

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2022**

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

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## INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

**The Shareholders**  
**Saudi Arabian Cooperative Insurance Co.**  
**(A Saudi Joint Stock Company)**  
**Kingdom of Saudi Arabia**

### INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Saudi Arabian Cooperative Insurance Co (the "Company") as at 31 March 2022 and the related interim condensed statements of income and comprehensive income for the three-month period then ended and interim condensed statements of changes in equity and cash flows for the three-month period then ended and other explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", that is 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 interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**For Al-Bassam & Co.**

P. O. Box 69658  
Riyadh 11557  
Kingdom of Saudi Arabia

**Ibrahim A. Al Bassam**  
Certified Public Accountant  
License No. 337



**Al Azem, Al Sudairy, Al Shaikh & Partners**  
**For Professional Consulting**  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia

**Salman B. Al Sudairy**  
Certified Public Accountant  
License No. 283

22 May 2022  
21 Shawwal 1443H



**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

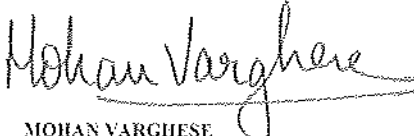
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

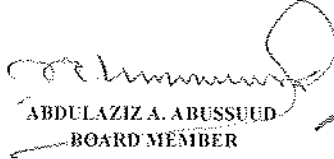
**As at 31 March 2022**

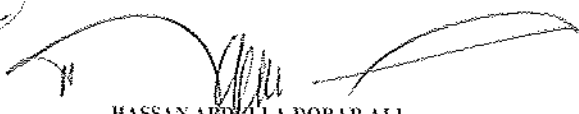
*(All amounts in Saudi Riyals unless otherwise stated)*

	Note	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	100,391,782	52,028,429
Murabaha deposits	5	358,529,155	254,965,731
Premiums and reinsurers' receivable - net	6	339,424,946	261,411,771
Reinsurers' share of unearned premiums	7b	142,434,864	27,161,652
Reinsurers' share of outstanding claims	7a	314,020,850	377,883,139
Reinsurers' share of claims incurred but not reported	7a	66,818,523	65,106,710
Deferred policy acquisition costs	7d	42,320,128	23,086,197
Available-for-sale investments	8a	1,923,080	1,923,080
Fair value through profit or loss investments	8b	22,429,203	92,247,362
Held-to-maturity investment	8c	76,448,730	75,942,638
Prepayments and other assets		70,491,374	72,137,583
Property and equipment		16,665,698	7,063,954
Intangible assets		11,372,498	11,594,023
Statutory deposit		30,000,000	30,000,000
Accrued income on statutory deposit		2,891,455	2,891,455
<b>TOTAL ASSETS</b>		<b>1,596,162,286</b>	<b>1,355,443,724</b>
<b>LIABILITIES</b>			
Policyholders' claims payable		21,194,889	23,039,414
Accrued expenses and other liabilities		130,405,059	97,600,348
Reinsurance balances payable		84,330,327	53,286,182
Unearned premiums	7b	486,183,627	254,129,776
Unearned reinsurance commission	7c	11,036,058	5,256,973
Outstanding claims and reserves	7a	378,608,640	446,156,975
Claims incurred but not reported	7a	147,592,755	146,966,791
Accounts payable		989,567	1,025,583
Employees' end-of-service benefits		22,641,036	23,938,250
Provision for zakat	9	10,666,408	8,416,408
Accrued commission income payable to SAMA		2,891,455	2,891,455
<b>TOTAL LIABILITIES</b>		<b>1,296,539,821</b>	<b>1,062,708,155</b>
<b>EQUITY</b>			
Share capital	10	300,000,000	300,000,000
Statutory reserve	12	29,473,371	29,473,371
Accumulated losses		(28,766,063)	(35,652,959)
Re-measurement loss of end-of-service benefits		(1,084,843)	(1,084,843)
<b>TOTAL EQUITY</b>		<b>299,622,465</b>	<b>292,735,569</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,596,162,286</b>	<b>1,355,443,724</b>
<b>COMMITMENTS AND CONTINGENCIES</b>			

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**MOHAN VARGHESE**  
 CHIEF FINANCIAL OFFICER

  
**ABDULAZIZ A. ABUSSUUD**  
 BOARD MEMBER

  
**HASSAN ABDULLA DORAR ALI**  
 PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

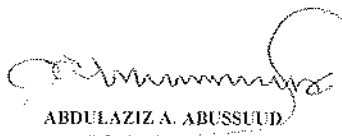
**INTERIM CONDENSED STATEMENT OF INCOME**


For the three-month period ended 31 March 2022

(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended	
		31 March 2022	2021
		(Unaudited)	(Unaudited)
<b>REVENUES</b>			
Gross premiums written	7b	424,989,722	356,998,853
Reinsurance premiums ceded			
- Local		(63,905,846)	(42,821,416)
- International (includes premium ceded through local broker)		(103,300,218)	(87,072,779)
	7b	(167,206,064)	(129,894,195)
Excess of loss expenses			
- Local		(365,725)	(197,994)
- International		(8,484,821)	(5,769,812)
	7b	(8,850,546)	(5,967,806)
Net premiums written		248,933,112	221,136,852
Movement in unearned premiums, net		(116,780,639)	(77,180,924)
Net premiums earned		132,152,473	143,955,928
Reinsurance commissions	7c	4,241,655	4,707,150
Other underwriting income		875,340	846,573
<b>NET REVENUES</b>		<b>137,269,468</b>	<b>149,509,651</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>			
Gross claims paid	7a	125,087,146	114,843,651
Reinsurers' share of claims paid	7a	(16,411,014)	(11,843,841)
Net claims paid		108,676,132	102,999,810
Movement in outstanding claims, IBNR and other reserves, net		(4,771,895)	12,421,058
Net claims incurred	7a	103,904,237	115,420,868
Policy acquisition costs	7d	17,294,700	16,334,463
Inspection and supervision fees		2,793,983	2,918,547
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>123,992,920</b>	<b>134,673,878</b>
<b>NET UNDERWRITING INCOME</b>		<b>13,276,548</b>	<b>14,835,773</b>
<b>OTHER INCOME/(EXPENSES)</b>			
Income from investments		1,605,508	1,221,165
Unrealized gain from change in fair value of FVTPL investments	8b	3,850,938	2,572,244
Realized gain on disposals of fair value of FVTPL investments	8b	9,329,047	-
Income from murabaha deposits		1,259,386	1,875,544
Other income		572,740	662,697
General and administrative expenses		(32,200,273)	(34,291,240)
Reversal of/(Provision for) doubtful debts	6	11,443,002	(2,081,479)
<b>TOTAL OTHER INCOME/(EXPENSES)</b>		<b>(4,139,652)</b>	<b>(30,041,069)</b>
Total income/(loss) for the period		9,136,896	(15,205,296)
Surplus attributed to the insurance operations		-	-
Total income/(loss) for the period attributable to the shareholders before zakat		9,136,896	(15,205,296)
Zakat (charge)/reversal for the period	9	(2,250,000)	6,940
Total income/(loss) for the period attributable to the shareholders after zakat		<b>6,886,896</b>	<b>(15,198,356)</b>
Earnings/(loss) per share	11		
Basic and diluted earnings/(loss) per share		0.23	(0.51)
Weighted average number of shares in issue throughout the period (in thousands)		30,000	30,000

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

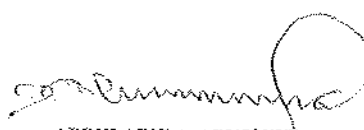
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2022

(All amounts in Saudi Riyals unless otherwise stated)

	Three-month period ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Total income/(loss) for the period after zakat	6,886,896	(15,198,356)
Other comprehensive income:		
<i>Items that may be reclassified to statements of income in subsequent periods</i>	-	-
Total comprehensive income/(loss) for the period after zakat	6,886,896	(15,198,356)
Total comprehensive income attributable to the insurance operations	-	-
Total comprehensive income/(loss) attributable to the shareholders after zakat	6,886,896	(15,198,356)

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER

  
ABDULAZIZ A. ABUSSOUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT AND CEO

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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)


INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2022

(All amounts in Saudi Riyals unless otherwise stated)

	2022				
	Share capital	Statutory reserve	Accumulated losses	Re-measurement loss of employees' end-of-service benefits	Total equity
Balance at the beginning of the period	300,000,000	29,473,371	(35,652,959)	(1,084,843)	292,735,569
Comprehensive income for the period:					
Total income for the period attributable to the shareholders after zakat	-	-	6,886,896	-	6,886,896
Total comprehensive income for the period	-	-	6,886,896	-	6,886,896
Balance at the end of the period	300,000,000	29,473,371	(28,766,063)	(1,084,843)	299,622,465

  
MOHAN VARGHESE  
CHIEF FINANCIAL OFFICER


  
ABDULAZIZ A. ABUSSAUD  
BOARD-MEMBER


  
HASSAN ABDULLA DORAR ALJ  
PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

*(All amounts in Saudi Riyals unless otherwise stated)*

  
ABDULAZIZ A. AL-BUSRUD  
BOARD MEMBER

  
HASSAN ABDULLA DORAR ALI  
PRESIDENT AND CEO

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statements.

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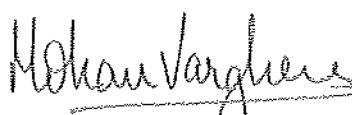
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

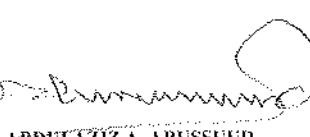
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**


**For the three-month period ended 31 March 2022**

*(All amounts in Saudi Riyals unless otherwise stated)*

		Three-month period ended	
		31 March	
	Note	2022 (Unaudited)	2021 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total income/(loss) for the period before zakat		9,136,896	(15,205,296)
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment		315,231	392,558
Amortization of intangible assets		314,333	473,474
(Reversal of)/Provision for doubtful debts	6	(11,443,002)	2,081,479
Provision for employees' end-of-service benefits		1,069,839	983,752
Unrealized gain from change in fair value of FVTPL investments	8b	(3,850,938)	(2,572,244)
Realized gain on disposals of fair value of FVTPL investments	8b	(9,329,047)	-
<b>Changes in operating assets and liabilities:</b>			
Premiums and reinsurers' receivable		(66,570,173)	(163,120,073)
Reinsurers' share of unearned premiums		(115,273,212)	(79,653,160)
Reinsurers' share of outstanding claims		63,862,289	(22,699,607)
Reinsurers' share of claims incurred but not reported		(1,711,813)	98,488
Deferred policy acquisition costs		(19,233,931)	(9,806,606)
Prepayments and other assets		1,140,117	(3,604,363)
Policyholders claims payable		(1,844,525)	(5,507,690)
Accrued and other liabilities		32,804,711	72,163,993
Reinsurance balances payable		31,044,145	40,801,278
Unearned premiums		232,053,851	156,834,084
Unearned reinsurance commission		5,779,085	3,684,937
Outstanding claims and reserves		(67,548,335)	31,190,897
Claims incurred but not reported		625,964	3,831,280
Accounts payable		(36,016)	215,000
<b>Cash from operating activities</b>		<b>81,305,469</b>	<b>10,582,181</b>
Employees' end-of-service benefits paid		(2,367,053)	(291,566)
Zakat paid	9	-	(375,723)
<b>Net cash from operating activities</b>		<b>78,938,416</b>	<b>9,914,892</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions of property and equipment		(9,916,975)	(932,956)
Additions of intangible assets		(92,808)	(856,269)
Additions in murabaha deposits		(115,068,801)	(45,000,000)
Proceed on disposal of murabaha deposits		11,505,377	26,445,188
Additions in FVTPL investments		(2,042,855)	-
Proceed on disposal of FVTPL investments		85,040,999	-
<b>Net cash used in investing activities</b>		<b>(30,575,063)</b>	<b>(20,344,037)</b>
<b>Net change in cash and cash equivalents</b>		<b>48,363,353</b>	<b>(10,429,145)</b>
Cash and cash equivalents at the beginning of the period	4	52,028,429	49,999,727
Cash and cash equivalents at the end of the period	4	100,391,782	39,570,582

  
**MOHAN VARGHESE**  
 CHIEF FINANCIAL OFFICER

  
**ABDULAZIZ A. ABUSSUUD**  
 BOARD MEMBER

  
**HASSAN ABDULLA DORAR ALI**  
 PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 March 2022**

*(All amounts in Saudi Riyals unless otherwise stated)*

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Arabian Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company's principal lines of business include all classes of general and medical insurance. The Company was listed on the Saudi Stock Exchange ("Tadawul") on 20 Shaban 1428H, (corresponding to 3 September 2007).

Following are the details of the branches of the Company and their commercial registration numbers:

Branch Name	Branch	Commercial Registration Number	Date
Saudi Arabian Cooperative Insurance Company	Jeddah	4030208674	25 Safar 1432H (31 January 2011)
Saudi Arabian Cooperative Insurance Company	Khobar	2051044793	25 Safar 1432H (31 January 2011)
Saudi Arabian Cooperative Insurance Company	Qassim	1131034133	25 Safar 1432H (31 January 2011)

The Company has been licensed to conduct insurance business in the Kingdom of Saudi Arabia under co-operative principles in accordance with Royal Decree numbered 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to the Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Investment ("MOCI") issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Central Bank ("SAMA") issued a formal approval to transact insurance business, thus authorizing the Company to commence operations as soon as product approval and related formalities are completed.

The Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policy holders are to receive the remaining 10%. Any deficit arising on insurance operations is borne by the shareholders in full.

**2 BASIS OF PREPARATION**

**(a) Basis of presentation and measurement**

These interim condensed financials information (interim condensed financial statements) of the Company as at and for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organisation for Chartered and Professional Accountants (SOCPA), Law of Companies and the Company's by-laws.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 March 2022**

*(All amounts in Saudi Riyals unless otherwise stated)*

**2 BASIS OF PREPARATION (continued)**

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

These interim condensed financial statements are prepared under the going concern concept and the historical cost convention, except for the measurement at fair value of available-for-sale investments, fair value through profit or loss investments and measurement at present value of employees' end-of-service benefit obligations. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Held to maturity investments, Property and equipment, Intangible assets, Statutory deposit, Accrued income on statutory deposit, Employees' end-of-service benefits and Accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current.

The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly (Note 18). Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed statement of financial position, interim condensed statement of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows of the insurance operations and shareholders operations which are presented in Note 18 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, interim condensed statements of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level interim condensed financial statements in compliance with IFRSs, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances and transactions are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar

The interim condensed financial statements does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2021.

**(b) Functional and presentation currency**

These interim condensed financial statements have been presented in Saudi Riyals (SR), which is also the functional currency of the Company.

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

The preparation of interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three-month period ended 31 March 2022**

*(All amounts in Saudi Riyals unless otherwise stated)*

**2 BASIS OF PREPARATION (continued)**

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

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.

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed financial statements:

**i) *The ultimate liability arising from claims made under insurance contracts***

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

The provision for IBNR is an estimation of claims which are expected to be reported subsequent to the date of interim condensed statement of financial position, for which the insured event has occurred prior to the date of interim condensed statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary has also used a segmentation approach including analyzing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

**ii) *Impairment of investments***

The Company determines that financial assets are impaired when there has been a significant or prolonged decline in the fair values of the financial assets below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

**iii) *Impairment of receivables***

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

**iv) *Fair value of financial instruments***

Fair values of available-for-sale investments and fair value through profit or loss investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models used are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY  
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**2 BASIS OF PREPARATION (continued)**

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

**v) *Deferred policy acquisition costs***

Certain acquisition costs related to sale of policies are recorded as deferred acquisition costs and are amortized over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment.

**vi) *Premium deficiency reserve***

Estimation of the premium deficiency reserve, if any, is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary looks at the claims and premiums relationship which is expected to be realized in the future.

**vii) *Impact of Covid-19***

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

In response to the spread of the Covid-19 virus in the GCC and other where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation 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 uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

**Medical technical reserve**

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavourable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since 21 June 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cash flows of the insurance contracts in force as at 31 March 2022 for its liability adequacy test. Based on the results, the Company has booked an amount of SR 8.3 million as a premium deficiency reserve.

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**2 BASIS OF PREPARATION (continued)**

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

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

**Motor technical reserves**

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "circular") dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two months in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended two months' period.

For new policies written as per above circular, the premium is earned over the period of coverage i.e 14 month as per the Company accounting policy.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at an aggregated (or "segmented") level for motor line of business and recorded a Premium deficiency reserve amounting to SR 12.49 million as at 31 March 2022.

**Financial assets**

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged 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 31 March 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 review of credit concentrations at the granular economic sector, region and counterparty level and the Company has taken appropriate action where required. Based on the review, the Company has identified the certain sectors such as government contracting, airlines, retail sector and hospitality industry as being impacted significantly by the Covid-19 pandemic and lower oil prices.

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**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021. There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2022 and has been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Interim Condensed Financial Statements. The Company has not early adopted any standard (interpretation) or amendments that has been issued but which are not yet effective.

**Standards issued but not yet effective**

The Company has chosen not to early adopt the amendments and revisions to the IFRSs, which have been published and are mandatory for compliance for the Company with effect from future dates.

Standard/ Interpretation/ Amendment	Description	Effective from periods beginning on or after the following date
IFRS 9	Financial Instruments (refer below)	1-Jan-23
IFRS 17	Insurance Contracts (refer below)	1-Jan-23

**A. 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:

**a. Classification and measurement:**

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

- i. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii. 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").

The financial asset is measured at fair value through other comprehensive income, and realized gains or losses are 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.

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. IFRS 9 - Financial Instruments (continued)**

**a. Classification and measurement: - continued**

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.

**b. 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.

**c. 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 1st January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12th 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 January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
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.

The Company has performed a detailed assessment as of reporting date:

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.



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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. IFRS 9 - Financial Instruments (continued)**

**Impact assessment**

As at 31 March 2022, the Company has total financial assets and insurance related assets amounting to SR 663 million (31 December 2021: SR 570 million) and SR 653 million (31 December 2021: SR 639 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 639 million (31 December 2021: SR 423 million). Other financial assets consist of available for sale investments amounting to SR 1.9 million (31 December 2021: SR 1.9 million). The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Investment in funds classified under available for sale investments will be at FVSI under IFRS 9. Other financial assets have a fair value of SR 22.4 million as at 31 March 2022 with a fair value change during the year of SR 3.9 million.

The Company financial assets have low credit risk as at 31 March 2022 and 31 December 2021. The above is based on high-level impact assessment of IFRS 9. This preliminary 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. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

**B. IFRS 17 - Insurance Contracts**

**Overview**

This standard has been published in 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 Measurement Model (GMM) 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;

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. IFRS 17 - Insurance Contracts (continued)**

**Measurement - continued**

- 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 re-measured to be the sum of:

- 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. Since the CSM cannot be negative, 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, in addition to the adjustment under GMM, the CSM is also adjusted for:

- i. the entity's share of the changes in the fair value of underlying items,
- ii. the effect of changes in the time value of money and in 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 remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts 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 Measurement Model remains applicable for the measurement of the liability for 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 proposing certain 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 1 January 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after 1 January 2022. Further, on 17 March 2020, The (IASB) completed its discussions on the amendments to IFRS 17 and decided that the effective date of the Standard will be deferred to reporting periods beginning on or after 1 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.

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. IFRS 17 - Insurance Contracts (continued)**

**Transition**

Retrospective application is required. However, if 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 and reinsurance, [and investment contracts with discretionary participating features, if applicable] together with amendments to presentation and disclosures.

**Impact**

The Company has performed an initial impact assessment of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the final financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has undertaken an initial operational impact gap analysis and currently undergoing through detailed operational and financial impact assessment. Key gaps and their impact are as follows:

Impact Area	Summary of Impact
Financial Impact	<p>The Company has ascertained the financial impact on reported balances of year 2018. As the Company's most of insurance contracts are short-termed and short tailed entitling for premium allocation approach (PAA) which is largely similar to current account practice, no significant impact is expected. The Company has also successfully finalized the reassessment of 2020 results as part of the 1st Dry-Run orchestrated by the regulator and submitted on 30 November 2021 to SAMA.</p> <p>Based on the conducted simulation, the financial impact of applying IFRS 17 compared to IFRS 4 was also not significant. The Company will solidify its view on the financial impact while completing the 2nd and 3rd dry-runs, planned before the end of 2022.</p>
Data impact	<p>IFRS 17 has additional data requirements (e.g. premium due date for initial recognition, premium receipt data for the LFRC, RI contracts held breakdown in to risk attaching or loss incurring for assessing contract boundaries, lower granularity to meet level of aggregation requirements and data for additional disclosures as per IFRS 17). Further extensive exercise has carried out to ensure the required data is available.</p> <p>No major data deficiencies or shortfalls were reported during the completion of the 1st dry-run simulation.</p>
IT systems impact	<p>Detailed assessment has been carried out of existing systems capabilities for IFRS 17 calculations, storage and reporting and whether new systems / calculation engines should be implemented.</p> <p>The tool has been implemented successfully and used for processing and extracting the simulated results for the 1st dry-run. In coordination with the Company's appointed advisor and appointed actuary, the Steering Committee is actively working to close any identified gaps before the due date of the 2nd dry-run simulation.</p>

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**3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. IFRS 17 - Insurance Contracts (continued)**

**Impact (continued)**

Process impact	The company has carried out an operational impact assessment exercise to assess the operational impact of implementing IFRS 17. Since, majority of the company's contracts would be measured under the premium allocation approach, the process impact is expected to be moderate.  No major process impact was reported during the completion of the 1st dry-run simulation.
Impact on Reinsurance arrangements	Further assessment has carried out to confirm measurement approach for reinsurance arrangements where RI gross premium ceded does not automatically qualify for PAA.
Impact on policies and control frameworks	The Company's policies and procedures needs updating to accommodate the changes in the Company's processes and systems related to IFRS 17 implementation. Detailed exercise for the purpose has been carried out after ascertaining financial and operational gaps assessment.

The Company is currently in design phase of IFRS 17 implementation which requires developing and designing new processes and procedures for the business including any system developments required under IFRS 17 and detailed assessment of business requirements. Following are the main areas under design phase and status of the progress is as follows:

Major areas of design phase	Summary of progress
Governance and control framework	The Company has put in place a comprehensive IFRS 17 governance program which includes establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders.
Operational area	The Company is in progress of designing operational aspects of the design phase which includes establishing comprehensive data policy and data dictionary. Also the Company is finalizing architectural designs for various sub-systems. The Company has progressed through assessment of business requirements and currently working on vendor selection while finalizing various process needed for transition and assessment of new resources needed.
Technical and financial area	The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders. Currently majority of policy papers have been approved by the Company's IFRS 17 project steering committee.
Assurance plan	The Company is working along with other stakeholders to finalize the assurance plan for transitional and post-implementation periods.

The Company has started its implementation process and has set up a project team, supervised by Company's CEO. Furthermore, to assess financial and operational impact of IFRS-17, the Company has hired Deloitte & Touche Advisory Saudi Limited (Deloitte) as their consultants.

The effective interpretations/improvement/amendments do not have material impact on these interim condensed financial statements of the company.

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**4 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of cash flows comprise the following:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Cash in banks	100,372,761	52,014,680
Cash on hand	19,021	13,749
	<u>100,391,782</u>	<u>52,028,429</u>

Cash in banks are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

**5 MURABAH DEPOSITS**

Murabaha deposits represents deposits with local banks that have investment grade credit ratings and have an original maturity of more than three months from date of acquisition. The deposits earn commission at rate ranging from 1.5% to 3.4% (31 December 2021: 0.8% to 3.4%) per annum.

**6 PREMIUMS AND REINSURERS' RECEIVABLE - NET**

Receivables comprise amounts due from the following:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Policyholders	191,700,417	155,485,361
Brokers and agents	100,522,326	70,716,931
Related parties (note 16)	97,130,144	79,816,404
Receivables from reinsurers	10,924,719	27,688,737
	<u>400,277,606</u>	<u>333,707,433</u>
Less:		
Provision for doubtful receivables - policyholders	(29,464,523)	(31,595,125)
Provision for doubtful receivables - brokers and agents	(17,669,169)	(18,633,885)
Provision for doubtful receivables - related parties (note 16)	(9,170,377)	(16,516,338)
Provision for doubtful receivables - receivables from reinsurers	(4,548,591)	(5,550,314)
	<u>(60,852,660)</u>	<u>(72,295,662)</u>
	<u>339,424,946</u>	<u>261,411,771</u>

The movement in the provision for doubtful receivables is as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Beginning of the period/year	72,295,662	74,709,822
(Reversal)/Provision made during the period/year	(11,443,002)	9,344,168
Bad debts written-off	-	(11,758,328)
End of the period/year	<u>60,852,660</u>	<u>72,295,662</u>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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**7 MOVEMENT IN OUTSTANDING CLAIMS, UNEARNED PREMIUMS, UNEARNED REINSURANCE COMMISSION AND DEFERRED POLICY ACQUISITION COSTS (continued)**

d) Deferred policy acquisition costs	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning	23,086,197	18,459,055
Incurred during the period/year	36,528,631	65,712,766
Amortized during the period/year	(17,294,700)	(61,085,624)
Balance at the end	<u>42,320,128</u>	<u>23,086,197</u>

**8 INVESTMENTS**

**(a) Available-for-sale investments**

As at 31 March 2022 and 31 December 2021, available-for-sale investment represents SR 1.9 million in respect of the Company's share in the capital of Najm for Insurance Services Company ("Najm") which represents a 3.85% capital holding in Najm.

(b) Fair value through profit or loss investments	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning	92,247,362	90,028,540
Acquired during the year/period	2,042,855	107,351
Disposals during the year/period	(85,040,999)	-
Unrealized gain from change in fair value	3,850,938	2,111,471
Realized gain on disposals during the year/period	9,329,047	-
Balance at the end	<u>22,429,203</u>	<u>92,247,362</u>

As at 31 March 2022, fair value through profit or loss investments represents SR 22.43 million (31 December 2021 : SR 92.25 million) in respect of quoted equity instruments of Saudi listed companies.

**(c) Held-to-maturity investment**

As at 31 March 2022, the Company's investment in Islamic bonds ("Sukuk"), issued by a local bank having a credit rating of "AA", amounted to SR 75 million (31 December 2021: SR 75 million) comprising of 75 Sukuk (31 December 2021: 75 Sukuk) denominated at Saudi Riyals 1 million each and a margin equivalent to 6 month SIBOR plus 195 basis points (31 December 2021: 6 month SIBOR plus 195 basis points), having maturity date of 27 May

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period	75,942,638	35,531,657
Additions	-	40,000,000
Amortized during the period/year, net	506,092	410,981
Balance at the end of the period	<u>76,448,730</u>	<u>75,942,638</u>

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**9 PROVISION FOR ZAKAT**

**a) Zakat payable**

The movement in zakat payable during the period were as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance at beginning of the period/year	8,416,408	10,517,581
Charge for the period/year	2,250,000	7,097,100
Payments during the period/year	-	(9,198,273)
Balance at end of the period/year	<u>10,666,408</u>	<u>8,416,408</u>

**b) Status of assessments**

The Company has filed its zakat return for the financial years up to and including the year 2021 with the Zakat, Tax and Custom Authority (the "ZATCA") and received the final zakat certificate from the ZATCA.

The Company has received final assessments for the years 2008 through 2019 with no additional zakat liability.

**10 SHARE CAPITAL**

The authorized, issued and paid up capital of the Company was SR 300 million at 31 March 2022 (31 December 2021: SR 300 million) consisting of 30 million shares (31 December 2021: 30 million shares) of SR 10 each. Shareholding structure of the Company is as below:

	31 March 2022 (Unaudited)		31 December 2021 (Audited)	
	Authorised, issued and paid up		Authorised, issued and paid up	
	No. of Shares	SR'000	No. of Shares	SR'000
Saudi Arabian Insurance Company B.S.C	9,000,000	90,000,000	9,000,000	90,000,000
Others	<u>21,000,000</u>	<u>210,000,000</u>	<u>21,000,000</u>	<u>210,000,000</u>
	<u>30,000,000</u>	<u>300,000,000</u>	<u>30,000,000</u>	<u>300,000,000</u>

**11 BASIC AND DILUTED EARNING/(LOSS) PER SHARE**

Basic and diluted earning/(loss) per share for the period have been calculated by dividing the total net loss for the period by the weighted average number of shares in issue throughout the period.

The basic and diluted earning/(loss) per share are as follows:

	Three-month period ended 31 March	
	2022 (Unaudited)	2021 (Unaudited)
Total income/(loss) for the period attributable to the shareholders after zakat	6,886,896	(15,198,356)
Weighted average number of shares throughout the period (thousands)	<u>30,000</u>	<u>30,000</u>
Basic and diluted earning/(loss) per share	<u>0.23</u>	<u>(0.51)</u>

There are no diluted potential shares during the three-month period ended 31 March 2022 and 2021.

**12 STATUTORY RESERVE**

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital. Such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.



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**13 CAPITAL MANAGEMENT**

Objectives are set by the Company to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at 31 March 2022 consists of paid-up share capital of SR 300 million, statutory reserves of SR 29.5 million and accumulated losses of SR 28.8 million (31 December 2021: paid-up share capital of SR 300 million, statutory reserves of SR 29.5 million and accumulated losses of SR 35.65 million) in the interim condensed statement of financial position.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

**14 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

- in the accessible principal market for the asset or liability, or
- in the accessible principal market, in the most advantageous accessible market for the asset or liability

The management assessed that cash and cash equivalent, accrual and other liabilities and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities,
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the three-month period ended 31 March 2022 and year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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**14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**a) Carrying amounts and fair value**

The following table summarizes the financial assets recorded at fair value as of 31 March 2022 and 31 December 2021 by level of the fair value hierarchy.

**As at 31 March 2022 (Unaudited)**

	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Available-for-sale investments	1,923,080	-	-	1,923,080	1,923,080
FVTPL investments	22,429,203	22,429,203	-	-	22,429,203
	<u>24,352,283</u>	<u>22,429,203</u>	<u>-</u>	<u>1,923,080</u>	<u>24,352,283</u>

**As at 31 December 2021 (Audited)**

	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
Available-for-sale investments	1,923,080	-	-	1,923,080	1,923,080
FVTPL investments	92,247,362	92,247,362	-	-	92,247,362
	<u>94,170,442</u>	<u>92,247,362</u>	<u>-</u>	<u>1,923,080</u>	<u>94,170,442</u>

The fair values of other financial assets and liabilities, not included in the table above, are not materially different from the carrying values included in the financial statements.

**b) Measurement of Fair values**

Available-for-sale investment represents unquoted securities amounted to SR 1.9 million in respect of the Company's share in the capital of Najm. As at 31 March 2022 and 31 December 2021, the investment has not been measured at fair value in the absence of active market or other means of measuring their fair value reliably. However, the management believes that there is no major difference between the carrying value and fair value of the investment.

**15 COMMITMENTS AND CONTINGENCIES**

**CONTINGENCIES**

**a. Legal proceedings and regulations**

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

**COMMITMENTS**

b. During 2020, the Company entered into an agreement for the construction of the commercial building on the land under deed No. 2/214 located at the Salahuddin AL-Ayyubi Road, Riyadh, Kingdom of Saudi Arabia.

The Company is committed to half of the incurred capital expenditure for the acquisition of land and construction of the building, and the transaction will be recognized as the development progresses and upon completion of the transfer of the underlying right and obligations.

The estimated commitment as at balance sheet date but not recognized in the financial statement are as follows:

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Acquisition of the Land	12,663,500	12,663,500
Construction of the Building	36,605,043	46,283,250
	<u>49,268,543</u>	<u>58,946,750</u>

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**16 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, key management personnel of the Company and entities controlled, jointly controlled or subsequently influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions and are approved by management.

The following are the details of the major related party transactions during the period and the related balances:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transaction</i>		<i>Balance</i>	
		<i>Three-month period ended 31</i>			
		<i>March</i>	<i>31 March</i>	<i>2022</i>	<i>31 December</i>
		<i>2022</i>	<i>2021</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<i>Amounts due to related parties are as follows:</i>					
ACE RE Gallagher Arabia Reinsurance Brokers ("Broker") (Affiliate)	Premiums ceded through Broker	52,414,000	42,504,462		
	Commission received	52,590	41,838	55,122,855	-
ACE Gallagher Arabia Insurance Brokers ("Broker") (Affiliate)				-	42,108,084
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Premiums ceded	80,204	66,847		
	Commission received	20,452	17,346	1,057,953	682,756
ACE Limited (Affiliate)				55,502	55,502
Aldawaa Medical Services Company (Affiliate)	Claims settled	2,699,978	1,717,152	-	-
				56,236,310	42,846,342
<i>Amounts due from related party are as follows (note 6):</i>					
ACE Gallagher Arabia Insurance Brokers ("Broker") (Affiliate)	Premiums received through Broker, net	135,255,645	107,048,943		
	Commission expense	10,432,477	9,291,696	97,130,144	79,816,404
	Provision for/(reversal) of doubtful debts	(7,345,961)	1,950,977	(9,170,377)	(16,516,338)
				87,959,767	63,300,066

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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### Compensation of key management personnel

personnel for the year ended 31 March is as follows:

Employees' end-of-service benefits

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**17 SEGMENT INFORMATION**

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include income from investments, income from murabaha deposits, other income, general and administrative expenses, and provision for doubtful debts. Accordingly, they are included in unallocated income and expenses.

Segment assets do not include cash and cash equivalents, murabaha deposits, premiums and reinsurers' receivable - net, available for sale investment, held-to-maturity investment, due from related parties, prepayments and other assets, property and equipment, intangible assets, statutory deposit and accrued income from statutory deposit. Accordingly, they are included in unallocated assets.

Segment liabilities do not include accrued and other liabilities, surplus distribution payable, reinsurance balances payable, accounts payable, employees' end-of-service benefits, provision for zakat, accrued commission income payable to SAMA. Accordingly, they are included in unallocated liabilities. All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

Operating segment	Three-month period ended 31 March 2022 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
<b>Revenues</b>					<b>Total</b>
Gross premiums written					
- Individual	61,811	4,857,018	87,944	-	-
- Micro enterprise	6,925,521	5,173,210	2,880,187	-	-
- Small enterprises	21,145,043	6,526,623	3,757,471	-	-
- Medium enterprises	34,109,139	23,897,434	8,436,056	-	-
- Large enterprise	36,797,605	87,583,670	182,750,990	-	-
	99,039,119	128,037,955	197,912,648	-	-
					5,006,773
					14,978,918
					31,429,137
					66,442,629
					307,132,265
					424,989,722
Reinsurance premiums ceded					
- Local	-	-	(63,905,846)	-	-
- International (includes premium ceded through local broker)	-	(274,810)	(103,025,408)	-	-
	-	(274,810)	(166,931,254)	-	-
					(63,905,846)
					(103,300,218)
					(167,206,064)
Excess of loss expenses					
- Local	-	(311,538)	(54,187)	-	-
- International	(5,589,600)	(1,246,150)	(1,649,071)	-	-
	(5,589,600)	(1,557,688)	(1,703,258)	-	-
					(8,850,546)
Net premiums written	93,449,519	126,205,457	29,278,136	-	-
					248,933,112

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17 SEGMENT INFORMATION (continued)

Operating segment	Three-month period ended 31 March 2022 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Net premiums written	93,449,519	126,205,457	29,278,136	-	-
Movement in unearned premiums, net	(15,731,210)	(79,789,664)	(21,259,765)	-	-
Net premiums earned	77,718,309	46,415,793	8,018,371	-	-
Reinsurance commissions	-	22,437	4,219,218	-	-
Other underwriting income	124,923	509,749	240,668	-	-
Net revenues	77,843,232	46,947,979	12,478,257	-	-
Underwriting costs and expenses					
Gross claims paid	63,706,637	42,866,333	18,514,176	-	-
Reinsurers' share of claims paid	-	(168,057)	(16,242,957)	-	-
Net claims paid	63,706,637	42,698,276	2,271,219	-	-
Movement in outstanding claims, IBNR and other reserves, net	(9,353,331)	6,219,796	(1,638,360)	-	-
Net claims incurred	54,353,306	48,918,072	632,859	-	-
Policy acquisition costs	4,190,671	8,246,439	4,857,590	-	-
Inspection and supervision fees	1,485,587	338,632	969,764	-	-
Total underwriting costs and expenses	60,029,564	57,503,143	6,460,213	-	-
Net underwriting income	17,813,668	(10,555,164)	6,018,044	-	-
Unallocated revenue					
Unallocated expenses					
Total income for the period				14,786,237	-
Surplus attributed to the insurance operations				(384,980)	-
Total income for the period attributable to the shareholders before zakat					13,276,548
Zakat					16,617,619
Total income for the period attributable to the shareholders after zakat					(20,757,271)
					9,136,896
					9,136,896
					(2,250,000)
					6,886,896

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**17 SEGMENT INFORMATION (continued)**

Operating segment	Three-month period ended 31 March 2021 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
<b>Revenues</b>					<b>Total</b>
Gross premiums written					
- Individual	66,425	30,072,351	8,407	-	-
- Micro enterprise	3,369,922	1,545,931	3,036,973	-	-
- Small enterprises	16,812,695	3,929,076	2,772,128	-	-
- Medium enterprises	74,885,254	17,939,745	7,499,006	-	-
- Large enterprise	39,729,723	17,059,536	138,271,681	-	-
	134,864,019	70,546,639	151,588,195	-	-
Reinsurance premiums ceded					
- Local	-	-	(42,821,416)	-	-
- International (includes premium ceded through local broker)	-	(224,382)	(86,848,397)	-	-
	-	(224,382)	(129,669,813)	-	-
Excess of loss expenses					
- Local	-	(158,501)	(39,493)	-	-
- International	(4,153,171)	(622,002)	(994,639)	-	-
	(4,153,171)	(780,503)	(1,034,132)	-	-
Net premiums written	130,710,848	69,541,754	20,884,250	-	-
					221,136,852

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**17 SEGMENT INFORMATION (continued)**

	Three-month period ended 31 March 2021 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Operating segment					Total
Net premiums written	130,710,848	69,541,754	20,884,250	-	221,136,852
Movement in unearned premiums, net	(48,268,563)	(17,201,268)	(11,711,093)	-	(77,180,924)
Net premiums earned	82,442,285	52,340,486	9,173,157	-	143,955,928
Reinsurance commissions	-	399,984	4,307,166	-	4,707,150
Other underwriting income	300,153	166,918	379,502	-	846,573
Net revenues	82,742,438	52,907,388	13,859,825	-	149,509,651
<b>Underwriting costs and expenses</b>					
Gross claims paid	64,555,454	40,518,364	9,769,833	-	114,843,651
Reinsurers' share of claims paid	-	(3,436,455)	(8,407,386)	-	(11,843,841)
Net claims paid	64,555,454	37,081,909	1,362,447	-	102,999,810
Movement in outstanding claims, IBNR and other reserves, net	13,276,151	(1,201,005)	345,912	-	12,421,058
Net claims incurred	77,831,605	35,880,904	1,708,359	-	115,420,868
Policy acquisition costs	4,467,690	6,652,774	5,213,999	-	16,334,463
Inspection and supervision fees	2,022,960	351,941	543,646	-	2,918,547
Total underwriting costs and expenses	84,322,255	42,885,619	7,466,004	-	134,673,878
Net underwriting income	(1,579,817)	10,021,769	6,393,821	-	14,835,773
Unallocated revenue					
Unallocated expenses					
Total loss for the period				2,463,121	3,759,406
Surplus attributed to the insurance operations				2,254,779	(33,800,475)
Total loss for the period attributable to the shareholders before zakat					(15,205,296)
Zakat					-
Total loss for the period attributable to the shareholders after zakat					(15,205,296)
					6,940
					(15,198,356)



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**17 SEGMENT INFORMATION (Continued)**

Operating segment	As at 31 March 2022 (Unaudited)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
<b>Assets</b>					
Reinsurers' share of outstanding claims	-	6,037,708	307,983,142	-	-
Reinsurers' share of claims incurred but not reported	-	4,357,000	62,461,523	-	-
Reinsurers' share of unearned premiums	-	228,992	142,205,872	-	-
Deferred policy acquisition costs	6,586,876	23,141,170	12,592,082	-	-
<b>Segment assets</b>	<b>6,586,876</b>	<b>33,764,870</b>	<b>525,242,619</b>	<b>-</b>	<b>-</b>
Unallocated assets					342,097,892
<b>Total assets</b>					<b>1,030,567,921</b>
					<b>1,596,162,286</b>
<b>Liabilities and equity</b>			574,392		
Outstanding claims and reserves	23,077,662	37,696,963	317,834,015	-	-
Claims incurred but not reported	43,208,000	72,544,000	31,840,755	-	-
Unearned premiums	146,146,552	168,108,633	171,928,442	-	-
Unearned reinsurance commission	-	67,151	10,968,907	-	-
<b>Segment liabilities</b>	<b>212,432,214</b>	<b>278,416,747</b>	<b>532,572,119</b>	<b>-</b>	<b>-</b>
Unallocated liabilities and surplus					14,547,430
<b>Total equity</b>					<b>273,118,741</b>
<b>Total liabilities and equity</b>					<b>299,622,465</b>
					<b>1,596,162,286</b>

Unallocated assets at 31 March 2022 consists mainly of murabaha deposits of SR 358.53 million, premiums and reinsurers' receivable - net of SR 339.42 million, cash and cash equivalents of SR 100.39 million, Available-for-sale investment of SR 1.9 million, FVTPL investment of SR 22.43 million, Held-to-maturity investment of SR 76.45 million and other assets of SR 131.42 million.

Unallocated liabilities and surplus at 31 March 2022 consists mainly of accrued and other liabilities of SR 130.41 million, reinsurance balances payable of SR 84.33 million, employees' end-of-service benefits of SR 22.64 million and other liabilities of SR 35.74 million.

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**17 SEGMENT INFORMATION (Continued)**

Operating segment	As at 31 December 2021 (Audited)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
					Total
<b>Assets</b>					
Reinsurers' share of outstanding claims	-	5,728,845	372,154,294	-	-
Reinsurers' share of claims incurred but not reported	-	5,842,288	59,264,422	-	-
Reinsurers' share of unearned premiums	-	25,710	27,135,942	-	-
Deferred policy acquisition costs	6,862,191	12,452,377	3,771,629	-	-
Segment assets	6,862,191	24,049,220	462,326,287	-	-
Unallocated assets					351,842,629
Total assets					862,206,026
					1,355,443,724
<b>Liabilities</b>					
Outstanding claims and reserves	32,566,993	25,832,226	387,757,756	-	-
Claims incurred but not reported	43,072,000	38,289,706	65,605,085	-	-
Unearned premiums	130,415,342	88,044,455	35,669,979	-	-
Unearned reinsurance commission	-	9,893	5,247,080	-	-
Segment liabilities	206,054,335	152,176,280	494,279,900	-	-
Unallocated liabilities and surplus					12,333,446
Total equity					293,820,412
Total liabilities					292,735,569
					1,355,443,724

Unallocated assets at 31 December 2021 consists mainly of murabaha deposits of SR 255 million, premiums and reinsurers' receivable - net of SR 261 million, cash and cash equivalents of SR 52 million, Available-for-sale investment of SR 1.9 million, FVTPL investment of SR 92 million, Held-to-maturity investment of SR 76 million and other assets of SR 124 million.

Unallocated liabilities and surplus at 31 December 2021 consists mainly of accrued and other liabilities of SR 97.6 million, reinsurance balances payable of SR 53.29 million, employees' end-of-service benefits of SR 23.94 million and other liabilities of SR 35.28 million.

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**18 SUPPLEMENTARY INFORMATION**

**18.1 Statement of financial position**

	Insurance Operations		Shareholders' Operations		Total	
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<b>ASSETS</b>						
Cash and cash equivalents	96,862,830	41,770,297	3,528,952	10,258,132	100,391,782	52,028,429
Murabaha deposits	135,087,220	96,523,796	223,441,935	158,441,935	358,529,155	254,965,731
Premiums and reinsurers' receivable - net	339,424,946	261,411,771	-	-	339,424,946	261,411,771
Reinsurers' share of unearned premiums	142,434,864	27,161,652	-	-	142,434,864	27,161,652
Reinsurers' share of outstanding claims and reserves	314,020,850	377,883,139	-	-	314,020,850	377,883,139
Reinsurers' share of claims incurred but not reported	66,818,523	65,106,710	-	-	66,818,523	65,106,710
Deferred policy acquisition costs	42,320,128	23,086,197	-	-	42,320,128	23,086,197
Available for sale investment	1,923,080	1,923,080	-	-	1,923,080	1,923,080
Fair value through profit or loss investments	256,494	161,027	22,172,709	92,086,335	22,429,203	92,247,362
Held-to-maturity investment	19,693,408	20,073,680	56,755,322	55,868,958	76,448,730	75,942,638
Prepayments and other assets	67,183,855	69,841,769	3,307,519	2,295,814	70,491,374	72,137,583
Property and equipment	16,665,698	7,063,954	-	-	16,665,698	7,063,954
Intangible assets	11,372,498	11,594,023	-	-	11,372,498	11,594,023
Statutory deposit	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Accrued income from statutory deposit	-	-	2,891,455	2,891,455	2,891,455	2,891,455
<b>TOTAL ASSETS</b>	<b>1,254,064,394</b>	<b>1,003,601,095</b>	<b>342,097,892</b>	<b>331,842,629</b>	<b>1,596,162,286</b>	<b>1,355,443,724</b>

Above stated assets do not include "Due from insurance operations" amounting to SR 27,927,997 (31 December 2021: 46,773,614) to be consistent with total assets presented in the statement of financial position.

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.1 Statement of financial position (continued)**

	Insurance Operations		Shareholders' Operations		Total	
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<b>LIABILITIES</b>						
Policyholders' claims payable	21,194,889	23,039,414	-	-	21,194,889	23,039,414
Accrued and other liabilities	130,405,059	97,600,348	-	-	130,405,059	97,600,348
Reinsurance balances payable	84,330,327	53,286,182	-	-	84,330,327	53,286,182
Unearned premiums	486,183,627	254,129,776	-	-	486,183,627	254,129,776
Unearned reinsurance commission	11,036,058	5,256,973	-	-	11,036,058	5,256,973
Outstanding claims and reserves	378,608,640	446,156,975	-	-	378,608,640	446,156,975
Claims incurred but not reported	147,592,755	146,966,791	-	-	147,592,755	146,966,791
Accounts payable	-	-	989,567	1,025,583	989,567	1,025,583
Employees' end-of-service benefits	22,641,036	23,938,250	-	-	22,641,036	23,938,250
Provision for zakat	-	-	10,666,408	8,416,408	10,666,408	8,416,408
Accrued commission income payable to SAMA	-	-	2,891,455	2,891,455	2,891,455	2,891,455
<b>TOTAL LIABILITIES</b>	<b>1,281,992,391</b>	<b>1,050,374,709</b>	<b>14,547,430</b>	<b>12,333,446</b>	<b>1,296,539,821</b>	<b>1,062,708,155</b>
<b>EQUITY</b>						
Share capital	-	-	300,000,000	300,000,000	300,000,000	300,000,000
Statutory reserve	-	-	29,473,371	29,473,371	29,473,371	29,473,371
Accumulated losses	-	-	(28,766,063)	(35,652,959)	(28,766,063)	(35,652,959)
Re-measurement loss of end-of-service benefits	-	-	(1,084,843)	(1,084,843)	(1,084,843)	(1,084,843)
<b>TOTAL EQUITY</b>	<b>-</b>	<b>-</b>	<b>299,622,465</b>	<b>292,735,569</b>	<b>299,622,465</b>	<b>292,735,569</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,281,992,391</b>	<b>1,050,374,709</b>	<b>314,169,895</b>	<b>305,069,015</b>	<b>1,596,162,286</b>	<b>1,355,443,724</b>

Above stated liabilities do not include "Due to shareholders' operations" amounting to SR 27,927,997 (31 December 2021: 46,773,614) to be consistent with total liabilities presented in the statement of financial position.

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Statement of income**

	Three-month period ended 31 March (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022
<b>REVENUES</b>					
Gross premiums written	424,989,722	356,998,853	-	-	424,989,722
Reinsurance premiums ceded					
- Local	(63,905,846)	(42,821,416)	-	-	(63,905,846)
- International (includes premium ceded through local broker)	(103,300,218)	(87,072,779)	-	-	(103,300,218)
	(167,206,064)	(129,894,195)	-	-	(167,206,064)
					(129,894,195)
Excess of loss					
- Local	(365,725)	(197,994)	-	-	(365,725)
- International	(8,484,821)	(5,769,812)	-	-	(8,484,821)
	(8,850,546)	(5,967,806)	-	-	(8,850,546)
					(5,967,806)
<b>Net premiums written</b>					
Movement in unearned premiums, net	248,933,112	221,136,852	-	-	248,933,112
	(116,780,639)	(77,180,924)	-	-	(116,780,639)
<b>Net premiums earned</b>	132,152,473	143,955,928	-	-	132,152,473
Reinsurance commissions	4,241,655	4,707,150	-	-	4,241,655
Other underwriting income	875,340	846,573	-	-	875,340
<b>NET REVENUES</b>	137,269,468	149,509,651	-	-	137,269,468
					149,509,651
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid	125,087,146	114,843,651	-	-	125,087,146
Reinsurers' share of claims paid	(16,411,014)	(11,843,841)	-	-	(16,411,014)
<b>Net claims paid</b>	108,676,132	102,999,810	-	-	108,676,132
Movement in outstanding claims, IBNR and other reserves, net	(4,771,895)	12,421,058	-	-	(4,771,895)
<b>Net claims incurred</b>	103,904,237	115,420,868	-	-	103,904,237
Policy acquisition costs	17,294,700	16,334,463	-	-	17,294,700
Inspection and supervision fees	2,793,983	2,918,547	-	-	2,793,983
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	123,992,920	134,673,878	-	-	123,992,920
					134,673,878
<b>NET UNDERWRITING INCOME</b>	13,276,548	14,835,773	-	-	13,276,548
					14,835,773

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.2 Statement of income (continued)**

	Three-month period ended 31 March (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022
<b>OTHER INCOME/(EXPENSES)</b>					
Income from investments	138,162	147,500	1,467,346	1,073,665	1,605,508
Unrealized gain from change in fair value of FVTPL investments	95,468	-	3,755,470	2,572,244	3,850,938
Realized gain on disposals of fair value of FVTPL investments	519,490	-	8,809,557	-	9,329,047
Income from murabaha deposits	505,522	486,088	753,864	1,389,456	1,259,386
Other income	572,740	662,697	-	-	572,740
General and administrative expenses	(31,815,293)	(33,973,775)	(384,980)	(317,465)	(32,200,273)
Reversal of/(Provision for) doubtful debts	11,443,002	(2,081,479)	-	-	11,443,002
<b>TOTAL OTHER INCOME/(EXPENSES)</b>	<b>(18,540,909)</b>	<b>(34,758,969)</b>	<b>14,401,257</b>	<b>4,717,900</b>	<b>(4,139,652)</b>
<b>Total income/(loss) for the period</b>	<b>(5,264,361)</b>	<b>(19,923,196)</b>	<b>14,401,257</b>	<b>4,717,900</b>	<b>9,136,896</b>
Total income/(loss) for the period attributable to the shareholders before zakat	5,264,361	19,923,196	(5,264,361)	(19,923,196)	-
<b>Total income/(loss) for the period before zakat</b>	<b>-</b>	<b>-</b>	<b>9,136,896</b>	<b>(15,205,296)</b>	<b>(6,068,400)</b>
Zakat charge for the period	-	-	(2,250,000)	6,940	(2,250,000)
<b>Total income/(loss) for the period after zakat</b>	<b>-</b>	<b>-</b>	<b>6,886,896</b>	<b>(15,198,356)</b>	<b>(8,311,460)</b>

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.3 Statement of comprehensive income**

	Three-month period ended 31 March (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022
Total income/(loss) for the period	-	-	6,886,896	(15,198,356)	6,886,896
Other comprehensive income:					(15,198,356)
Items that may be reclassified to statement of insurance operations' surplus in subsequent period:	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	6,886,896	(15,198,356)	6,886,896
					(15,198,356)

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**18 SUPPLEMENTARY INFORMATION (continued)**

**18.4 Statement of cash flows**

Note	Three-month period ended 31 March (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2022	2021	2022	2021	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Total income/(loss) for the period before zakat	(5,264,361)	(19,923,196)	14,401,257	4,717,900	9,136,896
<b>Adjustments for non-cash items:</b>					
Depreciation of property and equipment	315,231	392,558	-	-	315,231
Amortization of intangible assets	314,333	473,474	-	-	314,333
(Reversal of) Provision for doubtful debts	(11,443,002)	2,081,479	-	-	(11,443,002)
Provision for employees' end-of-service benefits	1,069,839	983,752	-	-	1,069,839
Unrealized gain from change in fair value of FVTPL investments	(95,468)	-	(3,755,470)	(2,572,244)	(3,850,938)
Realized gain on disposals of fair value of FVTPL investments	(519,490)	-	(8,809,557)	-	(9,329,047)
<b>Changes in operating assets and liabilities:</b>					
Premiums and reinsurers' receivable	(66,570,173)	(163,120,073)	-	-	(66,570,173)
Reinsurers' share of unearned premiums	(115,273,212)	(79,653,160)	-	-	(115,273,212)
Reinsurers' share of outstanding claims	63,862,289	(22,699,607)	-	-	63,862,289
Reinsurers' share of claims incurred but not reported	(1,711,813)	98,488	-	-	(1,711,813)
Deferred policy acquisition costs	(19,233,931)	(9,806,606)	-	-	(19,233,931)
Deferred excess of loss premiums	-	-	-	-	-
Prepayments and other assets	2,151,822	(1,975,240)	(1,011,705)	(1,629,123)	1,140,117
Policyholders claims payable	(1,844,525)	(5,507,690)	-	-	(1,844,525)
Accrued and other liabilities	32,804,711	72,163,993	-	-	32,804,711
Reinsurance balances payable	31,044,145	40,801,278	-	-	31,044,145
Unearned premiums	232,053,851	156,834,084	-	-	232,053,851
Unearned reinsurance commission	5,779,085	3,684,937	-	-	5,779,085
Outstanding claims and reserves	(67,548,335)	31,190,897	-	-	(67,548,335)
Claims incurred but not reported	625,964	3,831,280	-	-	625,964
Accounts payable	-	-	(36,016)	215,000	(36,016)
<b>Cash from operating activities</b>	<b>80,516,960</b>	<b>9,850,648</b>	<b>788,509</b>	<b>731,533</b>	<b>81,305,469</b>
					<b>10,582,181</b>



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**18 SUPPLEMENTARY INFORMATION (continued)**

18.4 Statement of cash flows (continued)	Note	Three-month period ended 31 March (Unaudited)				
		Insurance Operations		Shareholders' Operations		Total
		2022	2021	2022	2021	2022
Employees' end-of-service benefits paid		(2,367,053)	(291,566)	-	-	(2,367,053)
Zakat paid		-	(375,723)	-	-	(375,723)
Net cash generated from operating activities		78,149,907	9,183,359	788,509	731,533	78,938,416
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Additions of property and equipment		(9,916,975)	(932,956)	-	-	(9,916,975)
Additions of intangible assets		(92,808)	(856,269)	-	-	(92,808)
Additions in murabaha deposits		(50,068,801)	(45,000,000)	(65,000,000)	-	(115,068,801)
Proceed on disposal of murabaha deposits		11,505,377	26,445,188	-	-	11,505,377
Additions in FVTPL investments		(2,042,855)	-	-	-	(2,042,855)
Proceed on disposal of FVTPL investments		2,562,346	-	82,478,653	-	85,040,999
Net cash (used in)/generated from investing activities		(48,053,716)	(20,344,037)	17,478,653	-	(30,575,063)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>						
Due to shareholders' operations, net		24,996,342	(64,765)	(24,996,342)	64,765	-
Net cash used in financing activity		24,996,342	(64,765)	(24,996,342)	64,765	-
<b>Net change in cash and cash equivalents</b>		55,092,533	(11,225,443)	(6,729,180)	796,298	48,363,353
Cash and cash equivalents at the beginning of the period	4	41,770,297	47,691,162	10,258,132	2,308,565	52,028,429
<b>Cash and cash equivalents at the end of the period</b>	4	96,862,830	36,465,719	3,528,952	3,104,863	100,391,782

**19 APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed financial statements was authorized for issue in accordance with a resolution of the Board of Directors on 14 Shawwal 1443H (corresponding to 15 May 2022).