

**AL SAGR COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH
PERIODS ENDED SEPTEMBER 30, 2022
(UNAUDITED)**

**AND REPORT ON REVIEW OF INTERIM CONDENSED
FINANCIAL INFORMATION**

**AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022**

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Report on review of interim condensed financial information

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Sagr Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of September 30, 2022 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period then ended 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.

Emphasis of matter

We draw attention to Note 1 to the accompanying interim condensed financial information which indicates that the Company has incurred a total loss for the nine-month period ended September 30, 2022 attributable to the shareholders of Saudi Riyals 72.4 million and had net operating cash outflow of Saudi Riyals 74.5 million and net cash outflow of Saudi Riyals 17.9 million for the period then ended. Further, the Company had accumulated losses of Saudi Riyals 269.4 million, exceeding one half of the Company's share capital, as at September 30, 2022. This condition required the Company to take necessary measures under the requirements of the Regulations for Companies (the "Regulations") to reduce the accumulated losses to less than one half of the share capital. Subsequent to the nine-month period ended September 30, 2022, the Company obtained the necessary regulatory approvals and its shareholders have resolved to reduce the Company's share capital by absorbing the accumulated losses amounting to Saudi Riyals 269.4 million so as to reduce the accumulated losses to less than one half of the share capital. As of September 30, 2022, the Company's solvency margin is below the minimum solvency requirements as mandated by the Saudi Central Bank ("SAMA"). The ability to meet the solvency margin requirement is dependent on the favorable outcome of planned rectification measures which include certain operational improvement measures, including improved recoverability of premium receivable balances and implementation of better investment strategies. In addition, the going concern assessment is sensitive to any material change in the projected results of the motor segment. These events and conditions, along with other matters as set forth in Note 1 to the accompanying interim condensed financial information, indicate the existence of a material uncertainty that may cast a significant doubt on the Company's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

**Al Kharashi & Co. Certified
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November 10, 2022
16 Rabi'II 1444H



AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
 (All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	At September 30, 2022 (Unaudited)	At December 31, 2021 (Audited)
ASSETS			
Cash and cash equivalents	5	270,286,352	288,218,253
Short term deposits	6	32,233,478	-
Premiums and insurers' balances receivable - net	7	129,405,674	94,625,682
Reinsurers' share of unearned premiums	8	32,630,057	27,491,662
Reinsurers' share of outstanding claims	8	19,918,443	35,352,972
Reinsurers' share of claims incurred but not reported	8	4,006,954	7,335,432
Deferred policy acquisition costs		15,832,296	12,522,056
Investments:			
Financial assets at fair value through profit or loss	9	19,922,713	57,191,850
Available-for-sale investments	9	32,483,682	30,566,914
Prepaid expenses and other assets		31,120,230	27,536,663
Long-term deposits	6	30,000,000	86,250,000
Property and equipment		5,659,767	5,210,239
Right-of-use assets		3,150,386	4,405,468
Intangible assets		6,478,926	5,720,623
Goodwill	10	25,513,750	25,513,750
Statutory deposit	11	40,000,000	40,000,000
Accrued commission income on statutory deposit	11	6,118,669	5,840,536
TOTAL ASSETS		704,761,377	753,782,100
LIABILITIES			
Accounts payable		6,533,029	5,855,407
Accrued and other liabilities		54,321,076	32,321,408
Reinsurers' balances payable		21,525,081	17,934,876
Unearned premiums	8	246,762,360	246,505,182
Unearned reinsurance commission		4,066,212	2,776,212
Outstanding claims	8	75,310,866	73,835,656
Claims incurred but not reported	8	63,385,808	57,758,067
Additional premium reserves	8	14,863,657	16,210,289
Other technical reserves	8	7,177,465	5,133,997
Lease liabilities		2,602,439	3,805,657
Due to a related party	12	1,123,750	1,123,750
Employee benefit obligations		9,113,811	9,204,102
Zakat payable	13	41,653,769	42,652,370
Accrued commission income payable to SAMA	11	6,118,669	5,840,536
Dividend payable		370,349	370,349
Surplus distribution payable		19,177,304	19,177,304
TOTAL LIABILITIES		574,105,645	540,505,162
EQUITY			
Share capital	14	400,000,000	400,000,000
Accumulated losses	1	(269,422,906)	(197,043,022)
Remeasurement reserve of employee benefit obligations		3,375,230	3,375,230
Fair value reserve on investments		(3,296,592)	6,944,730
NET EQUITY		130,655,732	213,276,938
TOTAL LIABILITIES AND EQUITY		704,761,377	753,782,100

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2022 (Unaudited)	Three-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2022 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)
	Note				
REVENUES					
Gross premiums written	21	132,530,201	161,840,365	357,741,923	315,087,607
Reinsurance premiums ceded:					
- Foreign		(25,931,163)	(23,105,070)	(33,987,811)	(31,043,933)
- Local		(595,264)	(408,288)	(1,323,371)	(731,695)
Excess of loss premiums:					
- Foreign		(5,027,511)	(5,028,921)	(13,895,171)	(12,414,679)
- Local		(692,228)	(1,049,321)	(2,557,141)	(3,781,416)
Net premiums written		100,284,035	132,248,765	305,978,429	267,115,884
Changes in unearned premiums	8	(12,199,978)	(74,322,019)	(257,178)	(50,968,503)
Changes in reinsurers' share of unearned premiums	8	17,915,544	15,732,657	5,138,395	4,583,352
Net premiums earned		105,999,601	73,659,403	310,859,646	220,730,733
Reinsurance commissions		1,064,036	1,085,757	5,140,677	3,382,625
Total revenues		107,063,637	74,745,160	316,000,323	224,113,358
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	21	(98,471,150)	(83,286,727)	(288,195,550)	(282,126,619)
Reinsurers' share of claims paid		4,249,753	2,990,077	13,038,648	12,130,546
Claims handling expenses		(6,573,017)	(4,899,732)	(21,191,189)	(13,750,483)
Net claims and other benefits paid		(100,794,414)	(85,196,382)	(296,348,091)	(283,746,556)
Changes in outstanding claims	8	6,413,761	9,071,556	(1,475,210)	34,301,948
Changes in reinsurers' share of outstanding claims	8	(10,801,601)	(1,843,138)	(15,434,529)	3,524,155
Changes in claims incurred but not reported	8	3,051,336	8,601,761	(5,627,741)	18,056,216
Changes in reinsurers' share of claims incurred but not reported	8	(2,488,802)	(1,442,318)	(3,328,478)	(3,090,005)
Net claims and other benefits incurred		(104,619,720)	(70,808,521)	(322,214,049)	(230,954,242)

(continued)

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2022	Three-month period ended September 30, 2021	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Note		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Policy acquisition costs	(7,397,645)	(4,898,848)	(20,425,624)	(14,790,714)
	Changes in additional premium reserves	8 7,693,876	(1,930,189)	1,346,632	(2,900,482)
	Changes in other technical reserves	8 367,475	160,391	(2,043,468)	67,744
	Other underwriting expenses, net	(2,329,584)	(3,578,578)	(7,199,724)	(7,721,406)
	Total underwriting costs and expenses, net	(106,285,598)	(81,055,745)	(350,536,233)	(256,299,100)
	NET UNDERWRITING INCOME (LOSS)	778,039	(6,310,585)	(34,535,910)	(32,185,742)
	OTHER OPERATING (EXPENSES) INCOME				
	(Allowance for) reversal of allowance for doubtful debts	7 (77,138)	594,238	(825,904)	(1,992,370)
	General and administrative expenses	(17,288,872)	(20,657,898)	(56,214,326)	(54,411,883)
	Investment and commission income	234,694	1,634,944	1,294,225	5,098,024
	Changes in fair value of financial assets at fair value through profit or loss - net	9 150,552	4,210,176	(318,392)	7,808,069
	Realized gain on available- for-sale investments	9 868,961	1,597,313	11,693,395	7,049,837
	Finance costs on lease liabilities	(9,554)	-	(47,729)	-
	Other income	7,203,316	10,000	10,174,757	316,923
	Total other operating expenses, net	(8,918,041)	(12,611,227)	(34,243,974)	(36,131,400)
	Total loss for the period before surplus attribution and zakat	(8,140,002)	(18,921,812)	(68,779,884)	(68,317,142)
	Surplus attributed to the insurance operations	-	-	-	-
	Total loss for the period before zakat	(8,140,002)	(18,921,812)	(68,779,884)	(68,317,142)
	Zakat expense	(1,200,000)	1,729,938	(3,600,000)	(770,062)
	Total loss for the period attributable to the shareholders	(9,340,002)	(17,191,874)	(72,379,884)	(69,087,204)

(continued)

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
 (All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2022 (Unaudited)	Three-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2022 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)
	Note				
Weighted average number of outstanding shares	16	40,000,000	40,000,000	40,000,000	40,000,000
Loss per share (expressed in Saudi Riyals per share)					
Basic loss per share	16	(0.23)	(0.43)	(1.81)	(1.73)
Diluted loss per share	16	(0.23)	(0.43)	(1.81)	(1.73)

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AL SAGR COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2022	Three-month period ended September 30, 2021	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
Note		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Total loss for the period attributable to the shareholders	(9,340,002)	(17,191,874)	(72,379,884)	(69,087,204)
	Other comprehensive income:				
	<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>				
	Net change in fair value of available-for-sale investments	9 1,022,219	1,472,942	(10,241,322)	8,212,798
	TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(8,317,783)	(15,718,932)	(82,621,206)	(60,874,406)

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

Note	Share capital	Accumulated losses (Note 1)	Remeasurement reserve of employee benefit obligations	Fair value reserve on investments	Total
At January 1, 2022 (Audited)	400,000,000	(197,043,022)	3,375,230	6,944,730	213,276,938
Total comprehensive loss for the period					
Total loss for the period attributable to the shareholders	-	(72,379,884)	-	-	(72,379,884)
Net change in fair value of available-for-sale investments	-	-	-	(10,241,322)	(10,241,322)
Total comprehensive loss for the period	-	(72,379,884)	-	(10,241,322)	(82,621,206)
At September 30, 2022 (Unaudited)	400,000,000	(269,422,906)	3,375,230	(3,296,592)	130,655,732
At January 1, 2021 (Audited)	400,000,000	(122,571,875)	2,296,547	8,057,585	287,782,257
Total comprehensive (loss) income for the period					
Total loss for the period attributable to the shareholders	-	(69,087,204)	-	-	(69,087,204)
Net change in fair value of available-for-sale investments	-	-	-	8,212,798	8,212,798
Total comprehensive (loss) income for the period	-	(69,087,204)	-	8,212,798	(60,874,406)
At September 30, 2021 (Unaudited)	400,000,000	(191,659,079)	2,296,547	16,270,383	226,907,851

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Nine-month period ended September 30, 2022 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period before surplus attribution and zakat		(68,779,884)	(68,317,142)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		579,183	578,179
Amortization of intangible assets		380,222	462,360
Depreciation of right-of-use assets		1,357,612	-
Finance costs on lease liabilities		47,729	-
Provision for employee benefit obligations		1,519,422	1,679,829
Changes in fair value on financial assets at fair value through profit or loss	9	318,392	(7,808,069)
Realized gain on available-for-sale investments	9	(11,693,395)	(7,049,837)
Realized loss on financial assets at fair value through profit or loss		414,794	-
Allowance for doubtful debts	7	825,904	1,992,370
<u>Changes in operating assets and liabilities:</u>			
Unearned premiums		257,178	50,968,503
Premiums and insurance balances receivable - net	7	(35,605,896)	(26,754,493)
Reinsurers' share of unearned premiums	8	(5,138,395)	(4,583,352)
Reinsurers' share of outstanding claims	8	15,434,529	(3,524,155)
Reinsurers' share of claims incurred but not reported	8	3,328,478	3,090,005
Deferred policy acquisition costs		(3,310,240)	(1,908,546)
Prepaid expenses and other assets		(3,583,567)	(13,163,600)
Accounts payable		677,622	(2,135,034)
Accrued and other liabilities		21,999,668	8,374,385
Reinsurers' balances payable		3,590,205	14,357,540
Unearned reinsurance commission		1,290,000	436,539
Accrued commission income on statutory deposit		(278,133)	(224,759)
Outstanding claims	8	1,475,210	(34,301,948)
Claims incurred but not reported	8	5,627,741	(18,056,216)
Additional premium reserves	8	(1,346,632)	2,900,482
Other technical reserves	8	2,043,468	(67,744)
Employee benefit obligations paid		(1,609,713)	(806,920)
Accrued commission income payable to SAMA		278,133	224,759
Zakat paid		(4,598,601)	(5,975,210)
Finance cost paid on lease liabilities		(47,729)	-
Surplus paid to policy holders		-	(20)
Net cash utilized in operating activities		(74,546,695)	(109,612,094)

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Nine-month period ended September 30, 2022 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)
	Note		
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in short-term deposits		(42,233,478)	
Liquidation of short-term deposits		10,000,000	
Liquidation of long-term deposits		56,250,000	
Purchases of property and equipment		(1,131,241)	(1,167,937)
Purchases of intangible assets		(1,138,525)	(3,532,519)
Purchases of available-for-sale investments	9	(54,250,767)	(34,929,142)
Purchases of financial assets at fair value through profit or loss	9	(285,114)	(2,171,620)
Proceeds from disposal of financial assets at fair value through profit or loss	9	36,821,065	18,566,926
Proceeds from disposal of available-for-sale investments	9	53,786,072	34,760,281
Net cash generated from investing activities		57,818,012	11,525,989
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid			(394)
Principal elements of lease payments		(1,203,218)	
Net cash utilized in financing activities		(1,203,218)	(394)
Net decrease in cash and cash equivalents		(17,931,901)	(98,086,499)
Cash and cash equivalents, beginning of the period		288,218,253	343,337,078
Cash and cash equivalents, end of the period	5	270,286,352	245,250,579
Supplemental non-cash information:			
Net change in fair value reserve for available-for- sale investments		(10,241,322)	8,212,798

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
 (All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information

a. Legal status and principal activities

Al Sagr Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Dammam, Kingdom of Saudi Arabia and incorporated on 26 Muharram 1429H (corresponding to February 4, 2008) under commercial registration ("CR") number 1010243765 which was later amended to 2051036871 dated 22 Rabi' I 1429H (corresponding to March 30, 2008). The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to October 9, 2006). The Company's registered address is P.O. Box 3501, Dammam 32241, Kingdom of Saudi Arabia.

The purpose of the Company is to transact in cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia (the "Law") and its implementing regulations. The Company obtained license from the Saudi Central Bank (formerly known as Saudi Arabian Monetary Authority) ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/13/20083, dated 23 Rabi' I 1429H (corresponding to March 31, 2008). The Company commenced insurance operations on 4 Muharram 1430H (corresponding to January 1, 2009). On 11 Ramadan 1436H (corresponding to June 28, 2015), the Company received approval from SAMA to cancel its reinsurance license.

The Company operates through three main branches and various point of sale stores located in the Kingdom of Saudi Arabia. Following are the CR numbers of three main branches:

Branch type	Location	CR number
Regional branch	Dammam	2051036871
Regional branch	Jeddah	4030182618
Regional branch	Riyadh	1010243765

b. Going concern and solvency requirements

The Company has incurred a total loss for the nine-month period ended September 30, 2022 attributable to the shareholders of Saudi Riyals 72.4 million and had net operating cash outflow of Saudi Riyals 74.5 million and net cash outflow of Saudi Riyals 17.9 million for the period then ended. Also, the Company had accumulated losses of Saudi Riyals 269.4 million as at September 30, 2022 which exceeded one half of the Company's share capital and reached 67.4% of its share capital. This condition, as per the requirements of Article 150 of the Regulations for Companies (the "Regulations"), required the Company's Board of Directors to hold an extraordinary general assembly meeting ("EOGM") within the period specified by the Regulations to reduce the accumulated losses to less than one half of the share capital or to dissolve the Company before its term set in its By-laws.

Subsequent to the nine-month period ended September 30, 2022, the Company has obtained the necessary regulatory approvals and its shareholders have resolved to reduce the Company's share capital by absorbing accumulated losses amounting to 260.0 million Saudi Riyals in the EOGM held on October 13, 2022, so as to reduce the accumulated losses to less than one half of the share capital.

Further, the Company's solvency margin has reduced to 65.9% as of September 30, 2022 which is below the minimum solvency requirements as mandated by SAMA. This solvency margin was 120.8% as at December 31, 2021. Based on preliminary information submitted to SAMA as part of the capital adequacy report, management anticipates that the solvency margin would improve to meet the required regulatory ratio of 100% by December 31, 2022. The ability to meet the solvency margin requirement is dependent on the favourable outcome of planned rectification measures which include certain operational improvement measures, including improved recoverability of premium receivable balances and implementation of better investment strategies. Refer Note 19 for further details on the regulatory requirements with respect to the solvency margin.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information (continued)

b. Going concern and solvency requirements (continued)

The accumulated losses were mainly attributable to the adverse results of the Medical segment in prior years and the net underwriting position and loss ratio of the Motor segment. Management has prepared a detailed business plan and various performance improvement measures which, among others, include better pricing strategies for both these major business segments, diversification of insurance portfolio, replacement of its medical third-party administrator and improvement in controls over processing of claims. However, management's assessment and realisation of its planned measures and actions outlined in the business plan is dependent on a number of factors, estimates and assumptions. In addition, the going concern assessment is sensitive to any material change in the projected results of the motor segment. A reasonably possible decline of above 5% in the motor's loss ratio against projected ratio can result in the accumulated losses again exceeding 50% of the share capital within the next 12 months, even after the implementation of current recommendation of absorption of losses against the share capital. Accordingly, these events and conditions and realisation of planned measures and actions indicate existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Notwithstanding the above, the interim condensed financial information has been prepared on a going concern basis based on the detailed business plan and projected cash flows of the Company which management believes will be adequate for the Company to continue its operations and meet its obligations as they fall due within the next 12 months. Management expects that results will gradually start reflecting positively on the Company's financial results and such trend is evidenced by favourable underwriting results and significant improvement in loss ratio of the Medical segment since the second quarter of 2021. The underwriting losses from the Motor segment are expected to start improving gradually towards the later part of 2022 as the Motor retail third-party liability policies from the previous year expire and the average pricing as recommended by the Company's appointed actuary for the Motor retail third-party liability business will be followed. The results are further expected to improve through the adjustment of insurance portfolio mix with gradual increase in gross written premiums from Motor corporate business instead of the retail third-party liability business, as evidenced from Q4 2021 through to the first half of 2022. Management continues to monitor performance indicators of all lines of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary. Also see Note 1(c) below.

c. Non-binding memorandum of understanding (MoU) for potential merger

On 15 Jumada I 1443H (corresponding to December 19, 2021), the Board of Directors of the Company resolved to start initial discussions with Gulf Union Al Ahlia Cooperative Insurance Company ("GUACI") to explore the possibility of merging the two companies. During the nine-month period ended September 30, 2022, the Company signed a non-binding MoU with GUACI, on 23 Safar 1444H (corresponding to September 19, 2022), to evaluate a potential merger between GUACI and the Company. In the event that a binding merger agreement is signed with GUACI, it has been agreed that GUACI will issue new shares to the Company's shareholders in exchange for all issued shares of the Company, which will be subject to obtaining the required approvals of the regulatory authorities and the shareholders of both GUACI and the Company, before completing the merger.

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2. Basis of preparation

(a) Statement of compliance

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 Chartered and Professional Accountants ("SOCPA").

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 48 to 61 of the interim condensed 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 require 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 financial information in compliance with IAS 34 as endorsed in the Kingdom of Saudi Arabia, 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. 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 management of the Company and the Board of Directors.

In accordance with the requirements of Implementing Regulations for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per the by-laws of the Company, 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 from insurance operations is transferred to the shareholders' operations in full.

(b) Basis of measurement

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of employee benefit obligations, financial assets at fair value through profit or loss and available-for-sale investments.

(c) Basis of presentation

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 current: cash and cash equivalents, short-term deposits, premiums and insurers' balances receivable - net, prepaid expenses and other assets, available-for-sale investments, financial assets at fair value through profit or loss, accrued commission income on statutory deposit, accounts payable, accrued and other liabilities, reinsurers' balances payable, due to a related party, outstanding claims, claims incurred but not reported ("IBNR"), reinsurers' share of outstanding claims, reinsurers' share of IBNR, additional premium reserves, other technical reserves, zakat payable, accrued commission income payable to SAMA, dividend payable and surplus distribution payable. The following balances would generally be classified as non-current: long-term deposits, property and equipment, intangible assets, right-of-use assets, goodwill, statutory deposit and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include reinsurers' share of unearned premiums, deferred policy acquisition costs, unearned premiums, unearned reinsurance commission and lease liabilities.

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2. Basis of preparation (continued)

(c) Basis of presentation (continued)

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

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

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) 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 of and for the year ended December 31, 2021.

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

(i) Liability arising from claims under insurance contracts

Considerable judgement by management is required in the estimation of amounts due to policyholders arising from claims made under insurance policies. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of IBNR claims at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions, if any, are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported, on a quarterly basis.

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

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2. Basis of preparation (continued)

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

(ii) Impairment of premiums and insurance balances receivable and goodwill

An estimate of the uncollectible amount of premiums 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 statement of income as impairment loss.

(iii) Impairment of investments

The Company treats 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.

(iv) Impact of Covid-19

In response to the spread of the Covid-19 in the Kingdom of Saudi Arabia where the Company operates and its resulting disruptions to the social and economic activities in those markets over the last two years, management continues to proactively assess its impacts on its operations. Globally, there has been significant drop in the number of registered cases including the Kingdom of Saudi Arabia. As a result, restrictions related to Covid-19 pandemic such as social distancing, travel bans, requirement for travelers to present a negative PCR or rapid antigen test on arrival test have been lifted. The Company closely monitors the situation and will apply the necessary preventive measures whenever there is a surge in cases due to outbreak of any new variants.

Based on these factors, management believes that the Covid-19 pandemic has had no material effect on the Company's reported financial results for the nine-month period ended September 30, 2022 including the significant accounting judgements and estimates. The Company continues to monitor the surge in cases whenever there is a new variant although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2022 or beyond.

(f) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company. The interim results may not represent a proportionate share of the annual results due to cyclical variability in premiums and uncertainty of claims occurrences.

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3. Significant Accounting Policies

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2021.

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

- 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. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized or at fair value through other comprehensive income, if certain conditions are met. Assets not meeting either of the above categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. 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 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.

For detailed impact assessment of IFRS 9 adoption, refer to Note 3.2 to the annual financial statements for the year ended December 31, 2021.

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3. Significant Accounting Policies (continued)

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

- IFRS 17, 'Insurance Contracts'

Applicable for the period beginning on or after January 1, 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 contracts 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 December 31, 2021 should be made as mentioned above.

Subsequent to the nine-month period ended September 30, 2022, the Company has finalised the second dry run special purpose financial statements and is in the process of submitting such special purpose financial statements along with the auditor's report thereon to SAMA, to comply with the regulatory requirements. Further, as required by SAMA, the Company is in the process of preparing the special purpose financial statements for the period ended June 30, 2022 under the requirements of IFRS 17 and IFRS 9.

The key focus areas of the IFRS 17 project team for the remainder of the year are as below:

- Completing any remaining system development and key controls required to implement IFRS 17.
- Commence with an IFRS 4 and IFRS 17 dual reporting run.
- Produce and request business sign-off, as well as external audit sign-off of transition balances.
- Update the budgeting process to ensure alignment to IFRS 17.
- Finalise the management reporting and key performance measures.
- Continue engaging with the executive committee and business through various training initiatives.
- Finalise and implement future financial and data governance processes and accountabilities.

3.2 Risk management

The Company's activities expose it to variety of financial risks: market risk (including commission rate risk, currency risk and price risk), credit risk and liquidity risk.

The interim condensed financial information does not include all the financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021. There have been no changes in any risk management policies since the year end except that 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.

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4. Segmental information

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 its performance.

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

Segment results do not include general and administration expenses, allowances for doubtful debts, investment and commission income, changes in fair value of financial assets at fair value through profit or loss - net, realized gain (loss) on available-for-sale investments and other income.

Segment assets do not include cash and cash equivalents, term deposits, premiums and insurers' balances receivable - net, investments, prepaid expenses and other assets, property and equipment, intangible assets, goodwill, statutory deposits, accrued commission income on statutory deposit and, accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payable, accrued and other liabilities, reinsurer's balances payable, due to a related party, employee benefit obligations, zakat payable, accrued commission income payable to SAMA, dividend payable and surplus distribution payable and, accordingly, they are included in unallocated liabilities.

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

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

- Medical
- Motor
- Property and casualty and
- Protection and savings

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

Where intersegment transactions 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 financial statements of the Company.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at September 30, 2022 and December 31, 2021, its total revenues, expenses, and net income /loss for the three-month and nine-month periods ended September 30, 2022 and September 30, 2021, is as follows:

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
For the three-month period ended September 30, 2022 (Unaudited)						
REVENUES						
Gross premiums written	68,094,224	35,563,864	28,872,113	-	132,530,201	- 132,530,201
Reinsurance premiums ceded:						
- Foreign	(515)	-	(25,930,648)	-	(25,931,163)	- (25,931,163)
- Local	-	(184,701)	(410,563)	-	(595,264)	- (595,264)
Excess of loss premiums:						
- Foreign	(3,922,627)	(795,200)	(309,684)	-	(5,027,511)	- (5,027,511)
- Local	(692,228)	-	-	-	(692,228)	- (692,228)
Net premiums written	63,478,854	34,583,963	2,221,218	-	100,284,035	- 100,284,035
Changes in unearned premiums	(11,363,638)	17,448,463	(18,284,803)	-	(12,199,978)	- (12,199,978)
Changes in reinsurers' share of unearned premiums	(7,239)	66,384	17,856,399	-	17,915,544	- 17,915,544
Net premiums earned	52,107,977	52,098,810	1,792,814	-	105,999,601	- 105,999,601
Reinsurance commissions	1,279	23,663	1,039,094	-	1,064,036	- 1,064,036
Total revenues	52,109,256	52,122,473	2,831,908	-	107,063,637	- 107,063,637

(Continued)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(31,748,452)	(65,528,941)	(1,193,757)	-	(98,471,150)	(98,471,150)
Reinsurers' share of claims paid	1,901,454	1,936,901	411,398	-	4,249,753	4,249,753
Claims handling expenses	(1,128,720)	(5,444,297)	-	-	(6,573,017)	(6,573,017)
Net claims and other benefits paid	(30,975,718)	(69,036,337)	(782,359)	-	(100,794,414)	(100,794,414)
Changes in outstanding claims						
Changes in reinsurers' share of outstanding claims	(12,485,834)	6,155,931	12,743,664	-	6,413,761	6,413,761
Changes in claims incurred but not reported	539,877	976,595	(12,318,073)	-	(10,801,601)	(10,801,601)
Changes in reinsurers' share of claims incurred but not reported	6,296,471	(4,238,889)	993,754	-	3,051,336	3,051,336
Net claims and other benefits incurred	(617,196)	(928,161)	(943,445)	-	(2,488,802)	(2,488,802)
Policy acquisition costs	(37,242,400)	(67,070,861)	(306,459)	-	(104,619,720)	(104,619,720)
Changes in additional premium reserves	(2,573,154)	(3,601,492)	(1,222,999)	-	(7,397,645)	(7,397,645)
Changes in other technical reserves	-	7,001,193	692,683	-	7,693,876	7,693,876
Other underwriting expenses, net	371	(108,400)	475,504	-	367,475	367,475
Total underwriting costs and expenses, net	(1,493,884)	(740,273)	(95,427)	-	(2,329,584)	(2,329,584)
	(41,309,067)	(64,519,833)	(456,698)	-	(106,285,598)	(106,285,598)
NET UNDERWRITING INCOME (LOSS)	10,800,189	(12,397,360)	2,375,210	-	778,039	778,039

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4 Segmental information (continued)

	Insurance operations			
	Medical	Motor	Property and casualty	Protection and savings
			Total	Shareholders' operations
				Total
OTHER OPERATING (EXPENSES) INCOME				
Allowance for doubtful debts			(77,138)	-
General and administrative expenses			(16,910,536)	(378,336)
			(51,530)	286,224
Investment and commission income			150,552	-
Changes in fair value of financial assets at fair value through profit or loss – net			1,525,207	(656,246)
Realized gain (loss) on available-for-sale investments			(9,554)	-
Finance costs on lease liabilities			7,203,316	-
Other income				
Total other operating expenses, net			(8,169,683)	(748,358)
				(8,918,041)
Total loss for the period before surplus attribution and zakat			(7,391,644)	(748,358)
Surplus attributed to the insurance operations			-	-
Total loss for the period before zakat			(7,391,644)	(748,358)
Zakat expense			-	(1,200,000)
				(1,200,000)
Total loss for the period attributable to the shareholders			(7,391,644)	(1,948,358)
				(9,340,002)

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4. Segmental information (continued)

	Insurance operations				Shareholders'
	Medical	Motor	Property and casualty	Protection and savings	Total operations
For the three-month period ended September 30, 2021 (Unaudited)					Total
REVENUES					
Gross premiums written	36,813,951	99,764,883	25,261,531	-	161,840,365
Reinsurance premiums ceded:					
- Foreign	(70,781)	-	(23,034,289)	-	(23,105,070)
- Local	-	(68,539)	(339,749)	-	(408,288)
Excess of loss premiums:					
- Foreign	(2,474,728)	(2,238,766)	(315,427)	-	(5,028,921)
- Local	(468,734)	(588,609)	8,022	-	(1,049,321)
Net premiums written	33,799,708	96,868,969	1,580,088	-	132,248,765
Changes in unearned premiums	54,124	(58,016,537)	(16,359,606)	-	(74,322,019)
Changes in reinsurers' share of unearned premiums	24,977	5,665	15,702,015	-	15,732,657
Net premiums earned	33,878,809	38,858,097	922,497	-	73,659,403
Reinsurance commissions	7,558	12,575	1,065,624	-	1,085,757
Total revenues	33,886,367	38,870,672	1,988,121	-	74,745,160

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4 Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(43,606,018)	(39,522,464)	(158,245)	-	(83,286,727)	(83,286,727)
Reinsurers' share of claims paid	2,100,104	830,923	59,050	-	2,990,077	2,990,077
Claims handling expenses	-	(4,899,732)	-	-	(4,899,732)	(4,899,732)
Net claims and other benefits paid	(41,505,914)	(43,591,273)	(99,195)	-	(85,196,382)	(85,196,382)
Changes in outstanding claims	9,998,296	(1,443,740)	517,000	-	9,071,556	9,071,556
Changes in reinsurers' share of outstanding claims	(318,342)	(441,228)	(1,083,568)	-	(1,843,138)	(1,843,138)
Changes in claims incurred but not reported	13,901,597	(3,209,944)	(2,089,892)	-	8,601,761	8,601,761
Changes in reinsurers' share of claims incurred but not reported	(3,774,383)	424,316	1,907,749	-	(1,442,318)	(1,442,318)
Net claims and other benefits incurred	(21,608,746)	(48,261,869)	(847,906)	-	(70,808,521)	(70,808,521)
Policy acquisition costs	(2,150,874)	(1,970,024)	(777,950)	-	(4,898,848)	(4,898,848)
Changes in additional premium reserves	516,921	(2,096,456)	(350,654)	-	(1,930,189)	(1,930,189)
Changes in other technical reserves	375,609	9,275	(224,493)	-	160,391	160,391
Other underwriting expenses, net	(896,181)	(2,587,358)	(95,039)	-	(3,578,578)	(3,578,578)
Total underwriting costs and expenses, net	(23,853,271)	(54,906,432)	(2,296,042)	-	(81,055,745)	(81,055,745)
NET UNDERWRITING INCOME (LOSS)	10,033,096	(16,035,760)	(307,921)	-	(6,310,585)	(6,310,585)

(Continued)

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4 Segmental information (continued)

	Insurance operations		
	Medical	Property and casualty	Shareholders' operations
	Motor	and savings	Total
OTHER OPERATING INCOME (EXPENSES)			
Reversal of allowance for doubtful debts		594,238	594,238
General and administrative expenses		(20,143,054)	(514,844)
Investment and commission income		498,334	1,136,610
Changes in fair value of financial assets at fair value through profit or loss - net		(66,309)	4,210,176
Realized gain on available-for-sale investments		1,021,514	575,799
Other expenses		10,000	10,000
Total other operating (expenses) income, net		(18,085,277)	5,474,050
Total (loss) income for the period before surplus attribution and zakat		(24,395,862)	(18,921,812)
Surplus transferred to the insurance operations		-	-
Total (loss) income for the period before zakat		(24,395,862)	(18,921,812)
Zakat expense		-	1,729,938
Total (loss) income for the period attributed to the shareholders		(24,395,862)	(17,191,874)

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4 Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
For the nine-month period ended September 30, 2022 (Unaudited)						
REVENUES						
Gross premiums written	177,721,101	135,716,350	44,304,472	-	357,741,923	357,741,923
Reinsurance premiums ceded:						
- Foreign	(4,371)	-	(33,983,440)	-	(33,987,811)	(33,987,811)
- Local	-	(511,522)	(811,849)	-	(1,323,371)	(1,323,371)
Excess of loss premiums:						
- Foreign	(10,084,901)	(2,670,440)	(1,139,830)	-	(13,895,171)	(13,895,171)
- Local	(1,779,688)	(637,279)	(140,174)	-	(2,557,141)	(2,557,141)
Net premiums written	165,852,141	131,897,109	8,229,179	-	305,978,429	305,978,429
Changes in unearned premiums						
Changes in reinsurers' share of unearned premiums	(31,830,125)	39,074,988	(7,502,041)	-	(257,178)	(257,178)
Net premiums earned	(92,385)	253,439	4,977,341	-	5,138,395	5,138,395
Reinsurance commissions	133,929,631	171,225,536	5,704,479	-	310,859,646	310,859,646
	15,964	51,616	5,073,097	-	5,140,677	5,140,677
Total revenues	133,945,595	171,277,152	10,777,576	-	316,000,323	316,000,323

(Continued)

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4 Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(98,357,064)	(185,149,390)	(4,689,096)	-	(288,195,550)	(288,195,550)
Reinsurers' share of claims paid	7,341,421	2,612,873	3,084,354	-	13,038,648	13,038,648
Claims handling expenses	(1,128,720)	(20,062,469)	-	-	(21,191,189)	(21,191,189)
Net claims and other benefits paid	(92,144,363)	(202,598,986)	(1,604,742)	-	(296,348,091)	(296,348,091)
Changes in outstanding claims	(22,433,360)	2,749,730	18,208,420	-	(1,475,210)	(1,475,210)
Changes in reinsurers' share of outstanding claims	1,298,891	(278,956)	(16,454,464)	-	(15,434,529)	(15,434,529)
Changes in claims incurred but not reported	14,757,299	(23,882,302)	3,497,262	-	(5,627,741)	(5,627,741)
Changes in reinsurers' share of claims incurred but not reported	164,794	1,456	(3,494,728)	-	(3,328,478)	(3,328,478)
Net claims and other benefits incurred	(98,356,739)	(224,009,058)	151,748	-	(322,214,049)	(322,214,049)
Policy acquisition costs	(6,206,518)	(10,091,661)	(4,127,445)	-	(20,425,624)	(20,425,624)
Changes in additional premium reserves	-	589,330	757,302	-	1,346,632	1,346,632
Changes in other technical reserves	24,518	(2,881,504)	813,518	-	(2,043,468)	(2,043,468)
Other underwriting expenses, net	(3,937,721)	(2,982,587)	(279,416)	-	(7,199,724)	(7,199,724)
Total underwriting costs and expenses, net	(108,476,460)	(239,375,480)	(2,684,293)	-	(350,536,233)	(350,536,233)
NET UNDERWRITING INCOME (LOSS)	25,469,135	(68,098,328)	8,093,283	-	(34,535,910)	(34,535,910)

(Continued)

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4 Segmental information (continued)

	Insurance operations			
	Medical	Motor	Property and casualty	Protection and savings
			Total	Shareholders' operations
				Total
OTHER OPERATING (EXPENSES) INCOME				
Allowance for doubtful debts		(825,904)		-
General and administrative expenses		(54,936,930)		(1,277,396)
Investment and commission income		(2,194,445)		3,488,670
Changes in fair value of financial assets at fair value through profit or loss – net		117,658		(436,050)
Realized gain on available-for-sale investments		3,026,392		8,667,003
Finance costs on lease liabilities		(47,729)		-
Other income		10,174,757		-
Total other operating (expenses) income, net		(44,686,201)		10,442,227
				(34,243,974)
Total (loss) income for the period before surplus attribution and zakat		(79,222,111)		10,442,227
Surplus transferred to the insurance operations		-		-
Total (loss) income for the period before zakat		(79,222,111)		10,442,227
Zakat expense		-		(3,600,000)
				(3,600,000)
Total (loss) income for the period attributed to the shareholders		(79,222,111)		6,842,227
				(72,379,884)

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4 Segmental information (continued)

	Insurance operations				Shareholders'	
	Medical	Motor	Property and casualty	Protection and savings	Total operations	Total
For the nine-month period ended September 30, 2021 (Unaudited)						
REVENUES						
Gross premiums written	84,613,999	194,705,425	35,768,183	-	315,087,607	315,087,607
Reinsurance premiums ceded:						
- Foreign	(203,358)	-	(30,840,575)	-	(31,043,933)	(31,043,933)
- Local	-	(193,045)	(538,650)	-	(731,695)	(731,695)
Excess of loss premiums:						
- Foreign	(8,092,131)	(3,518,075)	(804,473)	-	(12,414,679)	(12,414,679)
- Local	(2,624,049)	(1,084,151)	(73,216)	-	(3,781,416)	(3,781,416)
Net premiums written	73,694,461	189,910,154	3,511,269	-	267,115,884	267,115,884
Changes in unearned premiums						
Changes in reinsurers' share of unearned premiums	43,993,980	(89,751,275)	(5,211,208)	-	(50,968,503)	(50,968,503)
Net premiums earned	117,794,151	100,153,981	2,782,601	-	220,730,733	220,730,733
Reinsurance commissions	16,112	39,589	3,326,924	-	3,382,625	3,382,625
Total revenues	117,810,263	100,193,570	6,109,525	-	224,113,358	224,113,358

(Continued)

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4. Segmental information (continued)

	Insurance operations				Shareholders'
	Medical	Motor	Property and casualty	Protection and savings	Total operations
UNDERWRITING COSTS AND EXPENSES					Total
Gross claims paid	(193,100,008)	(87,812,527)	(1,214,084)	-	(282,126,619)
Reinsurers' share of claims paid	10,414,145	885,118	831,283	-	12,130,546
Claims handling expenses	(3,675,380)	(10,075,103)	-	-	(13,750,483)
Net claims and other benefits paid	(186,361,243)	(97,002,512)	(382,801)	-	(283,746,556)
Changes in outstanding claims	46,158,360	(4,645,888)	(7,210,524)	-	34,301,948
Changes in reinsurers' share of outstanding claims	(3,107,194)	542,561	6,088,788	-	3,524,155
Changes in claims incurred but not reported	19,250,581	(936,358)	(258,007)	-	18,056,216
Changes in reinsurers' share of claims incurred but not reported	(2,025,503)	(1,182,496)	117,994	-	(3,090,005)
Net claims and other benefits incurred	(126,084,999)	(103,224,693)	(1,644,550)	-	(230,954,242)
Policy acquisition costs	(7,345,843)	(4,639,529)	(2,805,342)	-	(14,790,714)
Changes in additional premium reserves	2,556,945	(4,914,656)	(542,771)	-	(2,900,482)
Changes in other technical reserves	875,096	173,320	(980,672)	-	67,744
Other underwriting expenses, net	(2,634,696)	(4,829,767)	(256,943)	-	(7,721,406)
Total underwriting costs and expenses, net	(132,633,497)	(117,435,325)	(6,230,278)	-	(256,299,100)
NET UNDERWRITING LOSS	(14,823,234)	(17,241,755)	(120,753)	-	(32,185,742)

(Continued)

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4. Segmental information (continued)

	Insurance operations			Shareholders'
	Medical	Motor	Property and casualty and savings	Total operations
OTHER OPERATING (EXPENSES) INCOME				
Allowance for doubtful debts			(1,992,370)	(1,992,370)
General and administrative expenses			(52,901,222)	(54,411,883)
Investment and commission income		1,336,038		5,098,024
Changes in fair value of financial assets at fair value through profit or loss – net			(4,829,378)	7,808,069
Realized gain on available-for-sale investments			4,468,776	7,049,837
Other income			316,923	316,923
Total other operating (expenses) income, net			(53,601,233)	(36,131,400)
Total (loss) income for the period before surplus attribution and zakat			(85,786,975)	(68,317,142)
Surplus transferred to the insurance operations			-	-
Total (loss) income for the period before zakat			(85,786,975)	(68,317,142)
Zakat expense			-	(770,062)
Total (loss) income for the period attributed to the shareholders			(85,786,975)	(69,087,204)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
September 30, 2022						
(Unaudited)						
Assets						
Reinsurers' share of unearned premiums	-	346,874	32,283,183	-	-	32,630,057
Reinsurers' share of outstanding claims	4,501,339	1,079,394	14,337,710	-	-	19,918,443
Reinsurers' share of claims incurred but not reported	407,665	(736,350)	4,335,639	-	-	4,006,954
Deferred policy acquisition costs	4,806,411	6,285,787	4,740,098	-	-	15,832,296
Segment assets	9,715,415	6,975,705	55,696,630	-	-	72,387,750
Unallocated assets					247,638,877	384,734,750
Total assets					247,638,877	704,761,377
Total liabilities and equity						
Unearned premiums	121,549,418	86,350,487	38,862,455	-	-	246,762,360
Unearned reinsurance commission	-	69,375	3,996,837	-	-	4,066,212
Outstanding claims	50,752,458	5,779,702	18,778,706	-	-	75,310,866
Claims incurred but not reported	11,081,650	46,507,825	5,796,333	-	-	63,385,808
Additional premium reserves	-	14,152,671	710,986	-	-	14,863,657
Other technical reserves	252,469	5,944,649	980,347	-	-	7,177,465
Segmental liabilities	183,635,995	158,804,709	69,125,664	-	-	411,566,368
Unallocated liabilities and equity					181,082,212	112,112,797
Total liabilities and equity					181,082,212	704,761,377

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
December 31, 2021 (audited)						
Assets						
Reinsurers' share of unearned premiums	92,385	93,435	27,305,842	-	-	27,491,662
Reinsurers' share of outstanding claims	3,202,448	1,358,350	30,792,174	-	-	35,352,972
Reinsurers' share of claims incurred but not reported	242,871	(737,806)	7,830,367	-	-	7,335,432
Deferred policy acquisition costs	3,392,086	5,549,648	3,580,322	-	-	12,522,056
Segment assets	6,929,790	6,263,627	69,508,705	-	-	82,702,122
Unallocated assets					312,470,514	671,079,978
Total assets					395,172,636	753,782,100
Total liabilities and equity						
Unearned premiums	89,719,293	125,425,475	31,360,414	-	-	246,505,182
Unearned reinsurance commission	15,243	18,687	2,742,282	-	-	2,776,212
Outstanding claims	28,319,098	8,529,432	36,987,126	-	-	73,835,656
Claims incurred but not reported	25,838,949	22,625,523	9,293,595	-	-	57,758,067
Additional premium reserves	-	14,742,001	1,468,288	-	-	16,210,289
Other technical reserves	276,987	3,063,145	1,793,865	-	-	5,133,997
Segment liabilities	144,169,570	174,404,263	83,645,570	-	-	402,219,403
Unallocated liabilities and equity					88,110,088	351,562,697
Total liabilities and equity					490,329,491	753,782,100

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4. Segmental information (continued)

4.1 Gross premiums written - categorization

Three-month period ended September 30, 2022 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	26,273,805	9,419,115	25,158,950	-	60,851,870
Medium corporates	8,423,450	2,338,912	2,812,323	-	13,574,685
Small enterprises	21,261,956	2,732,298	794,035	-	24,788,289
Micro enterprises	9,081,422	539,232	48,000	-	9,668,654
Retail	3,053,591	20,534,307	58,805	-	23,646,703
	68,094,224	35,563,864	28,872,113	-	132,530,201

Three-month period ended September 30, 2021 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	6,288,009	2,612,926	21,994,372	-	30,895,307
Medium corporates	6,328,216	2,146,697	2,653,074	-	11,127,987
Small enterprises	16,756,398	1,366,796	467,994	-	18,591,188
Micro enterprises	5,603,239	66,590	34,500	-	5,704,329
Retail	1,838,089	93,571,874	111,591	-	95,521,554
	36,813,951	99,764,883	25,261,531	-	161,840,365

Nine-month period ended September 30, 2022 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	50,705,385	21,987,073	32,378,902	-	105,071,360
Medium corporates	30,086,696	15,253,515	7,567,953	-	52,908,164
Small enterprises	59,068,944	8,648,536	1,859,247	-	69,576,727
Micro enterprises	25,758,601	2,091,675	202,771	-	28,053,047
Retail	12,101,475	87,735,551	2,295,599	-	102,132,625
	177,721,101	135,716,350	44,304,472	-	357,741,923

Nine-month period ended September 30, 2021 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	14,424,838	12,974,579	26,450,709	-	53,850,126
Medium corporates	15,150,234	7,973,073	6,615,052	-	29,738,359
Small enterprises	36,329,178	5,472,839	2,114,139	-	43,916,156
Micro enterprises	16,159,796	353,246	48,698	-	16,561,740
Retail	2,549,953	167,931,688	539,585	-	171,021,226
	84,613,999	194,705,425	35,768,183	-	315,087,607

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5. Cash and cash equivalents

	Insurance operations		Shareholders' operations	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Cash in hand	35,276	38,257	-	-
Cash at banks - current accounts	9,664,216	51,603,335	12,030,041	42,012,973
Time deposits	122,500,000	-	-	-
Money market fund	23,010,979	92,506,592	103,045,840	102,057,096
	155,210,471	144,148,184	115,075,881	144,070,069

Cash at banks and units in money market funds are placed with counterparties that have investment grade credit ratings.

6. Short-term and long-term deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earn commission income at an average rate of 1.10% to 1.90 % per annum (December 31, 2021: Nil).

Long-term deposits represent deposits with maturity of more than one year from the date of placement and are placed with banks carrying commission income at an average rate of 2.85% to 2.9% (December 31, 2021: 2.85% to 2.90%) per annum.

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7. Premiums and insurers' balances receivable - net

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Premiums receivable	162,185,829	123,844,800
Premiums receivable from related parties (Note 12)	-	8,933,939
Receivable from insurance and reinsurance companies	7,530,560	1,331,754
	169,716,389	134,110,493
Less: allowance for doubtful debts	(40,310,715)	(39,484,811)
	129,405,674	94,625,682

Movement in the allowance for doubtful debts is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of period / year	39,484,811	36,275,368
Charge for the period / year	825,904	3,209,443
At the end of period / year	40,310,715	39,484,811

8. Technical reserves

8.1 Net outstanding claims and reserves

Movement in outstanding claims and reserves is as follows:

	As at September 30, 2022		
	Gross	Reinsurance	Net
January 1	131,593,723	(42,688,404)	88,905,319
Claims paid	(288,195,550)	13,038,648	(275,156,902)
Claims incurred	295,298,501	5,724,359	301,022,860
September 30	138,696,674	(23,925,397)	114,771,277
Outstanding claims	75,310,866	(19,918,443)	55,392,423
Claims incurred but not reported	63,385,808	(4,006,954)	59,378,854
	138,696,674	(23,925,397)	114,771,277
Additional premium reserves:			
Premium deficiency reserve	14,863,657	-	14,863,657
Other technical reserves:			
Non-proportional reinsurance accrual reserve	317,617	-	317,617
Unallocated loss adjustment expense reserve	6,859,848	-	6,859,848
Outstanding claims and reserves	160,737,796	(23,925,397)	136,812,399

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8. Technical reserves (continued)

8.1 Outstanding claims and reserves (continued)

	As at December 31, 2021		
	Gross	Reinsurance	Net
January 1	182,674,254	(38,904,128)	143,770,126
Claims paid	(373,257,696)	16,772,451	(356,485,245)
Claims incurred	322,177,165	(20,556,727)	301,620,438
December 31	131,593,723	(42,688,404)	88,905,319
Outstanding claims	73,835,656	(35,352,972)	38,482,684
Claims incurred but not reported	57,758,067	(7,335,432)	50,422,635
	131,593,723	(42,688,404)	88,905,319
Additional premium reserves:			
Premium deficiency reserve	16,210,289	-	16,210,289
Other technical reserves:			
Unallocated loss adjustment expense reserve	5,133,997	-	5,133,997
Outstanding claims and reserves	152,938,009	(42,688,404)	110,249,605

8.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

	As at September 30, 2022		
	Gross	Reinsurance	Net
Balance at beginning of the period	246,505,182	(27,491,662)	219,013,520
Premium written during the period	357,741,923	(51,763,494)	305,978,429
Premium earned during the period	(357,484,745)	46,625,099	(310,859,646)
Balance at end of the period	246,762,360	(32,630,057)	214,132,303

	As at December 31, 2021		
	Gross	Reinsurance	Net
Balance at beginning of the year	171,428,813	(18,949,044)	152,479,769
Premium written during the year	438,300,420	(65,317,069)	372,983,351
Premium earned during the year	(363,224,051)	56,774,451	(306,449,600)
Balance at end of the year	246,505,182	(27,491,662)	219,013,520

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9. Investments

(a) *Investments are classified as follows:*

	Insurance operations		Shareholders' operations	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss	9,677,682	10,861,302	10,245,031	46,330,548
Available-for-sale investments	12,672,064	10,408,278	19,811,618	20,158,636
	22,349,746	21,269,580	30,056,649	66,489,184

(b) *Category wise investment analysis is as follows:*

	Insurance operations		Shareholders' operations	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Quoted	9,948,984	9,163,850	19,811,618	49,785,557
Unquoted	12,400,762	12,105,730	10,245,031	16,703,627
	22,349,746	21,269,580	30,056,649	66,489,184

(c) *The analysis of the composition of investments is as follows:*

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Mutual funds	19,922,713	57,191,850
Ordinary shares	32,483,682	30,566,914
	52,406,395	87,758,764

Management has performed a review of the available-for-sale investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management is of the view that no impairment is required in respect of the available-for-sale investments. All investments are denominated in Saudi Riyals and United States Dollars. As at the reporting date investments amounting to Saudi Riyals 19.9 million (December 31, 2021: Saudi Riyals 57.2 million) are denominated in United States Dollars.

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9. Investments (continued)

(d) *Movement in financial assets at fair value through profit or loss is as follows:*

	Insurance operations		Shareholders' operations	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At the beginning of the period / year	10,861,302	26,064,650	46,330,548	74,400,053
Acquisitions during the period / year	-	-	285,114	2,171,620
Disposals during the period / year	(886,484)	(9,440,797)	(35,934,581)	(26,024,610)
Changes in fair value - net	117,658	(4,719,777)	(436,050)	14,329,397
Realised losses on disposal	(414,794)	(1,042,774)	-	(18,545,912)
At the end of period / year	9,677,682	10,861,302	10,245,031	46,330,548

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

	Insurance operations		Shareholders' operations	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
At the beginning of the period / year	10,408,278	13,938,299	20,158,636	30,146,945
Acquisitions during the period / year	17,334,934	32,933,817	36,915,833	24,744,901
Disposals during the period / year	(16,874,595)	(40,905,864)	(36,911,477)	(43,744,901)
Unrealised loss	(1,222,945)	(772,355)	(9,018,377)	(340,500)
Realised gains on disposal	3,026,392	5,214,381	8,667,003	9,352,191
At the end of period / year	12,672,064	10,408,278	19,811,618	20,158,636

(f) *Movement in fair value reserve on available-for-sale investments is as follows:*

	Insurance operations	Shareholders' operations	Total
As of January 1, 2021	1,483,198	6,574,387	8,057,585
Change in fair value	4,442,026	9,011,691	13,453,717
Realized gains on disposal of investments	(5,214,381)	(9,352,191)	(14,566,572)
As at December 31, 2021	710,843	6,233,887	6,944,730
As of January 1, 2022	710,843	6,233,887	6,944,730
Change in fair value	1,803,447	(351,374)	1,452,073
Realized gains on disposal of investments	(3,026,392)	(8,667,003)	(11,693,395)
As at September 30, 2022	(512,102)	(2,784,490)	(3,296,592)

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9. Investments (continued)

(g) Geographical concentration:

The maximum exposure to credit and price risk for financial assets at fair value through profit or loss and available-for-sale investments at the reporting date by geographic region is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Kingdom of Saudi Arabia	20,219,244	18,428,094	19,811,618	20,158,636
Singapore	2,130,502	2,841,486	-	-
United States of America	-	-	10,245,031	16,703,627
United Arab Emirates	-	-	-	29,626,921
	22,349,746	21,269,580	30,056,649	66,489,184

10. Goodwill

The Company commenced its insurance operations on January 1, 2009. The Company's General Assembly approved on February 1, 2009 for the Company to enter into an agreement whereby it acquired the entire business (net identifiable assets) of Al Sagr Saudi Insurance Company with effect from January 1, 2009 at a goodwill of Saudi Riyals 39 million as set forth in SAMA's letter in this respect after completing the related procedures as required under SAMA's letter on November 10, 2008. The Company has later adjusted goodwill amount by reducing Saudi Riyals 13.5 million in line with SAMA correspondence in this respect bringing it to Saudi Riyals 25.5 million. The Company has paid Saudi Riyals 9.9 million during 2011 and Saudi Riyals 15.6 million in 2012 against goodwill to the shareholders of Al Sagr Saudi Insurance Company.

For the impairment testing, management has identified a single cash generating unit ("CGU") and determines the recoverable amount of the CGU based on value-in-use calculations. These calculations require the use of estimates in relation to the future cash flows, based on the most recent five years' business plan, and use of an appropriate discount rate. Cash flows beyond five-years' period are extrapolated using the estimated growth rate stated below. This growth rate is consistent with the forecasts included in industry reports specific to the industry in which the CGU operates. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The calculation of value in use is most sensitive to the assumptions related to the compound annual growth in gross premiums written and average claims ratio, which are determined keeping in view the historical performance, recent market and industry trends and expected outcome of various performance improvement measures being implemented by the management. The key significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

Key assumptions	%
Compound annual growth in gross premiums written	12.0
Average claims ratio	86.0
Weighted average cost of capital	12.0
Long-term growth rate	2.0

Although management believes that the assumptions used to evaluate potential impairment are reasonable, such assumptions are inherently subjective. Based on the assumptions made, the expected discounted future cash flows exceed the carrying amount of goodwill and accordingly no impairment has been recognised.

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10. Goodwill (continued)

Sensitivity to the changes in key assumptions

The estimated recoverable amount of the CGU exceeded its carrying value by approximately Saudi Riyals 132.6 million. Management has identified that a reasonably possible change in the below given key assumptions could cause the carrying amount to exceed the recoverable amount.

Compound annual growth in gross premiums written

The gross premiums written growth in the forecast period has been estimated to be compound annual growth rate of 12.0%. If all other assumptions kept the same, a reduction of this growth rate from 12.0% to 5.17% would give a value-in-use equal to the current carrying amount.

Average claims ratio

The average claims ratio in the forecast period has been estimated to be 86.0%. If all other assumptions kept the same, an increase of this ratio from 86.0% to 90.7% would give a value-in-use equal to the current carrying amount.

Weighted average cost of capital

The weighted average cost of capital in the forecast period has been estimated to be 12.0%. If all other assumptions kept the same, a increase of this discount rate from 12.0% to 16.5% would give a value in use equal to the current carrying amount.

11. Statutory deposit

The statutory deposit represents 10% of the paid-up share capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

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.

- (a) The following are the details of major related party transactions during the period, and the related balances at the end of the period/year:

	Transactions for the three-month period ended		Transactions for the nine-month period ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Shareholders				
Gross premiums written	-	849,862	1,125,690	5,182,214
Rent expense	(252,514)	(304,386)	(334,534)	(885,620)
Reinsurance commission income	1,279	16,147	15,964	44,232
Reinsurance share of claims paid	4,264	12,830	243,036	83,624
Reinsurance premium ceded	(430)	(619,450)	(3,834)	(968,924)
Claims incurred	-	(1,719,672)	(111,144)	(4,956,006)

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12. Related party transactions and balances (continued)

- (a) The following are the details of major related party transactions during the period, and the related balances at the end of the period/year: (continued)

	Balances receivable (payable) as at	
	September 30, 2022	December 31, 2021
Shareholders		
Premiums receivable from related parties	-	8,933,939
Directors' remuneration and meeting fee payable	(3,986,944)	(4,238,611)
Gross outstanding claims payable	-	(874,603)
Reinsurance premium payable	(8,112)	(529,196)

- (b) The compensation of key management personnel during the period is as follows:

	Three-month period ended September 30, 2022 (Unaudited)	Three-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2022 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)
Salaries and benefits	2,611,764	2,577,414	7,780,877	7,774,575
Employee benefit obligations	111,657	154,769	346,955	457,015
	2,723,421	2,732,183	8,127,832	8,231,590

- (c) *Due to a related party*

Due to a related party represents amounts payable to Al Sagr Saudi Insurance Company (B.S.C).

- (d) 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

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13. Zakat

(a) Zakat charge for the period

The charge for the period for zakat is as follows:

	Nine-month period ended September 30, 2022 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)
Charge for the period	<u>3,600,000</u>	<u>770,062</u>

(b) Zakat base

The principal elements of zakat base are as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Opening shareholders' equity	213,276,938	287,782,257
Non-current assets	88,257,362	143,021,398
Goodwill	25,513,750	25,513,750
Loss for the period / year before zakat	(68,839,652)	(72,701,085)

The difference between the financial results and adjusted net loss is mainly due to adjustments for certain costs based on relevant regulations.

(c) Movement in the provision for zakat during the period / year

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
At the beginning of the period / year	42,652,370	46,857,518
Provision for the period / year		
- For current year	2,678,013	3,676,614
- Adjustments related to prior years	921,987	(1,906,552)
	<u>3,600,000</u>	<u>1,770,062</u>
Paid during the period / year	(4,598,601)	(5,975,210)
At the end of the period / year	<u>41,653,769</u>	<u>42,652,370</u>

(d) Shareholding subject to zakat

The following is the shareholding percentage subject to zakat in the interim condensed financial information and financial statements as at the end of the period/year:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Shareholding subject to zakat	<u>100%</u>	<u>100%</u>

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13. Zakat (continued)

(e) Zakat assessments

During the year ended December 31, 2020, the Company received final zakat assessments for the years from 2012 to 2018. Total additional zakat liability as per the assessments amounted to Saudi Riyals 36.3 million for such years. The Company had filed an appeal with General Secretariat of Zakat Committees (high committees) against the assessments and in-parallel had submitted a settlement request with the Zakat, Tax and Customs Authority ("ZATCA")-Settlement committee. During the year ended December 31, 2021, the ZATCA-Settlement committee offered to decrease the zakat assessments to Saudi Riyals 36.2 million, which the Company did not accept and, accordingly, continued with the appeal filed with General Secretariat of Zakat Committees (high committees), which also issued the decision and the final additional zakat liability was assessed at Saudi Riyals 36.2 million. The Company has filed an appeal with the Appellate Committee for the resolution of tax disputes against the assessment.

During the year ended December 31, 2021, the Company had received preliminary assessment from ZATCA for the years 2019 and 2020, with an additional liability amounting to Saudi Riyals 9.6 million. The Company has filed an appeal with General Secretariat of Zakat Committees (high committees) against such assessments.

Management is of the view that ZATCA will reconsider the above assessments and will allow for certain deductions from the zakat base and believes that the level of the existing provision for zakat maintained by the Company is presently sufficient to cover such uncertain zakat positions.

14. Share capital

The authorized, issued and paid up share capital of the Company was 400 million at September 30, 2022, consisting of 40 million shares (December 31, 2021: Saudi Riyals 400 million consisting of 40 million shares) of Saudi Riyals 10 each.

15. Statutory reserve

In accordance with the 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. Basic and diluted loss per share

Basic and diluted loss per share for the three-month and nine-month periods ended September 30, 2022 and 2021 is calculated by dividing total loss for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

	For the three-month period ended September 30,	
	2022	2021
Total loss for the period attributable to the shareholders	(9,340,002)	(17,191,874)
Weighted average number of ordinary shares for basic and diluted loss per share	40,000,000	40,000,000
Basic and diluted loss per share	(0.23)	(0.43)

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16. Basic and diluted loss per share (continued)

	For the nine-month period ended September 30,	
	2022	2021
Total loss for the period attributable to the shareholders	(72,379,884)	(69,087,204)
Weighted average number of ordinary shares for basic and diluted loss per share	40,000,000	40,000,000
Basic and diluted loss per share	(1.81)	(1.73)

17. Fair value of financial instruments

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the 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.

	September 30, 2022 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - financial assets at fair value through profit or loss	-	-	19,922,713	19,922,713
Ordinary shares - available-for-sale	29,760,602	-	2,723,080	32,483,682
	29,760,602	-	22,645,793	52,406,395
	December 31, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - financial assets at fair value through profit or loss	29,626,921	-	27,564,929	57,191,850
Ordinary shares - available-for-sale	29,322,486	-	1,244,428	30,566,914
	58,949,407	-	28,809,357	87,758,764

During the period, there have been no transfers between level 1, level 2 and level 3.

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17. Fair value of financial instruments (continued)

The valuation of publicly traded investments classified under level 1 is based upon the closing market price of that security as of the valuation date, less a discount if the security is restricted. Fair values of private mutual funds classified in Level 3 are determined based on the investees' latest reported net assets values as at the date of statement of financial position taking into account the fair value of underlying investments by the fund. The fair value of Level 3 fixed income investments and funds are taken from the holding statements issued by the respective fund managers. Level 3 available-for-sale investment also comprises equity investment of 192,308 shares of Najm for Insurance Services (Najm) (December 31, 2021: 192,308 shares) and 80,000 shares of Saudi NextCare (December 31, 2021: 80,000 shares), respectively. During the nine-month period ended 30 September 2022, Najm has issued 497,347 bonus shares on account of increase in their share capital. As at September 30, 2022 and December 31, 2021, such investments is carried at cost as management considers that the recent available information is insufficient to determine fair value and the cost represents the best estimate of fair value in the current circumstances.

Cash and cash equivalents, premiums and insurers' balances receivable - net, reinsurers' share of outstanding claims, statutory deposit, accrued income on statutory deposits and the financial liabilities except employee benefit obligations are measured at amortized cost.

18. Commitments and contingencies

(a) Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. 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 material impact on the Company's results or financial position.

(b) Capital commitments

At September 30, 2022, the Company had outstanding commitment of 15.0 million Saudi Riyals in respect of purchase of investments relating to a mutual fund and costs towards implementation of new software (December 31, 2021: Saudi Riyals 8.8 million).

19. Capital risk management

Objectives are set by the Company to maintain healthy 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.

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 100 million;
- Premium solvency margin; or
- Claims solvency margin.

As at September 30, 2022, the Company's solvency margin has reduced to 65.9%, which is less than the minimum solvency margin required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

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19. Capital risk management (continued)

As per Article 68 of the SAMA Implementing Regulations, the company shall maintain a solvency margin according to the standards specified, and implement the following measures when its solvency margin falls below the required margin(s):

- a. The company shall restore, in a period not exceeding the next financial quarter, its solvency margin when it falls between the range of 75% to 100% of the required solvency margin.
- b. The company shall restore its solvency margin when it falls between 50% and 75% of the required margin. The company shall apply measures stated in paragraph (a) of this Article. If the required solvency margin is not restored to its appropriate level for two consecutive financial quarters, the company shall formulate and provide SAMA with a corrective action plan to be taken and the period necessary to restore its solvency.

The Company is taking measures to rectify the deficiency and the measures considered by the management include certain operational improvement measures, such as improved recoverability of premium receivable balances and implementation of better investment strategies.

20. Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors on 12 Rabi'II 1444H (corresponding to November 6, 2022).

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21. Supplementary information

As required by the SAMA Implementing Regulations, the interim condensed statement of financial position, interim condensed statement of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		September 30, 2022 (Unaudited)		December 31, 2021 (Audited)		
		Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations	
ASSETS		Note	Total	Total	Total	
Cash and cash equivalents	5	155,210,471	115,075,881	270,286,352	144,148,184	288,218,253
Short term deposits		32,233,478	-	32,233,478	-	-
Premiums and insurers' balances receivable - net	7	129,405,674	-	129,405,674	94,625,682	94,625,682
Reinsurers' share of unearned premiums	8	32,630,057	-	32,630,057	27,491,662	27,491,662
Reinsurers' share of outstanding claims	8	19,918,443	-	19,918,443	35,352,972	35,352,972
Reinsurers' share of claims incurred but not reported	8	4,006,954	-	4,006,954	7,335,432	7,335,432
Deferred policy acquisition costs		15,832,296	-	15,832,296	12,522,056	12,522,056
Financial assets at fair value through profit or loss	9	9,677,682	10,245,031	19,922,713	10,861,302	46,330,548
Available-for-sale investments	9	12,672,064	19,811,618	32,483,682	10,408,278	20,158,636
Prepaid expenses and other assets		30,246,302	873,928	31,120,230	25,840,738	1,695,925
Long-term deposits	6	-	30,000,000	30,000,000	11,250,000	75,000,000
Property and equipment		5,659,767	-	5,659,767	5,210,239	-
Right-of-use assets		3,150,386	-	3,150,386	4,405,468	-
Intangible assets		6,478,926	-	6,478,926	5,720,623	-
Goodwill	10	-	25,513,750	25,513,750	-	25,513,750
Statutory deposit	11	-	40,000,000	40,000,000	-	40,000,000
Accrued commission income on statutory deposit	11	-	6,118,669	6,118,669	-	5,840,536
Amounts due from shareholders' operations		66,556,665	-	66,556,665	95,156,855	-
TOTAL ASSETS		523,679,165	247,638,877	771,318,042	490,329,491	848,938,955
Less: inter-operations elimination		(66,556,665)	-	(66,556,665)	(95,156,855)	(95,156,855)
TOTAL ASSETS		457,122,500	247,638,877	704,761,377	395,172,636	753,782,100

358,609,464
848,938,955
(95,156,855)
753,782,100
(Continued)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES AND EQUITY						
LIABILITIES						
Accounts payable	6,533,029	-	6,533,029	5,855,407	-	5,855,407
Accrued and other liabilities	50,298,005	4,023,071	54,321,076	28,046,669	4,274,739	32,321,408
Reinsurers' balances payable	21,525,081	-	21,525,081	17,934,876	-	17,934,876
Unearned premiums	246,762,360	-	246,762,360	246,505,182	-	246,505,182
Unearned reinsurance commission	4,066,212	-	4,066,212	2,776,212	-	2,776,212
Outstanding claims	75,310,866	-	75,310,866	73,835,656	-	73,835,656
Claims incurred but not reported	63,385,808	-	63,385,808	57,758,067	-	57,758,067
Additional premium reserves	14,863,657	-	14,863,657	16,210,289	-	16,210,289
Other technical reserves	7,177,465	-	7,177,465	5,133,997	-	5,133,997
Lease liabilities	2,602,439	-	2,602,439	3,805,657	-	3,805,657
Due to a related party	-	1,123,750	1,123,750	-	1,123,750	1,123,750
Employee benefit obligations	9,113,811	-	9,113,811	9,204,102	-	9,204,102
Zakat payable	-	41,653,769	41,653,769	-	42,652,370	42,652,370
Accrued commission income payable to SAMA	-	-	-	-	5,840,536	5,840,536
Dividend payable	-	370,349	370,349	-	370,349	370,349
Amounts due to insurance operations	-	66,556,665	66,556,665	-	95,156,855	95,156,855
Surplus distribution payable	19,177,304	-	19,177,304	19,177,304	-	19,177,304
TOTAL LIABILITIES	520,816,037	119,846,273	640,662,310	486,243,418	149,418,599	635,662,017
Less: inter-operations elimination	-	(66,556,665)	(66,556,665)	-	(95,156,855)	(95,156,855)
TOTAL LIABILITIES	520,816,037	53,289,608	574,105,645	486,243,418	54,261,744	540,505,162
						(Continued)

(Continued)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	Note	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
		Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
EQUITY					
Share capital	14	-	400,000,000	-	400,000,000
Accumulated losses		-	(269,422,906)	-	(197,043,022)
Remeasurement reserve of employee benefit obligations		3,375,230	-	3,375,230	-
Fair value reserve on investments		(512,102)	(2,784,490)	710,843	6,233,887
NET EQUITY		2,863,128	127,792,604	4,086,073	209,190,865
TOTAL LIABILITIES AND EQUITY		523,679,165	181,082,212	490,329,491	753,782,100

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,

	Note	2022 (Unaudited)		2021 (Unaudited)	
		Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
REVENUES					
Gross written premiums		132,530,201	-	132,530,201	161,840,365
Reinsurance premiums ceded:					
- Foreign		(25,931,163)	-	(25,931,163)	(23,105,070)
- Local		(595,264)	-	(595,264)	(408,288)
Excess of loss premiums:					
- Foreign		(5,027,511)	-	(5,027,511)	(5,028,921)
- Local		(692,228)	-	(692,228)	(1,049,321)
Net premiums written		100,284,035	-	100,284,035	132,248,765
Changes in unearned premiums		(12,199,978)	-	(12,199,978)	(74,322,019)
Changes in reinsurers' share of unearned premiums		17,915,544	-	17,915,544	15,732,657
Net premiums earned	8	105,999,601	-	105,999,601	73,659,403
Reinsurance commissions		1,064,036	-	1,064,036	1,085,757
Total revenues		107,063,637	-	107,063,637	74,745,160
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(98,471,150)	-	(98,471,150)	(83,286,727)
Reinsurers' share of claims paid		4,249,753	-	4,249,753	2,990,077
Claims handling expenses		(6,573,017)	-	(6,573,017)	(4,899,732)
Net claims and other benefits paid		(100,794,414)	-	(100,794,414)	(85,196,382)

(Continued)

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

Note	2022 (Unaudited)			2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Changes in outstanding claims	8	6,413,761	-	6,413,761	9,071,556	-
Changes in reinsurers' share of outstanding claims	8	(10,801,601)	-	(10,801,601)	(1,843,138)	-
Changes in claims incurred but not reported	8	3,051,336	-	3,051,336	8,601,761	-
Changes in reinsurers' share of claims incurred but not reported	8	(2,488,802)	-	(2,488,802)	(1,442,318)	-
Net claims and other benefits incurred		(104,619,720)	-	(104,619,720)	(70,808,521)	-
Policy acquisition costs		(7,397,645)	-	(7,397,645)	(4,898,848)	-
Changes in additional premium reserves		7,693,876	-	7,693,876	(1,930,189)	-
Changes in other technical reserves		367,475	-	367,475	160,391	-
Other underwriting expenses, net		(2,329,584)	-	(2,329,584)	(3,578,578)	-
Total underwriting costs and expenses, net		(106,285,598)	-	(106,285,598)	(81,055,745)	-
NET UNDERWRITING INCOME (LOSS)		778,039	-	778,039	(6,310,585)	-
OTHER OPERATING (EXPENSES) INCOME						
Allowance for (reversal of allowance for) doubtful debts	7	(77,138)	-	(77,138)	594,238	-
General and administrative expenses		(16,910,536)	(378,336)	(17,288,872)	(20,143,054)	(514,844)
Investment and commission income		(51,530)	286,224	234,694	498,334	1,136,610
Changes in fair value of financial assets at fair value through profit or loss - net	9	150,552	-	150,552	(66,309)	4,210,176
Realized gain (loss) on available-for-sale investment	9	1,525,207	(656,246)	868,961	1,021,514	575,799
Finance costs on lease liabilities		(9,554)	-	(9,554)	-	-
Other income		7,203,316	-	7,203,316	10,000	10,000
Total other operating (expenses) income, net		(8,169,683)	(748,358)	(8,918,041)	(18,085,277)	5,474,050
						(12,611,227)

(Continued)

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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	Note	2022 (Unaudited)			2021 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total (loss) income for the period before surplus attribution and zakat		(7,391,644)	(748,358)	(8,140,002)	(24,395,862)	5,474,050	(18,921,812)
Zakat expense		-	(1,200,000)	(1,200,000)	-	1,729,938	1,729,938
Total (loss) income for the period		(7,391,644)	(1,948,358)	(9,340,002)	(24,395,862)	7,203,988	(17,191,874)
Deficit transferred to the shareholders' operations		7,391,644	(7,391,644)	-	24,395,862	(24,395,862)	-
Total loss for the period after transfer of deficit		-	(9,340,002)	(9,340,002)	-	(17,191,874)	(17,191,874)
Weighted average number of outstanding shares	16		40,000,000			40,000,000	
Loss per share (expressed in Saudi Riyals per share)			(0.23)			(0.43)	
Basic loss per share	16		(0.23)			(0.43)	
Diluted loss per share	16		(0.23)			(0.43)	

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 (All amounts expressed in Saudi Riyals unless otherwise stated)

21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,
(continued)

	2022 (Unaudited)		2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Total loss for the period attributable to the shareholders	-	(9,340,002)	(9,340,002)	(17,191,874)
			-	(17,191,874)
Other comprehensive income (loss)				
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>				
Net change in fair value of available-for-sale investments	350,642	671,577	1,022,219	1,584,690
			(111,748)	1,472,942
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	350,642	(8,668,425)	(8,317,783)	(15,607,184)

(Continued)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

Note	2022 (Unaudited)		2021 (Unaudited)			
	Insurance operations	Shareholders' operations	Total	Shareholders' operations	Total	
REVENUES						
Gross written premiums	357,741,923	-	357,741,923	315,087,607	-	315,087,607
Reinsurance premiums ceded:						
- Foreign	(33,987,811)	-	(33,987,811)	(31,043,933)	-	(31,043,933)
- Local	(1,323,371)	-	(1,323,371)	(731,695)	-	(731,695)
Excess of loss premiums:						
- Foreign	(13,895,171)	-	(13,895,171)	(12,414,679)	-	(12,414,679)
- Local	(2,557,141)	-	(2,557,141)	(3,781,416)	-	(3,781,416)
Net premiums written	305,978,429	-	305,978,429	267,115,884	-	267,115,884
Changes in unearned premiums	(257,178)	-	(257,178)	(50,968,503)	-	(50,968,503)
Net premiums earned	5,138,395	-	5,138,395	4,583,352	-	4,583,352
Reinsurance commissions	310,859,646	-	310,859,646	220,730,733	-	220,730,733
	5,140,677	-	5,140,677	3,382,625	-	3,382,625
Total revenues	316,000,323	-	316,000,323	224,113,358	-	224,113,358
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(288,195,550)	-	(288,195,550)	(282,126,619)	-	(282,126,619)
Reinsurers' share of claims paid	13,038,648	-	13,038,648	12,130,546	-	12,130,546
Claims handling expenses	(21,191,189)	-	(21,191,189)	(13,750,483)	-	(13,750,483)
Net claims and other benefits paid	(296,348,091)	-	(296,348,091)	(283,746,556)	-	(283,746,556)
						(Continued)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	Note	2022 (Unaudited)			2021 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Changes in outstanding claims	8	(1,475,210)	-	(1,475,210)	34,301,948	-	34,301,948
Changes in reinsurers' share of outstanding claims	8	(15,434,529)	-	(15,434,529)	3,524,155	-	3,524,155
Changes in claims incurred but not reported	8	(5,627,741)	-	(5,627,741)	18,056,216	-	18,056,216
Changes in reinsurers' share of claims incurred but not reported	8	(3,328,478)	-	(3,328,478)	(3,090,005)	-	(3,090,005)
Net claims and other benefits incurred		(322,214,049)	-	(322,214,049)	(230,954,242)	-	(230,954,242)
Policy acquisition costs		(20,425,624)	-	(20,425,624)	(14,790,714)	-	(14,790,714)
Changes in additional premium reserves		1,346,632	-	1,346,632	(2,900,482)	-	(2,900,482)
Changes in other technical reserves		(2,043,468)	-	(2,043,468)	67,744	-	67,744
Other underwriting expenses, net		(7,199,724)	-	(7,199,724)	(7,721,406)	-	(7,721,406)
Total underwriting costs and expenses, net		(350,536,233)	-	(350,536,233)	(256,299,100)	-	(256,299,100)
NET UNDERWRITING LOSS		(34,535,910)	-	(34,535,910)	(32,185,742)	-	(32,185,742)
OTHER OPERATING (EXPENSES) INCOME							
Allowance for doubtful debts	7	(825,904)	-	(825,904)	(1,992,370)	-	(1,992,370)
General and administrative expenses		(54,936,930)	(1,277,396)	(56,214,326)	(52,901,222)	(1,510,661)	(54,411,883)
Investment and commission income		(2,194,445)	3,488,670	1,294,225	1,336,038	3,761,986	5,098,024
Changes in fair value of financial assets at fair value through profit or loss – net	9	117,658	(436,050)	(318,392)	(4,829,378)	12,637,447	7,808,069
Realized gain on available-for-sale investments	9	3,026,392	8,667,003	11,693,395	4,468,776	2,581,061	7,049,837
Finance costs on lease liabilities		(47,729)	-	(47,729)	-	-	-
Other income		10,174,757	-	10,174,757	316,923	-	316,923

(Continued)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	Note	2022 (Unaudited)		2021 (Unaudited)	
		Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Total other operating (expenses) income, net		(44,686,201)	10,442,227	(34,243,974)	17,469,833
				(53,601,233)	(36,131,400)
Total (loss) income for the period before surplus attribution and zakat		(79,222,111)	10,442,227	(68,779,884)	17,469,833
Zakat expense		-	(3,600,000)	(3,600,000)	(770,062)
Total (loss) income for the period		(79,222,111)	6,842,227	(72,379,884)	16,699,771
				(85,786,975)	(69,087,204)
Deficit transferred to the shareholders' operations		79,222,111	(79,222,111)	-	(85,786,975)
Total loss for the period after transfer of deficit		-	(72,379,884)	(72,379,884)	(69,087,204)
Weighted average number of outstanding shares	16		40,000,000		40,000,000
Loss per share (expressed in Saudi Riyals per share)					
Basic loss per share	16		(1.81)		(1.73)
Diluted loss per share	16		(1.81)		(1.73)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,
(continued)

	2022 (Unaudited)		2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Total loss for the period attributable to the shareholders	-	(72,379,884)	(72,379,884)	(69,087,204)
Other comprehensive (loss) income				
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>				
Net change in fair value of available-for-sale investments	(1,222,945)	(9,018,377)	(10,241,322)	787,660
				7,425,138
				8,212,798
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(1,222,945)	(81,398,261)	(82,621,206)	(61,662,066)
				(60,874,406)

21. Supplementary information (continued)

21. Supplementary information (continued)

(Continued)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2022 (Unaudited)		2021 (Unaudited)			
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Accrued commission income on statutory deposit	-	(278,133)	(278,133)	-	(224,759)	(224,759)
Outstanding claims	1,475,210	-	1,475,210	(34,301,948)	-	(34,301,948)
Claims incurred but not reported	5,627,741	-	5,627,741	(18,056,216)	-	(18,056,216)
Additional premium reserves	(1,346,632)	-	(1,346,632)	2,900,482	-	2,900,482
Other technical reserves	2,043,468	-	2,043,468	(67,744)	-	(67,744)
Employee benefit obligations paid	(1,609,713)	-	(1,609,713)	(806,920)	-	(806,920)
Zakat paid	-	(4,598,601)	(4,598,601)	-	(5,975,210)	(5,975,210)
Finance cost paid on lease liabilities	(47,729)	-	(47,729)	-	-	-
Surplus paid to policy holders	-	-	-	(20)	-	(20)
Accrued commission income payable to SAMA	-	278,133	278,133	-	224,759	224,759
Amounts due to (from) insurance operations	107,822,301	(107,822,301)	-	(85,786,975)	85,786,975	-
Amounts due (from) to shareholders' operations	(79,222,111)	79,222,111	-	99,376,301	(99,376,301)	-
Net cash generated from (utilized in) operating activities	35,092,604	(109,639,299)	(74,546,695)	(2,393,225)	(107,218,869)	(109,612,094)
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in short-term deposits	(42,233,478)	-	(42,233,478)	-	-	-
Liquidation in short term deposits	10,000,000	-	10,000,000	-	-	-
Liquidation of long-term deposits	11,250,000	45,000,000	56,250,000	-	-	-
Purchases of property and equipment	(1,131,241)	-	(1,131,241)	(1,167,937)	-	(1,167,937)
Purchases of intangible assets	(1,138,525)	-	(1,138,525)	(3,532,519)	-	(3,532,519)
Purchases of financial assets at fair value through profit or loss	-	(285,114)	(285,114)	-	(2,171,620)	(2,171,620)
Proceeds from disposal of financial assets at fair value through profit or loss	886,484	35,934,581	36,821,065	6,250,528	12,316,398	18,566,926
Proceeds from disposal of available-for-sale investments	16,874,595	36,911,477	53,786,072	24,246,054	10,514,227	34,760,281
Purchase of available-for-sale investments	(17,334,934)	(36,915,833)	(54,250,767)	(24,274,007)	(10,655,135)	(34,929,142)
Net cash (utilized in) generated from investing activities	(22,827,099)	80,645,111	57,818,012	1,522,119	10,003,870	11,525,989
						(Continued)

(Continued)

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2022 (Unaudited)		2021 (Unaudited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
			Total operations	Total
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	-	-	(394)
Principal elements of lease payments	(1,203,218)	-	(1,203,218)	-
Net cash utilized in financing activities	(1,203,218)	-	(1,203,218)	(394)
Net change in cash and cash equivalents	11,062,287	(28,994,188)	(17,931,901)	(98,086,499)
Cash and cash equivalents, beginning of the period	144,148,184	144,070,069	288,218,253	193,807,173
Cash and cash equivalents, end of the period	155,210,471	115,075,881	270,286,352	245,250,579
Supplemental non-cash information:				
Net change in fair value reserve for available-for-sale investments	(1,222,945)	(9,018,377)	(10,241,322)	7,425,138
				8,212,798