group Life SAR'000	Total Insurance Operations SAR'000
<b>REVENUES</b>						
Gross written premium:						
Individual	-	59,318	-	41,488	-	100,806
Very Small Enterprises	7,212	(7)	-	-	-	7,205
Small Enterprises	6,080	80	-	-	68	6,228
Medium Enterprises	5,524	1,425	5,608	-	31	12,588
Corporate	20	474	-	-	3,390	3,884
<b>Total gross written premium</b>	<b>18,836</b>	<b>61,290</b>	<b>5,608</b>	<b>41,488</b>	<b>3,489</b>	<b>130,711</b>
Investible premium	-	-	-	(30,946)	(88)	(31,034)
Reinsurance premium ceded:						
Local	-	-	(5,059)	-	-	(5,059)
Foreign	(344)	(83)	(322)	(2,888)	(1,386)	(5,023)
Excess of loss expense	(61)	(158)	(211)	-	-	(430)
<b>Net premium written</b>	<b>18,431</b>	<b>61,049</b>	<b>16</b>	<b>7,654</b>	<b>2,015</b>	<b>89,165</b>
Change in unearned premium, net	(9,339)	(44,715)	428	-	4,325	(49,301)
<b>Net premium earned</b>	<b>9,092</b>	<b>16,334</b>	<b>444</b>	<b>7,654</b>	<b>6,340</b>	<b>39,864</b>
Reinsurance commission earned	-	-	1,178	-	-	1,178
Other underwriting income	5,896	58	3,854	286	-	10,094
<b>TOTAL REVENUES</b>	<b>14,988</b>	<b>16,392</b>	<b>5,476</b>	<b>7,940</b>	<b>6,340</b>	<b>51,136</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(3,241)	(12,816)	(527)	(3,911)	(10,523)	(31,018)
Reinsurers' share of claims paid	246	(52)	224	3,712	9,790	13,920
<b>Net claims paid</b>	<b>(2,995)</b>	<b>(12,868)</b>	<b>(303)</b>	<b>(199)</b>	<b>(733)</b>	<b>(17,098)</b>
Changes in outstanding claims, net	(56)	(714)	(227)	291	181	(525)
Changes in claims incurred but not reported, net	885	(3,448)	(145)	-	(93)	(2,801)
<b>Net claims incurred</b>	<b>(2,166)</b>	<b>(17,030)</b>	<b>(675)</b>	<b>92</b>	<b>(645)</b>	<b>(20,424)</b>
Changes in mathematical reserve	-	-	-	(77)	-	(77)
Changes in premium deficiency reserve	447	(5,457)	511	-	-	(4,499)
Change in other technical reserve	-	-	-	(18)	-	(18)
Policy acquisition costs	(666)	(949)	(245)	(530)	(162)	(2,552)
Other direct underwriting expenses	(354)	(3,368)	(218)	-	-	(3,940)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(2,739)</b>	<b>(26,804)</b>	<b>(627)</b>	<b>(533)</b>	<b>(807)</b>	<b>(31,510)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>12,249</b>	<b>(10,412)</b>	<b>4,849</b>	<b>7,407</b>	<b>5,533</b>	<b>19,626</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>						
Impairment reversal on premium receivable						1,734
General and administrative expenses						(17,477)
Commission from held to maturity investments						3,863
Commission income on deposits						27
Unrealized gain on FVIS investments						880
Realized gain on FVIS investments						78
Dividends from FVIS investments						39
Other income						2,320
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>						<b>(8,536)</b>
<b>Income before surplus, Zakat and income tax</b>						<b>11,090</b>
Net income attributed to the Insurance Operations						<b>(821)</b>
<b>Income for the period attributable to the shareholders before Zakat and income tax</b>						<b>10,269</b>
Zakat						(263)
Income tax						(148)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>						<b>9,858</b>

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**18. OPERATING SEGMENT INFORMATION (continued)**

	For the three-month period ended 30 September 2021 (Unaudited)					
	Medical	Motor	General	Individual Life	Group Life	Total Insurance Operations
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
<b>REVENUES</b>						
Gross written premium:						
Individual	-	3,775	206	43,028	-	47,009
Very Small Enterprises	4,522	-	-	-	-	4,522
Small Enterprises	5,792	14	-	-	43	5,849
Medium Enterprises	4,695	1,197	6,321	-	76	12,289
Corporate	4,058	-	-	-	359	4,417
Total gross written premium	19,067	4,986	6,527	43,028	478	74,086
Investible premium	-	-	-	(33,223)	-	(33,223)
Reinsurance premium ceded:						
Local	-	-	(250)	-	-	(250)
Foreign	-	-	(5,506)	(2,836)	(142)	(8,484)
Excess of loss expense	(8,066)	(805)	(327)	-	-	(9,198)
Net premium written	11,001	4,181	444	6,969	336	22,931
Change in unearned premium, net	4,157	3,046	149	-	6,243	13,595
Net premium earned	15,158	7,227	593	6,969	6,579	36,526
Reinsurance commission earned	-	-	573	-	-	573
Other underwriting income	4,639	24	1	2,997	1,493	9,154
<b>TOTAL REVENUES</b>	<b>19,797</b>	<b>7,251</b>	<b>1,167</b>	<b>9,966</b>	<b>8,072</b>	<b>46,253</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(28,806)	(10,642)	(322)	(817)	(10,937)	(51,524)
Reinsurers' share of claims paid	5,150	(18)	17	805	9,072	15,026
Net claims paid	(23,656)	(10,660)	(305)	(12)	(1,865)	(36,498)
Changes in outstanding claims, net	9,063	(151)	(155)	(211)	468	9,014
Changes in claims incurred but not reported, net	(1,207)	1,696	(32)	-	(331)	126
Net claims incurred	(15,800)	(9,115)	(492)	(223)	(1,728)	(27,358)
Changes in mathematical reserve	-	-	-	21	-	21
Changes in premium deficiency reserve	2,016	-	(12)	-	442	2,446
Change in other technical reserve	-	-	-	61	30	91
Policy acquisition costs	(2,153)	(498)	(446)	(191)	(142)	(3,430)
Other direct underwriting expenses	(1,235)	(630)	(184)	-	(176)	(2,225)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(17,172)</b>	<b>(10,243)</b>	<b>(1,134)</b>	<b>(332)</b>	<b>(1,574)</b>	<b>(30,455)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>2,625</b>	<b>(2,992)</b>	<b>33</b>	<b>9,634</b>	<b>6,498</b>	<b>15,798</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>						
Impairment loss on premium receivable						(912)
General and administrative expenses						(16,596)
Commission from held to maturity investments						3,120
Commission income on deposits						258
Unrealized gain on FVIS investments						688
Realized gain on FVIS investments						72
Dividends from FVIS investments						38
Other income						3,299
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>						<b>(10,033)</b>
Income before surplus, Zakat and income tax						5,765
Net income attributed to the Insurance Operations						(404)
Income for the period attributable to the shareholders before Zakat and income tax						5,361
Zakat						(704)
Income tax						(20)
<b>NET INCOME FOR THE PERIOD</b>						<b>4,637</b>
<b>ATTRIBUTABLE TO THE SHAREHOLDERS</b>						<b>4,637</b>



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18. OPERATING SEGMENT INFORMATION (continued)

	For the nine-month period ended 30 September 2022 (Unaudited)					
	Medical	Motor	General	Individual Life	Group Life	Total Insurance Operations
	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
<b>REVENUES</b>						
Gross written premium:						
Individual	-	84,214	124	121,592	-	205,930
Very Small Enterprises	10,590	(1,306)	-	-	-	9,284
Small Enterprises	9,773	80	-	-	68	9,921
Medium Enterprises	10,151	5,619	21,824	-	99	37,693
Corporate	508	1,833	-	-	4,628	6,969
<b>Total gross written premium</b>	<b>31,022</b>	<b>90,440</b>	<b>21,948</b>	<b>121,592</b>	<b>4,795</b>	<b>269,797</b>
Investible premium	-	-	-	(91,427)	(88)	(91,515)
Reinsurance premium ceded:						
Local	-	-	(18,926)	-	-	(18,926)
Foreign	(1,031)	(384)	(1,432)	(8,623)	(2,888)	(14,358)
Excess of loss expenses	(183)	(217)	(222)	-	-	(622)
<b>Net premium written</b>	<b>29,808</b>	<b>89,839</b>	<b>1,368</b>	<b>21,542</b>	<b>1,819</b>	<b>144,376</b>
Change in unearned premium, net	(2,405)	(59,297)	67	-	18,426	(43,209)
<b>Net premiums earned</b>	<b>27,403</b>	<b>30,542</b>	<b>1,435</b>	<b>21,542</b>	<b>20,245</b>	<b>101,167</b>
Reinsurance commission earned	-	-	2,806	-	-	2,806
Other underwriting income	6,427	88	3,885	828	-	11,228
<b>TOTAL REVENUES</b>	<b>33,830</b>	<b>30,630</b>	<b>8,126</b>	<b>22,370</b>	<b>20,245</b>	<b>115,201</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(18,322)	(26,840)	(838)	(5,069)	(26,799)	(77,868)
Reinsurers' share of claims paid	2,406	863	484	4,778	22,600	31,131
<b>Net claims paid</b>	<b>(15,916)</b>	<b>(25,977)</b>	<b>(354)</b>	<b>(291)</b>	<b>(4,199)</b>	<b>(46,737)</b>
Changes in outstanding claims, net	2,454	6	50	252	1,113	3,875
Changes in claims incurred but not reported, net	6,403	(4,592)	(351)	-	1,269	2,729
<b>Net claims incurred</b>	<b>(7,059)</b>	<b>(30,563)</b>	<b>(655)</b>	<b>(39)</b>	<b>(1,817)</b>	<b>(40,133)</b>
Changes in mathematical reserve	-	-	-	(157)	-	(157)
Changes in premium deficiency reserve	6,980	(9,663)	899	-	-	(1,784)
Changes in other technical reserve	-	-	-	50	-	50
Policy acquisition costs	(2,147)	(2,326)	(976)	(887)	(509)	(6,845)
Other direct underwriting expenses	(7,159)	(3,012)	(191)	-	-	(10,362)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(9,385)</b>	<b>(45,564)</b>	<b>(923)</b>	<b>(1,033)</b>	<b>(2,326)</b>	<b>(59,231)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>24,445</b>	<b>(14,934)</b>	<b>7,203</b>	<b>21,337</b>	<b>17,919</b>	<b>55,970</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>						
Impairment reversal on premium receivable						1,663
General and administrative expenses						(51,025)
Commission from held to maturity investments						10,667
Commission income on deposits						28
Unrealized gain on FVIS investments						2,774
Realized gain on FVIS investments						100
Dividends from FVIS investments						197
Other income						7,759
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>						<b>(27,837)</b>
<b>Income before surplus, Zakat and income tax</b>						<b>28,133</b>
Net income attributed to the Insurance Operations						<b>(1,978)</b>
<b>Income for the period attributable to the shareholders before zakat and income tax</b>						<b>26,155</b>
Zakat						(945)
Income tax						(845)
<b>NET INCOME FOR THE PERIOD</b>						<b>24,365</b>
<b>ATTRIBUTABLE TO THE SHAREHOLDERS</b>						<b>24,365</b>

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**18. OPERATING SEGMENT INFORMATION (continued)**

	For the nine-month period ended 30 September 2021 (Unaudited)					
	Medical	Motor	General	Individual Life	Group Life	Total Insurance Operations
	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000
<b>REVENUES</b>						
Gross written premium:						
Individual	-	9,240	640	127,607	-	137,487
Very Small Enterprises	6,756	-	-	-	-	6,756
Small Enterprises	11,062	14	-	-	221	11,297
Medium Enterprises	10,351	2,496	12,553	-	104	25,504
Corporate	5,731	-	-	-	6,158	11,889
Total gross written premium	33,900	11,750	13,193	127,607	6,483	192,933
Investible premium	-	-	-	(96,134)	-	(96,134)
Reinsurance premium ceded:						
Local	-	-	(349)	-	-	(349)
Foreign	-	-	(11,132)	(8,375)	(3,645)	(23,152)
Excess of loss expenses	(17,189)	(3,384)	(883)	-	-	(21,456)
Net premium written	16,711	8,366	829	23,098	2,838	51,842
Change in unearned premium, net	40,053	14,743	556	-	16,591	71,943
Net premiums earned	56,764	23,109	1,385	23,098	19,429	123,785
Reinsurance commission earned	-	-	1,446	-	-	1,446
Other underwriting income	8,039	24	1	9,146	1,493	18,703
<b>TOTAL REVENUES</b>	<b>64,803</b>	<b>23,133</b>	<b>2,832</b>	<b>32,244</b>	<b>20,922</b>	<b>143,934</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(81,676)	(34,361)	(414)	(2,918)	(21,215)	(140,584)
Reinsurers' share of claims paid	15,963	178	93	2,818	17,557	36,609
Net claims paid	(65,713)	(34,183)	(321)	(100)	(3,658)	(103,975)
Changes in outstanding claims, net	7,588	828	(392)	(291)	(304)	7,429
Changes in claims incurred but not reported, net	9,987	(14,659)	388	-	(384)	(4,668)
Net claims incurred	(48,138)	(48,014)	(325)	(391)	(4,346)	(101,214)
Changes in mathematical reserve	-	-	-	3,220	-	3,220
Changes in premium deficiency reserve	1,987	10,243	(1,132)	-	-	11,098
Changes in other technical reserve	16,769	-	-	61	-	16,830
Policy acquisition costs	(6,608)	(1,145)	(1,236)	(983)	(401)	(10,373)
Supervision and inspection fees	(114)	(5)	(1)	(191)	(31)	(342)
Other direct underwriting expenses	(3,605)	(4,544)	(376)	-	(359)	(8,884)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(39,709)</b>	<b>(43,465)</b>	<b>(3,070)</b>	<b>1,716</b>	<b>(5,137)</b>	<b>(89,665)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>25,094</b>	<b>(20,332)</b>	<b>(238)</b>	<b>33,960</b>	<b>15,785</b>	<b>54,269</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>						
Impairment loss on premium receivable						(1,568)
General and administrative expenses						(50,618)
Commission from held to maturity investments						8,359
Commission income on deposits						635
Unrealized gain on FVIS investments						2,636
Realized gain on FVIS investments						73
Dividends from FVIS investments						99
Other income						8,914
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>						<b>(31,470)</b>
Income before surplus, Zakat and income tax						22,799
Net income attributed to the Insurance Operations						(1,677)
Income for the period attributable to the shareholders before zakat and income tax						21,122
Zakat						(1,128)
Income tax						(61)
<b>NET INCOME FOR THE PERIOD</b>						<b>19,933</b>
<b>ATTRIBUTABLE TO THE SHAREHOLDERS</b>						

**ALJAZIRA TAKAFUL TAAWUNI COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
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**At 30 September 2022**

**19. SUPPLEMENTARY INFORMATION**

**a) CONDENSED STATEMENT OF FINANCIAL POSITION**

*30 September 2022 (Unaudited)*

*31 December 2021 (Audited)*

	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>Total SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>Total SAR'000</i>
<b>ASSETS</b>						
Cash and cash equivalents	109,045	6,026	115,071	77,628	5,395	83,023
Premium receivable, net	27,850	-	27,850	20,286	-	20,286
Due from reinsurers, net	1,850	-	1,850	1,385	-	1,385
Reinsurers' share of unearned premium	11,678	-	11,678	25,716	-	25,716
Reinsurers' share of outstanding claims	42,949	-	42,949	52,471	-	52,471
Reinsurers' share of claims incurred but not reported	18,704	-	18,704	26,924	-	26,924
Deferred policy acquisition costs	3,711	-	3,711	2,686	-	2,686
Available for sale investments held to cover unit-linked liabilities	1,245,533	-	1,245,533	1,524,882	-	1,524,882
Investments	135,822	617,048	752,870	119,459	503,231	622,690
Due from a related party	-	3,726	3,726	-	60,788	60,788
Prepayments and other assets	16,494	5,794	22,288	23,105	56,156	79,261
Property and equipment	3,468	-	3,468	3,818	-	3,818
Intangible assets	2,502	-	2,502	3,562	-	3,562
Right of use assets	3,272	-	3,272	1,212	-	1,212
Goodwill	-	232,948	232,948	-	232,948	232,948
Statutory deposit	-	55,000	55,000	-	47,066	47,066
Due from Shareholders' / Insurance operations	19,432	-	19,432	33,478	-	33,478
	<u>1,642,310</u>	<u>920,542</u>	<u>2,562,852</u>	<u>1,916,612</u>	<u>905,584</u>	<u>2,822,196</u>
Less: Inter-operations eliminations	(19,432)	-	(19,432)	(33,478)	-	(33,478)
<b>TOTAL ASSETS</b>	<u>1,622,878</u>	<u>920,542</u>	<u>2,543,420</u>	<u>1,883,134</u>	<u>905,584</u>	<u>2,788,718</u>
<b>LIABILITIES</b>						
Accrued expenses and other liabilities	53,863	61,298	115,161	57,655	56,356	114,011
Lease liabilities	2,983	-	2,983	1,190	-	1,190
Payable to agents, policyholders and claimants	51,117	-	51,117	36,194	-	36,194
Unearned reinsurance commission	1,079	-	1,079	632	-	632
Reinsurance balances payable	21,554	-	21,554	34,389	-	34,389
Unearned premium	105,738	-	105,738	76,567	-	76,567
Outstanding claims	68,343	-	68,343	81,740	-	81,740
Claims incurred but not reported	51,174	-	51,174	62,123	-	62,123
Premium deficiency reserve	11,401	-	11,401	9,617	-	9,617
Unit reserves	1,248,668	-	1,248,668	1,526,927	-	1,526,927
Mathematical reserve	5,625	-	5,625	5,468	-	5,468
Other technical reserves	209	-	209	259	-	259
Employee benefits	5,013	-	5,013	5,248	-	5,248
Zakat and income tax	-	2,717	2,717	-	2,182	2,182
Due to a related party	-	-	-	146	838	984
Surplus from Insurance Operations	14,301	-	14,301	17,215	-	17,215
Due to Shareholders' / Insurance operations	-	19,432	19,432	-	33,478	33,478
	<u>1,641,068</u>	<u>83,447</u>	<u>1,724,515</u>	<u>1,915,370</u>	<u>92,854</u>	<u>2,008,224</u>
Less: Inter-operations eliminations	-	(19,432)	(19,432)	-	(33,478)	(33,478)
<b>TOTAL LIABILITIES</b>	<u>1,641,068</u>	<u>64,015</u>	<u>1,705,083</u>	<u>1,915,370</u>	<u>59,376</u>	<u>1,974,746</u>
<b>EQUITY</b>						
Share capital	-	550,000	550,000	-	550,000	550,000
Share premium	-	197,286	197,286	-	197,286	197,286
Statutory reserve	-	42,632	42,632	-	42,632	42,632
Retained earnings	-	47,177	47,177	-	22,812	22,812
Re-measurement reserve of employee benefits – related to Insurance Operations	1,242	-	1,242	1,242	-	1,242
<b>TOTAL EQUITY</b>	<u>1,242</u>	<u>837,095</u>	<u>838,337</u>	<u>1,242</u>	<u>812,730</u>	<u>813,972</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>1,642,310</u>	<u>901,110</u>	<u>2,543,420</u>	<u>1,916,612</u>	<u>872,106</u>	<u>2,788,718</u>

ALJAZIRA TAKAFUL TAAWUNI COMPANY  
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19. SUPPLEMENTARY INFORMATION (continued)

b) CONDENSED STATEMENT OF INCOME

	<i>Three-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2022</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2021</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<b>REVENUE</b>						
Gross written premium	130,711	-	130,711	74,086	-	74,086
Investible premium	(31,034)	-	(31,034)	(33,223)	-	(33,223)
Reinsurance premium ceded:						
Local	(5,059)	-	(5,059)	(250)	-	(250)
Foreign	(5,023)	-	(5,023)	(8,484)	-	(8,484)
Excess of loss expenses	(430)	-	(430)	(9,198)	-	(9,198)
<b>Net premium written</b>	<b>89,165</b>	<b>-</b>	<b>89,165</b>	<b>22,931</b>	<b>-</b>	<b>22,931</b>
Change in unearned premium, net	(49,301)	-	(49,301)	13,595	-	13,595
<b>Net premium earned</b>	<b>39,864</b>	<b>-</b>	<b>39,864</b>	<b>36,526</b>	<b>-</b>	<b>36,526</b>
Reinsurance commission earned	1,178	-	1,178	573	-	573
Other underwriting income	10,094	-	10,094	9,154	-	9,154
<b>TOTAL REVENUES</b>	<b>51,136</b>	<b>-</b>	<b>51,136</b>	<b>46,253</b>	<b>-</b>	<b>46,253</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(31,018)	-	(31,018)	(51,524)	-	(51,524)
Reinsurers' share of claims paid	13,920	-	13,920	15,026	-	15,026
<b>Net claims paid</b>	<b>(17,098)</b>	<b>-</b>	<b>(17,098)</b>	<b>(36,498)</b>	<b>-</b>	<b>(36,498)</b>
Changes in outstanding claims, net	(525)	-	(525)	9,014	-	9,014
Changes in claims incurred but not reported, net	(2,801)	-	(2,801)	126	-	126
<b>Net claims incurred</b>	<b>(20,424)</b>	<b>-</b>	<b>(20,424)</b>	<b>(27,358)</b>	<b>-</b>	<b>(27,358)</b>
Changes in mathematical reserve	(77)	-	(77)	21	-	21
Changes in Premium deficiency reserves	(4,499)	-	(4,499)	2,446	-	2,446
Changes in other technical reserves	(18)	-	(18)	91	-	91
Policy acquisition costs	(2,552)	-	(2,552)	(3,430)	-	(3,430)
Other direct underwriting expenses	(3,940)	-	(3,940)	(2,225)	-	(2,225)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(31,510)</b>	<b>-</b>	<b>(31,510)</b>	<b>(30,455)</b>	<b>-</b>	<b>(30,455)</b>
<b>NET UNDERWRITING INCOME</b>	<b>19,626</b>	<b>-</b>	<b>19,626</b>	<b>15,798</b>	<b>-</b>	<b>15,798</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>						
Impairment reversal / (loss) on premium receivable	1,734	-	1,734	(912)	-	(912)
General and administrative expenses	(16,073)	(1,404)	(17,477)	(14,403)	(2,193)	(16,596)
Commission from held to maturity Investments	-	3,863	3,863	1	3,119	3,120
Commission income on deposits	26	1	27	4	254	258
Unrealized gain on FVIS investments	662	218	880	244	444	688
Realized gain on FVIS investments	-	78	78	11	61	72
Dividends from FVIS investments	-	39	39	-	38	38
Other income	2,228	92	2,320	3,299	-	3,299
<b>TOTAL OTHER OPERATING (EXPENSES) / INCOME</b>	<b>(11,423)</b>	<b>2,887</b>	<b>(8,536)</b>	<b>(11,756)</b>	<b>1,723</b>	<b>(10,033)</b>

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19. SUPPLEMENTARY INFORMATION (continued)

b) CONDENSED STATEMENT OF INCOME (continued)

	<i>Three-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2022 SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2021 SAR'000</i>
<b>NET SURPLUS FROM OPERATIONS</b>	<b>8,203</b>	<b>2,887</b>	<b>11,090</b>	4,042	1,723	5,765
Surplus transferred to Shareholders	(7,382)	7,382	-	(3,638)	3,638	-
<b>NET INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</b>	<b>821</b>	<b>10,269</b>	<b>11,090</b>	404	5,361	5,765
Zakat	-	(263)	(263)	-	(704)	(704)
Income tax	-	(148)	(148)	-	(20)	(20)
<b>NET INCOME FOR THE PERIOD</b>	<b>821</b>	<b>9,858</b>	<b>10,679</b>	404	4,637	5,041
Weighted average number of ordinary shares outstanding (in thousands of shares)	-	55,000	-	-	47,066	-
Earnings per share for the period (SAR / share) (Basic and diluted)	-	0.18	-	-	0.10	-

c) CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	<i>Three-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2022 SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2021 SAR'000</i>
<b>NET INCOME FOR THE PERIOD</b>	<b>821</b>	<b>9,858</b>	<b>10,679</b>	404	4,637	5,041
Other comprehensive income	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>821</b>	<b>9,858</b>	<b>10,679</b>	404	4,637	5,041

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**19. SUPPLEMENTARY INFORMATION (continued)**  
**d) CONDENSED STATEMENT OF INCOME**

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2022</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2021</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<b>REVENUE</b>						
Gross written premium	269,797	-	269,797	192,933	-	192,933
Investible premium	(91,515)	-	(91,515)	(96,134)	-	(96,134)
Reinsurance premium ceded:						
Local	(18,926)	-	(18,926)	(349)	-	(349)
Foreign	(14,358)	-	(14,358)	(23,152)	-	(23,152)
Excess of loss expenses	(622)	-	(622)	(21,456)	-	(21,456)
<b>Net premium written</b>	<b>144,376</b>	<b>-</b>	<b>144,376</b>	<b>51,842</b>	<b>-</b>	<b>51,842</b>
Change in unearned premium, net	(43,209)	-	(43,209)	71,943	-	71,943
<b>Net premium earned</b>	<b>101,167</b>	<b>-</b>	<b>101,167</b>	<b>123,785</b>	<b>-</b>	<b>123,785</b>
Reinsurance commission earned	2,806	-	2,806	1,446	-	1,446
Other underwriting income	11,228	-	11,228	18,703	-	18,703
<b>TOTAL REVENUES</b>	<b>115,201</b>	<b>-</b>	<b>115,201</b>	<b>143,934</b>	<b>-</b>	<b>143,934</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(77,868)	-	(77,868)	(140,584)	-	(140,584)
Reinsurers' share of claims paid	31,131	-	31,131	36,609	-	36,609
<b>Net claims paid</b>	<b>(46,737)</b>	<b>-</b>	<b>(46,737)</b>	<b>(103,975)</b>	<b>-</b>	<b>(103,975)</b>
Changes in outstanding claims, net	3,875	-	3,875	7,429	-	7,429
Changes in claims incurred but not reported, net	2,729	-	2,729	(4,668)	-	(4,668)
<b>Net claims incurred</b>	<b>(40,133)</b>	<b>-</b>	<b>(40,133)</b>	<b>(101,214)</b>	<b>-</b>	<b>(101,214)</b>
Changes in mathematical reserve	(157)	-	(157)	3,220	-	3,220
Changes in Premium deficiency reserves	(1,784)	-	(1,784)	11,098	-	11,098
Changes in other technical reserves	50	-	50	16,830	-	16,830
Policy acquisition costs	(6,845)	-	(6,845)	(10,373)	-	(10,373)
Supervision and inspection fees	-	-	-	(342)	-	(342)
Other direct underwriting expenses	(10,362)	-	(10,362)	(8,884)	-	(8,884)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(59,231)</b>	<b>-</b>	<b>(59,231)</b>	<b>(89,665)</b>	<b>-</b>	<b>(89,665)</b>
<b>NET UNDERWRITING INCOME</b>	<b>55,970</b>	<b>-</b>	<b>55,970</b>	<b>54,269</b>	<b>-</b>	<b>54,269</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Impairment reversal / (loss) on premium receivable	1,663	-	1,663	(1,568)	-	(1,568)
General and administrative expenses	(46,916)	(4,109)	(51,025)	(45,637)	(4,981)	(50,618)
Commission from held to maturity investments	-	10,667	10,667	11	8,348	8,359
Commission income on deposits	27	1	28	10	625	635
Unrealized gain on FVIS investments	1,355	1,419	2,774	812	1,824	2,636
Realized gain on FVIS investments	9	91	100	12	61	73
Dividends from FVIS investments	-	197	197	-	99	99
Other income	7,666	93	7,759	8,866	48	8,914
<b>TOTAL OTHER OPERATING (EXPENSES) / INCOME</b>	<b>(36,196)</b>	<b>8,359</b>	<b>(27,837)</b>	<b>(37,494)</b>	<b>6,024</b>	<b>(31,470)</b>

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19. SUPPLEMENTARY INFORMATION (continued)

d) CONDENSED STATEMENT OF INCOME (continued)

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2022 SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2021 SAR'000</i>
<b>NET SURPLUS FROM OPERATIONS</b>	<b>19,774</b>	<b>8,359</b>	<b>28,133</b>	<b>16,775</b>	<b>6,024</b>	<b>22,799</b>
Surplus transferred to Shareholders	(17,796)	17,796	-	(15,098)	15,098	-
<b>NET INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</b>	<b>1,978</b>	<b>26,155</b>	<b>28,133</b>	<b>1,677</b>	<b>21,122</b>	<b>22,799</b>
Zakat	-	(945)	(945)	-	(1,128)	(1,128)
Income Tax	-	(845)	(845)	-	(61)	(61)
<b>NET INCOME FOR THE PERIOD</b>	<b>1,978</b>	<b>24,365</b>	<b>26,343</b>	<b>1,677</b>	<b>19,933</b>	<b>21,610</b>
Weighted average number of ordinary shares outstanding (in thousands of shares)	-	55,000	-	-	44,385	-
Earnings per share for the period (SAR / share) (Basic and diluted)	-	0.44	-	-	0.45	-

e) CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2022 SAR'000</i>	<i>Insurance operations SAR'000</i>	<i>Shareholders' operations SAR'000</i>	<i>2021 SAR'000</i>
<b>NET INCOME FOR THE PERIOD</b>	<b>1,978</b>	<b>24,365</b>	<b>26,343</b>	<b>1,677</b>	<b>19,933</b>	<b>21,610</b>
Other comprehensive income	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,978</b>	<b>24,365</b>	<b>26,343</b>	<b>1,677</b>	<b>19,933</b>	<b>21,610</b>

Share of insurance operations surplus split in the ratio of 90/10 between shareholders' and insurance operations and presented separately as an expense in condensed statement of income.

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19. SUPPLEMENTARY INFORMATION (continued)

f) CONDENSED STATEMENT OF CASH FLOWS

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2022</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>2021</i>
	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>	<i>SAR '000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the period before Zakat and income tax	1,978	26,155	28,133	1,677	21,122	22,799
<b>Adjustments for non-cash items:</b>						
Impairment (reversal) / loss on premium receivable	(1,663)	-	(1,663)	1,568	-	1,568
Loss on disposal of property and equipment	-	-	-	239	-	239
Commission from held to maturity investments	-	(10,667)	(10,667)	(11)	(8,348)	(8,359)
Unrealized gain on FVIS investments	(1,355)	(1,419)	(2,774)	(812)	(1,824)	(2,636)
Realized gain on FVIS investments	(9)	(91)	(100)	(12)	(61)	(73)
Dividends from FVIS investments	-	(197)	(197)	-	(99)	(99)
Depreciation and amortization	3,438	-	3,438	3,616	-	3,616
Finance cost of lease liabilities	46	-	46	170	-	170
Employee benefits	1,160	-	1,160	985	-	985
	<b>3,595</b>	<b>13,781</b>	<b>17,376</b>	<b>7,420</b>	<b>10,790</b>	<b>18,210</b>
Changes in operating assets and liabilities:						
Premium receivable	(7,564)	-	(7,564)	(1,609)	-	(1,609)
Due from reinsurers	(465)	-	(465)	5,276	-	5,276
Reinsurers' share of unearned premium	14,038	-	14,038	16,720	-	16,720
Unearned premium	29,171	-	29,171	(88,663)	-	(88,663)
Unearned reinsurance commission	447	-	447	(466)	-	(466)
Deferred policy acquisition costs	(1,025)	-	(1,025)	5,155	-	5,155
Reinsurers' share of outstanding claims	9,522	-	9,522	4,436	-	4,436
Reinsurers' share of claims incurred but not reported	8,220	-	8,220	(2,077)	-	(2,077)
Available for sale investments held to cover unit-linked liabilities	279,349	-	279,349	(223,387)	-	(223,387)
Due from a related party	-	57,062	57,062	-	(4,031)	(4,031)
Due to a related party	(146)	(838)	(984)	-	-	-
Prepayments and other assets	6,611	50,362	56,973	7,482	505	7,987
Accrued expenses and other liabilities	(3,792)	4,942	1,150	(3,126)	(2,105)	(5,231)
Payable to agents, policyholders and claimants	14,923	-	14,923	9	-	9
Reinsurers' balances payable	(12,835)	-	(12,835)	(10,269)	-	(10,269)
Outstanding claims	(13,397)	-	(13,397)	(11,865)	-	(11,865)
Claims incurred but not reported	(10,949)	-	(10,949)	6,745	-	6,745
Unit reserves	(278,259)	-	(278,259)	220,582	-	220,582
Mathematical reserve	157	-	157	(3,220)	-	(3,220)
Premium deficiency reserves	1,784	-	1,784	(11,098)	-	(11,098)
Other technical reserves	(50)	-	(50)	(16,830)	-	(16,830)
Due from Shareholders' / Insurance Operations	14,406	(14,406)	-	82,758	(82,758)	-
Cash generated from / (used in) operations	53,741	110,903	164,644	(16,027)	(77,599)	(93,626)
Release of short-term deposit acquired as a result of business combination	-	-	-	-	37,500	37,500
Increase in statutory deposit	-	(7,934)	(7,934)	-	(12,066)	(12,066)
Zakat and income tax paid	-	(1,255)	(1,255)	-	(3,027)	(3,027)
Employee benefits paid	(1,395)	-	(1,395)	(1,081)	-	(1,081)
Distribution of surplus to policyholders	(3,117)	-	(3,117)	(261)	-	(261)
<b>Net cash generated from / (used in) operating activities</b>	<b>49,229</b>	<b>101,714</b>	<b>150,943</b>	<b>(17,369)</b>	<b>(55,192)</b>	<b>(72,561)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from maturity of held to maturity investments	-	12,411	12,411	16,381	136,285	152,666
Proceeds from disposal of FVIS investments	19,550	65,270	84,820	24,999	148,485	173,484
Purchase of held to maturity investments	-	(60,914)	(60,914)	-	(149,202)	(149,202)
Purchase of FVIS investments	(35,000)	(131,000)	(166,000)	(60,000)	(175,000)	(235,000)
Commission received from held to maturity investments	-	12,953	12,953	-	27,144	27,144
Dividends from FVIS investments	-	197	197	-	99	99
Cash and cash equivalents acquired through business combination	-	-	-	48,215	92,635	140,850
Purchase of property and equipment	(1,291)	-	(1,291)	(512)	-	(512)
<b>Net cash (used in) / generated from investing activities</b>	<b>(16,741)</b>	<b>(101,083)</b>	<b>(117,824)</b>	<b>29,083</b>	<b>80,446</b>	<b>109,529</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of lease liabilities	(1,071)	-	(1,071)	(2,549)	-	(2,549)
<b>Net cash used in financing activities</b>	<b>(1,071)</b>	<b>-</b>	<b>(1,071)</b>	<b>(2,549)</b>	<b>-</b>	<b>(2,549)</b>
<b>Net increase in cash and cash equivalents</b>	<b>31,417</b>	<b>631</b>	<b>32,048</b>	<b>9,165</b>	<b>25,254</b>	<b>34,419</b>
Cash and cash equivalents at the beginning of the period	77,628	5,395	83,023	72,500	33,532	106,032
<b>Cash at cash equivalents at the end of the period</b>	<b>109,045</b>	<b>6,026</b>	<b>115,071</b>	<b>81,665</b>	<b>58,786</b>	<b>140,451</b>



**ALJAZIRA TAKAFUL TAAWUNI COMPANY**  
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (continued)**  
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**20. IMPACT OF COVID-19**

The outbreak of novel coronavirus (COVID-19) since early 2020, its spread across mainland China and then globally, including the Kingdom of Saudi Arabia, and the declaration of this pandemic by the World Health Organization has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope. This has led to significant disruptions in the retail, travel, and hospitality industries and in global trade. It has resulted in decreased economic activity and lowered estimates for future economic growth and has caused global financial markets to experience significant volatility. On 11 March 2020, the World Health Organisation (“WHO”) declared COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe.

In response to the spread of the COVID-19 virus in the Kingdom of Saudi Arabia where the Company operates, and its consequential disruption to the social and economic activities in the Saudi Arabia market, the Company’s management believes that it has taken appropriate and sufficient measures to address the impact of COVID-19. Given the Company’s existing liquidity position, it believes that it will be able to meet its liabilities as and when they fall due and will allow the Company to reasonably handle the liquidity risks presented by the current climate.

The Company has considered the following while assessing the impact of COVID-19 outbreak:

- **Financial assets**

The Company has performed an assessment in accordance with its accounting policy due to the COVID-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. These include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, the probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In the case of sukuks classified under held to maturity, the Company has performed an assessment to determine whether there is a significant decline in the fair value of financial assets below their cost. Based on these assessments, the Company’s management believes that the COVID-19 pandemic has had no material effects on Company’s reported results for the period ended 30 September 2022. The Company’s management continues to monitor the situation closely.

- **Credit risk management**

The Company has strengthened its credit risk management policies to address the fast-changing and evolving risks posed by the current circumstances. These include reviewing credit concentrations at the granular economic sector, region, and counterparty level and taking appropriate action where required.

- **Liquidity Risk**

The Company is aware of the need to focus on liquidity management during this period. It has enhanced its monitoring of current liquidity needs as well as the pandemic in its entirety. The Company regularly reviews and updates the liquidity forecast based on the individual liquidity balance and the continued development of external economic factors.

The Company’s management believes that the COVID-19 pandemic has had no material effects on Company’s reported results for the period ended 30 September 2022. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situations and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such an uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

**21. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements have been approved by the Board of Directors on 02 November 2022, corresponding to Rabi’ al-Akhir 08, 1444H.