

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

**INTERIM CONDENSED FINANCIAL  
INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2020 (UNAUDITED)  
AND REPORT ON REVIEW OF INTERIM  
FINANCIAL INFORMATION**

**AXA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

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## Report on review of interim financial information

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

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of AXA Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of 31 March 2020 and the related interim condensed statements of income, comprehensive income, changes in equity, and cash flows for the period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

### Scope of review

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

### Conclusion

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

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8 June 2020



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

	Note	31 March 2020	31 December 2019
<b>Assets</b>			
Cash and cash equivalents	4	255,021	234,840
Short-term deposits		645,129	613,521
Premiums and reinsurers' balances receivable - net	5	297,487	190,435
Reinsurers' share of unearned premiums	7	23,393	19,261
Reinsurers' share of outstanding claims	7	78,148	84,450
Reinsurers' share of claims incurred but not reported and other reserves	7	69,766	50,577
Deferred policy acquisition costs		44,096	29,665
Investments	6	816,446	806,081
Prepaid expenses and other assets		21,934	17,188
Long-term deposits		238,119	235,721
Right-of-use assets	8	25,104	26,004
Property and equipment		18,611	10,980
Intangible assets		11,141	12,151
Due from shareholders' / insurance operations		57,412	86,815
Goodwill	19	50,000	50,000
Statutory deposit	14	50,000	45,000
Accrued income on statutory deposit		5,228	4,450
<b>Total assets</b>		<b>2,707,035</b>	<b>2,517,139</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Claims payable, accrued expenses and other liabilities		106,991	113,002
Surplus distribution payable		19,490	20,091
Reinsurers' balances payable		35,445	27,294
Advance premiums		23,984	31,189
Unearned premiums	7	657,567	459,190
Unearned reinsurance commission		4,255	3,511
Outstanding claims	7	258,124	260,004
Claims incurred but not reported and other reserves	7	728,985	700,963
Lease liabilities	8	24,451	24,265
Due to a related party	12	4,246	2,616
Employee benefit obligations		30,557	30,622
Zakat and income tax		49,359	43,315
Due to shareholders' / insurance operations		57,412	86,815
Accrued income payable to SAMA		5,228	4,450
<b>Total liabilities</b>		<b>2,006,094</b>	<b>1,807,327</b>

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**AXA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION** (Continued)  
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	31 March 2020	31 December 2019
<b>Equity</b>			
Share capital	17	500,000	500,000
Statutory reserve	15	55,152	49,298
Performance share reserve	16	1,736	1,489
Retained earnings		162,499	139,083
Fair value reserve on investments		(18,446)	19,942
<b>Total equity</b>		<b>700,941</b>	<b>709,812</b>
<b>Total liabilities and equity</b>		<b>2,707,035</b>	<b>2,517,139</b>

The accompanying notes from 1 to 23 form an integral part of this interim condensed financial information.



Paul Adamson  
 Managing Director



Gary Lewin  
 Chief Executive Officer



Babar Ali Khan  
 Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended 31 March 2020	Three-month period ended 31 March 2019 Restated (Note 2)
<b>Revenues</b>			
Gross premiums written			
- Direct		544,232	543,051
- Reinsurance		34	1,580
		<u>544,266</u>	<u>544,631</u>
Reinsurance premiums ceded:			
- Foreign		(32,159)	(15,453)
- Local		(1,055)	(407)
		<u>(33,214)</u>	<u>(15,860)</u>
<b>Net premiums written</b>	7	<b>511,052</b>	528,771
Changes in unearned premiums		(198,377)	(221,058)
Changes in reinsurers' share of unearned premiums		4,132	(4,503)
<b>Net premiums earned</b>	7	<b>316,807</b>	303,210
Reinsurance commissions		3,205	2,799
<b>Total revenues</b>		<b><u>320,012</u></b>	<u>306,009</u>
<b>Underwriting costs and expenses</b>			
Gross claims paid		223,995	210,398
Reinsurers' share of claims paid		(9,706)	(6,655)
<b>Net claims and other benefits paid</b>		<b>214,289</b>	203,743
Changes in outstanding claims		(1,880)	6,098
Changes in reinsurance share of outstanding claims		6,302	238
Changes in claims incurred but not reported and other reserves		28,022	17,138
Changes in reinsurance share of claims incurred but not reported and other reserves		(19,189)	(4,243)
<b>Net claims and other benefits incurred</b>		<b>227,544</b>	222,974
Policy acquisition costs		26,418	22,347
<b>Total underwriting costs and expenses</b>		<b><u>253,962</u></b>	<u>245,321</u>
<b>Net underwriting income</b>		<b><u>66,050</u></b>	<u>60,688</u>
<b>Other operating (expenses) income</b>			
General and administrative expenses		(41,599)	(44,078)
Other income - net		14,384	12,841
<b>Total other operating expenses, net</b>		<b>(27,215)</b>	(31,237)
<b>Total income for the period before surplus attribution, zakat and income tax</b>		<b><u>38,835</u></b>	<u>29,451</u>
Surplus attributed to the insurance operations		(3,521)	(2,618)
<b>Total income for the period before zakat and income tax</b>		<b><u>35,314</u></b>	<u>26,833</u>

(Continued)







**AXA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF INCOME** (continued)  
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	<b>Three-month period ended 31 March 2020</b>	<b>Three-month period ended 31 March 2019 Restated (Note 2)</b>
Zakat expense (Note 2)	<b>(3,319)</b>	(2,921)
Income tax expense (Note 2)	<b>(2,725)</b>	(2,220)
<b>Total income for the period attributable to the shareholders</b>	<b>29,270</b>	21,692
<b>Earnings per share (expressed in Saudi Riyals per share)</b>		
Basic earnings per share	<b>0.59</b>	0.43
Diluted earnings per share	<b>0.59</b>	0.43

The accompanying notes from 1 to 23 form an integral part of this interim condensed financial information.



Paul Adamson  
 Managing Director



Gary Lewin  
 Chief Executive Officer



Babar Ali Khan  
 Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	<b>Three-month period ended 31 March 2020</b>	<b>Three-month period ended 31 March 2019 Restated (Note 2)</b>
<b>Total income for the period attributable to the shareholders</b>	<b>29,270</b>	21,692
<b>Other comprehensive (loss) income:</b>		
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>		
Net change in the fair value of available-for-sale investments	6 <u>(38,388)</u>	<u>13,838</u>
<b>Total comprehensive (loss) income for the period</b>	<u><b>(9,118)</b></u>	<u>35,530</u>

The accompanying notes from 1 to 23 form an integral part of this interim condensed financial information.



Paul Adamson  
 Managing Director



Gary Lewin  
 Chief Executive Officer



Babar Ali Khan  
 Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
<b>Balance as at 1 January 2020</b>		<b>500,000</b>	<b>49,298</b>	<b>1,489</b>	<b>139,083</b>	<b>19,942</b>	<b>709,812</b>
<b>Total comprehensive income for the period</b>							
Total income for the period attributable to the shareholders		-	-	-	29,270	-	29,270
Changes in fair values of available-for-sale investments	6	-	-	-	-	(38,388)	(38,388)
Total comprehensive loss for the period		-	-	-	29,270	(38,388)	(9,118)
Transfer to statutory reserve	15	-	5,854	-	(5,854)	-	-
Performance share reserve	16	-	-	282	-	-	282
Performance share reserve - settlement	16	-	-	(35)	-	-	(35)
<b>Balance as at 31 March 2020</b>		<b>500,000</b>	<b>55,152</b>	<b>1,736</b>	<b>162,499</b>	<b>(18,446)</b>	<b>700,941</b>

The accompanying notes from 1 to 23 form an integral part of this interim condensed financial information.



Paul Adamson  
Managing Director



Gary Lewin  
Chief Executive Officer



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Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Continued)**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

Restated (Note 2)	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
<b>Balance as at 1 January 2019</b>		450,000	31,961	1,323	119,881	(13,283)	589,882
<b>Total comprehensive income for the period</b>							
Total income for the period attributable to the shareholders		-	-	-	21,692	-	21,692
Changes in fair values of available-for-sale investments	6	-	-	-	-	13,838	13,838
Total comprehensive income for the period		-	-	-	21,692	13,838	35,530
Transfer to statutory reserve		-	4,338	-	(4,338)	-	-
Performance share reserve		-	-	81	-	-	81
<b>Balance as at 31 March 2019</b>		450,000	36,299	1,404	137,235	555	625,493

The accompanying notes from 1 to 23 form an integral part of this interim condensed financial information.



Paul Adamson  
 Managing Director



Gary Lewin  
 Chief Executive Officer



Babar Ali Khan  
 Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED STATEMENT OF CASH FLOWS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended 31 March 2020	Three-month period ended 31 March 2019 Restated (Note 2)
<b>Cash flows from operating activities</b>			
Total income before surplus attribution, zakat and income tax		38,835	29,451
<b><u>Adjustments for non-cash items:</u></b>			
Depreciation of property and equipment		1,203	696
Depreciation of right-of-use assets		900	-
Amortization of intangible assets		1,490	1,415
Interest on leases		186	-
Provision (reversal) for doubtful debts	5	1,000	(726)
Accretion of discount on available-for-sale investments	6	(346)	(337)
Amortization of premium on available-for-sale investments	6	79	51
Amortization of premium on held-to-maturity investments	6	4	4
Performance share reserve		282	81
Provision for employee benefit obligations		919	859
<b><u>Changes in operating assets and liabilities:</u></b>			
Premiums and reinsurers' receivable - net		(108,052)	(192,008)
Reinsurers' share of unearned premiums		(4,132)	4,503
Reinsurers' share of outstanding claims		6,302	238
Reinsurers' share of claims incurred but not reported and other reserves		(19,189)	(4,243)
Deferred policy acquisition costs		(14,431)	(15,066)
Prepaid expenses and other assets		(4,746)	(2,132)
Accrued income on statutory deposit		(778)	(321)
Claims payable, accrued expenses and other liabilities		(6,011)	(2,491)
Surplus distribution paid		(4,122)	(280)
Reinsurers' balances payable		8,151	(2,521)
Advance premiums		(7,205)	(2,582)
Unearned premiums		198,377	221,058
Unearned reinsurance commission		744	(1,102)
Outstanding claims		(1,880)	6,098
Claims incurred but not reported and other reserves		28,022	17,138
Due to a related party		1,630	1,712
Employee benefit obligations paid		(984)	(705)
Accrued income payable to SAMA		778	321
<b>Net cash generated from operating activities</b>		<b>117,026</b>	<b>59,111</b>

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*Paul Adams*

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**AXA COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended 31 March 2020	Three-month period ended 31 March 2019 Restated (Note 2)
<b>Cash flows from investing activities</b>			
Placements in short-term deposits		(108,761)	(51,498)
Proceeds from disposals of short-term deposits		77,153	145,298
Placement in statutory deposit		(5,000)	-
Placements in long-term deposits		(22,398)	-
Proceeds from disposals of long-term deposits		20,000	-
Purchases of investments	6	(63,716)	(24,445)
Proceeds from disposals of investments	6	15,226	18,408
Purchases of property and equipment		(8,834)	(127)
Purchases of intangible assets		(480)	-
<b>Net cash (used in) generated from investing activities</b>		<b>(96,810)</b>	<b>87,636</b>
<b>Cash flows from financing activity</b>			
Performance shares reserve - settlement		(35)	-
Net increase in cash and cash equivalents		20,181	146,747
Cash and cash equivalents, beginning of the period		234,840	46,064
<b>Cash and cash equivalents, end of the period</b>	4	<b>255,021</b>	<b>192,811</b>
<b>Supplemental non-cash information:</b>			
Changes in fair value of available-for-sale investments	6	(38,388)	(13,838)

The accompanying notes from 1 to 23 form an integral part of this interim condensed financial information.



Paul Adamson  
Managing Director



Gary Lewin  
Chief Executive Officer



Babar Ali Khan  
Chief Financial Officer

**AXA COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**1 General**

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

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

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

On 9 March 2020, the Company’s Board of Directors (“Board of Directors”) recommended to the Annual General Assembly (“AGM”) to distribute cash dividends of Saudi Riyals 0.70 per share (totalling Saudi Riyals 35.0 million). Such recommendation was withdrawn subsequent to 31 March 2020 by the Board of Directors.

**2 Basis of preparation**

*(a) Basis of presentation*

The interim condensed financial information of the Company has been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”)', as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”).

The interim condensed financial information of the Company as at and for the three-month period ended 31 March 2019 was prepared in accordance with IAS 34, as modified by SAMA for the accounting of zakat and income tax (relating to the application IAS 12, ‘Income Taxes’ and IFRIC 21, ‘Levies’ so far as these relate to zakat and income tax).

During July 2019, SAMA instructed insurance companies in the Kingdom of Saudi Arabia to account for zakat and income taxes in the interim condensed statement of income. This aligns with International Financial Reporting Standards (“IFRS”) and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia and with the other standards and pronouncements that are issued by SOCPA (collectively referred to as “IFRS as endorsed in KSA”).

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors (as disclosed in Note 3.2 and the effects of this change are disclosed in Note 13 (a) to the interim condensed financial information).

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2 Basis of preparation** (continued)

*(a) Basis of presentation* (continued)

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

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

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 39 to 49 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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

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

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2019.

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

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

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

**AXA COOPERATIVE INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2 Basis of preparation** (continued)

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

Refer to Note 23 in relation to SAMA decree 189 issued on 8 May 2020, which the management has considered to be a non-adjusting event, in response to the Covid-19 pandemic.

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

(1) Impact of Covid-19

Health technical reserves

Notwithstanding the current challenges, the Company's management believes that the technical reserves for the Health business remain largely unaffected as the insurance industry is being facilitated by the Saudi Arabian government initiative of providing free healthcare to infected patients. Furthermore, the insurance industry has not experienced high numbers of reported claims in relation to the Covid-19 pandemic during the three-month period ended 31 March 2020. Based on these factors, the Company's management believes that the Covid-19 pandemic has had no material effect on the Company's reported results for the three-month period ended 31 March 2020. The Company continues to monitor the situation closely.

Other financial assets

For held-to-maturity investments and financial assets designated as loans and receivables, the Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. These include factors such as significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization etc. For available-for-sale equity investments, the Company has performed an assessment to determine whether there is a significant decline in the fair value of available-for-sale equity investments to below cost. Based on these assessments, the Company believes that the Covid-19 pandemic has had no material effect on the Company's reported results for the three-month period ended 31 March 2020. The Company continues to monitor the situation closely.

(2) Liability arising from claims under insurance contracts

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

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2 Basis of preparation** (continued)

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

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

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

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

(4) Impairment of available-for-sale investments

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

(c) *Seasonality of operations*

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

**3 Significant accounting policies**

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

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

**IFRS 9, 'Financial Instruments'**

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

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

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**3 Significant accounting policies** (continued)

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

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

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

**IFRS 17, 'Insurance Contracts'**

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

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

**3.2 Changes in accounting policies**

**3.2.1 Change in accounting for zakat and income tax**

As mentioned in Note 2 (a) above, the basis of preparation has been changed for the three-month period ended 31 March 2020 based on the latest instructions from SAMA during July 2019. Previously, zakat and income tax was recognized in the interim condensed statement of changes in equity as per SAMA circular number 381000074519 dated 11 April 2017. As per SAMA instructions in July 2019, the zakat and income tax shall be recognized in the interim condensed statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively (the effects of the above change are disclosed in Note 13 to the interim condensed financial information). The change has resulted in a reduction of reported income of the Company for the three-month period ended 31 March 2019 by Saudi Riyals 5.1 million. The change had no impact on the interim condensed statement of cash flows for the three-month period ended 31 March 2019.

*a) Zakat*

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes.

*b) Income tax*

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, and is charged to the interim condensed statement of income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period the Company operates and generates taxable income.

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**3 Significant accounting policies** (continued)

**3.2 Changes in accounting policies** (continued)

**3.2.1 Change in accounting for zakat and income tax** (continued)

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Additional current income tax, if any, is accounted for when determined to be required for payment.

*c) Deferred tax*

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, and for the carry forward losses in the interim condensed financial information, if any. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

**4 Cash and cash equivalents**

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

	<b>31 March 2020</b>	<b>31 December 2019</b>
Bank balances and cash	<b>124,971</b>	87,437
Deposits maturing within 3 Month from the placement date	<b>130,050</b>	147,403
	<b>255,021</b>	234,840

Cash at banks are placed with counterparties that have investment grade credit ratings. As at 31 March 2020, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 2.00% to 2.50% (31 December 2019: 1.90% to 2.40%) per annum.

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

	<b>31 March 2020</b>	<b>31 December 2019</b>
Policyholders	<b>294,641</b>	177,893
Brokers and agents	<b>7,062</b>	86
Related parties	<b>11,226</b>	22,739
Reinsurers and other insurers	<b>31,095</b>	35,254
	<b>344,024</b>	235,972
Less: Provision for doubtful debts	<b>(46,537)</b>	(45,537)
	<b>297,487</b>	190,435

**Movement in provision for doubtful debts is as follows:**

	<b>31 March 2020</b>	<b>31 December 2019</b>
Balance at the beginning of the period / year	<b>45,537</b>	45,352
Provision for the period / year	<b>1,000</b>	185
Balance at the end of the period / year	<b>46,537</b>	45,537

**6 Investments**

Investments are comprised of the following:

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Insurance operations</b>		
Available-for-sale	<b>484,559</b>	477,511
Held-to-maturity	<b>78,801</b>	78,805
Total	<b>563,360</b>	556,316
<b>Shareholders' operations</b>		
Available-for-sale	<b>193,086</b>	189,765
Held-to-maturity	<b>60,000</b>	60,000
Total	<b>253,086</b>	249,765
<b>Total investments</b>	<b>816,446</b>	806,081

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

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**6 Investments** (continued)

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

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As at 1 January 2020	477,511	189,765	667,276
Purchases	39,679	24,037	63,716
Disposals	(10,702)	(4,524)	(15,226)
Amortization of premium	(55)	(24)	(79)
Accretion of discount	301	45	346
Changes in fair value	(22,175)	(16,213)	(38,388)
As at 31 March 2020	<b>484,559</b>	<b>193,086</b>	<b>677,645</b>
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As of 1 January 2019	415,131	178,264	593,395
Purchases	138,206	50,692	188,898
Disposals	(96,928)	(51,209)	(148,137)
Amortisation of premium	(116)	(56)	(172)
Accretion for the discount	1,177	185	1,362
Impairment	-	(1,295)	(1,295)
Changes in fair value	20,041	13,184	33,225
As at 31 December 2019	<b>477,511</b>	<b>189,765</b>	<b>667,276</b>

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

	<b>Insurance operations</b>		<b>Shareholders' operations</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Opening balance	78,805	78,820	60,000	60,000
Amortization of premium	(4)	(15)	-	-
Closing balance	<b>78,801</b>	<b>78,805</b>	<b>60,000</b>	<b>60,000</b>

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**7 Technical reserves**

**7.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	<b>31 March 2020</b>	<b>31 December 2019</b>
Outstanding claims	<b>317,081</b>	310,627
Less: realizable value of salvage and subrogation	<b>(58,957)</b>	(50,623)
	<b>258,124</b>	260,004
Claims incurred but not reported and other reserves	<b>728,985</b>	700,963
	<b>987,109</b>	960,967
Less:		
- Reinsurers' share of outstanding claims	<b>(78,148)</b>	(84,450)
- Reinsurers' share of claims incurred but not reported and other reserves	<b>(69,766)</b>	(50,577)
	<b>(147,914)</b>	(135,027)
<b>Net outstanding claims and reserves</b>	<b>839,195</b>	825,940

**7.2 Movement in net unearned premiums**

Movement in net unearned premiums comprise of the following:

	<b>31 March 2020</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the period	<b>459,190</b>	<b>(19,261)</b>	<b>439,929</b>
Premium written during the period	<b>544,266</b>	<b>(33,214)</b>	<b>511,052</b>
Premium earned during the period	<b>(345,889)</b>	<b>29,082</b>	<b>(316,807)</b>
Balance as at the end of the period	<b>657,567</b>	<b>(23,393)</b>	<b>634,174</b>
	<b>31 December 2019</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the year	388,193	(18,275)	369,918
Premium written during the year	1,409,777	(88,054)	1,321,723
Premium earned during the year	(1,338,780)	87,068	(1,251,712)
Balance as at the end of the year	459,190	(19,261)	439,929

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**8 Right-of-use assets and lease liabilities**

	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Right-of-use assets - building</b>		
<b>Cost</b>		
Balance as at the beginning of the period / year	27,086	-
Additions	-	27,086
Balance as at the end of the period / year	<u>27,086</u>	<u>27,086</u>
<b>Accumulated depreciation</b>		
Balance as at the beginning of the period / year	(1,082)	-
Charge for the period / year	(900)	(1,082)
Balance as at the end of the period / year	<u>(1,982)</u>	<u>(1,082)</u>
<b>Net book value</b>	<u>25,104</u>	<u>26,004</u>
	<b>31 March 2020</b>	<b>31 December 2019</b>
<b>Lease liabilities</b>		
Within one year	3,183	3,183
Later than one year but not later than five years	12,732	12,732
Later than five years	12,732	12,732
	<u>28,647</u>	<u>28,647</u>
Future finance charges	(4,196)	(4,382)
Total lease liabilities	<u>24,451</u>	<u>24,265</u>

Interest expense on leases amounted to Saudi Riyals 0.4 million during the period ended 31 March 2020 under "Other income - net" in the interim condensed statement of income (Three-months period ended 31 March 2019: Nil).

Short-term leases that were expensed during the three-months period ended 31 March 2020 amounted to Saudi Riyals 1.1 million (Three-months period ended 31 March 2019: 1.6 million).

**9 Commitments and contingencies**

(i) The Company has issued various bank guarantees amounting to Saudi Riyals 4.9 million (31 December 2019: Saudi Riyals 5.8 million) in the ordinary course of business.

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

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

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

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

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

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

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

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

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

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

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

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>31 March 2020</b>					
<b>Financial assets measured at fair value (Insurance operations)</b>					
Available-for-sale investments					
- Government bonds	381,125	381,125	-	-	381,125
- Other bonds	83,563	83,563	-	-	83,563
- Mutual funds	19,871	19,871	-	-	19,871
	<b>484,559</b>	<b>484,559</b>	-	-	<b>484,559</b>
<b>Financial assets measured at fair value (Shareholders' operations)</b>					
Available-for-sale investments					
- Government bonds	116,519	116,519	-	-	116,519
- Other bonds	17,708	17,708	-	-	17,708
- Mutual funds	8,523	8,523	-	-	8,523
- Equities	50,336	50,336	-	-	50,336
	<b>193,086</b>	<b>193,086</b>	-	-	<b>193,086</b>

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

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

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

**11 Segmental information**

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

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

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

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**11 Segmental information** (continued)

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

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

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

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

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

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**11 Segmental information** (continued)

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

31 March 2020 (Unaudited)	Insurance operations				Total	Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection			
<b>Assets</b>							
Reinsurers' share of unearned premiums	-	16,835	5,754	804	23,393	-	23,393
Reinsurers' share of outstanding claims	4,000	73,490	432	226	78,148	-	78,148
Reinsurers' share of claims incurred but not reported and other reserves	19,099	49,665	416	586	69,766	-	69,766
Deferred policy acquisition costs	20,793	5,620	16,465	1,218	44,096	-	44,096
Segment assets	43,892	145,610	23,067	2,834	215,403	-	215,403
Unallocated assets					1,725,938	765,694	2,491,632
<b>Total assets</b>					<b>1,941,341</b>	<b>765,694</b>	<b>2,707,035</b>
<b>Liabilities and equity</b>							
Unearned premiums	369,105	74,096	204,968	9,398	657,567	-	657,567
Unearned reinsurance commission	-	2,701	1,377	177	4,255	-	4,255
Outstanding claims	24,139	175,934	56,438	1,613	258,124	-	258,124
Claims incurred but not reported and other reserves	454,208	192,096	63,307	19,374	728,985	-	728,985
Segment liabilities	847,452	444,827	326,090	30,562	1,648,931	-	1,648,931
Unallocated liabilities and equity					292,410	765,694	1,058,104
<b>Total liabilities and equity</b>					<b>1,941,341</b>	<b>765,694</b>	<b>2,707,035</b>

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**11 Segmental information** (continued)

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

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**11 Segmental information** (continued)

For the three-month period ended 31 March 2020 (Unaudited)	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
<b>Revenues</b>							
Gross premiums written							
- Direct							
- Large corporates	229,321	12,344	37,968	-	279,633	-	279,633
- Medium corporates	60,350	47,082	75,770	12,338	195,540	-	195,540
- Small corporates	1,847	1,607	5,372	-	8,826	-	8,826
- Micro enterprises	792	689	2,302	-	3,783	-	3,783
- Retail	41,295	732	14,423	-	56,450	-	56,450
- Reinsurance	-	34	-	-	34	-	34
	<b>333,605</b>	<b>62,488</b>	<b>135,835</b>	<b>12,338</b>	<b>544,266</b>	-	<b>544,266</b>
Reinsurance premiums ceded							
- Foreign	(1,086)	(19,071)	(7,408)	(4,594)	(32,159)	-	(32,159)
- Local	-	(1,055)	-	-	(1,055)	-	(1,055)
	<b>(1,086)</b>	<b>(20,126)</b>	<b>(7,408)</b>	<b>(4,594)</b>	<b>(33,214)</b>	-	<b>(33,214)</b>
<b>Net premiums written</b>	<b>332,519</b>	<b>42,362</b>	<b>128,427</b>	<b>7,744</b>	<b>511,052</b>	-	<b>511,052</b>
Changes in unearned premiums	(148,256)	(9,744)	(37,607)	(2,770)	(198,377)	-	(198,377)
Changes in reinsurers' share of unearned premiums	-	(607)	4,900	(161)	4,132	-	4,132
<b>Net premiums earned</b>	<b>184,263</b>	<b>32,011</b>	<b>95,720</b>	<b>4,813</b>	<b>316,807</b>	-	<b>316,807</b>
Reinsurance commissions	-	1,905	569	731	3,205	-	3,205
<b>Total revenues</b>	<b>184,263</b>	<b>33,916</b>	<b>96,289</b>	<b>5,544</b>	<b>320,012</b>	-	<b>320,012</b>
<b>Underwriting costs and expenses</b>							
Gross claims paid	136,614	11,454	73,716	2,211	223,995	-	223,995
Reinsurers' share of claims paid	(847)	(7,270)	(852)	(737)	(9,706)	-	(9,706)
<b>Net claims and other benefits paid</b>	<b>135,767</b>	<b>4,184</b>	<b>72,864</b>	<b>1,474</b>	<b>214,289</b>	-	<b>214,289</b>

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**11 Segmental information** (continued)

For the three-month period ended 31 March 2020 (Unaudited)	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casual	Health	Protection	Total		
Changes in outstanding claims	(3,551)	(4,654)	5,514	811	(1,880)	-	(1,880)
Changes in reinsurers' share of outstanding claims	195	6,899	(466)	(326)	6,302	-	6,302
Changes in claims incurred but not reported and other reserves	1,218	26,215	(1,561)	2,150	28,022	-	28,022
Changes in reinsurers' share of claims incurred but not reported and other reserves	2,710	(20,897)	(416)	(586)	(19,189)	-	(19,189)
<b>Net claims and other benefits incurred</b>	<b>136,339</b>	<b>11,747</b>	<b>75,935</b>	<b>3,523</b>	<b>227,544</b>	-	<b>227,544</b>
Policy acquisition costs	10,831	4,640	9,722	1,225	26,418	-	26,418
<b>Total underwriting costs and expenses</b>	<b>147,170</b>	<b>16,387</b>	<b>85,657</b>	<b>4,748</b>	<b>253,962</b>	-	<b>253,962</b>
<b>Net underwriting income</b>	<b>37,093</b>	<b>17,529</b>	<b>10,632</b>	<b>796</b>	<b>66,050</b>	-	<b>66,050</b>
<b>Other operating (expenses) income</b>							
General and administrative expenses	(23,987)	(4,166)	(12,461)	(627)	(41,241)	(358)	(41,599)
Other income - net	-	-	-	-	10,422	3,962	14,384
<b>Total other operating expenses, net</b>	<b>(23,987)</b>	<b>(4,166)</b>	<b>(12,461)</b>	<b>(627)</b>	<b>(30,819)</b>	<b>3,604</b>	<b>(27,215)</b>
<b>Total income before surplus attribution, zakat and income tax</b>							<b>38,835</b>
Surplus attributed to the insurance operations							(3,521)
<b>Total income for the period attributable to the shareholders</b>							<b>35,314</b>
Zakat expense							(3,319)
Income tax expense							(2,725)
<b>Total income for the period attributable to the shareholders</b>							<b>29,270</b>

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**11 Segmental information** (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casual	Health	Protection	Total		
<b>For the three-month period ended 31 March 2019 (Unaudited)</b>							
<b>Revenues</b>							
Gross premiums written							
- Direct							
- Large corporates	289,384	7,534	27,704	5,452	330,074	-	330,074
- Medium corporates	50,336	36,901	75,085	-	162,322	-	162,322
- Small enterprises	1,841	239	5,097	-	7,177	-	7,177
- Micro enterprises	789	104	2,185	-	3,078	-	3,078
- Retail	34,103	707	5,590	-	40,400	-	40,400
- Reinsurance	-	1,580	-	-	1,580	-	1,580
	<u>376,453</u>	<u>47,065</u>	<u>115,661</u>	<u>5,452</u>	<u>544,631</u>	-	<u>544,631</u>
Reinsurance premiums ceded:							
- Foreign	(959)	(14,089)	(6)	(399)	(15,453)	-	(15,453)
- Local	-	(407)	-	-	(407)	-	(407)
	<u>(959)</u>	<u>(14,496)</u>	<u>(6)</u>	<u>(399)</u>	<u>(15,860)</u>	-	<u>(15,860)</u>
<b>Net premiums written</b>	<u>375,494</u>	<u>32,569</u>	<u>115,655</u>	<u>5,053</u>	<u>528,771</u>	-	<u>528,771</u>
Changes in unearned premiums	(185,216)	(3,498)	(30,334)	(2,010)	(221,058)	-	(221,058)
Changes in reinsurers' share of unearned premiums	-	(3,548)	(569)	(386)	(4,503)	-	(4,503)
<b>Net premiums earned</b>	<u>190,278</u>	<u>25,523</u>	<u>84,752</u>	<u>2,657</u>	<u>303,210</u>	-	<u>303,210</u>
Reinsurance commissions	(13)	2,458	121	233	2,799	-	2,799
<b>Total revenues</b>	<u>190,265</u>	<u>27,981</u>	<u>84,873</u>	<u>2,890</u>	<u>306,009</u>	-	<u>306,009</u>
<b>Underwriting costs and expenses</b>							
Gross claims paid	125,980	11,337	72,652	429	210,398	-	210,398
Reinsurers' share of claims paid	(4,530)	(1,565)	(404)	(156)	(6,655)	-	(6,655)
<b>Net claims and other benefits paid</b>	<u>121,450</u>	<u>9,772</u>	<u>72,248</u>	<u>273</u>	<u>203,743</u>	-	<u>203,743</u>

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**11 Segmental information** (continued)

<b>For the three-month period ended 31 March 2019 (Unaudited)</b>	<b>Insurance operations</b>				<b>Total</b>	<b>Shareholders' operations</b>	<b>Grand total</b>
	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>			
Changes in outstanding claims	2,449	(2,794)	5,129	1,314	6,098	-	6,098
Changes in reinsurance share of outstanding claims	298	76	4	(140)	238	-	238
Changes in claims incurred but not reported and other reserves	17,779	9,336	(9,070)	(907)	17,138	-	17,138
Changes in reinsurance share of claims incurred but not reported and other reserves	(1,785)	(2,458)	-	-	(4,243)	-	(4,243)
<b>Net claims and other benefits incurred</b>	<b>140,191</b>	<b>13,932</b>	<b>68,311</b>	<b>540</b>	<b>222,974</b>	<b>-</b>	<b>222,974</b>
Policy acquisition costs	11,865	4,270	5,744	468	22,347	-	22,347
<b>Total underwriting costs and expenses</b>	<b>152,056</b>	<b>18,202</b>	<b>74,055</b>	<b>1,008</b>	<b>245,321</b>	<b>-</b>	<b>245,321</b>
<b>Net underwriting income</b>	<b>38,209</b>	<b>9,779</b>	<b>10,818</b>	<b>1,882</b>	<b>60,688</b>	<b>-</b>	<b>60,688</b>
<b>Other operating (expenses) income</b>							
General and administrative expenses	(27,384)	(3,672)	(12,197)	(382)	(43,635)	(443)	(44,078)
Other income - net	-	-	-	-	9,116	3,725	12,841
<b>Total other operating expenses, net</b>	<b>(27,384)</b>	<b>(3,672)</b>	<b>(12,197)</b>	<b>(382)</b>	<b>(34,519)</b>	<b>3,282</b>	<b>(31,237)</b>
<b>Total income before surplus attribution, zakat and income tax</b>							<b>29,451</b>
Surplus attributed to the insurance operations							<b>(2,618)</b>
<b>Total income for the period attributable to the shareholders</b>							<b>26,833</b>
Zakat expense							<b>(2,921)</b>
Income tax expense							<b>(2,220)</b>
<b>Total income for the period attributable to the shareholders</b>							<b>21,692</b>

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**12 Related party transactions and balances**

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the three-month period ended 31 March 2020 and 2019, and the related balances:

	<u>31 March 2020</u>	<u>31 March 2019</u>
<b><u>Major shareholders</u></b>		
Gross premiums from major shareholders	262	6,531
Reinsurance premiums ceded to major shareholders	27,095	9,534
Reinsurance commissions from major shareholders	2,872	346
Net claims paid to major shareholders	3,248	3,331
Reinsurers' share of gross claims paid to major shareholders	1,773	1,125
Expenses charged by major shareholders	728	653
<b><u>Entities controlled, jointly controlled or significantly influenced by related parties</u></b>		
Gross premiums from other related parties	3,323	2,864
Net claims paid to other related parties	5,162	9,538

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

	<u>31 March 2020</u>	<u>31 March 2019</u>
Salaries and benefits	2,681	3,085
Employee benefit obligations	144	146
	<u>2,825</u>	<u>3,231</u>

Board of Directors fees for the period ended 31 March 2020 was Saudi Riyals 0.4 million (31 March 2019: Saudi Riyals 0.3 million).

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

Due to a related party represents amounts payable to AXA Insurance Gulf B.S.c (c).

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**13 Zakat and income tax**

*a) Restatement*

The change in accounting treatment for zakat and income tax (as explained in Note 3) has the following impact on the line items of the interim condensed statements of income and changes in equity:

**For the three-month period ended 31 March 2020:**

<b>Financial statement impacted</b>	<b>Account</b>	<b>Before the restatement for the three-month period ended 31 March 2019</b>	<b>Effect of the restatement</b>	<b>As restated as at and for the three-month period ended 31 March 2019</b>
Interim condensed statement of changes in equity	Total income for the period attributable to the shareholders	26,833	(5,141)	21,692
Interim condensed statement of changes in equity	Provision for zakat	(2,921)	2,921	-
Interim condensed statement of changes in equity	Provision for income tax	(2,220)	2,220	-
Interim condensed statement of income	Zakat expense	-	(2,921)	(2,921)
Interim condensed statement of income	Income tax expense	-	(2,220)	(2,220)
Interim condensed statement of income	Basic and diluted earnings per share	0.58	(0.15)	0.43

*b) Status of assessments*

During 2019 and 2018, the GAZT issued assessments for the years 2013 through 2015 with additional liability amounting to Saudi Riyals 14.8 million. The Company filed an appeal with the General Secretariat of Tax Committees against the GAZT's assessments and has obtained limited certificates for these years. The review of the Committee for Resolution of Tax Disputes and Violation is awaited.

Management is of the view that the level of existing provisions for zakat and income tax is presently sufficient. Zakat and income tax assessments for the years 2016 through 2018 are currently under review by the GAZT.

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**14 Statutory deposit**

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

**15 Statutory reserve**

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

**16 Performance share reserve**

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

As at 31 March 2020, the Company recognised changes in the performance share reserve of Saudi Riyals 0.2 million (31 March 2019: Saudi Riyals 0.08 million). During the period 31 March 2020, the Company has recognised an expense amounting to Saudi Riyals 0.3 million (31 March 2019: Saudi Riyals 0.08 million) in the interim condensed statement of income with respect to performance shares.

**17 Share capital**

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

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

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

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**18 Capital management**

The Company's objectives when managing capital are:

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

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

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

The Company's management, through various scenario analyses as required by SAMA, has assessed the potential impact of Covid-19 on the Company's solvency margin by performing stress testing for various variables such as gross premium growth, increase in employee cost, year-to-date loss ratios, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratios and solvency ratios. The Company's management has concluded that, based on the stress testing performed, the solvency margin of the Company is adequate at 31 March 2020. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

**19 Goodwill on acquisition of insurance portfolio**

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

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**20 Supplementary information**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

	<b>31 March 2020 (Unaudited)</b>			<b>31 December 2019 (Audited)</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operation</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash equivalents	<b>224,373</b>	<b>30,648</b>	<b>255,021</b>	209,030	25,810	234,840
Short-term deposits	<b>374,355</b>	<b>270,774</b>	<b>645,129</b>	374,355	239,166	613,521
Premiums and reinsurers' balances receivable - net	<b>297,487</b>	-	<b>297,487</b>	190,435	-	190,435
Reinsurers' share of unearned premiums	<b>23,393</b>	-	<b>23,393</b>	19,261	-	19,261
Reinsurers' share of outstanding claims	<b>78,148</b>	-	<b>78,148</b>	84,450	-	84,450
Reinsurers' share of claims incurred but not reported and other reserves	<b>69,766</b>	-	<b>69,766</b>	50,577	-	50,577
Deferred policy acquisition costs	<b>44,096</b>	-	<b>44,096</b>	29,665	-	29,665
Investments	<b>563,360</b>	<b>253,086</b>	<b>816,446</b>	556,316	249,765	806,081
Prepaid expenses and other assets	<b>20,786</b>	<b>1,148</b>	<b>21,934</b>	17,188	-	17,188
Long-term deposits	<b>190,721</b>	<b>47,398</b>	<b>238,119</b>	190,721	45,000	235,721
Right-of-use assets	<b>25,104</b>	-	<b>25,104</b>	26,004	-	26,004
Property and equipment	<b>18,611</b>	-	<b>18,611</b>	10,980	-	10,980
Intangible assets	<b>11,141</b>	-	<b>11,141</b>	12,151	-	12,151
Due from shareholders'/ insurance operations	-	<b>57,412</b>	<b>57,412</b>	-	86,815	86,815
Goodwill	-	<b>50,000</b>	<b>50,000</b>	-	50,000	50,000
Statutory deposit	-	<b>50,000</b>	<b>50,000</b>	-	45,000	45,000
Accrued income on statutory deposit	-	<b>5,228</b>	<b>5,228</b>	-	4,450	4,450
<b>Total assets</b>	<b>1,941,341</b>	<b>765,694</b>	<b>2,707,035</b>	1,771,133	746,006	2,517,139

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**20 Supplementary information (continued)**

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)**

	<b>31 March 2020 (Unaudited)</b>			<b>31 December 2019 (Audited)</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
<b>Liabilities</b>						
Claims payable, accrued expenses and other liabilities	<b>105,440</b>	<b>1,551</b>	<b>106,991</b>	111,013	1,989	113,002
Surplus distribution payable	<b>19,490</b>	-	<b>19,490</b>	20,091	-	20,091
Reinsurers' balances payable	<b>35,445</b>	-	<b>35,445</b>	27,294	-	27,294
Advance premiums	<b>23,984</b>	-	<b>23,984</b>	31,189	-	31,189
Unearned premiums	<b>657,567</b>	-	<b>657,567</b>	459,190	-	459,190
Unearned reinsurance commission	<b>4,255</b>	-	<b>4,255</b>	3,511	-	3,511
Outstanding claims	<b>258,124</b>	-	<b>258,124</b>	260,004	-	260,004
Claims incurred but not reported and other reserves	<b>728,985</b>	-	<b>728,985</b>	700,963	-	700,963
Lease liabilities	<b>24,451</b>	-	<b>24,451</b>	24,265	-	24,265
Due to a related party	<b>4,246</b>	-	<b>4,246</b>	2,616	-	2,616
Employee benefit obligations	<b>30,557</b>	-	<b>30,557</b>	30,622	-	30,622
Zakat and income tax	-	<b>49,359</b>	<b>49,359</b>	-	43,315	43,315
Due to shareholders' / insurance operations	<b>57,412</b>	-	<b>57,412</b>	86,815	-	86,815
Accrued income payable to SAMA	-	<b>5,228</b>	<b>5,228</b>	-	4,450	4,450
<b>Total liabilities</b>	<b>1,949,956</b>	<b>56,138</b>	<b>2,006,094</b>	1,757,573	49,754	1,807,327
<b>Equity</b>						
Share capital	-	<b>500,000</b>	<b>500,000</b>	-	500,000	500,000
Statutory reserve	-	<b>55,152</b>	<b>55,152</b>	-	49,298	49,298
Performance share reserve	-	<b>1,736</b>	<b>1,736</b>	-	1,489	1,489
Retained earnings	-	<b>162,499</b>	<b>162,499</b>	-	139,083	139,083
Fair value reserve on investments	<b>(8,615)</b>	<b>(9,831)</b>	<b>(18,446)</b>	13,560	6,382	19,942
<b>Total equity</b>	<b>(8,615)</b>	<b>709,556</b>	<b>700,941</b>	13,560	696,252	709,812
<b>Total liabilities and equity</b>	<b>1,941,341</b>	<b>765,694</b>	<b>2,707,035</b>	1,771,133	746,006	2,517,139

**AXA COOPERATIVE INSURANCE COMPANY  
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**20 Supplementary information** (continued)

**INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTHS PERIOD  
ENDED 31 MARCH (Unaudited)**

	Three-month period ended 31 March 2020		Three-month period ended 31 March 2019		
	Insurance operations	Share- holders' operations	Insurance operations	Share- holders' operations	Total
<b>Revenues</b>					
Gross premiums written					
- Direct	544,232	- 544,232	543,051	-	543,051
- Reinsurance	34	- 34	1,580	-	1,580
	<b>544,266</b>	- <b>544,266</b>	544,631	-	544,631
Reinsurance premiums ceded:					
- Foreign	(32,159)	- (32,159)	(15,453)	-	(15,453)
- Local	(1,055)	- (1,055)	(407)	-	(407)
	<b>(33,214)</b>	- <b>(33,214)</b>	(15,860)	-	(15,860)
<b>Net premiums written</b>	<b>511,052</b>	- <b>511,052</b>	528,771	-	528,771
Changes in unearned premiums	(198,377)	- (198,377)	(221,058)	-	(221,058)
Changes in reinsurers' share of unearned premiums	4,132	- 4,132	(4,503)	-	(4,503)
<b>Net premiums earned</b>	<b>316,807</b>	- <b>316,807</b>	303,210	-	303,210
Reinsurance commissions	3,205	- 3,205	2,799	-	2,799
<b>Total revenues</b>	<b>320,012</b>	- <b>320,012</b>	306,009	-	306,009
<b>Underwriting costs and expenses</b>					
Gross claims paid	223,995	- 223,995	210,398	-	210,398
Reinsurers' share of claims paid	(9,706)	- (9,706)	(6,655)	-	(6,655)
<b>Net claims and other benefits paid</b>	<b>214,289</b>	- <b>214,289</b>	203,743	-	203,743
Changes in outstanding claims	(1,880)	- (1,880)	6,098	-	6,098
Changes in reinsurance share of outstanding claims	6,302	- 6,302	238	-	238
Changes in claims incurred but not reported and other reserves	28,022	- 28,022	17,138	-	17,138
Changes in reinsurance share of claims incurred but not reported and other reserves	(19,189)	- (19,189)	(4,243)	-	(4,243)

(Continued)

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**20 Supplementary information** (continued)

**INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD  
ENDED 31 MARCH (Unaudited)** (continued)

	Three-month period ended 31 March 2020			Three-month period ended 31 March 2019		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
<b>Net claims and other benefits incurred</b>	<b>227,544</b>	-	<b>227,544</b>	222,974	-	222,974
Policy acquisition costs	<b>26,418</b>	-	<b>26,418</b>	22,347	-	22,347
<b>Total underwriting costs and expenses</b>	<b>253,962</b>	-	<b>253,962</b>	245,321	-	245,321
<b>Net underwriting income</b>	<b>66,050</b>	-	<b>66,050</b>	60,688	-	60,688
<b>Other operating (expenses) income</b>						
General and administrative expenses	<b>(41,241)</b>	<b>(358)</b>	<b>(41,599)</b>	(43,635)	(443)	(44,078)
Other income - net	<b>10,422</b>	<b>3,962</b>	<b>14,384</b>	9,116	3,725	12,841
<b>Total other operating expenses, net</b>	<b>(30,819)</b>	<b>3,604</b>	<b>(27,215)</b>	(34,519)	3,282	(31,237)
<b>Total income before surplus attribution, zakat and income tax</b>	<b>35,231</b>	<b>3,604</b>	<b>38,835</b>	26,169	3,282	29,451
Zakat expense (Note 2)	-	<b>(3,319)</b>	<b>(3,319)</b>	-	(2,921)	(2,921)
Income tax expense (Note 2)	-	<b>(2,725)</b>	<b>(2,725)</b>	-	(2,220)	(2,220)
<b>Total income (loss) for the period</b>	<b>35,231</b>	<b>(2,440)</b>	<b>32,791</b>	26,169	(1,859)	24,310
Surplus transferred to shareholders' operations	<b>(31,710)</b>	<b>31,710</b>	-	(23,551)	23,551	-
<b>Total income for the period after transfer of insurance operations surplus</b>	<b>3,521</b>	<b>29,270</b>	<b>32,791</b>	2,618	21,692	24,310

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**20 Supplementary information** (continued)

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE  
THREE-MONTH PERIOD ENDED 31 MARCH (Unaudited)**

	Three-month period ended 31 March 2020		Three-month period ended 31 March 2019			
	Insurance operations	Share- holders' operations	Insurance operations	Share- holders' operations	Total	
Total income for the period after transfer of insurance operations surplus	3,521	29,270	32,791	2,618	21,692	24,310
<b>Other comprehensive (loss) income:</b>						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent period</i>						
Net change in fair value of available-for-sale investments	(22,175)	(16,213)	(38,388)	8,077	5,761	13,838
<b>Total comprehensive (loss) income for the period</b>	<b>(18,654)</b>	<b>13,057</b>	<b>(5,597)</b>	10,695	27,453	38,148

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**20 Supplementary information** (continued)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH (Unaudited)**

	Three-month period ended 31 March 2020			Three-month period ended 31 March 2019		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<b>Cash flows from operating activities</b>						
Total income before surplus attribution, zakat and income tax	<b>35,231</b>	<b>3,604</b>	<b>38,835</b>	26,169	3,282	29,451
<b><u>Adjustments for non-cash items:</u></b>						
Depreciation of property and equipment	<b>1,203</b>	-	<b>1,203</b>	696	-	696
Depreciation of right-of-use assets	<b>900</b>	-	<b>900</b>	-	-	-
Amortization of intangible assets	<b>1,490</b>	-	<b>1,490</b>	1,415	-	1,415
Interest on leases	<b>186</b>	-	<b>186</b>	-	-	-
Provision (reversal) for doubtful debts - net	<b>1,000</b>	-	<b>1,000</b>	(726)	-	(726)
Accretion of discount on available-for-sale investments	<b>(301)</b>	<b>(45)</b>	<b>(346)</b>	(277)	(60)	(337)
Amortization of premium on available-for-sale investments	<b>55</b>	<b>24</b>	<b>79</b>	38	13	51
Amortization of premium on held-to-maturity investments	<b>4</b>	-	<b>4</b>	4	-	4
Performance share reserve	-	<b>282</b>	<b>282</b>	-	81	81
Provision for employee benefit obligations	<b>919</b>	-	<b>919</b>	859	-	859
<b><u>Changes in operating assets and liabilities:</u></b>						
Premiums and reinsurers' balances receivable - net	<b>(108,052)</b>	-	<b>(108,052)</b>	(192,008)	-	(192,008)
Reinsurers' share of unearned premiums	<b>(4,132)</b>	-	<b>(4,132)</b>	4,503	-	4,503
Reinsurers' share of outstanding claims	<b>6,302</b>	-	<b>6,302</b>	238	-	238
Reinsurers' share of claims incurred but not reported	<b>(19,189)</b>	-	<b>(19,189)</b>	(4,243)	-	(4,243)
Deferred policy acquisition costs	<b>(14,431)</b>	-	<b>(14,431)</b>	(15,066)	-	(15,066)

(Continued)

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**20 Supplementary information** (continued)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH (Unaudited)** (continued)

	Three-month period ended 31 March 2020			Three-month period ended 31 March 2019		
	Insurance operations	Share- holders' operations	Insurance Total operations	Share- holders' operations	Insurance Total operations	Total
Prepaid expenses and other assets	(3,598)	(1,148)	(4,746)	(1,147)	(985)	(2,132)
Accrued income on statutory deposit	-	(778)	(778)	-	(321)	(321)
Claims payable, accrued expenses and other liabilities	(5,573)	(438)	(6,011)	(2,797)	306	(2,491)
Surplus distribution paid	(4,122)	-	(4,122)	(280)	-	(280)
Reinsurers' balances payable	8,151	-	8,151	(2,521)	-	(2,521)
Advance premiums	(7,205)	-	(7,205)	(2,582)	-	(2,582)
Unearned premiums	198,377	-	198,377	221,058	-	221,058
Unearned reinsurance commission	744	-	744	(1,102)	-	(1,102)
Outstanding claims	(1,880)	-	(1,880)	6,098	-	6,098
Claims incurred but not reported and other reserves	28,022	-	28,022	17,138	-	17,138
Due to a related party	1,630	-	1,630	1,712	-	1,712
Employee benefit obligations paid	(984)	-	(984)	(705)	-	(705)
Accrued income payable to SAMA	-	778	778	-	321	321
	114,747	2,279	117,026	56,474	2,637	59,111
Due from shareholders' operations	(61,113)	61,113	-	(50,253)	50,253	-
<b>Net cash generated from operating activities</b>	<b>53,634</b>	<b>63,392</b>	<b>117,026</b>	<b>6,221</b>	<b>52,890</b>	<b>59,111</b>

(Continued)

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**20 Supplementary information** (continued)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED MARCH 31 (Unaudited)** (continued)

	Three-month period ended 31 March 2020			Three-month period ended 31 March 2019		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
<b>Cash flows from investing activities</b>						
Placements in short-term deposits	-	(108,761)	(108,761)	-	(51,498)	(51,498)
Proceeds from disposals of short-term deposit	-	77,153	77,153	145,298	-	145,298
Placement in statutory deposit	-	(5,000)	(5,000)	-	-	-
Placements in long-term deposits	-	(22,398)	(22,398)	-	-	-
Proceeds from disposals in long term deposits	-	20,000	20,000	-	-	-
Purchases of investments	(39,679)	(24,037)	(63,716)	(16,964)	(7,481)	(24,445)
Proceeds from disposal of investments	10,702	4,524	15,226	12,185	6,223	18,408
Purchases of property and equipment	(8,834)	-	(8,834)	(127)	-	(127)
Purchases of intangible assets	(480)	-	(480)	-	-	-
<b>Net cash (used in) generated from investing activities</b>	<b>(38,291)</b>	<b>(58,519)</b>	<b>(96,810)</b>	140,392	(52,756)	87,636
<b>Cash flows from financing activity</b>						
Performance shares reserve - settlement	-	(35)	(35)	-	-	-
Net change in cash and cash equivalents	15,343	4,838	20,181	146,613	134	146,747
Cash and cash equivalents, beginning of the period	209,030	25,810	234,840	46,064	-	46,064
<b>Cash and cash equivalents, end of the period</b>	<b>224,373</b>	<b>30,648</b>	<b>255,021</b>	192,677	134	192,811
<b>Supplemental cash flow information:</b>						
Changes in fair value of available-for sale-investments	(22,175)	(16,213)	(38,388)	8,077	5,761	13,838

**AXA COOPERATIVE INSURANCE COMPANY  
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**21 Comparative figures**

Certain amounts in the comparative interim condensed financial information have been reclassified to conform to the presentation of the interim condensed financial information for the three-month period ended 31 March 2020.

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

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

**23 Subsequent events**

In response to the Covid-19 pandemic, SAMA issued decree 189 (the “Decree”) dated 8 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the Decree instructs insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing two months of additional coverage for all new retail motor insurance policies written within one month of the date of the Decree. The Company’s management believes the requirements of the Decree to be a non-adjusting event.