

**Allianz Saudi Fransi Cooperative
Insurance Company
(A Saudi Joint Stock Company)**

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

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2020

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE THREE AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020**

INDEX	PAGES
INDEPENDENT AUDITORS' REVIEW REPORT	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF INCOME	3
INTERIM STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM STATEMENT OF CHANGES IN EQUITY	5
INTERIM STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	7-36



INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of 30 September 2020 and the related interim statements of income and comprehensive income for the three-month and nine-month periods then ended, and the interim statements of changes in equity and cash flows for the nine-month period then ended and notes, comprising a summary of significant accounting policies 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.

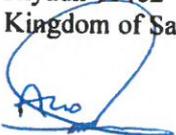
SCOPE OF REVIEW

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

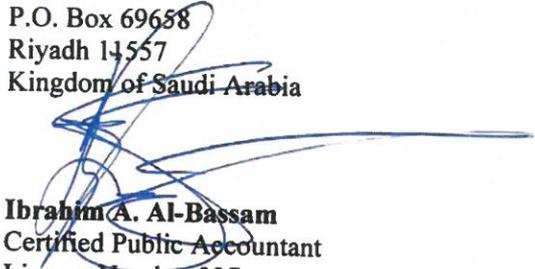
CONCLUSION

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

PricewaterhouseCoopers
P. O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia


Ali H. Al Basri
Certified Public Accountant
License Number 409

For Al-Bassam & Co.
P.O. Box 69658
Riyadh 14557
Kingdom of Saudi Arabia


Ibrahim A. Al-Bassam
Certified Public Accountant
License Number 337

November 12, 2020
(26 Rabi` al-Awwal, 1442H)

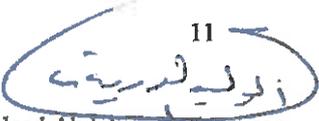


**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION

		<i>September 30, 2020</i>	<i>December 31, 2019</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>SR</i>	<i>SR</i>
	Note		
ASSETS			
Cash and cash equivalents	4	317,493,279	148,865,617
Prepaid expenses and other assets		112,949,834	72,490,204
Premiums receivable, net	5	443,356,557	420,586,277
Reinsurers' balance receivable, net	6	84,254,843	70,535,901
Reinsurers' share of outstanding claims	10.1	406,466,136	432,328,207
Reinsurers' share of claims incurred but not reported	10.1	48,544,853	43,298,714
Reinsurers' share of unearned premiums	10.2	131,699,740	152,377,585
Deferred policy acquisition costs		15,729,556	26,919,550
Right-of-use assets	7.1	4,432,196	6,776,228
Financial assets at fair value through statement of income (unit linked investments)		540,102,878	538,113,858
Available for sale investments	8.1	416,142,905	385,479,500
Deferred tax assets, net	9	11,221,175	6,961,507
Property and equipment, net		8,318,151	8,018,780
Statutory deposit		60,000,000	20,000,000
Accrued income on statutory deposit		1,572,445	1,485,295
TOTAL ASSETS		2,602,284,548	2,334,237,223
LIABILITIES			
Accrued and other liabilities		159,663,993	150,485,565
Surplus distribution payable		15,206,850	15,687,466
Reinsurers' balances payable		223,071,599	195,599,123
Unearned premiums	10.2	304,370,417	408,698,330
Unearned reinsurance commission		3,803,166	7,347,773
Outstanding claims	10.1	480,037,355	533,066,753
Claims incurred but not reported	10.1	113,802,257	87,780,442
Lease liabilities	7.2	3,780,149	5,784,231
Premium deficiency reserves	10.1	15,181,866	11,731,333
Additional premium reserves	10.1	3,638,875	1,369,320
Unit linked liabilities	10.1	520,498,876	535,415,117
End-of-service obligations		20,279,804	16,847,898
Zakat and income tax	15	13,116,096	28,432,189
Accrued income payable to SAMA		1,572,445	1,485,295
TOTAL LIABILITIES		1,878,023,748	1,999,730,835
EQUITY			
Share capital	16.1	600,000,000	200,000,000
Share premium		16,310,624	22,711,315
Statutory reserve		20,743,607	20,743,607
Retained earnings		56,426,876	75,024,377
Actuarial reserve for end-of-service obligations		3,828,488	3,828,488
Fair value reserve on investments		26,951,205	12,198,601
TOTAL EQUITY		724,260,800	334,506,388
TOTAL LIABILITIES AND EQUITY		2,602,284,548	2,334,237,223
CONTINGENCIES AND COMMITMENTS			

Andreas Brunner
Chief Executive Officer

11

 Al Waleed Abdulrazak Al Dryaan
Chairman


 Waleed Bin Ateeq
Finance Manager

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF INCOME**

	Note	For the three-months period ended		For the nine-months period ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
REVENUES					
Gross premiums written	10.2	113,803,412	166,405,145	531,838,456	813,717,206
Reinsurance premiums ceded abroad	10.2	(33,176,898)	(58,487,111)	(199,481,049)	(255,763,020)
Reinsurance premiums ceded locally	10.2	(211,921)	(1,007,937)	(1,280,621)	(4,370,017)
Excess of loss expenses	10.2	(4,787,979)	(1,010,268)	(14,363,935)	(4,041,069)
Fee income from unit linked investments		316,270	295,835	910,785	872,180
Net premiums written		75,942,884	106,195,664	317,623,636	550,415,280
Changes in unearned premiums		70,456,953	91,464,200	104,327,913	(86,171,708)
Changes in reinsurers' share of unearned premiums		(29,872,361)	(21,322,377)	(20,677,845)	36,780,016
Net premiums earned		116,527,476	176,337,487	401,273,704	501,023,588
Reinsurance commissions		(545,089)	4,288,819	7,653,958	11,918,374
NET REVENUES		115,982,387	180,626,306	408,927,662	512,941,962
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(122,862,597)	(139,615,903)	(327,436,687)	(369,690,544)
Surrenders and maturities		(22,233,334)	(30,764,566)	(83,837,923)	(109,562,404)
Expenses incurred related to claims		(5,043,545)	(7,442,907)	(16,899,013)	(22,176,013)
Reinsurers' share of claims paid		55,196,278	37,501,746	116,954,661	109,293,109
Net claims and other benefits paid		(94,943,198)	(140,321,630)	(311,218,962)	(392,135,852)
Changes in outstanding claims		35,415,333	(12,825,007)	53,029,398	(127,072,329)
Changes in reinsurers' share of outstanding claims		(32,164,854)	17,740,147	(25,862,071)	109,181,805
Changes in premium deficiency reserve		2,073,841	1,031,483	(3,450,533)	(2,570,107)
Changes in additional premium reserve		(723,767)	(191,600)	(2,269,555)	(395,866)
Changes in claims incurred but not reported		3,447,217	(12,638,498)	(26,021,815)	16,641,257
Changes in reinsurers' share of claims incurred but not reported		(4,601,413)	9,818,251	5,246,139	5,977,436
Net claims and other benefits incurred		(91,496,841)	(137,386,855)	(310,547,399)	(390,373,656)
Changes in unit linked liabilities		(3,935,113)	9,368,672	14,916,241	24,473,841
Unrealised gain / (loss) on unit linked investments		10,677,945	(1,210,233)	8,505,425	12,876,524
Policy acquisition costs		(11,544,003)	(11,043,518)	(42,961,247)	(43,203,862)
Inspection and supervision fees		(906,726)	(1,381,191)	(4,069,890)	(5,781,907)
TOTAL UNDERWRITING COSTS AND EXPENSES		(97,204,738)	(141,653,125)	(334,156,870)	(402,009,060)
NET UNDERWRITING INCOME		18,777,649	38,973,181	74,770,792	110,932,902
OTHER (EXPENSES) / INCOME					
Provision for doubtful debts		(882,524)	(2,190,228)	(2,304,908)	(2,009,580)
General and administrative expenses		(31,525,998)	(30,381,008)	(100,457,046)	(90,011,561)
Investment income		2,883,042	2,473,635	8,613,691	7,459,022
Other income		445,252	218,688	4,496,676	2,410,991
TOTAL OTHER EXPENSES		(29,080,228)	(29,878,913)	(89,651,587)	(82,151,128)
NET (LOSS) / INCOME FOR THE PERIOD BEFORE ATTRIBUTION AND ZAKAT AND INCOME TAX		(10,302,579)	9,094,268	(14,880,795)	28,781,774
Surplus attributed to the insurance operations		-	(778,187)	-	(2,464,510)
NET (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS BEFORE ZAKAT AND INCOME TAX		(10,302,579)	8,316,081	(14,880,795)	26,317,264
Zakat charge for the period	15	(2,222,552)	(1,161,512)	(4,381,259)	(3,261,030)
Income tax credit / (charge) for the period, net	15	174,476	(1,023,008)	664,553	(3,149,645)
NET (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX		(12,350,655)	6,131,561	(18,597,501)	19,906,589
(Loss) / earnings per share					
Basic and diluted (loss) / earnings per share (restated)		-16.2	(0.21)	0.18	(0.43)
					0.57

Andreas Brunner
Chief Executive Officer

Al Waleed Abdulrazzak Al Dryaan
Chairman

Waleed Bin Ateeq
Finance Manager

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>For the three-months period ended</i>		<i>For the nine-months period ended</i>	
	<i>September 30, 2020</i>	<i>September 30, 2019</i>	<i>September 30, 2020</i>	<i>September 30, 2019</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Note				
Net (loss) / income for the period attributable to the shareholders after zakat and income tax	(12,350,655)	6,131,561	(18,597,501)	19,906,589
Other comprehensive income / (loss)				
<i>Items that may be reclassified to interim statement of income in subsequent periods</i>				
Available for sale investments:				
- Net change in fair value	8.2 3,429,181	4,129,982	11,157,489	23,618,417
- Deferred tax relating to change in fair Value	9 & 15 364,090	(438,497)	3,595,115	(2,507,662)
Total comprehensive (loss) / income for the period	(8,557,384)	9,823,046	(3,844,897)	41,017,344


Andreas Brunner
Chief Executive Officer


Al Waleed Abdulrazak Al Dryaan
Chairman


Waleed Bin Ateeq
Finance Manager

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF CHANGES IN EQUITY

	Share capital SR	Share premium SR	Statutory reserve SR	Retained earnings SR	Actuarial reserve for end-of-service obligations SR	Fair value reserve on investments SR	Total SR
Balance as at 1 January 2020 (audited)	200,000,000	22,711,315	20,743,607	75,024,377	3,828,488	12,198,601	334,506,388
Comprehensive loss for the period:							
Net loss for the period attributable to shareholders after zakat and income tax	-	-	-	(18,597,501)	-	-	(18,597,501)
Changes in fair values of available for sale investments	-	-	-	-	-	11,157,489	11,157,489
Deferred tax relating to change in fair value – Notes 9 & 15	-	-	-	-	-	3,595,115	3,595,115
Total comprehensive (loss) / income for the period	-	-	-	(18,597,501)	-	14,752,604	(3,844,897)
Increase in share capital – Note 16	400,000,000	-	-	-	-	-	400,000,000
Transaction cost related to increase in share capital	-	(6,400,691)	-	-	-	-	(6,400,691)
Balance as at 30 September 2020 (unaudited)	600,000,000	16,310,624	20,743,607	56,426,876	3,828,488	26,951,205	724,260,800
Balance as at 1 January 2019 as originally reported	200,000,000	22,711,315	14,393,656	41,575,546	540,837	(11,673,980)	267,547,374
Impact of adopting IAS 12 – Note 15	-	-	-	8,049,028	-	1,301,161	9,350,189
Balance as at 1 January 2019 (restated)	200,000,000	22,711,315	14,393,656	49,624,574	540,837	(10,372,819)	276,897,563
Comprehensive income for the period:							
Net income for the period attributable to shareholders after zakat and income tax	-	-	-	19,906,589	-	-	19,906,589
Changes in fair values of available for sale investments	-	-	-	-	-	23,618,417	23,618,417
Deferred tax relating to change in fair value – Note 9	-	-	-	-	-	(2,507,662)	(2,507,662)
Total comprehensive income for the period	-	-	-	19,906,589	-	21,110,755	41,017,344
Balance as at 30 September 2019	200,000,000	22,711,315	14,393,656	69,531,163	540,837	10,737,936	317,914,907

Andreas Brunner
Chief Executive Officer

Al Waleed Abdulhazak Al Dryaan
Chairman

Waleed Bin Ateeq
Finance Manager

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF CASH FLOWS

	Note	<i>For the nine-months period ended</i>	
		<i>September 30, 2020 (Unaudited) SR</i>	<i>September 30, 2019 (Unaudited) SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the period before attribution and zakat and income tax		(14,880,795)	28,781,774
Adjustments for non-cash and other items:			
Depreciation of property and equipment		2,112,659	417,577
Amortisation of Right-of-use assets	7.1	2,344,032	(7,551,498)
Amortisation of investments premium		494,084	439,965
Reversal of doubtful reinsurance receivables		(127,202)	(657,139)
Gain on sale of property and equipment		-	(33,075)
Provision for doubtful debts and write-offs		1,860,647	2,634,110
Provision for end-of-service obligations		3,595,982	3,107,505
Unrealised gain on unit linked investments		(8,505,425)	(12,876,524)
Finance cost on lease liabilities	7.2	357,705	231,120
		(12,748,313)	14,493,815
Changes in operating assets and liabilities:			
Reinsurers' balances receivable		(13,591,740)	(4,590,250)
Premiums receivable		(24,630,927)	(46,860,119)
Reinsurers' share of unearned premiums		20,677,845	(36,780,016)
Reinsurers' share of outstanding claims		25,862,071	(111,527,883)
Reinsurers' share of claims incurred but not reported		(5,246,139)	(3,631,358)
Deferred policy acquisition costs		11,189,994	(6,849,307)
Unit linked investments		6,516,405	34,122,432
Prepaid expenses and other assets		(40,459,630)	(20,836,592)
Accrued expenses and other liabilities		9,178,428	22,956,434
Reinsurers' balances payable		27,472,476	122,803,823
Unearned premiums		(104,327,913)	86,171,708
Unearned reinsurance commission		(3,544,607)	(2,115,488)
Lease liabilities	7.2	-	8,345,419
Unit linked liabilities		(14,916,241)	(24,473,841)
Outstanding claims		(53,029,398)	131,658,942
Claims incurred but not reported		26,021,815	(21,227,870)
Premium deficiency reserves		3,450,533	2,570,107
Additional premium reserves		2,269,555	395,866
		(139,855,786)	144,625,822
End-of-service obligations paid		(164,076)	(1,199,278)
Lease rental paid	7.2	(2,361,787)	(2,801,707)
Surplus paid to policyholders		(480,616)	(594,949)
Zakat and income tax paid		(19,697,352)	(4,635,822)
Net cash (used in) / generated from operating activities		(162,559,617)	135,394,066
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in available for sale investments	8.2	(20,000,000)	(30,652,614)
Proceeds from available-for-sale investments		-	23,687,500
Proceeds from sale of property and equipment		-	33,075
Purchase of property and equipment		(2,412,030)	(3,094,740)
Net cash used in investing activities		(22,412,030)	(10,026,779)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in statutory deposit		(40,000,000)	-
Transaction cost related to increase in share capital		(6,400,691)	-
Increase in share capital		400,000,000	-
Net cash generated from financing activities		353,599,309	-
NET CHANGE IN CASH AND CASH EQUIVALENTS		168,627,662	125,367,287
Cash and cash equivalents at the beginning of the period		148,865,617	93,134,538
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	317,493,279	218,501,825
Non-cash information:			
Changes in fair value of available-for-sale investments	8.2	(11,157,489)	(23,618,417)
Deferred income tax	9	(3,595,115)	2,507,662

Andreas Brunner
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Waleed Bin Ateeq
Finance Manager

The accompanying notes 1 to 20 form an integral part of these interim condensed financial statements

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month and nine-month periods ended September 30, 2020

1. General

Allianz Saudi Fransi Cooperative Insurance Company (a Joint Stock Company incorporated in the Kingdom of Saudi Arabia), the “Company”, was formed pursuant to Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006). The Company operates under Commercial Registration number 1010235601 dated 26 Jumada Thani 1428H corresponding to 12 July 2007. The Company operates through its eight branches in the Kingdom of Saudi Arabia. The registered address of the Company's head office is as follows:

Allianz Saudi Fransi Cooperative Insurance Company
Al Safwa Commercial Building, Khurais Road
P.O. Box 3540
Riyadh 11481, Kingdom of Saudi Arabia.

The Company’s ultimate parent is Allianz SE, a European financial services company headquartered in Munich, Germany.

The purpose of the Company is to transact cooperative insurance operations and all related activities. Its principal lines of business include Medical, Protection and saving, Motor, Engineering, Property and Other general insurance.

On July 31, 2003, corresponding to 2 Jumada II 1424H, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). During March 2008, the Saudi Arabian Monetary Authority (“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 January 1, 2016 the Company’s management 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 policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

Seasonality of operations

The Company operates in an industry where significant seasonal or cyclical variations in operating income are experienced during the financial year.

2. Basis of preparation

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended 30 September 2020 has been prepared in accordance with International Accounting Standard 34 – “Interim Financial Reporting” (“IAS 34”), that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments, financial assets at fair value through statement of income (unit linked investments) and recording of end of service benefits at present value under actuarial method. The Company’s interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available for sale investments, property and equipment, statutory deposit, accrued income on statutory deposit, end-of-service obligations, deferred tax assets, right of use assets and long term portion of lease liabilities. All other financial statement line items would generally be classified as current.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

2. Basis of preparation (continued)

(a) Basis of presentation (continued)

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

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

The interim statement of financial position, statements of income, comprehensive income and 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. 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 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's financial statements in compliance with International Financial Reporting Standards (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 shareholders operations are uniform for similar transactions and events in similar circumstances.

The inclusion of separate information of the insurance operations with the financial statements of the Company in the interim statement of financial position, the statements of income, comprehensive income and cash flows as well as certain relevant notes to the financial statements represents additional supplementary information as required by the implementing regulations (Note 18).

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2019.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR).

2. Basis of preparation (continued)

(b) Critical accounting judgments, estimates and assumptions

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

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, 2019. 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. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

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 Country 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 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 June 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 cashflows of the insurance contracts in force as at 30 September, 2020 for its liability adequacy test. Based on the results, the Company has booked an amount of SR 2.2 million for the nine-month period ended September 30, 2020 (December 31, 2019: Nil ; June 30, 2020 : .47 million) as a premium deficiency reserve.

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 month as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

2. Basis of preparation (continued)

Motor technical reserves (continued)

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 month in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended 2 month 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. There is no significant impact of two month extension in earned premium as of 30 September, 2020 as no material amounts of premium have been written during the one month period.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at segmented level for motor line of business and recorded a Premium deficiency reserve amounting to SR 5.5 million as at 30 September, 2020.

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-month and nine-month periods ended 30 September 2020. The Company's management continues to monitor the situation closely.

3. Significant accounting policies

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

Standards issued but not yet effective

The following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the IFRS, which have been published and are mandatory for compliance for the Company with effect from future dates.

IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

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

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

For the three-month and nine-month periods ended September 30, 2020

3. Significant accounting policies (continued)***IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts) (continued)***

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2023. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

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

IFRS 17 - Insurance Contracts

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after January 1, 2023 and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the statement of income and the statement of financial position. The Company has decided not to early adopt this new standard.

4. Cash and cash equivalents

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

	Insurance operations	
	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
SR		
Bank balances and cash	11,642,681	67,046,426
Deposits maturing within 3 month from the acquisition date	190,068,553	20,000,000
	201,711,234	87,046,426
	Shareholders' operations	
	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Bank balances and cash	115,782,045	61,819,191
Total cash and cash equivalents	317,493,279	148,865,617

5. Premiums receivable, net

Premiums receivable comprise amounts due from the following:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
SR		
Policyholders	147,331,907	169,764,645
Brokers and agents	301,669,224	288,920,109
Related parties (Note 14)	51,302,988	16,988,438
	500,304,119	475,673,192
Provision for doubtful receivable	(56,947,562)	(55,086,915)
Premiums receivable, net	443,356,557	420,586,277

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

6. Reinsurers' balance receivable, net

SR	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Receivables from reinsurers	89,154,751	75,563,011
Provision for doubtful reinsurers' receivables	(4,899,908)	(5,027,110)
Reinsurers' balance receivable, net	84,254,843	70,535,901

7. Right-of-use assets and Lease Liabilities

7.1. Right of use assets

The following table presents the right-of-use assets for the Company:

SR	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at the beginning of the period/year	6,776,228	9,849,530
Amortization	(2,344,032)	(3,073,302)
Balance at the end of the period/year	4,432,196	6,776,228

7.2. Lease Liabilities

The following table represents the movement of lease liabilities for the Company:

SR	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Opening balance	5,784,231	8,504,520
Finance costs	357,705	462,238
Lease rental payments	(2,361,787)	(3,182,527)
Balance at the end of the period/year	3,780,149	5,784,231

8. Available for sale investments

8.1. Investments are classified as follows

Insurance operations:

	Domestic		International		Total	
	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR
Debt instruments	132,388,048	128,180,982	5,247,255	5,143,123	137,635,303	133,324,105
Equities and mutual funds	7,894,195	7,991,984	-	-	7,894,195	7,991,984
	140,282,243	136,172,966	5,247,255	5,143,123	145,529,498	141,316,089

Shareholders' operations:

	Domestic		International		Total	
	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR	September 30, 2020 (Unaudited) SR	December 31, 2019 (Audited) SR
Debt instruments	237,522,409	211,718,827	24,348,492	23,792,384	261,870,901	235,511,211
Equities and mutual funds	3,223,078	3,223,078	5,519,428	5,429,122	8,742,506	8,652,200
	240,745,487	214,941,905	29,867,920	29,221,506	270,613,407	244,163,411

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

8. Available for sale investments (continued)

8.1. Investments are classified as follows (continued)

<i>Total</i>	<u>Domestic</u>		<u>International</u>		<u>Total</u>	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
	(Unaudited) SR	(Audited) SR	(Unaudited) SR	(Audited) SR	(Unaudited) SR	(Audited) SR
Debt instrument	369,910,457	339,899,809	29,595,747	28,935,507	399,506,204	368,835,316
Equities and mutual funds	11,117,273	11,215,062	5,519,428	5,429,122	16,636,701	16,644,184
	381,027,730	351,114,871	35,115,175	34,364,629	416,142,905	385,479,500

8.2. Movement in available for sale investment balance is as follows

Insurance operations:

	Quoted securities	Unquoted securities	Total
	SR		
As at January 1, 2019	100,623,986	14,582,533	115,206,519
Purchases	22,491,134	-	22,491,134
Disposals/maturity	-	(5,000,000)	(5,000,000)
Amortisation	(251,970)	(12,645)	(264,615)
Unrealised gain on fair value	8,021,169	861,882	8,883,051
Transfer from unquoted to quoted	10,431,770	(10,431,770)	-
As at December 31, 2019	141,316,089	-	141,316,089
As of January 1, 2020	141,316,089	-	141,316,089
Amortisation	(192,187)	-	(192,187)
Unrealised gain on fair value	4,405,596	-	4,405,596
As at September 30, 2020	145,529,498	-	145,529,498

The cumulative unrealised gain in fair value of available for sale investments including deferred tax impact as mentioned in Notes 9 and 15 as at September 30, 2020 amounts to SR 8,348,689 (December 31, 2019: gain of SR 3,943,093).

Shareholders' operations:

	Quoted securities	Unquoted securities	Total
	SR		
As at January 1, 2019	130,639,760	85,532,745	216,172,505
Purchases	30,652,614	-	30,652,614
Disposals/maturity	(1,687,500)	(17,000,000)	(18,687,500)
Amortisation	(329,390)	(14,356)	(343,746)
Unrealised gain on fair value	10,475,364	5,894,174	16,369,538
Transfer from unquoted to quoted	35,979,800	(35,979,800)	-
As at December 31, 2019	205,730,648	38,432,763	244,163,411
As of January 1, 2020	205,730,648	38,432,763	244,163,411
Purchases	-	20,000,000	20,000,000
Amortisation	(301,897)	-	(301,897)
Unrealised gain on fair value	6,300,255	451,638	6,751,893
As at September 30, 2020	211,729,006	58,884,401	270,613,407

The cumulative unrealised gain in fair value of available for sale investments including deferred tax impact as mentioned in Notes 9 and 15 as at September 30, 2020 amounts to SR 18,602,516 (December 31, 2019: gain of SR 8,255,508).

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

9. Deferred tax assets, net

SR	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Deferred tax assets, net	<u>11,221,175</u>	<u>6,961,507</u>

Movement in deferred tax asset balance is as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
At the beginning of the period/year (note 15)	6,961,507	9,350,189
Deferred tax income - statement of income	664,553	292,487
Deferred tax income /(expense) - statement of comprehensive income	3,595,115	(2,681,169)
At the end of the period/year	<u>11,221,175</u>	<u>6,961,507</u>

This deferred tax arises on end of service obligations, provision against premium receivable, provision against reinsurance receivable, unabsorbed tax losses, fair value reserve on investments and property and equipment.

10. Technical reserves

10.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

SR	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Gross outstanding claims	512,144,641	569,506,181
Less: Realizable value of salvage and subrogation	(32,107,286)	(36,439,428)
	<u>480,037,355</u>	<u>533,066,753</u>
Claims incurred but not reported	113,802,257	87,780,442
Premium deficiency reserves	15,181,866	11,731,333
Additional premium reserves	3,638,875	1,369,320
Unit linked liabilities	520,498,876	535,415,117
	<u>1,133,159,229</u>	<u>1,169,362,965</u>
Less:		
- Reinsurers' share of outstanding claims	(406,466,136)	(432,328,207)
- Reinsurers' share of claims incurred but not reported	(48,544,853)	(43,298,714)
	<u>(455,010,989)</u>	<u>(475,626,921)</u>
Net outstanding claims and reserves	<u>678,148,240</u>	<u>693,736,044</u>

10.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

SR	Three month period ended September 30, 2020 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	374,827,370	(161,572,101)	213,255,269
Premium written during the period	113,803,412	*(38,176,798)	75,626,614
Premium earned during the period	(184,260,365)	68,049,159	(116,211,206)
Balance as at the end of the period	<u>304,370,417</u>	<u>(131,699,740)</u>	<u>172,670,677</u>

*This amount includes SR 33,176,898 for reinsurance premium ceded abroad, SR 211,921 for reinsurance premium ceded locally and SR 4,787,979 for excess of loss expenses.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

For the three-month and nine-month periods ended September 30, 2020

10. Technical reserves (continued)**10.2 Movement in unearned premiums (continued)****Nine month period ended September 30, 2020
(Unaudited)**

SR	Gross	Reinsurance	Net
Balance as at the beginning of the year	408,698,330	(152,377,585)	256,320,745
Premium written during the period	531,838,456	*(215,125,605)	316,712,851
Premium earned during the period	(636,166,369)	235,803,450	(400,362,919)
Balance as at the end of the period	304,370,417	(131,699,740)	172,670,677

*This amount includes SR 199,481,049 for reinsurance premium ceded abroad, SR 1,280,621 for reinsurance premium ceded locally and SR 14,363,935 for excess of loss expenses

**Three month period ended September 30, 2019
(Unaudited)**

SR	Gross	Reinsurance	Net
Balance as at the beginning of the period	568,058,243	(207,013,536)	361,044,707
Premium written during the period	166,405,145	*(60,505,316)	105,899,829
Premium earned during the period	(257,869,345)	81,827,693	(176,041,652)
Balance as at the end of the period	476,594,043	(185,691,159)	290,902,884

*This amount includes SR 58,487,111 for reinsurance premium ceded abroad, SR 1,007,937 for reinsurance premium ceded locally and SR 1,010,268 for excess of loss expenses

**Nine month period ended September 30, 2019
(Unaudited)**

SR	Gross	Reinsurance	Net
Balance as at the beginning of the year	390,422,335	(148,911,143)	241,511,192
Premium written during the period	813,717,206	*(264,174,106)	549,543,100
Premium earned during the period	(727,545,498)	227,394,090	(500,151,408)
Balance as at the end of the period	476,594,043	(185,691,159)	290,902,884

*This amount includes SR 255,763,020 for reinsurance premium ceded abroad, SR 4,370,017 for reinsurance premium ceded locally and SR 4,041,069 for excess of loss expenses.

**Year ended December 31, 2019
(Audited)**

SR	Gross	Reinsurance	Net
Balance as at the beginning of the year	390,422,335	(148,911,143)	241,511,192
Premium written during the year	1,011,666,001	*(312,609,731)	699,056,270
Premium earned during the year	(993,390,006)	309,143,289	(684,246,717)
Balance as at the end of the year	408,698,330	(152,377,585)	256,320,745

*This amount includes SR 302,757,400 for reinsurance premium ceded abroad, SR 5,811,262 for reinsurance premium ceded locally and SR 4,041,069 for excess of loss expenses.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

For the three-month and nine-month periods ended September 30, 2020

11. Contingencies and commitments

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

SR	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Letters of guarantee	<u>15,940,000</u>	<u>15,940,000</u>

b) 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 interim financial position and results as at and for the period ended September 30, 2020. There was no change in the status of legal proceedings as disclosed at December 31, 2019.

12. 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 statements.

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.

a. Carrying amounts and fair value

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

12.1 Insurance operations:

SR	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
September 30, 2020					
Unit linked investments	540,102,878	540,102,878	-	-	540,102,878
Available for sale investments measured at fair value					
Bonds and sukus	137,635,303	137,635,303	-	-	137,635,303
Mutual funds	4,709,758	4,709,758	-	-	4,709,758
Equities	3,184,437	3,184,437	-	-	3,184,437
Unit linked liabilities	(520,498,876)	(520,498,876)	-	-	(520,498,876)
	<u>165,133,500</u>	<u>165,133,500</u>	-	-	<u>165,133,500</u>

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

12. Fair values of financial instruments (continued)

12.2 Insurance operations (continued) :

SR	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2019					
Unit linked investments	538,113,858	538,113,858	-	-	538,113,858
Available for sale investments measured at fair value					
Bonds and Sukuks	133,324,105	133,324,105	-	-	133,324,105
Mutual Funds	4,865,203	4,865,203	-	-	4,865,203
Equities	3,126,781	3,126,781	-	-	3,126,781
Unit linked liabilities	(535,415,117)	(535,415,117)	-	-	(535,415,117)
	144,014,830	144,014,830	-	-	144,014,830

12.2 Shareholders' operations:

SR	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
September 30, 2020					
Available for sale investments measured at fair value					
Bonds and sukuku	261,870,901	206,209,576	-	55,661,325	261,870,901
Mutual funds	5,519,428	5,519,428	-	-	5,519,428
Equities	3,223,078	-	-	3,223,078	3,223,078
	270,613,407	211,729,004	-	58,884,403	270,613,407

SR	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2019					
Available for sale investments measured at fair value					
Bonds and Sukuk	235,511,211	200,301,526	-	35,209,685	235,511,211
Mutual Funds	5,429,122	5,429,122	-	-	5,429,122
Equities	3,223,078	-	-	3,223,078	3,223,078
	244,163,411	205,730,648	-	38,432,763	244,163,411

During the period ended September 30, 2020 there were no transfers between level 1 and level 3 fair value measurements. There were transfers between Level 1 and Level 3 fair value measurements during the year ended December 31, 2019 (please refer note 8).

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

For the three-month and nine-month periods ended September 30, 2020

12. Fair values of financial instruments (continued)**b. Measurement of fair values***i. Valuation technique and significant unobservable inputs*

The Discounted Cash Flow Model (DCF) has been used to determine the fair value of debt securities and sukuks of shareholders' operations under level 3. This model considers the present value of net cash flows to be generated from the debt securities and sukuks discounted at the market yield of treasury bills having similar terms and adjusted for the effect of non-marketability of the debt securities and sukuks which includes Saudi sovereign curve yield and risk premium prevailing in the Saudi market. Equities amount to SR 3,223,078 represent investment in unquoted securities which are carried at cost. The fair value are not evidenced by a quoted price in an active market for an identical asset or based on a valuation technique that uses only data from observable markets.

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy:

	Insurance operations	
	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
SR		
Balance at the beginning of the period/year	-	14,582,533
Disposals/maturity	-	(5,000,000)
Amortisation	-	(12,645)
Unrealised gain on fair value of available for sale investments	-	861,882
Transfer from level 3 to level 1	-	(10,431,770)
Balance at the end of the period/year	-	-

12. Fair values of financial instruments (continued)**b. Measurement of fair values (continued)**

	Shareholder operations	
	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
SR		
Balance at the beginning of the period/year	38,432,763	85,532,745
Purchases	20,000,000	-
Disposals/maturity	-	(17,000,000)
Amortisation	-	(14,356)
Unrealised gain on fair value of available for sale investments	451,638	5,894,174
Transfer from level 3 to level 1	-	(35,979,800)
Balance at the end of the period/year	58,884,401	38,432,763

Sensitivity Analysis

The sensitivity to a 1% increase in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments is SR 31,696 and sensitivity to 1% decrease in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments is SR 31,696 .

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

13. Operating Segments

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2019.

Segment assets do not include cash and cash equivalents, prepaid expenses, right of use assets and other assets, available for sale investments, reinsurance balances, property and equipment, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include accrued and other liabilities, surplus distribution payable, reinsurers' balances payable, premium deficiency reserve, additional premium reserve, end-of-service obligations, zakat and income tax and accrued income payable to SAMA. Accordingly, they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are reported to chief operating decision maker on the cumulative basis and not reported under the related segments.

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

Motor	:	Motor
Medical	:	Medical
Property and casualty	:	Fire, burglary, money, construction, liability and marine
Protection and saving	:	Group retirement and individual protection and saving

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

13. Operating Segments (continued)

	<i>Motor</i>	<i>Medical</i>	<i>Property and Casualty</i>	<i>Protection and Saving</i>	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>As at September 30, 2020 (Unaudited)</u>							
<u>Assets</u>							
Premiums receivable, gross	190,534,756	130,120,104	145,242,304	34,406,955	500,304,119	-	500,304,119
Provision for doubtful debts					(56,947,562)	-	(56,947,562)
Reinsurers' share of outstanding claims	5,083,202	16,113,647	373,481,641	11,787,646	406,466,136	-	406,466,136
Reinsurers' share of claims incurred but not reported	(6,197)	21,395,604	20,566,802	6,588,644	48,544,853	-	48,544,853
Reinsurers' share of unearned premiums	27,314	46,282,941	64,960,379	20,429,106	131,699,740	-	131,699,740
Deferred policy acquisition costs	7,295,953	4,220,359	6,754,719	(2,541,475)	15,729,556	-	15,729,556
Financial assets at fair value through statement of income (unit linked investments)				540,102,878	540,102,878		540,102,878
Unallocated assets	-	-	-	-	289,154,845	727,229,983	1,016,384,828
Total assets							<u>2,602,284,548</u>
<u>Liabilities and Equity</u>							
Outstanding claims	45,537,937	26,229,579	391,054,605	17,215,234	480,037,355	-	480,037,355
Claims incurred but not reported	44,296,628	34,794,291	24,968,459	9,742,879	113,802,257	-	113,802,257
Unearned premium	88,196,039	85,736,218	101,074,761	29,363,399	304,370,417	-	304,370,417
Unearned reinsurance commission	1,776	-	3,783,051	18,339	3,803,166	-	3,803,166
Unit linked liabilities	-	-	-	520,498,876	520,498,876	-	520,498,876
Unallocated liabilities					440,365,317	15,146,360	455,511,677
Equity	-	-	-	-	12,177,177	712,083,623	724,260,800
Total liabilities and equity							<u>2,602,284,548</u>

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

13. Operating Segments (continued)

	<i>Motor</i>	<i>Medical</i>	<i>Property and Casualty</i>	<i>Protection and Saving</i>	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>For the nine month period ended</u>							
<u>September 30, 2020 (Unaudited)</u>							
Gross written premiums – retail	17,100,441	-	266,182	99,645,884	117,012,507	-	117,012,507
Gross written premiums – corporate	69,659,608	138,618,468	111,792,036	4,067,884	324,137,996	-	324,137,996
Gross written premiums – very small entities	2,616,894	157,700	634,868	97,463	3,506,925	-	3,506,925
Gross written premiums – small entities	15,641,297	874,520	17,943,758	266,870	34,726,445	-	34,726,445
Gross written premiums – medium entities	24,551,077	1,419,116	25,298,746	1,185,644	52,454,583	-	52,454,583
Reinsurance premiums ceded	(30,720)	(76,742,245)	(93,607,626)	(30,381,079)	(200,761,670)	-	(200,761,670)
Excess of loss expenses	(3,131,414)	-	(11,232,521)	-	(14,363,935)	-	(14,363,935)
Fee income from unit linked investments				910,785	910,785	-	910,785
Net written premiums	126,407,183	64,327,559	51,095,443	75,793,451	317,623,636	-	317,623,636
Changes in unearned premiums, net	106,292,068	(611,758)	(17,514,340)	(4,515,902)	83,650,068	-	83,650,068
Net premiums earned	232,699,252	63,715,801	33,581,101	71,277,550	401,273,704	-	401,273,704
Reinsurance commissions	16,398	-	7,035,232	602,328	7,653,958	-	7,653,958
Net claims and other benefits paid	(187,667,554)	(40,169,922)	(3,408,196)	(79,973,290)	(311,218,962)	-	(311,218,962)
Changes in outstanding claims, net	35,292,779	433,785	(6,294,930)	(2,264,307)	27,167,327	-	27,167,327
Changes in premium deficiency reserve	13,202	(2,153,519)	(386,938)	(923,278)	(3,450,533)	-	(3,450,533)
Changes in additional premium reserve	-	-	(2,269,555)	-	(2,269,555)	-	(2,269,555)
Changes in claims incurred but not reported, net	(12,286,054)	(5,480,905)	(1,879,207)	(1,129,510)	(20,775,676)	-	(20,775,676)
Change in unit linked liabilities	-	-	-	14,916,241	14,916,241	-	14,916,241
Unrealised gain on unit linked investments	-	-	-	8,505,425	8,505,425	-	8,505,425
Policy acquisition costs	(19,811,903)	(7,838,880)	(11,410,387)	(3,900,077)	(42,961,247)	-	(42,961,247)
Inspection and supervision fees					(4,069,890)	-	(4,069,890)
Net underwriting income					74,770,792	-	74,770,792
Unallocated							
Provision for doubtful debts					(2,304,908)	-	(2,304,908)
General and administrative expenses					(99,662,869)	(794,177)	(100,457,046)
Investment income					2,925,287	5,688,404	8,613,691
Other income					4,496,676	-	4,496,676
Net loss for the period before attribution and zakat and income tax							(14,880,795)

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

13. Operating Segments (continued)

	<i>Motor</i>	<i>Medical</i>	<i>Property and Casualty</i>	<i>Protection and Saving</i>	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>For the three month period ended</u>							
<u>September 30, 2020 (Unaudited)</u>							
Gross written premiums – retail	4,032,248	-	3,745	19,522,140	23,558,133	-	23,558,133
Gross written premiums – corporate	13,342,975	33,595,802	23,547,549	621,157	71,107,483	-	71,107,483
Gross written premiums – very small entities	839,087	(33,528)	152,412	-	957,971	-	957,971
Gross written premiums – small entities	3,958,681	(67,614)	3,585,513	(692)	7,475,888	-	7,475,888
Gross written premiums – medium entities	4,757,757	276,275	5,562,692	107,213	10,703,937	-	10,703,937
Reinsurance premiums ceded	-	(17,923,939)	(15,109,147)	(355,733)	(33,388,819)	-	(33,388,819)
Excess of loss expenses	(1,003,061)	-	(3,784,918)	-	(4,787,979)	-	(4,787,979)
Fee income from unit linked investments				316,270	316,270	-	316,270
Net written premiums	25,927,687	15,846,996	13,957,846	20,210,355	75,942,884	-	75,942,884
Changes in unearned premiums, net	35,317,968	2,938,045	(457,136)	2,785,715	40,584,592	-	40,584,592
Net premiums earned	61,245,656	18,785,041	13,500,709	22,996,070	116,527,476	-	116,527,476
Reinsurance commissions	5,104	(546,670)	(16,607)	13,084	(545,089)	-	(545,089)
Net claims and other benefits paid	(47,600,734)	(16,444,462)	(1,074,003)	(29,823,999)	(94,943,198)	-	(94,943,198)
Changes in outstanding claims, net	6,554,768	258,875	(1,727,027)	(1,836,137)	3,250,479	-	3,250,479
Changes in premium deficiency reserve	5,635,529	(2,631,092)	(72,677)	(857,919)	2,073,841	-	2,073,841
Changes in additional premium reserve	-	-	(723,767)	-	(723,767)	-	(723,767)
Changes in claims incurred but not reported, net	1,849,706	(3,231,414)	136,294	91,218	(1,154,196)	-	(1,154,196)
Change in unit linked liabilities	-	-	-	(3,935,113)	(3,935,113)	-	(3,935,113)
Unrealised gain on unit linked investments	-	-	-	10,677,945	10,677,945	-	10,677,945
Policy acquisition costs	(5,141,419)	(2,216,635)	(3,948,825)	(237,124)	(11,544,003)	-	(11,544,003)
Inspection and supervision fees					(906,726)	-	(906,726)
Net underwriting income					18,777,649	-	18,777,649
Unallocated							
Provision for doubtful debts					(882,524)	-	(882,524)
General and administrative expenses					(31,269,879)	(256,119)	(31,525,998)
Investment income					883,231	1,999,811	2,883,042
Other income					445,252	-	445,252
Net loss for the period before attribution and zakat and income tax							(10,302,579)

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

13. Operating Segments (continued)

	<i>Motor</i>	<i>Medical</i>	<i>Property and Casualty</i>	<i>Protection and Saving</i>	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<u>As at December 31, 2019 (Audited)</u>							
<u>Assets</u>							
Premiums receivable, gross	283,683,135	104,490,425	62,145,925	25,353,707	475,673,192	-	475,673,192
Provision for doubtful debts					(55,086,915)	-	(55,086,915)
Reinsurers' share of outstanding claims	5,745,932	16,649,433	404,394,245	5,538,597	432,328,207	-	432,328,207
Reinsurers' share of claims incurred but not reported	(69,598)	7,921,410	31,056,299	4,390,603	43,298,714	-	43,298,714
Reinsurers' share of unearned premiums	225,976	43,484,703	98,990,010	9,676,896	152,377,585	-	152,377,585
Deferred policy acquisition costs	16,732,264	4,574,957	6,167,728	(555,399)	26,919,550	-	26,919,550
Financial assets at fair value through statement of income (unit linked investments)				538,113,858	538,113,858	-	538,113,858
Unallocated assets	-	-	-		363,516,850	357,096,182	720,613,032
Total assets							<u>2,334,237,223</u>
<u>Liabilities and Equity</u>							
Outstanding claims	81,493,446	27,199,150	415,672,279	8,701,878	533,066,753	-	533,066,753
Claims incurred but not reported	31,947,173	15,839,192	33,578,749	6,415,328	87,780,442	-	87,780,442
Unearned premium	194,686,769	82,326,222	117,590,052	14,095,287	408,698,330	-	408,698,330
Unearned reinsurance commission	16,177	-	6,833,437	498,159	7,347,773	-	7,347,773
Unit linked liabilities				535,415,117	535,415,117	-	535,415,117
Unallocated liabilities	-	-	-	-	397,061,045	30,361,375	427,422,420
Equity	-	-	-	-	7,771,581	326,734,807	334,506,388
Total liabilities and equity							<u>2,334,237,223</u>

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

13. Operating Segments (continued)

	<i>Motor</i>	<i>Medical</i>	<i>Property and Casualty</i>	<i>Protection and Saving</i>	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
For the nine month period ended							
September 30, 2019 (Unaudited)							
Gross written premiums – retail	50,360,260	-	1,871,747	91,937,005	144,169,012	-	144,169,012
Gross written premiums – corporate	312,606,029	162,439,911	188,683,074	4,273,562	668,002,576	-	668,002,576
Gross written premiums – very small entities	-	15,919	-	-	15,919	-	15,919
Gross written premiums – small entities	-	768,776	-	-	768,776	-	768,776
Gross written premiums – medium entities	-	760,923	-	-	760,923	-	760,923
Reinsurance premiums ceded	-	(87,832,330)	(152,217,393)	(20,083,314)	(260,133,037)	-	(260,133,037)
Excess of loss expenses	(3,322,562)	-	(718,507)	-	(4,041,069)	-	(4,041,069)
Fee income from unit linked investments				872,180	872,180	-	872,180
Net written premiums	359,643,727	76,153,199	37,618,921	76,999,433	550,415,280	-	550,415,280
Changes in unearned premiums, net	(26,830,261)	(22,868,734)	2,971,484	(2,664,181)	(49,391,692)	-	(49,391,692)
Net premiums earned	332,813,466	53,284,465	40,590,405	74,335,252	501,023,588	-	501,023,588
Reinsurance commissions	15,960	-	11,863,003	39,411	11,918,374	-	11,918,374
Net claims and other benefits paid	(248,001,058)	(37,797,867)	(6,587,133)	(99,749,794)	(392,135,852)	-	(392,135,852)
Changes in outstanding claims, net	(20,889,757)	2,165,556	2,574,634	(1,740,957)	(17,890,524)	-	(17,890,524)
Changes in premium deficiency reserve	-	(2,570,107)	-	-	(2,570,107)	-	(2,570,107)
Changes in additional premium reserve	-	-	(395,866)	-	(395,866)	-	(395,866)
Changes in claims incurred but not reported, net	29,037,889	(7,239,105)	127,524	692,385	22,618,693	-	22,618,693
Change in unit linked liabilities	-	-	-	24,473,841	24,473,841	-	24,473,841
Unrealised gain on unit linked investments	-	-	-	12,876,524	12,876,524	-	12,876,524
Policy acquisition costs	(27,046,832)	(5,102,714)	(8,932,398)	(2,121,918)	(43,203,862)	-	(43,203,862)
Inspection and supervision fees	-	-	-	-	(5,781,907)	-	(5,781,907)
Net underwriting income					110,932,902	-	110,932,902
Unallocated					(2,009,580)	-	(2,009,580)
Provision for doubtful debts					(89,344,242)	(667,319)	(90,011,561)
General and administrative expenses					2,655,025	4,803,997	7,459,022
Investment income					2,410,991	-	2,410,991
Other income						-	-
Net income for the period before attribution and zakat and income tax							28,781,774

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

13. Operating Segments (continued)

	<i>Motor</i>	<i>Medical</i>	<i>Property and Casualty</i>	<i>Protection and Saving</i>	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
For the three month period ended							
September 30, 2019 (Unaudited)							
Gross written premiums – retail	17,686,647	-	615,260	21,852,068	40,153,975	-	40,153,975
Gross written premiums – corporate	33,835,807	54,269,018	37,187,154	347,011	125,638,990	-	125,638,990
Gross written premiums – very small entities	-	12,266	-	-	12,266	-	12,266
Gross written premiums – small entities	-	74,922	-	-	74,922	-	74,922
Gross written premiums – medium entities	-	524,992	-	-	524,992	-	524,992
Reinsurance premiums ceded	-	(27,925,096)	(31,088,193)	(481,759)	(59,495,048)	-	(59,495,048)
Excess of loss expenses	(828,994)	-	(181,274)	-	(1,010,268)	-	(1,010,268)
Fee income from unit linked investments				295,835	295,835	-	295,835
Net written premiums	50,693,460	26,956,102	6,532,947	22,013,155	106,195,664	-	106,195,664
Changes in unearned premiums, net	67,244,756	(5,518,144)	6,255,430	2,159,781	70,141,823	-	70,141,823
Net premiums earned	117,938,216	21,437,958	12,788,377	24,172,936	176,337,487	-	176,337,487
Reinsurance commissions	5,379	-	4,008,712	274,728	4,288,819	-	4,288,819
Net claims and other benefits paid	(90,623,516)	(18,352,166)	(2,098,248)	(29,247,700)	(140,321,630)	-	(140,321,630)
Changes in outstanding claims, net	(5,968,524)	10,350,007	1,350,065	(816,409)	4,915,139	-	4,915,139
Changes in premium deficiency reserve	-	439,765	-	591,718	1,031,483	-	1,031,483
Changes in additional premium reserve	-	-	(191,600)	-	(191,600)	-	(191,600)
Changes in claims incurred but not reported, net	5,171,650	(8,261,781)	12,592	257,292	(2,820,247)	-	(2,820,247)
Change in unit linked liabilities	-	-	-	9,368,672	9,368,672	-	9,368,672
Unrealised gain on unit linked investments	-	-	-	(1,210,233)	(1,210,233)	-	(1,210,233)
Policy acquisition costs	(8,731,951)	(963,758)	(1,075,806)	(272,003)	(11,043,518)	-	(11,043,518)
Inspection and supervision fees					(1,381,191)	-	(1,381,191)
Net underwriting income					38,973,181	-	38,973,181
Unallocated					(2,190,228)	-	(2,190,228)
Provision for doubtful debts					(30,108,529)	-	(30,108,529)
General and administrative expenses					888,759	1,584,876	2,473,635
Investment income					218,688	-	218,688
Other income					-	-	-
Net income for the period before attribution and zakat and income tax							9,094,268

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

14. Transactions and balances with related parties and other shareholders

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

	Transactions for the nine month period ended		Balance as at	
	September 30, 2020	September 30, 2019	September 30, 2020	December 31, 2019
	SR	SR	SR	SR
<u>Entities controlled, jointly controlled or significantly influenced by related parties Major shareholders</u>				
- Insurance premium ceded	13,522,838	132,400,211		
- Reinsurers' share of claims paid	10,403,516	40,105,447		
- Commission income	267,849	5,743,315		
- Third party administrator expenses	2,373,858	7,412,374		
- Accrued third party administrator			6,231,252	6,436,659
- Reinsurance balance payable, net			114,651,122	84,824,961
- Investments in equity of Saudi NextCare			800,000	800,000
<u>- Other Shareholders (other than related party)</u>				
- Insurance premium written	8,791,908	135,791,272		
- Claims paid	12,145,200	26,675,346		
- Commission expense	486,496	1,474,055		
- Premium receivable			51,302,988	16,988,438
- Outstanding claims			30,574,046	33,834,830
- Cash and cash equivalents			311,566,372	104,403,157
Unit linked investments managed by shareholders (including receivable for unit linked investments)			540,102,878	545,163,723

Related parties include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, Allianz France, Allianz Global Corporate and Specialty AG, Allianz World Wide Care, Allianz Global risks U.S Insurance, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand and Saudi NextCare,

Other shareholders include Banque Saudi Fransi and its Group Companies which are not the related parties.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, and the Chief Financial Officer of the Company.

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

September 30, 2020	BOD members	Top executives
	SR	SR
Salaries and compensation	-	7,169,397
Allowances	261,000	13,500
Annual remuneration	765,000	90,000
End of service obligations	-	320,156
	1,026,000	7,593,053

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

14. Transactions and balances with related parties and other shareholders (continued)

September 30, 2019	BOD members SR	Top executives SR
Salaries and compensation	-	5,857,903
Allowances	130,500	-
Annual remuneration	675,000	-
End of service obligations	-	322,848
	805,500	6,180,751

15. Zakat and income tax

A summary of the Company's share capital and percentages of ownership are as follows:

	September 30, 2020		December 31, 2019	
	SR	%	SR	%
Saudi and GCC Shareholders	281,460,000	46.91%	93,820,000	46.91%
Non-Saudi Shareholders	318,540,000	53.09%	106,180,000	53.09%
	600,000,000	100%	200,000,000	100%

As at 30 September 2020, the authorized, issued and fully paid-in share capital of the Company consists of 60 million shares of SR 10 each and as at December 31, 2019 the authorized, issued and fully paid-in share capital of the Company consists of 20 million shares of SR 10 each. The Company's zakat and income tax calculations and corresponding accruals and payments of zakat and income tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian zakat and income tax regulations.

Impact of adopting IAS - 12

As at 1 January 2019:

Financial statement impacted	Account	SR		
		As previously stated as at January 01, 2019	Effect of restatement	As restated as at January 01, 2019
Statement of changes in equity	Impact of adopting IAS 12	-	9,350,189	9,350,189

The zakat and income tax provision as at the period / year end is as follows:

SR	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Provision for zakat	9,135,519	24,451,612
Provision for income tax	3,980,577	3,980,577
	13,116,096	28,432,189

The zakat and income tax charge for the nine month period is as follows:

SR	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Zakat for the nine month period	4,381,259	3,261,030
Income tax for the nine month period		
- Current tax	-	3,492,377
- Deferred tax	(664,553)	(342,732)
	3,716,706	6,410,675

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

For the three-month and nine-month periods ended September 30, 2020

15. Zakat and income tax (continued)

The zakat and income tax charge for the three month period is as follows:

SR	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Zakat for the three month period	2,222,552	1,161,512
Income tax for the three month period		
- Current tax	-	1,180,248
- Deferred tax	(174,476)	(157,240)
	2,048,076	2,184,520

Status of assessments

The Company has filed zakat and income tax declarations for the years ended December 31, 2008 to December 31, 2019. For the years from 2008 to 2013, the company has settled the amount of SR 9.6 million in relation to the assessment raised by GAZT that was paid by the provision created against the assessment for those years. The final zakat and tax assessments for the year 2014 has been issued by GAZT and the assessments for the years 2015 to 2019 are still outstanding. The Company has filed appeals against the General Authority for Zakat and Tax ("GAZT") assessments of additional zakat and income tax arising from disallowance of long-term investments from zakat base for the year 2014, disallowance of the carried forward losses, not deducting the amount of income tax paid from the assessment, and the calculation of delay fine. In result of the final assessments for the year 2014 GAZT has requested additional zakat and income tax amounting to SR 6.2 million. The Company has accounted for the additional zakat and income tax provision in the financial statements, however has not paid the same. The finalisation of the assessment is not expected to have material impact on the interim condensed financial statements.

Prepaid expenses and other assets include payment made by the Company in relation to VAT assessment raised by General Authority of Zakat and Tax ("GAZT") for 2018 and 2019 financial years amounting to Saudi Riyals SR 45.9 million. The payments were made to GAZT to avoid penalties. However, subsequent to period end, the Company has submitted objections to the GAZT assessment. The Company's management believes that there is strong basis that the assessment raised by the GAZT will be reversed and the full amount will be reclaimed in due course.

16. Share capital and loss per share**16.1 Share capital**

The authorised and issued share capital of the Company is SR 600 million divided into 60 million shares of SR 10 each (December 31, 2019: SR 200 million divided into 20 million shares of SR 10 each). The founding shareholders of the Company have subscribed and paid for 13 million shares with a nominal value of SR 10 each, which represents 65% of the shares of the Company's capital and the remaining 7 million shares with a nominal value of SR 10 each have been subscribed by general public.

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

	September 30, 2020	
	Number of Shares	Authorized, issued and paid up capital SR
Allianz Europe BV	11.10 Million	111 Million
Allianz France International	9.75 Million	97.5 Million
Allianz Mena Holding Bermuda	9.75 Million	97.5 Million
Banque Saudi Fransi	8.40 Million	84 Million
Public	21.00 Million	210 Million
	60 Million	600 Million

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)**

For the three-month and nine-month periods ended September 30, 2020

16. Share capital and loss per share (continued)**16.1 Share capital (continued)**

	December 31, 2019	
	Number of Shares	Authorized, issued and paid up capital
	SR	
Allianz Europe BV	3.70 Million	37 Million
Allianz France International	3.25 Million	32.5 Million
Allianz Mena Holding Bermuda	3.25 Million	32.5 Million
Banque Saudi Fransi	2.80 Million	28 Million
Public	7.00 Million	70 Million
	20 Million	200 Million

During the period the Company has increased its share capital through right issue by SR 400 million consist of two shares for every one share held. Such right issue has been approved by the regulatory authorities and the extraordinary general assembly of the Company and the current paid up capital of the Company is SR 600 million. The Company has incurred transaction cost of SR 6.4 million in respect of increase in share capital, which has been charged directly to the Statement of Changes in Equity.

16.2 Earning / (Loss) per share

(Loss) / earnings per share has been calculated by dividing the (net loss) / earnings for the period by the weighted average number of shares outstanding at the reported date. The weighted average number of shares have been retrospectively adjusted for all the prior periods to reflect the bonus element of the right issue as required by IAS 33 "Earning per share". The weighted average number of ordinary share for prior period is computed using an adjustment factor of 1.75 which a ratio of theoretical ex-right price of 15.98 and the closing price per share of SR 27.95 before the right issue.

	For the three month period ended	
	September 30, 2020	September 30, 2019 (Restated)
(Loss) / income for the period	(12,350,655)	6,131,561
Weighted average number of shares	59,455,955	34,973,931
(Loss) / earnings for the period	(0.21)	0.18

	For the nine month period ended	
	September 30, 2020	September 30, 2019 (Restated)
(Loss) / income for the period	(18,597,501)	19,906,589
Weighted average number of shares	43,194,173	34,973,931
(Loss) / earnings for the period	(0.43)	0.57

17. Risk Management**Capital Management**

Objectives are set by the Company to maintain stable capital ratios in order to support its business objectives and maximise 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.

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. Such regulations not only prescribe approval and monitoring of activities but also impose certain

17. Risk Management (continued)

restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, 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 200 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company's management, through various scenario analysis as required by the regulator, has assessed the potential of the Covid-19 pandemic by performing stress testing for various variables like: gross premium growth, increase in employee cost, YTD loss ratio, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratio and solvency ratio. The Company's management has concluded that based on the stress testing performed the solvency margin of the Company has not been reduced below the minimum required margins. As with any forecasts, the projections and likelihoods of occurrence are underpinned by significant judgements and uncertainties and, therefore, the actual outcomes may be different to those projected. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

The Company has fully complied with the externally imposed capital requirements during the reported financial year.

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 the following sectors being impacted significantly by the Covid-19 pandemic and lower oil prices:

- Foods
- Airlines
- Freight companies
- Hotels
- Retail
- Construction
- Entertainment
- Tourism

Liquidity risk management

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

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

18. Supplementary information
a) Interim statements of financial position

	SR					
	<i>September 30, 2020</i>			<i>December 31, 2019</i>		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	201,711,234	115,782,045	317,493,279	87,046,426	61,819,191	148,865,617
Prepaid expenses and other assets	103,828,580	9,121,254	112,949,834	69,793,539	2,696,665	72,490,204
Premiums receivable, net	443,356,557	-	443,356,557	420,586,277	-	420,586,277
Reinsurers' balance receivable, net	84,254,843	-	84,254,843	70,535,901	-	70,535,901
Reinsurers' share of outstanding claims	406,466,136	-	406,466,136	432,328,207	-	432,328,207
Reinsurers' share of claims incurred but not reported	48,544,853	-	48,544,853	43,298,714	-	43,298,714
Reinsurers' share of unearned premiums	131,699,740	-	131,699,740	152,377,585	-	152,377,585
Deferred policy acquisition costs	15,729,556	-	15,729,556	26,919,550	-	26,919,550
Right-of-use assets	4,432,196	-	4,432,196	6,776,228	-	6,776,228
Financial assets at fair value through statement of income (unit linked investments)	540,102,878	-	540,102,878	538,113,858	-	538,113,858
Available for sale investments	145,529,498	270,613,407	416,142,905	141,316,089	244,163,411	385,479,500
Deferred tax assets, net	-	11,221,175	11,221,175	-	6,961,507	6,961,507
Property and equipment	8,318,151	-	8,318,151	8,018,780	-	8,018,780
Statutory deposit	-	60,000,000	60,000,000	-	20,000,000	20,000,000
Accrued income on statutory deposit	-	1,572,445	1,572,445	-	1,485,295	1,485,295
Due to/from insurance operation/shareholders operation*	(258,919,657)	258,919,657	-	(19,970,113)	19,970,113	-
TOTAL ASSETS	1,875,054,565	727,229,983	2,602,284,548	1,977,141,041	357,096,182	2,334,237,223
LIABILITIES						
Accrued and other liabilities	159,206,174	457,819	159,663,993	150,041,674	443,891	150,485,565
Surplus distribution payable	15,206,850	-	15,206,850	15,687,466	-	15,687,466
Reinsurers' balances payable	223,071,599	-	223,071,599	195,599,123	-	195,599,123
Unearned premiums	304,370,417	-	304,370,417	408,698,330	-	408,698,330
Unearned reinsurance commission	3,803,166	-	3,803,166	7,347,773	-	7,347,773
Outstanding claims	480,037,355	-	480,037,355	533,066,753	-	533,066,753
Claims incurred but not reported	113,802,257	-	113,802,257	87,780,442	-	87,780,442
Lease liabilities	3,780,149	-	3,780,149	5,784,231	-	5,784,231
Premium deficiency reserve	15,181,866	-	15,181,866	11,731,333	-	11,731,333
Additional premium reserves	3,638,875	-	3,638,875	1,369,320	-	1,369,320
Unit linked liabilities	520,498,876	-	520,498,876	535,415,117	-	535,415,117
End-of-service obligations	20,279,804	-	20,279,804	16,847,898	-	16,847,898
Zakat and income tax	-	13,116,096	13,116,096	-	28,432,189	28,432,189
Accrued income payable to SAMA	-	1,572,445	1,572,445	-	1,485,295	1,485,295
TOTAL LIABILITIES	1,862,877,388	15,146,360	1,878,023,748	1,969,369,460	30,361,375	1,999,730,835
EQUITY						
Share capital	-	600,000,000	600,000,000	-	200,000,000	200,000,000
Share premium	-	16,310,624	16,310,624	-	22,711,315	22,711,315
Statutory reserve	-	20,743,607	20,743,607	-	20,743,607	20,743,607
Retained earnings	-	56,426,876	56,426,876	-	75,024,377	75,024,377
Actuarial reserve for end-of-service obligations	3,828,488	-	3,828,488	3,828,488	-	3,828,488
Fair value reserve on investments	8,348,689	18,602,516	26,951,205	3,943,093	8,255,508	12,198,601
TOTAL EQUITY	12,177,177	712,083,623	724,260,800	7,771,581	326,734,807	334,506,388
TOTAL LIABILITIES AND EQUITY	1,875,054,565	727,229,983	2,602,284,548	1,977,141,041	357,096,182	2,334,237,223

* This item is not included in the interim statement of financial position.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

18. Supplementary information (continued)
b) Interim statement of income

	<i>SR</i>					
	<i>For the nine-month period ended</i>					
	<i>September 30, 2020</i>			<i>September 30, 2019</i>		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
REVENUES						
Gross premiums written	531,838,456	-	531,838,456	813,717,206	-	813,717,206
Reinsurance premiums ceded abroad	(199,481,049)	-	(199,481,049)	(255,763,020)	-	(255,763,020)
Reinsurance premiums ceded locally	(1,280,621)	-	(1,280,621)	(4,370,017)	-	(4,370,017)
Excess of loss expenses	(14,363,935)	-	(14,363,935)	(4,041,069)	-	(4,041,069)
Fee income from unit linked investments	910,785	-	910,785	872,180	-	872,180
Net premiums written	317,623,636	-	317,623,636	550,415,280	-	550,415,280
Changes in unearned premiums	104,327,913	-	104,327,913	(86,171,708)	-	(86,171,708)
Changes in reinsurers' share of unearned premiums	(20,677,845)	-	(20,677,845)	36,780,016	-	36,780,016
Net premiums earned	401,273,704	-	401,273,704	501,023,588	-	501,023,588
Reinsurance commissions	7,653,958	-	7,653,958	11,918,374	-	11,918,374
NET REVENUES	408,927,662	-	408,927,662	512,941,962	-	512,941,962
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(327,436,687)	-	(327,436,687)	(369,690,544)	-	(369,690,544)
Surrenders and maturities	(83,837,923)	-	(83,837,923)	(109,562,404)	-	(109,562,404)
Expenses incurred related to claims	(16,899,013)	-	(16,899,013)	(22,176,013)	-	(22,176,013)
Reinsurers' share of claims paid	116,954,661	-	116,954,661	109,293,109	-	109,293,109
Net claims and other benefits paid	(311,218,962)	-	(311,218,962)	(392,135,852)	-	(392,135,852)
Changes in outstanding claims	53,029,398	-	53,029,398	(127,072,329)	-	(127,072,329)
Changes in reinsurers' share of outstanding claims	(25,862,071)	-	(25,862,071)	109,181,805	-	109,181,805
Change in premium deficiency reserves	(3,450,533)	-	(3,450,533)	(2,570,107)	-	(2,570,107)
Changes in additional premium reserves	(2,269,555)	-	(2,269,555)	(395,866)	-	(395,866)
Changes in claims incurred but not Reported	(26,021,815)	-	(26,021,815)	16,641,257	-	16,641,257
Changes in reinsurers' share of claim incurred but not reported	5,246,139	-	5,246,139	5,977,436	-	5,977,436
Net claims and other benefits incurred	(310,547,399)	-	(310,547,399)	(390,373,656)	-	(390,373,656)
Changes in unit linked liabilities	14,916,241	-	14,916,241	24,473,841	-	24,473,841
Unrealised gain on unit linked investments	8,505,425	-	8,505,425	12,876,524	-	12,876,524
Policy acquisition costs	(42,961,247)	-	(42,961,247)	(43,203,862)	-	(43,203,862)
Inspection and supervision fees	(4,069,890)	-	(4,069,890)	(5,781,907)	-	(5,781,907)
TOTAL UNDERWRITING COSTS AND EXPENSES	(334,156,870)	-	(334,156,870)	(402,009,060)	-	(402,009,060)
NET UNDERWRITING INCOME	74,770,792	-	74,770,792	110,932,902	-	110,932,902
OTHER (EXPENSES) / INCOME						
Provision for doubtful debts	(2,304,908)	-	(2,304,908)	(2,009,580)	-	(2,009,580)
General and administrative expenses	(99,662,869)	(794,177)	(100,457,046)	(89,344,242)	(667,319)	(90,011,561)
Investment income	2,925,287	5,688,404	8,613,691	2,655,025	4,803,997	7,459,022
Other income	4,496,676	-	4,496,676	2,410,991	-	2,410,991
TOTAL OTHER EXPENSES	(94,545,814)	4,894,227	(89,651,587)	(86,287,806)	4,136,678	(82,151,128)
Net (loss) / income for the period before attribution and zakat and income tax	(19,775,022)	4,894,227	(14,880,795)	24,645,096	4,136,678	28,781,774
Net (deficit) / surplus transferred to shareholders' Operation	19,775,022	(19,775,022)	-	(22,180,586)	22,180,586	-
Net (loss) / income for the period after shareholders' appropriations	-	(14,880,795)	(14,880,795)	2,464,510	26,317,264	28,781,774
Zakat charge for the period	-	(4,381,259)	(4,381,259)	-	(3,261,030)	(3,261,030)
Income tax credit / (charge) for the period, net	-	664,553	664,553	-	(3,149,645)	(3,149,645)
Net (loss) / income attributable to the shareholders after zakat and income tax	-	(18,597,501)	(18,597,501)	2,464,510	19,906,589	22,371,099

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

18. Supplementary information (continued)
b) Interim statement of income (continued)

	<i>SR</i>					
	<i>For the three-month period ended</i>					
	<i>September 30, 2020</i>			<i>September 30, 2019</i>		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
REVENUES						
Gross premiums written	113,803,412	-	113,803,412	166,405,145	-	166,405,145
Reinsurance premiums ceded abroad	(33,176,898)	-	(33,176,898)	(58,487,111)	-	(58,487,111)
Reinsurance premiums ceded locally	(211,921)	-	(211,921)	(1,007,937)	-	(1,007,937)
Excess of loss expenses	(4,787,979)	-	(4,787,979)	(1,010,268)	-	(1,010,268)
Fee income from unit linked investments	316,270	-	316,270	295,835	-	295,835
Net premiums written	75,942,884	-	75,942,884	106,195,664	-	106,195,664
Changes in unearned premiums	70,456,953	-	70,456,953	91,464,200	-	91,464,200
Changes in reinsurers' share of unearned Premiums	(29,872,361)	-	(29,872,361)	(21,322,377)	-	(21,322,377)
Net premiums earned	116,527,476	-	116,527,476	176,337,487	-	176,337,487
Reinsurance commissions	(545,089)	-	(545,089)	4,288,819	-	4,288,819
NET REVENUES	115,982,387	-	115,982,387	180,626,306	-	180,626,306
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(122,862,597)	-	(122,862,597)	(139,615,903)	-	(139,615,903)
Surrenders and maturities	(22,233,334)	-	(22,233,334)	(30,764,566)	-	(30,764,566)
Expenses incurred related to claims	(5,043,545)	-	(5,043,545)	(7,442,907)	-	(7,442,907)
Reinsurers' share of claims paid	55,196,278	-	55,196,278	37,501,746	-	37,501,746
Net claims and other benefits paid	(94,943,198)	-	(94,943,198)	(140,321,630)	-	(140,321,630)
Changes in outstanding claims	35,415,333	-	35,415,333	(12,825,007)	-	(12,825,007)
Changes in reinsurers' share of outstanding claims	(32,164,854)	-	(32,164,854)	17,740,147	-	17,740,147
Change in premium deficiency reserves	2,073,841	-	2,073,841	1,031,483	-	1,031,483
Changes in additional premium reserves	(723,767)	-	(723,767)	(191,600)	-	(191,600)
Changes in claims incurred but not Reported	3,447,217	-	3,447,217	(12,638,498)	-	(12,638,498)
Changes in reinsurers' share of claim incurred but not reported	(4,601,413)	-	(4,601,413)	9,818,251	-	9,818,251
Net claims and other benefits incurred	(91,496,841)	-	(91,496,841)	(137,386,855)	-	(137,386,855)
Changes in unit linked liabilities	(3,935,113)	-	(3,935,113)	9,368,672	-	9,368,672
Unrealised gain / (loss) on unit linked investments	10,677,945	-	10,677,945	(1,210,233)	-	(1,210,233)
Policy acquisition costs	(11,544,003)	-	(11,544,003)	(11,043,518)	-	(11,043,518)
Inspection and supervision fees	(906,726)	-	(906,726)	(1,381,191)	-	(1,381,191)
TOTAL UNDERWRITING COSTS AND EXPENSES	(97,204,738)	-	(97,204,738)	(141,653,125)	-	(141,653,125)
NET UNDERWRITING INCOME	18,777,649	-	18,777,649	38,973,181	-	38,973,181
OTHER (EXPENSES) / INCOME						
Provision for doubtful debts	(882,524)	-	(882,524)	(2,190,228)	-	(2,190,228)
General and administrative expenses	(31,269,879)	(256,119)	(31,525,998)	(30,108,529)	(272,479)	(30,381,008)
Investment income	883,231	1,999,811	2,883,042	888,759	1,584,876	2,473,635
Other income	445,252	-	445,252	218,688	-	218,688
TOTAL OTHER EXPENSES	(30,823,920)	1,743,692	(29,080,228)	(31,191,310)	1,312,397	(29,878,913)
Net income for the period before attribution and zakat and income tax	(12,046,271)	1,743,692	(10,302,579)	7,781,871	1,312,397	9,094,268
Net surplus / (defecit) transferred to shareholders' Operation	12,046,271	(12,046,271)	-	(7,003,684)	7,003,684	-
Net income for the period after shareholders' appropriations	-	(10,302,579)	(10,302,579)	778,187	8,316,081	9,094,268
Zakat charge for the period	-	(2,222,552)	(2,222,552)	-	(1,161,512)	(1,161,512)
Income tax credit / (charge) for the period, net	-	174,476	174,476	-	(1,023,008)	(1,023,008)
Net (loss) / income attributable to the shareholders after zakat and income tax	-	(12,350,655)	(12,350,655)	778,187	6,131,561	6,909,748

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

18. Supplementary information (continued)

c) Interim statement of comprehensive income

	SR					
	For the nine-month period ended					
	<i>September 30, 2020</i>			<i>September 30, 2019</i>		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
Net (loss) / income for the period after zakat and income tax	-	(18,597,501)	(18,597,501)	2,464,510	19,906,589	22,371,099
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to statements of income in subsequent periods</i>						
Available for sale investments:						
- Net change in fair value	4,405,596	6,751,893	11,157,489	8,229,737	15,388,680	23,618,417
- Deferred tax relating to change in fair value	4,311,991	(716,876)	3,595,115	(873,784)	(1,633,878)	(2,507,662)
Total comprehensive income for the period	8,717,587	(12,562,484)	(3,844,897)	9,820,463	33,661,391	43,481,854
Reconciliation:						
Less: Net income attributable to insurance Operations				-		(2,464,510)
Total comprehensive income for the period attributable to the shareholders			(3,844,897)			41,017,344

	SR					
	For the three-month period ended					
	<i>September 30, 2020</i>			<i>September 30, 2019</i>		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
Net (loss) / income for the period after zakat and income tax	-	(12,350,655)	(12,350,655)	778,187	6,131,561	6,909,748
Other comprehensive income / (loss)						
<i>Items that are or may be reclassified to statements of income in subsequent periods</i>						
Available for sale investments:						
- Net change in fair value	1,194,753	2,234,428	3,429,181	1,496,014	2,633,968	4,129,982
- Deferred tax relating to change in fair value	601,788	(237,698)	364,090	(158,838)	(279,659)	(438,497)
Total comprehensive income for the period	1,796,541	(10,353,925)	(8,557,384)	2,115,363	8,485,870	10,601,233
Reconciliation:						
Less: Net income attributable to insurance Operations				-		(778,187)
Total comprehensive income for the period attributable to the shareholders			(8,557,384)			9,823,046

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month and nine-month periods ended September 30, 2020

18. Supplementary information (continued)
d) Interim statement of cash flows

	SR					
	<i>For the nine-month period ended</i>					
	<i>September 30, 2020</i>				<i>September 30, 2019</i>	
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss) / income for the period before attribution and zakat and income tax	-	(14,880,795)	(14,880,795)	2,464,510	26,317,264	28,781,774
Adjustments for non-cash items and other items:						
Depreciation of property and equipment	2,112,659	-	2,112,659	417,577	-	417,577
Amortisation of Right-of-use assets	2,344,032	-	2,344,032	(7,551,498)	-	(7,551,498)
Amortisation of investments premium	192,187	301,897	494,084	199,461	240,504	439,965
Reversal of doubtful reinsurance receivables	(127,202)	-	(127,202)	(657,139)	-	(657,139)
Gain on sale of property and equipment	-	-	-	(33,075)	-	(33,075)
Provision for doubtful receivables and write-offs	1,860,647	-	1,860,647	2,634,110	-	2,634,110
Provision for end-of-service obligations	3,595,982	-	3,595,982	3,107,505	-	3,107,505
Unrealised gain on unit linked investments	(8,505,425)	-	(8,505,425)	(12,876,524)	-	(12,876,524)
Finance cost on lease liabilities	357,705	-	357,705	231,120	-	231,120
Shareholders' appropriation from insurance operations' surplus*	(19,775,022)	19,775,022	-	22,180,586	(22,180,586)	-
	(17,944,437)	5,196,124	(12,748,313)	10,116,633	4,377,182	14,493,815
Changes in operating assets and liabilities:						
Reinsurers' balance receivable	(13,591,740)	-	(13,591,740)	(4,590,250)	-	(4,590,250)
Premium receivable	(24,630,927)	-	(24,630,927)	(46,860,119)	-	(46,860,119)
Reinsurers' share of unearned premiums	20,677,845	-	20,677,845	(36,780,016)	-	(36,780,016)
Reinsurers' share of outstanding claims	25,862,071	-	25,862,071	(111,527,883)	-	(111,527,883)
Reinsurers' share of claims incurred but not reported	(5,246,139)	-	(5,246,139)	(3,631,358)	-	(3,631,358)
Deferred policy acquisition costs	11,189,994	-	11,189,994	(6,849,307)	-	(6,849,307)
Unit linked investments	6,516,405	-	6,516,405	34,122,432	-	34,122,432
Prepaid expenses and other assets	(34,035,041)	(6,424,589)	(40,459,630)	(15,188,810)	(5,647,782)	(20,836,592)
Accrued and other liabilities	9,164,500	13,928	9,178,428	22,932,735	23,699	22,956,434
Reinsurers' balances payable	27,472,476	-	27,472,476	122,803,823	-	122,803,823
Unearned premiums	(104,327,913)	-	(104,327,913)	86,171,708	-	86,171,708
Unearned reinsurance commission	(3,544,607)	-	(3,544,607)	(2,115,488)	-	(2,115,488)
Lease liabilities	-	-	-	8,345,419	-	8,345,419
Unit linked liabilities	(14,916,241)	-	(14,916,241)	(24,473,841)	-	(24,473,841)
Outstanding claims	(53,029,398)	-	(53,029,398)	131,658,942	-	131,658,942
Claims incurred but not reported	26,021,815	-	26,021,815	(21,227,870)	-	(21,227,870)
Premium deficiency reserves	3,450,533	-	3,450,533	2,570,107	-	2,570,107
Additional premium reserves	2,269,555	-	2,269,555	395,866	-	395,866
	(138,641,249)	(1,214,537)	(139,855,786)	145,872,723	(1,246,901)	144,625,822
End-of-service obligations paid	(164,076)	-	(164,076)	(1,199,278)	-	(1,199,278)
Lease rental paid	(2,361,787)	-	(2,361,787)	(2,801,707)	-	(2,801,707)
Surplus paid to policyholders	(480,616)	-	(480,616)	(594,949)	-	(594,949)
Zakat and income tax paid	-	(19,697,352)	(19,697,352)	-	(4,635,822)	(4,635,822)
Net cash (used in) / generated from operating activities	(141,647,728)	(20,911,889)	(162,559,617)	141,276,789	(5,882,723)	135,394,066
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions in available for sale investments	-	(20,000,000)	(20,000,000)	-	(30,652,614)	(30,652,614)
Proceed from sale of available for sale investments	-	-	-	5,000,000	18,687,500	23,687,500
Proceeds from sale of property and equipment	-	-	-	33,075	-	33,075
Payment for purchase of property and equipment	(2,412,030)	-	(2,412,030)	(3,094,740)	-	(3,094,740)
Net cash (used in) / generated from investing activities	(2,412,030)	(20,000,000)	(22,412,030)	1,938,335	(11,965,114)	(10,026,779)
CASH FLOWS FROM FINANCING ACTIVITY						
Due from / to (insurance operations / shareholder operations)*	258,724,566	(258,724,566)	-	(92,134,934)	92,134,934	-
Increase in statutory deposit	-	(40,000,000)	(40,000,000)	-	-	-
Transaction cost related to increase in share capital	-	(6,400,691)	(6,400,691)	-	-	-
Increase in share capital	-	400,000,000	400,000,000	-	-	-
Net cash used in financing activity	258,724,566	94,874,743	353,599,309	(92,134,934)	92,134,934	-
Net change in cash and cash equivalents	114,664,808	53,962,854	168,627,662	51,080,190	74,287,097	125,367,287
Cash and cash equivalents at the beginning of the period	87,046,426	61,819,191	148,865,617	47,722,503	45,412,035	93,134,538
Cash and cash equivalents at the end of the Period	201,711,234	115,782,045	317,493,279	98,802,693	119,699,132	218,501,825
NON-CASH INFORMATION:						
Change in fair value of available for sale investment	(4,405,596)	(6,751,893)	(11,157,489)	(8,229,737)	(15,388,680)	(23,618,417)
Deferred income tax	(4,311,991)	716,876	(3,595,115)	873,784	1,633,878	2,507,662

* These items are not included in the interim statement of cash flows

For the three-month and nine-month periods ended September 30, 2020

19. Comparative figures

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

20. Approval of the interim condensed financial statements

The interim condensed financial statements have been approved by the Company's Board of Directors on November 3, 2020 (corresponding to 17 Rabi' Al Awwal 1442H).