

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED
MARCH 31, 2022
WITH INDEPENDENT AUDITORS' REVIEW REPORT

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
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WITH INDEPENDENT AUDITORS' REVIEW REPORT

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION

**The Shareholders of
Al-Etihad Cooperative Insurance Company
(A Saudi Joint Stock Company)
Al Khobar
Kingdom of Saudi Arabia**

(1/1)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Al-Etihad Cooperative Insurance Company, (A Saudi Joint Stock Company) (the "Company") as at March 31, 2022 and the related interim condensed statements of income, other comprehensive income, statements of changes in equity and cash flows for the period then ended, and the related notes which form an integral part of these interim condensed financial information.

Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

For AlKharashi & Co.
Certified Accountants and Auditors
P.O. Box 8306
Riyadh 11482,
Kingdom of Saudi Arabia

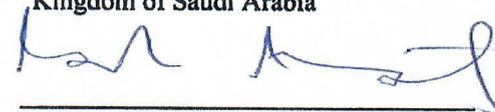


Sulieman A. AlKharashi
Certified Public Accountant
License No. 91



May 15, 2022
14 shawwal 1443H

For Moore El Sayed El Ayouty & Co.
Certified Accountants and Auditors
P.O. Box 200
Al Khobar 31952,
Kingdom of Saudi Arabia



Mohamed El Ayouty
Certified Public Accountant
License No. 211



**AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)**

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS			
Cash and cash equivalents	4	665,771,870	535,498,139
Premiums and reinsurance receivable, net	5	211,465,326	164,107,400
Reinsurers' share of unearned premiums	7,2	29,596,349	23,550,198
Reinsurers' share of outstanding claims	7,1	56,699,247	77,841,887
Reinsurers' share of claims incurred but not reported	7,1	14,644,037	15,919,310
Deferred policy acquisition costs		38,297,867	34,263,147
Investments	6	288,794,797	232,995,704
Prepaid expenses and other assets		63,856,388	65,738,691
Long term/fixed income deposits		261,676,226	407,676,226
Property and equipment		18,384,674	17,773,176
Right of use assets		8,759,700	3,673,446
Goodwill		4,496,500	4,496,500
Statutory deposit		40,000,000	40,000,000
Accrued income on statutory deposit		5,622,593	5,487,213
TOTAL ASSETS		1,708,065,574	1,629,021,037

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
LIABILITIES			
Accounts payable		60,388,465	44,796,792
Accrued and other liabilities		114,995,617	116,350,734
Lease liabilities		8,659,513	3,141,919
Reinsurers' balances payable		21,087,350	12,946,234
Unearned premiums	7,2	557,215,317	483,495,311
Unearned reinsurance commission	11	6,404,827	4,843,821
Outstanding claims	7,1	213,899,812	242,696,925
Claims incurred but not reported	7,1	105,552,346	94,588,729
Additional premium reserves	7,1	15,927,035	14,848,846
Other technical reserves	7,1	8,229,620	8,388,482
End-of-service indemnities		17,242,717	17,540,258
Zakat and income tax	8	8,314,068	25,308,163
Accrued commission income payable to SAMA		5,622,593	5,487,213
TOTAL LIABILITIES		1,143,539,280	1,074,433,427
ACCUMULATED SURPLUS AND RESERVES			
Accumulated surplus payable		2,508,583	2,508,583
Re-measurement actuarial loss on end of service indemnities		(2,282,286)	(2,282,286)
TOTAL ACCUMULATED SURPLUS AND RESERVES		226,297	226,297
SHAREHOLDERS' EQUITY			
Share capital	13	400,000,000	400,000,000
Statutory reserve		36,298,116	36,298,116
Retained earnings		97,417,959	100,478,049
Fair value reserve gain on investments	6	30,583,922	17,585,148
TOTAL SHAREHOLDERS' EQUITY		564,299,997	554,361,313
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND RESERVES AND SHAREHOLDERS' EQUITY		1,708,065,574	1,629,021,037
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The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022	2021
REVENUES			
Gross premiums written	11	301,410,370	185,626,365
Reinsurance premiums ceded – local	11	(2,088,070)	(789,604)
Reinsurance premiums ceded – foreign	11	(17,178,042)	(20,913,829)
Excess of loss premium	11	(4,394,833)	(2,570,139)
Net premiums written		277,749,425	161,352,793
Changes in unearned premiums, net	11	(67,673,855)	12,991,706
Net premiums earned		210,075,570	174,344,499
Reinsurance commissions income	11	3,063,728	2,904,661
Other underwriting income	11	4,156,175	1,093,546
TOTAL REVENUES		217,295,473	178,342,706
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid	11	(169,787,969)	(132,777,800)
Reinsurers' share of claims paid	11	6,020,991	5,438,695
Net claims and other benefits paid		(163,766,978)	(127,339,105)
Changes in outstanding claims, net	11	7,654,473	(12,884,807)
Changes in claims incurred but not reported	11	(12,238,890)	7,807,720
Change in other technical reserves	11	158,862	(1,084,605)
Net claims and other benefits incurred		(168,192,533)	(133,500,797)
Additional premium reserves	11	(1,078,189)	1,482,839
Policy acquisition costs	11	(16,226,467)	(11,157,337)
Other underwriting expenses	11	(16,389,527)	(9,487,700)
TOTAL UNDERWRITING COSTS AND EXPENSES		(201,886,716)	(152,662,995)
NET UNDERWRITING INCOME		15,408,757	25,679,711

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (Unaudited) (Continued)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022	2021
OTHER OPERATING (EXPENSES)/ INCOME			
Reversal of / (allowance for) doubtful debts		2,394,155	3,893,438
General and administrative expenses		(22,444,673)	(21,178,552)
Murabaha income on deposits		1,727,273	1,372,296
Realized gain on investments, net		2,166,112	4,049,885
Dividend and investments income		1,757,915	1,988,977
Investments expenses		(292,232)	(183,724)
Finance cost		(27,397)	(18,089)
TOTAL OTHER OPERATING EXPENSES, NET		(14,718,847)	(10,075,769)
Total income for the period before surplus attribution and zakat and income tax		689,910	15,603,942
Surplus attributed to the insurance operations	15	-	(1,052,977)
Total income for the period before zakat and income tax		689,910	14,550,965
Zakat and income tax expense		(3,750,000)	(3,500,000)
Total (loss) / income for the period attributable to the shareholders		(3,060,090)	11,050,965
Total (loss) /income for the period attributable to the shareholders and insurance operations		(3,060,090)	12,103,942
Earnings per share			
Weighted average number of outstanding shares		40,000,000	40,000,000
Basic earnings per share	15	(0.08)	0.28



The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,
(All amounts in Saudi Riyals unless otherwise stated)

	Note	2022	2021
Total (loss) / income for the period attributable to the Shareholders and insurance operations		(3,060,090)	12,103,942
Other comprehensive income			
<i>Items that are or may be reclassified to interim statements of income in subsequent periods</i>			
- Realization of losses on disposal of available for sale investments		(2,407,087)	(4,043,690)
- Unrealised fair value changes in available-for-sale investments		15,405,861	10,540,635
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9,938,684	18,600,887
Total comprehensive income attributed to the insurance operations	16	-	(1,052,977)
Total comprehensive income for the period attributable to the shareholders	16	9,938,684	17,547,910

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,
(All amounts in Saudi Riyals unless otherwise stated)

<u>2022</u>	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve gain/(loss) on investments	Total
Balance at the beginning of the period		400,000,000	36,298,116	100,478,049	17,585,148	554,361,313
Net loss for the period attributable to shareholders		-	-	(3,060,090)	-	(3,060,090)
Realization of gain on disposal of available-for-sale investments	6	-	-	-	(2,407,087)	(2,407,087)
Unrealized fair value changes in available-for-sale investments	6	-	-	-	15,405,861	15,405,861
Balance at the end of the period		400,000,000	36,298,116	97,417,959	30,583,922	564,299,997

<u>2021</u>	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve gain on investments	Total
Balance at the beginning of the period		400,000,000	29,611,653	73,732,195	9,212,008	512,555,856
Net income for the period attributable to shareholders		-	-	11,050,965	-	11,050,965
Realization of gain on disposal of available-for-sale investments	6	-	-	-	(4,043,690)	(4,043,690)
Unrealized fair value changes in available-for-sale investments	6	-	-	-	10,540,635	10,540,635
Balance at the end of the period		400,000,000	29,611,653	84,783,160	15,708,953	530,103,766

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,
(All amounts in Saudi Riyals unless otherwise stated)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Total income for the period before surplus attribution and zakat and income tax	689,910	15,603,942
<u>Adjustments for non-cash items:</u>		
Depreciation on property and equipment	779,614	880,997
Depreciation charge on right to use assets	403,943	185,061
Reversal of doubtful debts	(2,394,155)	(3,893,438)
Realized loss on investments	(2,166,112)	(4,049,885)
Finance cost	27,397	18,089
Provision for end-of-service indemnities	850,000	908,620
<u>Changes in operating assets and liabilities:</u>		
Premiums and reinsurers' receivable	(44,963,771)	31,807,998
Reinsurers' share of unearned premiums	(6,046,151)	(8,262,119)
Reinsurers' share of outstanding claims	21,142,640	981,570
Reinsurers' share of claims incurred but not reported	1,275,273	380,960
Deferred policy acquisition costs	(4,034,720)	(3,055,765)
Prepaid expenses and other assets	1,882,303	(6,759,491)
Accounts payables	15,591,673	(5,369,479)
Accrued and other liabilities	(1,355,117)	(3,473,439)
Reinsurers' balances payable	8,141,116	9,831,567
Unearned premiums	73,720,006	(4,729,587)
Unearned reinsurance commission	1,561,006	858,843
Outstanding claims	(28,797,113)	11,903,238
Claims incurred but not reported	10,963,617	(8,188,680)
Additional premium reserves	1,078,189	(1,482,839)
Other technical reserves	(158,862)	1,084,605
	<u>48,190,686</u>	<u>25,180,768</u>
End-of-service indemnities paid	(1,147,541)	(625,601)
Zakat and income tax paid	(20,744,095)	-
Net cash generated from operating activities	<u>26,299,050</u>	<u>24,555,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investments	(40,634,207)	13,029,602
Net movement in long term/fixed income deposits	126,000,000	(96,000,000)
Net movement in property and equipment	(1,391,112)	(1,007,144)
Net cash generated / (used in) from investing activities	<u>83,974,681</u>	<u>(83,977,542)</u>
Net change in cash and cash equivalents	110,273,731	(59,422,375)
Cash and cash equivalents at beginning of the period	535,498,139	451,715,851
Cash and cash equivalents at end of the period	<u>645,771,870</u>	<u>392,293,476</u>
NON-CASH INFORMATION:		
Realization of losses on disposal of AFS investments	(2,407,087)	(4,043,690)
Unrealized gain on fair value changes in available-for-sale investments	15,405,861	10,540,635



The accompanying notes form an integral part of these interim condensed financial information

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL

Al-Etihad Cooperative Insurance Company, (a Saudi Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. M/25 dated 15 Rabea I 1428H corresponding to 3 April 2007. The Company operates under Commercial Registration no. 2051036304 dated 21 Muharram 1429H corresponding to January 30, 2008. The registered address of the Company's head office is as follows:

Al-Etihad Cooperative Insurance Company
Head Office
King Fahad Road
P.O. Box 1022
Khobar 31952, Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies (the “Law”) and it’s implementing regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, property, engineering, general accident and others.

On July 31, 2003, corresponding to 2 Jumada II 1424 H, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 23 Rabea I 1429H, corresponding to March 31, 2008, the Saudi Central Bank (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

On 29 December 2021, the Company received SAMA approval to add Protection and Saving insurance to the Company’s license, The Company can start for issuing policies related to Protections and Saving during 2022. Until March 31, 2022, the Company did not issue any policy related to Protection and Saving.

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial information of the Company as at and for the three months period ended March 31, 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 the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investments available for sale and defined benefit obligation which is recognized at the present value of future obligation using the projected unit credit method. The Company’s statement of financial position is not presented using a current/non-current classification. Except for property and equipment, right of use assets, statutory deposit, goodwill, end-of-service indemnities, lease liabilities, accrued income on statutory deposit and engineering related unearned premiums, unearned reinsurance commission, deferred policy acquisition cost, outstanding claims, claims incurred but not reported and technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.

The Company presents its interim 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 financial information accordingly under Note 16. 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.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

(a) Basis of presentation (continued)

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholder's operations which are presented in Note 16 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholder's operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholder's operations are uniform for like transactions and events in similar circumstances.

The inclusion of separate information of the insurance operations with the financial information of the Company in the interim condensed statement of financial position, the statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the financial information represents additional supplementary information required as required by the implementing regulations.

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

This interim condensed financial information is expressed in Saudi Arabian Riyals (SR).

(b) Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2021. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. For further details, please see below. Management will continue to assess the situation and reflect any required changes in future reporting periods.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

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

Impact of COVID-19 on the medical technical reserves, the motor technical reserves and the financial assets

On March 11, 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 Country and other territories 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 reserves

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 unfavorable 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 September 21, 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 March 31, 2022 for its liability adequacy test. Based on the results, the Company has booked an amount of SR Nil as at March 31, 2022 (December 31, 2021: Nil) as a premium deficiency reserve.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

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

Impact of Covid-19 on the medical technical reserves, the motor technical reserves and financial assets
(Continued)

Motor technical reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the “circular”) dated May 8, 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 2 months’ period.

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 Nil as at March 31, 2022 (December 31, 2021 SR Nil).

"For new retail motor policies issued as per above circular, the premium is earned over the period of 12 months as the impact of earnings over the period of coverage. i.e. 14 months are not considered significant by the management for the three months period ended March 31, 2022 and subsequent periods. "

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 three months period ended March 31, 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 granular economic sector, region, counterparty level and take appropriate action where required. Based on the review, the Company has identified certain sector like construction, education, hospitality industry, etc. being impacted significantly by the Covid-19 pandemic and lower oil prices.

(c) Seasonality of operations

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022
(All amounts in Saudi Riyals unless otherwise stated)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as of January 1, 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.1 New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

There are no new standards issued, however there are a number of amendments to standards which are effective from January 1, 2021, however, management anticipates that these amendments will not have any material effect on the Company's interim condensed financial information.

3.2 New standards ,amendments and revised IFRS issued but not yet effective

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

<i>Amendments to standard</i>	<i>Description</i>	<i>Effective for annual years beginning on or after the following date</i>
IFRS 16, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IFRS3	Reference to the Conceptual Framework	January 1, 2022
IAS1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS9	Financial Instruments	January 1, 2023
IFRS 17	Insurance Contracts	January 1, 2023
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application expect for IFRS 17 and IFRS 9.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 17 – Insurance Contracts

Overview

This standard has been published on May 18, 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;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- 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, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss.

The effect of change in discount rates will be reported in either profit or loss or other comprehensive income, determined by any accounting policy choice.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 17 – Insurance Contracts (Continued)

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 under GMM, the CSM is also adjusted for:

- i. the entity’s share of the changes in 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 the 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 January 1, 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after January 1, 2023. This is a deferral of 1 year compared to the previous date of January 1, 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the standard on its effective date.

Transition

Retrospective application is required. However, if 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, together with amendments to presentation and disclosures.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 17 – Insurance Contracts (continued)

Impact

The Company has completed and submitted phase 3 of IFRS 17 “Design and implementation plan” 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:

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 has completed the 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 with system provider to finalize 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.
Assurance plan	The Company has completed and submitted the assurance plan for transitional and post-implementation periods.

During prior period, the company has received SAMA’s instructions for Phase 4 of the project which is “Implementation and Dry Runs”. The instructions clarify the scope of work required in this phase and the time intervals of dry runs to be completed.

The Company has submitted the first dry run for the year ended December 31,2020 according to the implementation plan of SAMA during prior period. The Company currently is working with its IFRS 17 working group to plan and implement the second dry run dedicated to the year ended December 31,2021, the deadline to submit this dry run to SAMA is May 31,2022 and the Company is satisfy that second dry run will be completed and delivered on time.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 9 – Financial Instruments

This standard was published on July 24, 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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 9 – Financial Instruments (Continued)

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 January 1, 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on September 12, 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, 2021. The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to 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. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment beginning January 01, 2017:

(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)

3.2 New Standards ,amendments and interpretations not yet applied by the Company (Continued)

IFRS 9 – Financial Instruments (Continued)

Impact assessment

As at March 31, 2022, the Company has total financial assets and insurance related assets amounting SR 1,498 million (December 31, 2021 SR 1,415 million) and SR 139 million (December 31, 2021 SR 151 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 1,286 million (December 2021: SR 1,227 million). The Company does not have any unit linked investments held at fair value through statement of income as at March 31, 2022 and December 31, 2021 respectively. 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. Credit risk exposure, concentration of credit risk and credit quality of these financial assets are as disclosed in the financial statements for the year ended December 31, 2021. The Company financial assets have low credit risk as at March 31, 2022 and December 31, 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.

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4. CASH AND CASH EQUIVALENTS

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Cash at banks				
- Current accounts	87,252,055	181,017,956	12,891,086	8,023,814
- Money market fund	187,240,314	206,400,984	82,388,415	140,055,385
- Short term deposits	190,000,000	-	106,000,000	-
	464,492,369	387,418,940	201,279,501	148,079,199

Cash at bank and units in money market funds are placed with counterparties that have high credit reliability.

Short-term deposits are placed with local and foreign banks with an original maturity of less than three months from the date of placement and earn murabaha income at an average rate of 1.5% (2021: Nil) per annum.

5. PREMIUMS AND REINSURANCE RECEIVABLE, NET

	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Policyholders	311,633,206	268,674,104
Brokers and agents	27,928,571	24,692,109
Receivables from reinsurers	5,552,914	6,824,553
Premiums and reinsurance receivables from related parties (note 11)	65,114	25,268
Premiums and reinsurers' receivable – gross	345,179,805	300,216,034
Less: allowance for doubtful debts, net	(133,714,479)	(136,108,634)
Premiums and reinsurers' receivable – net	211,465,326	164,107,400

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6. INVESTMENTS

	Shareholders' operations	
	<i>March 31, 2022</i> <i>(Unaudited)</i>	<i>December 31, 2021</i> <i>(Audited)</i>
Available-for-sale investments (A)	212,024,795	187,475,702
Held to maturity (B)	50,937,500	19,687,500
Other investments at amortized cost (C)	25,832,502	25,832,502
Total	288,794,797	232,995,704

(A) Available-for-sale investments

Movement in investments available-for-sale (AFS) is as follows:

	Shareholders' operations	
	<i>March 31, 2022</i> <i>(Unaudited)</i>	<i>December 31, 2021</i> <i>(Audited)</i>
Opening balance	187,475,702	183,120,371
Purchases	27,154,951	52,594,985
Disposals	(17,770,744)	(79,175,630)
Realization of losses on disposal of available for sale investments	(2,407,087)	(18,536,672)
Unrealized fair value changes in available for sale investments	15,405,861	26,909,812
Realized gain	2,166,112	22,547,967
Dividends re-invested	-	14,869
Closing balance	212,024,795	187,475,702

Management has performed a review of the available-for-sale investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management is of the view that no further impairment is required in respect of the available-for-sale investments other than disclosed above.

(B) Held to maturity

Movements in investments held to Maturity is as follows:

	<i>March 31, 2022</i>	<i>December 31, 2021</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Opening balance	19,687,500	19,687,500
Purchases	31,250,000	-
Closing balance	50,937,500	19,687,500

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6. INVESTMENTS (Continued)

(C) Other investments at amortized cost

Movements in investments other investments at amortized cost is as follows:

	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Opening balance	25,832,502	27,148,384
Disposals	-	(47,497)
Impairment	-	(1,268,385)
Closing balance	25,832,502	25,832,502

The Company had “Other investment held at amortized cost” amounting to SR 95.4 million with a CMA licensed financial institution registered in KSA with fixed maturity term of 1 year with option to further renew. Till year 2019, the management of the Company used to regularly renew its deposit maturity with additional term of 1 year. During 2020, on maturity of the terms of the respective investments, the Company decided not to renew and to liquidate the investments, however it was informed by the respective CMA registered financial institution that the underlying investment made by the financial institution could not be liquidate currently as per the maturity terms of the contract entered. As on December 31, 2021, the management of the Company has performed a detailed assessment of such investments which resulted in the impairment of the underlying investment held in the amount of SR 1,3 million. No further update recognised until the period ended March 31,2022.

7. TECHNICAL RESERVES

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Outstanding claims	255,710,897	273,901,048
Less: Realizable value of salvage and subrogation	(41,811,085)	(31,204,123)
	213,899,812	242,696,925
Claims incurred but not reported	105,552,346	94,588,729
Additional premium reserves	15,927,035	14,848,846
Other technical reserves	8,229,620	8,388,482
	343,608,813	360,522,982
Less:		
- Reinsurers’ share of outstanding claims	(56,699,247)	(77,841,887)
- Reinsurers’ share of claims incurred but not reported	(14,644,037)	(15,919,310)
	(71,343,284)	(93,761,197)
Net outstanding claims and reserves	272,265,529	266,761,785

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7. TECHNICAL RESERVES (Continued)

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Three months ended March 31, 2022		
	(Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	483,495,311	(23,550,198)	459,945,113
Premium written during the period	301,410,370	(23,660,945)	277,749,425
Premium earned during the period	(227,690,364)	17,614,794	(210,075,570)
Balance as at the end of the period	557,215,317	(29,596,349)	527,618,968
	Year ended December 31, 2021		
	(Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	428,144,746	(19,655,533)	408,489,213
Premium written during the year	865,477,511	(73,135,541)	792,341,970
Premium earned during the year	(810,126,946)	69,240,876	(740,886,070)
Balance as at the end of the year	483,495,311	(23,550,198)	459,945,113

8. ZAKAT AND INCOME TAX

Provision for Zakat and Income tax

Provision for zakat has been made at 2.5% of approximate Zakat base attributable to the Saudi shareholders of the Company.

Provision for income tax has been made at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

Movement in the provision for zakat and income tax during the year

	March 31, 2022	December 31, 2021
At the beginning of the year	25,308,163	25,325,408
Provision for the year	3,750,000	15,000,000
Paid during the year	(20,744,095)	(15,017,245)
At the end of the year	8,314,068	25,308,163

The movement zakat provision is as follows:

	March 31, 2022	December 31, 2021
At the beginning of the year	24,808,036	24,780,994
Provision for the year	3,656,625	14,626,500
Paid during the year	(20,410,054)	(14,599,458)
At the end of the year	8,054,607	24,808,036

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8. ZAKAT AND INCOME TAX (Continued)

The movement in income tax provision is as follows:

	<i>March 31,2022</i>	<i>December 31,2021</i>
At the beginning of the year	500,127	544,414
Provision for the year	93,375	373,500
Paid during the year	(334,041)	(417,787)
At the end of the year	259,461	500,127

The following is the shareholding percentage in the financial statements as at the end of the year:

	<i>March 31,2022</i>	<i>December 31,2021</i>
	%	%
Shareholding subject to zakat	97.51	97.51
Shareholding subject to income tax	2.49	2.49

Status of zakat and income tax certificate

The Company has submitted its zakat and tax returns up to the year ended December 31, 2021.

The Company has received final clearance certificate from ZATCA till the year 2015. In 2020, the Company received assessment for the year 2016, 2017 and 2018 with an additional demand of zakat and income tax amounting to SR 2.7 million, SR 4.9 million and SR 3.8 million respectively. Management has made the payment amounting to SR 3.8 million against 2018 assessment and concluded the assessment. With respect to assessment for the year 2016 and 2017 management has filed an objection.

The assessment received for the year 2016 and 2017 includes additional withholding tax liability of SR 2.3 million and SR 2.8 million respectively. In 2020, the Company has paid the amount, however management has filed an objection. Charge for the withholding tax liability is accounted for under general and administrative expenses in the year 2020

In 2020, the Company received VAT assessment order with additional liability of SR 4.1 million. The Company paid the amount and filed an objection. Charge for the additional VAT liability is accounted for under general and administrative expenses in the year 2020.

Additionally, the zakat assessments of Trade Union Insurance Company (B.S.C.) (closed) have been finalized by the ZATCA for the years 2000 to 2008 claiming zakat and income tax liability amounting to SR 10.6 million and withholding tax dues amounting to SR 8.9 million. Management has filed an objection against these assessments and the primary objection committee concluded the same in favour of ZATCA. However, the management filed an objection to the Appeal Committee of Zakat and Income Tax following the regulatory procedures.

In 2015, the ZATCA has issued an adjusted assessment for the same years 2000-2008 claiming the same amount as per the Preliminary Committee's decision. The Company has appealed against these assessments and management expects to receive a favourable ruling. Subsequently, the Company paid an additional amount of SR 8.8 million and submitted a letter of guarantee for SR 10.19 million for zakat. During to current period the Company received the revised order with additional zakat liability of SR 9.2 million and for withholding tax of SR 0.5 million net of payment.

In Q1 2022, the company received assessment for 2019 and 2020 with an additional demand of zakat and income tax amounting to SR 5.6 million and SR 4.6 million respectively. The company objected against the assessments and paid 25% of zakat as an objection procedure plus full amount of income tax to avoid penalties. The company then paid all additional amounts related to accepted points amounted SR 5 million. ZATCA rejected the objection, the company raised the case to GSTC and still in procedure.

Payment has been made with the provision of continuation of the appeals, keeping the right to refund or reconcile the excess payment when the company receives a favourable ruling for the cases.

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9. COMMITMENTS AND CONTINGENCIES

a) The Company's commitments and contingencies are as follows:

	<i>March 31, 2022</i>	<i>December 31, 2021</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Letters of guarantee	<u>15,240,660</u>	<u>15,240,660</u>

b) The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at March 31, 2022.

10. FAIR VALUES 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 transaction takes place either:

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

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

Determination of fair value and fair value hierarchy

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

- Level 1 – quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2 – quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3 – valuation techniques for which any significant input is not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

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10. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
SHAREHOLDERS' OPERATIONS:					
March 31, 2022 (Unaudited)					
Financial assets measured at fair value	212,024,795	149,286,105	51,641,406	11,097,284	212,024,795
Investments available for sale	<u>212,024,795</u>	<u>149,286,105</u>	<u>51,641,406</u>	<u>11,097,284</u>	<u>212,024,795</u>
	Carrying amount	Level 1	Level 2	Level 3	Total
SHAREHOLDERS' OPERATIONS:					
December 31, 2021 (Audited)					
Financial assets measured at fair value	187,475,702	124,699,612	51,678,806	11,097,284	187,475,702
- Investments available for sale	<u>187,475,702</u>	<u>124,699,612</u>	<u>51,678,806</u>	<u>11,097,284</u>	<u>187,475,702</u>

During the period, there has been no transfer between level 1, level 2 and level 3.

Investments available for sale for the period amounting to SR. 11,097,284 (December 2021: SR. 11,097,284) are carried at cost because the investments are not quoted in any active market nor there is any level of input directly or indirectly observable and there are no other significant observable inputs available. The management does not have any intention to dispose of this available for sale investment in the foreseeable future.

11. OPERATING SEGMENTS

Consistent with the Company's internal reporting process, operating segment has been approved by Board of Directors in their function as Chief Operating Decision Maker ("CODM") in order to allocate resources to the segments and to assess its performance.

For management purposes, the Company is organized into business segments classified as: Medical, Motor and Property and casualty. Property and casualty include property, engineering, general accident, marine and other general insurance. These segments are the basis on which the Company reports its primary segment information.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2021.

Segment assets do not include cash and cash equivalents, investments held for trading, available for sale and held to maturity, premiums and insurance balances receivable, prepayments and other assets, amounts due from related parties, amounts due from shareholders' operations, time deposits, property and equipment, intangible assets and goodwill and shareholders' operations assets. Accordingly, they are included in unallocated assets.

Segment liabilities and accumulated surplus do not include accounts payables, reinsurance balances payable, accrued expenses and other liabilities, amounts due to shareholders' operations and end-of-service indemnities and shareholders' liabilities. Accordingly, they are included in unallocated liabilities.

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at March 31, 2022 and December 31, 2021, its total revenues, expenses, and net income for the the three months ended March 31, 2022 and March 31, 2021, are as follows:

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11. OPERATING SEGMENTS (Continued)

Interim statement of financial position

As at March 31, 2022
(Unaudited)

	Insurance operations			Total insurance operations	Shareholders' operations	Total
	Medical	Motor	Property and casualty			
Assets						
Reinsurers' share of unearned premiums	-	6,484,686	23,111,663	29,596,349	-	29,596,349
Reinsurers' share of outstanding claims	5,742,157	762,816	50,194,274	56,699,247	-	56,699,247
Reinsurers' share of claims incurred but not reported	-	583,967	14,060,070	14,644,037	-	14,644,037
Deferred policy acquisition costs	21,189,543	13,529,880	3,578,444	38,297,867	-	38,297,867
Unallocated assets			-	946,164,713	622,663,361	1,568,828,074
Total assets	26,931,700	21,361,349	90,944,451	1,085,402,213	622,663,361	1,708,065,574
Liabilities						
Unearned premiums	239,028,617	286,711,658	31,475,042	557,215,317	-	557,215,317
Unearned reinsurance commission	-	1,890,624	4,514,203	6,404,827	-	6,404,827
Outstanding claims	105,708,030	21,364,491	86,827,291	213,899,812	-	213,899,812
Claims incurred but not reported	5,083,295	82,844,725	17,624,326	105,552,346	-	105,552,346
Additional premium reserves	-	15,761,761	165,274	15,927,035	-	15,927,035
Other technical reserves	574,145	4,632,314	3,023,161	8,229,620	-	8,229,620
Unallocated liabilities			-	220,696,882	15,839,738	236,536,620
Total liabilities	350,394,087	413,205,573	143,629,297	1,127,925,839	15,839,738	1,143,765,577

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11. OPERATING SEGMENTS (Continued)

Interim statement of financial position (Continued)

As at December 31, 2021
(Audited)

	Insurance operations			Total insurance operations	Shareholders' operations	Total
	Medical	Motor	Property and casualty			
Assets						
Reinsurers' share of unearned premiums	-	3,658,492	19,891,706	23,550,198	-	23,550,198
Reinsurers' share of outstanding claims	5,720,569	860,555	71,260,763	77,841,887	-	77,841,887
Reinsurers' share of claims incurred but not reported	-	586,368	15,332,942	15,919,310	-	15,919,310
Deferred policy acquisition costs	20,021,721	11,053,077	3,188,349	34,263,147	-	34,263,147
Unallocated assets			-	912,706,711	564,739,784	1,477,446,495
Total assets	25,742,290	16,158,492	109,673,760	1,064,281,253	564,739,784	1,629,021,037
Liabilities						
Unearned premiums	229,168,762	226,677,407	27,649,142	483,495,311	-	483,495,311
Unearned reinsurance commission	-	1,042,693	3,801,128	4,843,821	-	4,843,821
Outstanding claims	102,664,780	27,345,635	112,686,510	242,696,925	-	242,696,925
Claims incurred but not reported	6,879,727	69,104,761	18,604,241	94,588,729	-	94,588,729
Additional premium reserves	-	14,186,325	662,521	14,848,846	-	14,848,846
Other technical reserves	576,487	4,099,906	3,712,089	8,388,482	-	8,388,482
Unallocated liabilities			-	192,841,896	32,955,714	225,797,610
Total liabilities	339,289,756	342,456,727	167,115,631	1,041,704,010	32,955,714	1,074,659,724

Geographical segments

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain foreign investments.

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11. OPERATING SEGMENTS (Continued)
Interim statement of income

	For the three months ended March 31, 2022 (Unaudited)			
	Medical	Motor	Property and casualty	Total
REVENUES				
Gross premiums written				
Individual	152,188	108,664,310	462,932	109,279,430
Micro Entities	98,661,655	487,615	323,191	99,472,461
Small Entities	2,269,354	1,968,541	3,577,311	7,815,206
Medium Entities	4,786,818	5,913,110	5,319,323	16,019,251
Large Organizations	12,609,687	49,265,124	6,949,211	68,824,022
	118,479,702	166,298,700	16,631,968	301,410,370
Reinsurance premiums ceded – local	-	(870,068)	(1,218,002)	(2,088,070)
Reinsurance premiums ceded – foreign	-	(3,935,134)	(13,242,908)	(17,178,042)
Excess of loss premium	(2,665,246)	(1,343,344)	(386,243)	(4,394,833)
Net premiums written	115,814,456	160,150,154	1,784,815	277,749,425
Changes in unearned premiums, net	(9,859,855)	(57,208,057)	(605,943)	(67,673,855)
Net premiums earned	105,954,601	102,942,097	1,178,872	210,075,570
Reinsurance commissions' income	-	570,095	2,493,633	3,063,728
Other underwriting income	759,326	1,899,993	1,496,856	4,156,175
TOTAL REVENUES	106,713,927	105,412,185	5,169,361	217,295,473
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(77,997,491)	(89,093,527)	(2,696,951)	(169,787,969)
Reinsurers' share of claims paid	3,091,556	1,165,865	1,763,570	6,020,991
Net claims and other benefits paid	(74,905,935)	(87,927,662)	(933,381)	(163,766,978)
Changes in outstanding claims, net	(3,021,662)	5,883,405	4,792,730	7,654,473
Changes in claims incurred but not reported, net	1,796,432	(13,742,365)	(292,957)	(12,238,890)
Change in other technical reserves movement	2,342	(532,408)	688,928	158,862
Net claims and other benefits incurred	(76,128,823)	(96,319,030)	4,255,320	(168,192,533)
Additional premium reserves	-	(1,575,436)	497,247	(1,078,189)
Policy acquisition costs	(9,541,187)	(5,186,907)	(1,498,373)	(16,226,467)
Other underwriting expenses	(5,955,209)	(10,347,180)	(87,138)	(16,389,527)
TOTAL UNDERWRITING COSTS AND EXPENSES	(91,625,219)	(113,428,553)	3,167,056	(201,886,716)
NET UNDERWRITING INCOME	15,088,708	(8,016,368)	8,336,417	15,408,757
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(22,684,697)
Reversal / (Allowance) for doubtful debts				2,394,155
Murabaha income on deposits				1,727,273
Realized gain on investments, net				2,166,112
Dividend and investments income, net				1,757,915
Investment expenses				(292,232)
Finance cost				(27,397)
Others				240,024
TOTAL OTHER OPERATING EXPENSES, NET				(14,718,847)
Total income for the period before surplus attribution and zakat and income tax				689,910
Surplus attributed to the insurance operations				-
Total income for the period before zakat and income tax				689,910
Zakat and income tax expense				(3,750,000)
Total income for the period attributable to the shareholders				(3,060,090)

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11. OPERATING SEGMENTS (Continued)

Interim statement of income (Continued)

	For the three months ended March 31, 2021 (Unaudited)			
	Medical	Motor	Property and casualty	Total
REVENUES				
Gross premiums written				
Individual	49,747	21,685,991	565,922	22,301,660
Micro Entities	58,222,660	482,657	496,550	59,201,867
Small Entities	2,880,877	1,812,163	2,474,223	7,167,263
Medium Entities	2,366,379	5,215,533	11,633,995	19,215,907
Large Organizations	16,414,297	53,539,435	7,785,936	77,739,668
	79,933,960	82,735,779	22,956,626	185,626,365
Reinsurance premiums ceded – local	-	(158,778)	(630,826)	(789,604)
Reinsurance premiums ceded – foreign	-	(1,421,079)	(19,492,750)	(20,913,829)
Excess of loss premium	(584,139)	(1,600,000)	(386,000)	(2,570,139)
Net premiums written	79,349,821	79,555,922	2,447,050	161,352,793
Changes in unearned premiums, net	(17,321,607)	30,537,230	(223,917)	12,991,706
Net premiums earned	62,028,214	110,093,152	2,223,133	174,344,499
Reinsurance commissions income	-	428,753	2,475,908	2,904,661
Other underwriting income	216,697	692,270	184,579	1,093,546
TOTAL REVENUES	62,244,911	111,214,175	4,883,620	178,342,706
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(39,086,742)	(91,200,492)	(2,490,566)	(132,777,800)
Reinsurers' share of claims paid	2,879,171	1,202,879	1,356,645	5,438,695
Net claims and other benefits paid	(36,207,571)	(89,997,613)	(1,133,921)	(127,339,105)
Changes in outstanding claims, net	(12,417,497)	11,139	(478,449)	(12,884,807)
Changes in claims incurred but not reported, net	4,367,354	2,578,934	861,432	7,807,720
Change in other technical reserves movement	(1,246,822)	177,300	(15,083)	(1,084,605)
Net claims and other benefits incurred	(45,504,536)	(87,230,240)	(766,021)	(133,500,797)
Additional premium reserves	0	888,473	594,366	1,482,839
Policy acquisition costs	(4,980,820)	(4,511,063)	(1,665,454)	(11,157,337)
Other underwriting expenses	(4,272,924)	(5,135,518)	(79,258)	(9,487,700)
TOTAL UNDERWRITING COSTS AND EXPENSES	(54,758,280)	(95,988,348)	(1,916,367)	(152,662,995)
NET UNDERWRITING INCOME	7,486,631	15,225,827	2,967,253	25,679,711
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(21,178,552)
Reversal / (Allowance) for doubtful debts				3,893,438
Murabaha income on deposits				1,372,296
Realized gain on investments, net				4,049,885
Dividend and investments income, net				1,988,977
Investment expense				(183,724)
Finance cost				(18,089)
TOTAL OTHER OPERATING EXPENSES, NET				(10,075,769)
Total income for the period before surplus attribution and zakat and income tax				15,603,942
Surplus attributed to the insurance operations				(1,052,977)
Total income for the period before zakat and income tax				14,550,965
Zakat and income tax expense				(3,500,000)
Total income for the period attributable to the shareholders				11,050,965

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022****(All amounts in Saudi Riyals unless otherwise stated)****12. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent shareholders, companies related to shareholders (“affiliates”) and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company’s management and Board of Directors.

The following are the details of major related parties’ transactions during the year and the related balances:

<i>Related parties</i>	<i>Nature of transactions</i>	<i>March 31, 2022 (Unaudited)</i>	<i>March 31, 2021 (Unaudited)</i>
Major Shareholder	Gross premium written from Directors and their related parties	317,850	256,830
	Reinsurance premiums ceded	684,042	532,622
	Reinsurers’ share of claims paid	88,063	73,328

Balances due from/(to) related parties are comprised of the followings:

<i>Related parties</i>	<i>Balances due from / (to) related parties</i>	
	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Affiliates		
Trade Activities Company	(2,441,251)	(2,441,251)

<i>Related parties</i>	<i>Premiums and reinsurance receivables</i>		<i>Reinsurance payables</i>	
	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>	<i>March 31, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Board members	65,114	25,268	(1,340,673)	(762,935)

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

	<i>March 31, 2022 (Unaudited)</i>	<i>March 31, 2021 (Unaudited)</i>
Salaries and other allowances	1,183,336	1,570,550
End of service indemnities	68,834	115,058
	1,252,170	1,685,608

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13. SHARE CAPITAL

The authorized, issued and paid-up share capital is SR 400 million at March 31, 2022 consisting of 40 million shares (December 31, 2021: SR 400 million consisting of 40 million shares) of SR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax (modify as appropriate).

	March 31, 2022		
	Authorized and issued		Paid up
	No. of Shares	Amount	
Trade Union Holding Co. – Bahrain	8,944,000	89,440,000	89,440,000
Al Ahleia Insurance Co. – Kuwait	4,000,000	40,000,000	40,000,000
Others	27,056,000	270,560,000	270,560,000
	40,000,000	400,000,000	400,000,000

	December 31, 2021		
	Authorized and issued		Paid up
	No. of Shares	Amount	
Trade Union Holding Co. – Bahrain	8,944,000	89,440,000	89,440,000
Al Ahleia Insurance Co. – Kuwait	4,000,000	40,000,000	40,000,000
Others	27,056,000	270,560,000	270,560,000
	40,000,000	400,000,000	400,000,000

14. 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 shares.

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

15. EARNINGS PER SHARE ("EPS")

Basic and diluted income per share from shareholders' income is calculated by dividing net income from shareholders' operations for the period by weighted average number of ordinary shares outstanding during the year, unless there is a dilution effect.

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16. SUPPLEMENTARY INFORMATION

Interim condensed financial position

(Note: To be modified based on circumstances of the company)

ASSETS

	As at March 31, 2022 - (Unaudited)			As at December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash and cash equivalents	464,492,369	201,279,501	665,771,870	387,418,940	148,079,199	535,498,139
Premiums and reinsurance receivable, net	211,465,326	-	211,465,326	164,107,400	-	164,107,400
Reinsurers' share of unearned premiums	29,596,349	-	29,596,349	23,550,198	-	23,550,198
Reinsurers' share of outstanding claims	56,699,247	-	56,699,247	77,841,887	-	77,841,887
Reinsurers' share of claims incurred but not reported	14,644,037	-	14,644,037	15,919,310	-	15,919,310
Deferred policy acquisition costs	38,297,867	-	38,297,867	34,263,147	-	34,263,147
Investments	-	288,794,797	288,794,797	-	232,995,704	232,995,704
Due from insurance operations	-	20,415,977	20,415,977	-	22,577,243	22,577,243
Due from shareholders operations	62,939,603	-	62,939,603	-	-	-
Prepaid expenses and other assets	63,062,644	793,744	63,856,388	64,733,749	1,004,942	65,738,691
Long term/fixed income deposits	180,000,000	81,676,226	261,676,226	275,000,000	132,676,226	407,676,226
Property and equipment	18,384,674	-	18,384,674	17,773,176	-	17,773,176
Right of use assets	8,759,700	-	8,759,700	3,673,446	-	3,673,446
Goodwill	-	4,496,500	4,496,500	-	4,496,500	4,496,500
Statutory deposit	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Accrued income on statutory deposit	-	5,622,593	5,622,593	-	5,487,213	5,487,213
TOTAL ASSETS	1,148,341,816	643,079,338	1,791,421,154	1,064,281,253	587,317,027	1,651,598,280
Less: inter-operations elimination	(62,939,603)	(20,415,977)	(83,355,580)	-	(22,577,243)	(22,577,243)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	1,085,402,213	622,663,361	1,708,065,574	1,064,281,253	564,739,784	1,629,021,037

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed financial position (Continued)

(Note: To be modified based on circumstances of the company)

LIABILITIES

	As at March 31, 2022 - (Unaudited)			As at December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Accounts payable	60,388,465	-	60,388,465	44,796,792	-	44,796,792
Accrued and other liabilities	113,092,540	1,903,077	114,995,617	114,190,396	2,160,338	116,350,734
Lease liability	8,659,513	-	8,659,513	3,141,919	-	3,141,919
Reinsurers' balances payable	21,087,350	-	21,087,350	12,946,234	-	12,946,234
Unearned premiums	557,215,317	-	557,215,317	483,495,311	-	483,495,311
Unearned reinsurance commission	6,404,827	-	6,404,827	4,843,821	-	4,843,821
Outstanding claims	213,899,812	-	213,899,812	242,696,925	-	242,696,925
Claims incurred but not reported	105,552,346	-	105,552,346	94,588,729	-	94,588,729
Additional premium reserves	15,927,035	-	15,927,035	14,848,846	-	14,848,846
Other technical reserves	8,229,620	-	8,229,620	8,388,482	-	8,388,482
Due to shareholders' operations	20,415,977	-	20,415,977	22,577,243	-	22,577,243
Due to policyholders' operations	-	62,939,603	62,939,603	-	-	-
End-of-service indemnities	17,242,717	-	17,242,717	17,540,258	-	17,540,258
Zakat and income tax	-	8,314,068	8,314,068	-	25,308,163	25,308,163
Accrued commission income payable to SAMA	-	5,622,593	5,622,593	-	5,487,213	5,487,213
TOTAL LIABILITIES	1,148,115,519	78,779,341	1,226,894,860	1,064,054,956	32,955,714	1,097,010,670
Less: Interoperations elimination	(20,415,977)	(62,939,603)	(83,355,580)	(22,577,243)	-	(22,577,243)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	1,127,699,542	15,839,738	1,143,539,280	1,041,477,713	32,955,714	1,074,433,427
Accumulated surplus payable	2,508,583	-	2,508,583	2,508,583	-	2,508,583
Re-measurement actuarial loss on end of service indemnities	(2,282,286)	-	(2,282,286)	(2,282,286)	-	(2,282,286)
TOTAL ACCUMULATED SURPLUS AND RESERVES	226,297	-	226,297	226,297	-	226,297

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022****(All amounts in Saudi Riyals unless otherwise stated)****16. SUPPLEMENTARY INFORMATION (Continued)****Interim condensed financial position (Continued)**

	As at March 31, 2022 (Unaudited)			As at December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
(Note: To be modified based on circumstances of the company)						
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	400,000,000	400,000,000	-	400,000,000	400,000,000
Statutory reserve	-	36,298,116	36,298,116	-	36,298,116	36,298,116
Retained earnings	-	97,417,959	97,417,959	-	100,478,049	100,478,049
Fair value reserve gain on investments	-	30,583,922	30,583,922	-	17,585,148	17,585,148
TOTAL SHAREHOLDERS' EQUITY	-	564,299,997	564,299,997	-	554,361,313	554,361,313
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,127,925,839	580,139,735	1,708,065,574	1,041,704,010	587,317,027	1,629,021,037

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)
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16. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed statement of income

	For the three months period ended March 31, 2022 (Unaudited)			For the three months period ended March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	301,410,370	-	301,410,370	185,626,365	-	185,626,365
Reinsurance premiums ceded- local	(2,088,070)	-	(2,088,070)	(789,604)	-	(789,604)
Reinsurance premiums ceded foreign	(17,178,042)	-	(17,178,042)	(20,913,829)	-	(20,913,829)
Excess of loss premium	(4,394,833)	-	(4,394,833)	(2,570,139)	-	(2,570,139)
Net premiums written	277,749,425	-	277,749,425	161,352,793	-	161,352,793
Changes in unearned premiums, net	(67,673,855)	-	(67,673,855)	12,991,706	-	12,991,706
Net premiums earned	210,075,570	-	210,075,570	174,344,499	-	174,344,499
Reinsurance commissions	3,063,728	-	3,063,728	2,904,661	-	2,904,661
Other underwriting income	4,156,175	-	4,156,175	1,093,546	-	1,093,546
TOTAL REVENUES	217,295,473	-	217,295,473	178,342,706	-	178,342,706
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(169,787,969)	-	(169,787,969)	(132,777,800)	-	(132,777,800)
Reinsurers' share of claims paid	6,020,991	-	6,020,991	5,438,695	-	5,438,695
Net claims and other benefits paid	(163,766,978)	-	(163,766,978)	(127,339,105)	-	(127,339,105)
Changes in outstanding claims, net	7,654,473	-	7,654,473	(12,884,807)	-	(12,884,807)
Changes in incurred but not reported, net	(12,238,890)	-	(12,238,890)	7,807,720	-	7,807,720
Changes in other technical reserves movement	158,862	-	158,862	(1,084,605)	-	(1,084,605)
Net claims and other benefits incurred	(168,192,533)	-	(168,192,533)	(133,500,797)	-	(133,500,797)
Additional premium reserves	(1,078,189)	-	(1,078,189)	1,482,839	-	1,482,839
Policy acquisition costs	(16,226,467)	-	(16,226,467)	(11,157,337)	-	(11,157,337)
Other underwriting expenses	(16,389,527)	-	(16,389,527)	(9,487,700)	-	(9,487,700)
TOTAL UNDERWRITING COSTS AND EXPENSES	(201,886,716)	-	(201,886,716)	(152,662,995)	-	(152,662,995)
NET UNDERWRITING INCOME	15,408,757	-	15,408,757	25,679,711	-	25,679,711

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

(All amounts in Saudi Riyals unless otherwise stated)

16. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed statement of income (Continued)

	For the three months period ended March 31, 2022 (Unaudited)			For the three months period ended March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
Reversal of doubtful debts	2,394,155	-	2,394,155	3,893,438	-	3,893,438
General and administrative	(22,162,043)	(522,654)	(22,684,697)	(20,619,686)	(530,391)	(21,150,077)
Murabaha income on deposits	1,145,907	581,366	1,727,273	816,033	556,263	1,372,296
Realized gain on investments	-	2,166,112	2,166,112	-	4,049,885	4,049,885
Dividend and investments income	839,331	918,584	1,757,915	806,842	1,182,135	1,988,977
Investment expense	-	(292,232)	(292,232)	-	(183,724)	(183,724)
Finance cost	(27,397)	-	(27,397)	(18,089)	-	(18,089)
Others	240,024	-	240,024	(28,475)	-	(28,475)
TOTAL OTHER OPERATING EXPENSES, NET	(17,570,023)	2,851,176	(14,718,847)	(15,149,937)	5,074,168	(10,075,769)
Total income for the period before surplus attribution and zakat and income tax	(2,161,266)	2,851,176	689,910	10,529,774	5,074,168	15,603,942
Surplus attributed to the insurance operations	2,161,266	(2,161,266)	-	(9,476,797)	9,476,797	-
Total income for the period before zakat and income tax	-	689,910	689,910	1,052,977	14,550,965	15,603,942
Zakat and income tax expense	-	(3,750,000)	(3,750,000)	-	(3,500,000)	(3,500,000)
Total (loss) / income for the period	-	(3,060,090)	(3,060,090)	1,052,977	11,050,965	12,103,942
Earnings per share						
Basic earnings per share	-	(0.08)	(0.08)	0.02	0.28	0.30

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed statement of comprehensive income

	For the three months period ended March 31, 2022 (Unaudited)			For the three months period ended March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total (loss) / income for the period	-	(3,060,090)	(3,060,090)	1,052,977	11,050,965	12,103,942
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
Realization of losses on disposal of available-for-sale investments	-	(2,407,087)	(2,407,087)	-	(4,043,690)	(4,043,690)
Unrealized fair value changes in available for sale investments	-	15,405,861	15,405,861	-	10,540,635	10,540,635
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	9,938,684	9,938,684	1,052,977	17,547,910	18,600,887

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15. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed statement of cash flows

	Insurance operations	Shareholders' operations 2022	Total	Insurance operations	Shareholders' operations 2021	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total income for the period before surplus attribution and zakat and income tax	-	689,910	689,910	1,052,977	14,550,965	15,603,942
Adjustments for non-cash items:						
Depreciation of property and equipment	779,614	-	779,614	880,997	-	880,997
Depreciation charge of right to use assets	403,943	-	403,943	185,061	-	185,061
(Reversal of)/allowance for doubtful debts	(2,394,155)	-	(2,394,155)	(3,893,438)	-	(3,893,438)
loss on available for sale investments	-	(2,166,112)	(2,166,112)	-	(4,049,885)	(4,049,885)
Finance cost	27,397	-	27,397	18,089	-	18,089
Provision for end-of-service indemnities	850,000	-	850,000	908,620	-	908,620
<u>Changes in operating assets and liabilities:</u>						
Premiums and reinsurers' receivable	(44,963,771)	-	(44,963,771)	31,807,998	-	31,807,998
Reinsurers' share of unearned premiums	(6,046,151)	-	(6,046,151)	(8,262,119)	-	(8,262,119)
Reinsurers' share of outstanding claims	21,142,640	-	21,142,640	981,570	-	981,570
Reinsurers' share of claims incurred but not reported	1,275,273	-	1,275,273	380,960	-	380,960
Deferred policy acquisition costs	(4,034,720)	-	(4,034,720)	(3,055,765)	-	(3,055,765)
Prepaid expenses and other assets	1,671,105	211,198	1,882,303	(7,871,508)	1,112,017	(6,759,491)
Accounts payables	15,591,673	-	15,591,673	(5,369,479)	-	(5,369,479)
Accrued and other liabilities	(1,097,856)	(257,261)	(1,355,117)	(3,530,939)	57,500	(3,473,439)
Reinsurers' balances payable	8,141,116	-	8,141,116	9,831,567	-	9,831,567
Unearned premiums	73,720,006	-	73,720,006	(4,729,587)	-	(4,729,587)
Unearned reinsurance commission	1,561,006	-	1,561,006	858,843	-	858,843
Outstanding claims	(28,797,113)	-	(28,797,113)	11,903,238	-	11,903,238
Claims incurred but not reported	10,963,617	-	10,963,617	(8,188,680)	-	(8,188,680)
Additional premium reserves	1,078,189	-	1,078,189	(1,482,839)	-	(1,482,839)

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed statement of cash flows (continued)

	Insurance operations	Shareholders' operations 2022	Total	Insurance operations	Shareholders' operations 2021	Total
Other technical reserves	(158,862)	-	(158,862)	1,084,605	-	1,084,605
Due from insurance operations	-	2,161,266	2,161,266	-	(9,476,797)	(9,476,797)
Due to insurance operations	-	62,939,603	62,939,603	-	-	-
Due from shareholders' operations	(62,939,603)	-	(62,939,603)	-	-	-
Due to shareholders' operations	(2,161,266)	-	(2,161,266)	9,476,797	-	9,476,797
	(15,387,918)	63,578,604	48,190,686	22,986,968	2,193,800	25,180,768
End-of-service indemnities paid	(1,147,541)	-	(1,147,541)	(625,601)	-	(625,601)
Zakat and income tax paid	-	(20,744,095)	(20,744,095)	-	-	-
Net cash generated from/ (used in) operating activities	(16,535,459)	42,834,509	26,299,050	22,361,367	2,193,800	24,555,167
CASH FLOWS FROM INVESTING ACTIVITIES						
Net movement in investments	-	(40,634,207)	(40,634,207)	-	13,029,602	13,029,602
Net movement in long term/fixed income deposits	75,000,000	51,000,000	126,000,000	(45,000,000)	(51,000,000)	(96,000,000)
Net movement in property and equipment	(1,391,112)	-	(1,391,112)	(1,007,144)	-	(1,007,144)
Net cash (used in)/generated from investing activities	73,608,888	10,365,793	83,974,681	(46,007,144)	(37,970,398)	(83,977,542)
Net change in cash and cash equivalents	57,073,429	53,200,302	110,273,731	(23,645,777)	(35,776,598)	(59,422,375)
Cash and cash equivalents, beginning of the period	387,418,940	148,079,199	535,498,139	373,230,365	78,485,486	451,715,851
Cash and cash equivalents, end of the period	444,492,369	201,279,501	645,771,870	349,584,588	42,708,888	392,293,476
NON-CASH INFORMATION						
Realized loss on disposal of available-for-sale investments	-	(2,407,087)	(2,407,087)	-	(4,043,690)	(4,043,690)
Unrealized gain on available-for-sale investments	-	15,405,861	15,405,861	-	10,540,635	10,540,635

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17. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation.

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information has been approved by the Board, on May 15, 2022, corresponding to 14 Shawwal, 1443H.