

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

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

INDEX	PAGES
INDEPENDENT AUDITORS' REVIEW REPORT	1
INTERIM STATEMENT OF FINANCIAL POSITION	2
INTERIM STATEMENT OF INCOME	3
INTERIM STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM STATEMENT OF CHANGES IN EQUITY	5
INTERIM STATEMENT OF CASH FLOWS	6
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS	7-33



Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

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

INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company (the "Company") as of 31 March 2021 and the related condensed interim statements of income, comprehensive income, cash flows and changes in shareholders' equity for the three-month period then ended and other explanatory notes (the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim 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 condensed interim financial information based on our review.

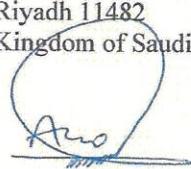
SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement ("ISRE") 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, that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

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Date: May 23, 2021
Corresponding to: 11 Shawwal 1442AH

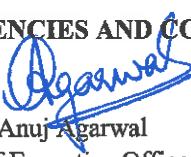


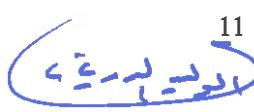
ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION

	Note	<i>March 31, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SR</i>
ASSETS			
Cash and cash equivalents	4	207,641,838	325,046,225
Prepaid expenses and other assets		130,385,449	144,090,776
Premiums receivable, net	5	466,555,129	404,388,790
Reinsurers' balance receivable, net	6	88,136,141	74,029,044
Reinsurers' share of outstanding claims	10.1	460,825,177	501,314,767
Reinsurers' share of claims incurred but not reported	10.1	57,732,577	57,566,257
Reinsurers' share of unearned premiums	10.2	146,355,456	103,362,771
Deferred policy acquisition costs		20,641,041	12,903,209
Right-of-use assets	7.1	3,020,114	3,730,142
Financial assets at fair value through statement of income (unit linked investments)		527,008,747	524,059,821
Available for sale investments	8.1	504,244,475	404,481,591
Deferred tax assets, net	9	6,411,925	5,825,970
Property and equipment, net		8,990,620	9,527,586
Statutory deposit		60,000,000	60,000,000
Accrued income on statutory deposit		1,572,445	1,572,445
TOTAL ASSETS		2,689,521,134	2,631,899,394
LIABILITIES			
Accrued and other liabilities		152,443,961	165,432,785
Surplus distribution payable		11,577,168	15,092,678
Reinsurers' balances payable		284,027,794	202,216,042
Unearned premiums	10.2	318,350,421	266,364,432
Unearned reinsurance commission		2,667,891	2,829,659
Outstanding claims	10.1	531,299,842	574,233,568
Claims incurred but not reported	10.1	123,986,946	123,799,018
Lease liabilities	7.2	1,805,086	3,362,331
Premium deficiency reserves	10.1	10,508,334	9,039,013
Additional premium reserves	10.1	2,432,427	1,385,708
Unit linked liabilities	10.1	508,205,639	518,114,351
End-of-service obligations		13,582,614	19,019,582
Zakat and income tax	15	16,803,459	14,699,522
Accrued income payable to SAMA		1,572,445	1,572,445
TOTAL LIABILITIES		1,979,264,027	1,917,161,134
EQUITY			
Share capital	16.1	600,000,000	600,000,000
Share premium		16,310,624	16,310,624
Statutory reserve		20,743,607	20,743,607
Retained earnings		49,987,729	47,676,744
Actuarial reserve for end-of-service obligations		3,597,830	3,597,830
Fair value reserve on investments		19,617,317	26,409,455
TOTAL EQUITY		710,257,107	714,738,260
TOTAL LIABILITIES AND EQUITY		2,689,521,134	2,631,899,394
CONTINGENCIES AND COMMITMENTS			


Anuj Agarwal
Chief Executive Officer


Al Waleed Abdulrazak Al Dryaan
Chairman


Waleed Bin Ateeq
Finance Manager

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

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME

	Note	<i>For the three-month period ended</i>	<i>March 31, 2021</i>	<i>March 31, 2020</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>SR</i>
REVENUES				
Gross premiums written	10.2	228,673,002	205,625,130	
Reinsurance premiums ceded abroad	10.2	(108,861,605)	(70,994,338)	
Reinsurance premiums ceded locally	10.2	(630,579)	(725,753)	
Excess of loss expenses	10.2	(8,342,442)	(4,787,979)	
Fee income from unit linked investments		325,113	298,340	
Net premiums written		111,163,489	129,415,400	
Changes in unearned premiums	10.2	(51,985,989)	46,713,580	
Changes in reinsurers' share of unearned premiums	10.2	42,992,685	(13,614,205)	
Net premiums earned		102,170,185	162,514,775	
Reinsurance commissions		1,573,306	3,109,049	
NET REVENUES		103,743,491	165,623,824	
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid		(126,381,873)	(145,536,589)	
Surrenders and maturities		(43,994,813)	(25,242,232)	
Expenses incurred related to claims		(2,569,520)	(8,670,117)	
Reinsurers' share of claims paid		80,466,649	36,330,516	
Net claims and other benefits paid		(92,479,557)	(143,118,422)	
Changes in outstanding claims	10.1	42,933,726	12,922,767	
Changes in reinsurers' share of outstanding claims	10.1	(40,489,590)	1,393,033	
Changes in premium deficiency reserve	10.1	(1,469,321)	2,174,766	
Changes in additional premium reserve	10.1	(1,046,719)	(973,161)	
Changes in claims incurred but not reported	10.1	(187,928)	(24,373,741)	
Changes in reinsurers' share of claims incurred but not reported	10.1	166,320	15,657,243	
Net claims and other benefits incurred		(92,573,069)	(136,317,515)	
Changes in unit linked liabilities	10.1	9,908,712	20,912,008	
Unrealised gain / (loss) on unit linked investments		10,138,363	(11,768,830)	
Policy acquisition costs		(5,354,528)	(17,914,656)	
Inspection and supervision fees		(1,633,228)	(1,597,657)	
TOTAL UNDERWRITING COSTS AND EXPENSES		(79,513,750)	(146,686,650)	
NET UNDERWRITING INCOME		24,229,741	18,937,174	
OTHER (EXPENSES) / INCOME				
Provision for doubtful debts		(900,959)		
General and administrative expenses		(25,166,253)	(36,934,616)	
Investment income		3,144,415	2,878,162	
Other income		3,749,266	149,017	
TOTAL OTHER EXPENSES		(19,173,531)	(33,907,437)	
NET INCOME / (LOSS) FOR THE PERIOD BEFORE ATTRIBUTION AND ZAKAT AND INCOME TAX		5,056,210	(14,970,263)	
Surplus attributed to the insurance operations		(307,880)	-	
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS BEFORE ZAKAT AND INCOME TAX				
Zakat charge for the period	15	4,748,330	(14,970,263)	
Income tax (charge) / credit for the period, net	15	(2,127,968)	(913,611)	
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX		(309,377)	236,643	
Earnings / (loss) per share		2,310,985	(15,647,231)	
Basic and diluted earnings / (loss) per share (restated)	16.2	0.04	(0.45)	



Anuj Agarwal
Chief Executive Officer



Al Waleed Abdulrazak Al Dryaan
Chairman



Waleed Bin Ateeq
Finance Manager

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

	<i>For the three-month period ended</i>	
	<i>March 31, 2021 (Unaudited) SR</i>	<i>March 31, 2020 (Unaudited) SR</i>
Note		
Net income / (loss) for the period attributable to the shareholders after zakat and income tax	2,310,985	(15,647,231)
Other comprehensive income / (loss)		
<i>Items that may be reclassified to interim statement of income in subsequent periods</i>		
Available for sale investments:		
- Net change in fair value	8.2	(7,598,949)
- Deferred tax relating to change in fair value	9 & 15	806,811
Total comprehensive loss for the period		(4,481,153)
		(25,793,547)

Anuj Agarwal
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Waleed Bin Ateeq
Finance Manager

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

INTERIM STATEMENT OF CHANGES IN EQUITY

	<i>Share capital SR</i>	<i>Share premium SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Actuarial reserve for end-of-service obligations SR</i>	<i>Fair value reserve on investments SR</i>	<i>Total SR</i>
Balance as at 1 January 2021 (audited)	600,000,000	16,310,624	20,743,607	47,676,744	3,597,830	26,409,455	714,738,260
Comprehensive loss for the period:							2,310,985
Net income for the period attributable to shareholders after zakat and income tax							
Changes in fair values of available for sale investments							
Deferred tax relating to change in fair value – Notes 9 & 15							
Total comprehensive income / (loss) for the period	600,000,000	16,310,624	20,743,607	49,987,729	3,597,830	19,617,317	806,811
Balance as at 31 March 2021 (unaudited)							
Balance as at 1 January 2020 (audited)	200,000,000	22,711,315	20,743,607	75,024,377	3,828,488	12,198,601	334,506,388
Comprehensive loss for the period:							
Net loss for the period attributable to shareholders after zakat and income tax							
Changes in fair values of available for sale investments							
Deferred tax relating to change in fair value – Note 9 & 15							
Total comprehensive loss for the period	200,000,000	22,711,315	20,743,607	59,377,146	3,828,488	2,052,285	308,712,841
Balance as at 31 March 2020 (unaudited):							



Anuj Agarwal
 Chief Executive Officer
Waleed Bin Ateeq
 Finance Manager

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASH FLOWS

Note	<i>For the three-month period ended</i>		
	<i>March 31, 2021</i>		<i>March 31, 2020</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>SR</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period before attribution and zakat and income tax		5,056,210	(14,970,263)
Adjustments for non-cash and other items:			
Depreciation of property and equipment		941,199	709,741
Amortisation of Right-of-use assets	7.1	710,028	781,344
Amortisation of investments premium		138,167	166,667
Provision for doubtful reinsurance receivables		362,006	-
Gain on sale of property and equipment		(52,586)	-
Provision for doubtful debts and write-offs		538,953	-
Provision for end-of-service obligations		(5,366,413)	593,007
Unrealised (gain) / loss on unit linked investments		(10,138,363)	11,768,830
Finance cost on lease liabilities	7.2	110,670	238,474
		(7,700,129)	(712,200)
Changes in operating assets and liabilities:			
Reinsurers' balances receivable		(14,469,103)	(2,962,714)
Premiums receivable		(62,705,292)	(24,996,327)
Reinsurers' share of unearned premiums		(42,992,685)	13,614,205
Reinsurers' share of outstanding claims		40,489,590	(1,393,033)
Reinsurers' share of claims incurred but not reported		(166,320)	(15,657,243)
Deferred policy acquisition costs		(7,737,832)	2,295,681
Unit linked investments		7,189,437	9,632,114
Prepaid expenses and other assets		13,705,327	7,181,951
Accrued expenses and other liabilities		(12,988,824)	17,561,135
Reinsurers' balances payable		81,811,752	13,945,825
Unearned premiums		51,985,989	(46,713,580)
Unearned reinsurance commission		(161,768)	(1,470,797)
Unit linked liabilities		(9,908,712)	(20,912,008)
Outstanding claims		(42,933,726)	(12,922,767)
Claims incurred but not reported		187,928	24,373,741
Premium deficiency reserves		1,469,321	(2,174,766)
Additional premium reserves		1,046,719	973,161
		(3,878,328)	(40,337,622)
End-of-service obligations paid		(70,555)	(1,879)
Surplus paid to policyholders / reclassified from surplus distribution		(3,823,390)	(164,415)
Zakat and income tax paid		(112,552)	-
Net cash used in operating activities		(7,884,825)	(40,503,916)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available for sale investments	8.2	(107,500,000)	
Proceeds from sale of property and equipment		52,585	-
Purchase of property and equipment		(404,232)	(870,540)
Net cash used in investing activities		(107,851,647)	(870,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rental paid	7.2	(1,667,915)	(2,481,026)
Net cash used in financing activities		(1,667,915)	(2,481,026)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the period		(117,404,387)	(43,855,482)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	207,641,838	105,010,135
Non-cash information:			
Changes in fair value of available-for-sale investments	8.2	7,598,949	11,351,556
Deferred income tax	9	(806,811)	(1,205,240)

Anuj Agarwal
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Waleed Bin Ateeq
Finance Manager

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2021

1. General

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

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

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

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

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

On January 1, 2016 the Company's management approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

Seasonality of operations

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

2. Basis of preparation

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended 31 March 2021 has been prepared in accordance with International Accounting Standard 34 – “Interim Financial Reporting” (“IAS 34”), that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

2. Basis of preparation (continued)

(a) Basis of presentation (continued)

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

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

The interim statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 18 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive income or losses of the respective operations.

In preparing the Company's financial statements in compliance with International Financial Reporting Standards (IFRS), the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for similar transactions and events in similar circumstances.

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

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2020.

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

(b) Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2020. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

2. Basis of preparation (continued)

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

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

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

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

Medical technical reserves

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavourable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since June 21, 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cashflows of the insurance contracts in force as at March 31, 2021 for its liability adequacy test. It is expected that most of the deferred services have been availed as at the valuation date and therefore the Company has not set aside any additional provision for further deferral of medical claims.

Motor technical reserves

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

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two month in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended 2 month period.

For new policies written as per above circular, the premium is earned over the period of coverage i.e 14 month as per the Company accounting policy. There is no significant impact of two month extension in earned premium as of 31 March, 2021 as no material amounts of premium have been written during the one month period.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at segmented level for motor line of business and recorded a Premium deficiency reserve amounting to SR 1.2 million as at 31 March, 2021.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

3. Basis of preparation (continued)

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

Financial assets

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three-month ended 31 March 2021. The Company's management continues to monitor the situation closely.

3. Significant accounting policies

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020.

Standards issued but not yet effective

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

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

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

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.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

3. Significant accounting policies (continued)

IFRS 17 - Insurance Contracts

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

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts together with amendments to presentation and disclosures.

Impact

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has undertaken a Gap Analysis and the key gaps and their impact are as follows:

Impact Area	Summary of Impact
Financial Impact	<p>The Company will need to change the practice of revenue recognition at the level of aggregation – IFRS 17 requires to recognize losses immediately, whereas the gain (refer to contractual service margin – CSM) will be earned over the coverage period of the direct insurance contracts. This may have high financial impact.</p> <p>The extent and sign of the financial impact also depends on the current assumptions, methodologies and practices being followed by the Company in technical reserves calculation.</p> <p>The new components of Insurance Finance Income and Expenses will have a greater impact, in particular to the following areas:</p> <ul style="list-style-type: none">- liability for incurred claims for which discounting will be required- accretion of interest on the CSM where the general model will be applied. <p>Solvency capital may also have an impact subject to the local regulations.</p>
Data Impact	<p>The IFRS 17 requires the Company to decide on the level of aggregation based on the following three criteria:</p> <ol style="list-style-type: none">1. Portfolio;2. Profitability; and3. Issuance Year <p>This will increase the required granularity level of the data. Hence, new data fields will be required going forward and have significant impact on the data.</p>
IT Systems Impact	Generally, the Company will have to modify their existing systems in order to capture the new data fields and process the new accounting entries. The Company may also have to update their existing reporting process and systems, in addition to the data storage requirements.
Process Impact	The financial reporting would change significantly under IFRS 17, with significant increase in the number of disclosures required by the standard.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

Impact Area	Summary of Impact
	The accounting processes and chart of accounts would need to be updated as per the IFRS 17 standard. Actuarial models and assumptions need to be aligned with the IFRS 17 requirements.
Impact on RI Arrangements	Generally, the Company will have to review their existing reinsurance arrangements to better align with the IFRS 17 requirements with their existing processes. However, it may be possible that contracts issued by the Company may have different measurement models as compared to the contracts held by the Company.
Impact on Policies & Control Frameworks	The Company will need to update their existing policies and controls frameworks in all those areas which will have an impact due to the IFRS 17 adoption.

4. Cash and cash equivalents

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

SR	Insurance operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Bank balances and cash	52,599,640	7,605,027
Deposits maturing within 3 month from the acquisition date	-	180,034,531
	52,599,640	187,639,558
<hr/>		
SR	Shareholders' operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Bank balances and cash	155,042,198	137,406,667
Total cash and cash equivalents	207,641,838	325,046,225

5. Premiums receivable, net

Premiums receivable comprise amounts due from the following:

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Policyholders	179,592,634	145,169,592
Brokers and agents	316,166,678	273,712,382
Other shareholders (Note 14)	29,157,651	43,329,697
	524,916,963	462,211,671
Provision for doubtful receivable	(58,361,834)	(57,822,881)
Premiums receivable, net	466,555,129	404,388,790

6. Reinsurers' balance receivable, net

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Receivables from reinsurers	93,523,882	79,054,779
Provision for doubtful reinsurers' receivables	(5,387,741)	(5,025,735)
Reinsurers' balance receivable, net	88,136,141	74,029,044

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

7. Right-of-use assets and Lease Liabilities

7.1. Right-of-use assets

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

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of the period/year	3,730,142	6,776,228
Amortization	(710,028)	(3,046,086)
Balance at the end of the period/year	3,020,114	3,730,142

7.2. Lease Liabilities

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

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening balance	3,362,331	5,784,231
Finance costs	110,670	472,439
Lease rental payments	(1,667,915)	(2,894,339)
Balance at the end of the period/year	1,805,086	3,362,331

8. Available for sale investments

8.1. Investments are classified as follows

<i>Insurance operations:</i>	<u>Domestic</u>		<u>International</u>		<u>Total</u>	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SR	SR	SR	SR	SR	SR
Debt instruments	131,330,616	133,514,401	5,217,420	5,253,495	136,548,036	138,767,896
Equities and mutual funds	8,032,756	7,941,541	-	-	8,032,756	7,941,541
	139,363,372	141,455,942	5,217,420	5,253,495	144,580,792	146,709,437

<i>Shareholders' operations:</i>	<u>Domestic</u>		<u>International</u>		<u>Total</u>	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SR	SR	SR	SR	SR	SR
Debt instruments	338,237,997	235,930,780	12,636,611	12,832,218	350,874,608	248,762,998
Equities and mutual funds	3,223,078	3,223,078	5,565,997	5,786,078	8,789,075	9,009,156
	341,461,075	239,153,858	18,202,608	18,618,296	359,663,683	257,772,154

<i>Total:</i>	<u>Domestic</u>		<u>International</u>		<u>Total</u>	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	SR	SR	SR	SR	SR	SR
Debt instruments	469,568,613	369,445,181	17,854,031	18,085,713	487,422,644	387,530,894
Equities and mutual funds	11,255,834	11,164,619	5,565,997	5,786,078	16,821,831	16,950,697
	480,824,447	380,609,800	23,420,028	23,871,791	504,244,475	404,481,591

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

8. Available for sale investments (continued)

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

Insurance operations:

	Quoted securities	Unquoted securities	Total
		SR	
As at January 1, 2020	141,316,089	-	141,316,089
Amortisation	(256,123)	-	(256,123)
Unrealised gain on fair value	5,649,471	-	5,649,471
As at December 31, 2020	146,709,437	-	146,709,437
 As of January 1, 2021	146,709,437	-	146,709,437
Amortisation	(63,741)	-	(63,741)
Unrealised loss on fair value	(2,064,904)	-	(2,064,904)
As at March 31, 2021	144,580,792	-	144,580,792

The cumulative unrealised gain in fair value of available for sale investments including deferred tax impact as mentioned in Notes 9 and 15 as at March 31, 2021 amounts to SR 7,527,660 (December 31, 2020: gain of SR 9,592,564).

Shareholders' operations:

	Quoted securities	Unquoted securities	Total
		SR	
As at January 1, 2020	205,730,648	38,432,763	244,163,411
Purchases	-	30,000,000	30,000,000
Disposals/maturity	(11,250,000)	(15,000,000)	(26,250,000)
Amortisation	(390,690)	-	(390,690)
Unrealised gain on fair value	7,877,367	2,372,066	10,249,433
As at December 31, 2020	201,967,325	55,804,829	257,772,154
 As of January 1, 2021	201,967,325	55,804,829	257,772,154
Purchases	-	107,500,000	107,500,000
Amortisation	(74,426)	-	(74,426)
Unrealised loss on fair value	(3,563,688)	(1,970,357)	(5,534,045)
As at March 31, 2021	198,329,211	161,334,472	359,663,683

The cumulative unrealised gain in fair value of available for sale investments including deferred tax impact as mentioned in Notes 9 and 15 as at March 31, 2021 amounts to SR 12,089,657 (December 31, 2020: gain of SR 22,603,471).

9. Deferred tax assets, net

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Deferred tax assets, net	6,411,925	5,825,970

Movement in deferred tax asset balance is as follows:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period/year	5,825,970	6,961,507
Deferred tax (expense) / income - statement of income (note 15)	(220,856)	552,513
Deferred tax income /(expense) - statement of comprehensive income	806,811	(1,688,050)
At the end of the period/year	6,411,925	5,825,970

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

10. Technical reserves

10.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Gross outstanding claims	550,923,092	598,723,172
Less: Realizable value of salvage and subrogation	(19,623,250)	(24,489,604)
	531,299,842	574,233,568
Claims incurred but not reported	123,986,946	123,799,018
Premium deficiency reserves	10,508,334	9,039,013
Additional premium reserves	2,432,427	1,385,708
Unit linked liabilities	508,205,639	518,114,351
	1,176,433,188	1,226,571,658
Less:		
- Reinsurers' share of outstanding claims	(460,825,177)	(501,314,767)
- Reinsurers' share of claims incurred but not reported	(57,732,577)	(57,566,257)
	(518,557,754)	(558,881,024)
Net outstanding claims and reserves	657,875,434	667,690,634

10.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

SR	Three month period ended March 31, 2021 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	266,364,432	(103,362,771)	163,001,661
Premium written during the period	228,673,002	*(117,834,626)	110,838,376
Premium earned during the period	(176,687,013)	74,841,941	(101,845,072)
Balance as at the end of the period	318,350,421	(146,355,456)	171,994,965

*This amount includes SR108,861,605 for reinsurance premium ceded abroad, SR 630,579 for reinsurance premium ceded locally and SR 8,342,442 for excess of loss expenses.

SR	Three months period ended March 31, 2020 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	408,698,330	(152,377,585)	256,320,745
Premium written during the period	205,625,130	*(76,508,070)	129,117,060
Premium earned during the period	(252,338,710)	90,122,275	(162,216,435)
Balance as at the end of the period	361,984,750	(138,763,380)	223,221,370

*This amount includes SR 70,994,338 for reinsurance premium ceded abroad, SR 725,753 for reinsurance premium ceded locally and SR 4,787,979 for excess of loss expenses

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

10. Technical reserves (continued)

10.2 Movement in unearned premiums (continued)

	Year ended December 31, 2020 (Audited)	
	Gross	Reinsurance
		Net
Balance as at the beginning of the year	408,698,330	(152,377,585)
Premium written during the year	674,731,117	*(250,026,185)
Premium earned during the year	(817,065,015)	299,040,999
Balance as at the end of the year	266,364,432	(518,024,016)
		163,001,661

*This amount includes SR 233,697,568 for reinsurance premium ceded abroad, SR 1,844,048 for reinsurance premium ceded locally and SR 14,484,569 for excess of loss expenses.

11. Contingencies and commitments

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

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Letters of guarantee	15,940,000	15,940,000

b) The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its interim financial position and results as at and for the period ended March 31, 2021. There was no change in the status of legal proceedings as disclosed at December 31, 2020.

12. Fair values of financial instruments

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

12. Fair values of financial instruments (continued)

12.1 Insurance operations:

SR	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
March 31, 2021					
Unit linked investments	527,008,747	-	527,008,747	-	527,008,747
Available for sale investments measured at fair value					
Bonds and sukuks	136,548,036	136,548,036	-	-	136,548,036
Mutual funds	4,839,448	4,839,448	-	-	4,839,448
Equities	3,193,308	3,193,308	-	-	3,193,308
Unit linked liabilities	(508,205,639)	-	(508,205,639)	-	(508,205,639)
	163,383,900	144,580,792	18,803,108	-	163,383,900

SR	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
December 31, 2020					
Unit linked investments	524,059,821		524,059,821	-	524,059,821
Available for sale investments measured at fair value					
Bonds and Sukuks	138,767,896	138,767,896	-	-	138,767,896
Mutual Funds	4,836,936	-	4,836,936	-	4,836,936
Equities	3,104,605	3,104,605	-	-	3,104,605
Unit linked liabilities	(518,114,351)	-	(518,114,351)	-	(518,114,351)
	152,654,907	141,872,501	10,782,406	-	152,654,907

12.2 Shareholders' operations:

SR	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
March 31, 2021					
Available for sale investments measured at fair value					
Bonds and sukuks	350,874,608	242,263,212	-	108,611,396	350,874,608
Mutual funds	5,565,997	-	5,565,997	-	5,565,997
Equities	3,223,078	-	-	3,223,078	3,223,078
	359,663,683	242,263,212	5,565,997	111,834,474	359,663,683
December 31, 2020					
Available for sale investments measured at fair value					
Bonds and Sukuk	248,762,998	196,181,247	-	52,581,751	248,762,998
Mutual Funds	5,786,078	-	5,786,078	-	5,786,078
Equities	3,223,078	-	-	3,223,078	3,223,078
	257,772,154	196,181,247	5,786,078	55,804,829	257,772,154

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

12. Fair values of financial instruments (continued)

b. Measurement of fair values

i. Valuation technique and significant unobservable inputs

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

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

SR	Insurance operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of the period/year	-	-
Amortisation	-	-
Unrealised (loss) / gain on fair value of available for sale investments	-	-
Balance at the end of the period/year	-	-

12. Fair values of financial instruments (continued)

b. Measurement of fair values (continued)

SR	Shareholder operations	
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of the period/year	55,804,829	38,432,763
Purchases	107,500,000	30,000,000
Disposals/maturity	-	-15,000,000
Amortisation	-	-
Unrealised (loss) / gain on fair value of available for sale investments	-1,970,357	2,372,066
Balance at the end of the period/year	161,334,472	55,804,829

Sensitivity Analysis

The sensitivity to a 1% increase in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments is SR 567,480 and sensitivity to 1% decrease in the risk adjusted discount rate with all other variables constant on the fair value of the level 3 available for sale investments is SR 567,480 .

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

13. Operating Segments

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2020.

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

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities as at March 31, 2021 and December 31, 2020, its total revenues, expenses, and net income for the three months period then ended, are as follows:

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

13. Operating Segments (continued)

	<i>Motor</i> <i>SR</i>	<i>Medical</i> <i>SR</i>	<i>Property and Casualty</i> <i>SR</i>	<i>Protection and Saving</i> <i>SR</i>	<i>Insurance Operations</i> <i>SR</i>	<i>Shareholders' Operations</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<u>As at March 31, 2021 (Unaudited)</u>							
Assets							
Premiums receivable, gross	197,516,920	131,448,890	183,020,749	12,930,404	524,916,963	-	524,916,963
Provision for doubtful debts	-	-	-	-	(58,361,834)	-	(58,361,834)
Reinsurers' share of outstanding claims	5,101,241	19,738,039	424,296,499	11,689,398	460,825,177	-	460,825,177
Reinsurers' share of claims incurred but not reported	(6,672)	14,946,821	26,792,250	16,000,178	57,732,577	-	57,732,577
Reinsurers' share of unearned premiums	148,533	42,677,341	95,223,905	8,305,677	146,355,456	-	146,355,456
Deferred policy acquisition costs	14,106,751	3,450,969	5,025,921	(1,942,600)	20,641,041	-	20,641,041
Unallocated assets							
Financial assets at fair value through statement of income (unit linked investments)	-	-	-	-	527,008,747	-	527,008,747
Other assets	-	-	-	-	290,705,509	719,697,498	1,010,403,007
Total assets							<u>2,689,521,134</u>
Liabilities and Equity							
Outstanding claims	43,294,400	32,786,818	437,955,562	17,263,062	531,299,842	-	531,299,842
Claims incurred but not reported	38,756,654	30,292,766	32,407,797	22,529,729	123,986,946	-	123,986,946
Unearned premium	86,111,865	82,614,279	136,690,979	12,933,298	318,350,421	-	318,350,421
Unearned reinsurance commission	1,776	-	2,649,387	16,728	2,667,891	-	2,667,891
Unit linked liabilities	-	-	-	508,205,639	508,205,639	-	508,205,639
Unallocated liabilities	-	-	-	-	474,187,407	20,565,881	494,753,288
Equity	-	-	-	-	11,125,490	699,131,617	710,257,107
Total liabilities and equity							<u>2,689,521,134</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

13. Operating Segments (continued)

	<i>Motor</i> <i>SR</i>	<i>Medical</i> <i>SR</i>	<i>Property and Casualty</i> <i>SR</i>	<i>Protection and Saving</i> <i>SR</i>	<i>Insurance Operations</i> <i>SR</i>	<i>Shareholders' Operations</i> <i>SR</i>	<i>Total</i> <i>SR</i>
For the three month period ended							
March 31, 2021 (Unaudited)							
Gross written premiums – retail	9,389,276	-	340,608	13,170,681	22,900,565		22,900,565
Gross written premiums – corporate	16,481,324	48,972,407	89,731,451	15,083,920	170,269,102		170,269,102
Gross written premiums – very small entities	1,003,378	5,752	2,208,699	179,152	3,396,981		3,396,981
Gross written premiums – small entities	9,603,119	2,624	2,969,099	169,507	12,744,349		12,744,349
Gross written premiums – medium entities	11,696,800	1,885	6,706,159	957,161	19,362,005		19,362,005
Reinsurance premiums ceded	-	(25,283,316)	(77,797,847)	(6,411,021)	(109,492,184)		(109,492,184)
Excess of loss expenses	(975,530)	-	(7,366,912)	-	(8,342,442)		(8,342,442)
Fee income from unit linked investments	-	-	-	325,113	325,113		325,113
Net written premiums	47,198,367	23,699,352	16,791,257	23,474,513	111,163,489		111,163,489
Changes in unearned premiums, net	(2,284,992)	(3,021,667)	(4,953,613)	1,266,968	(8,993,304)		(8,993,304)
Net premiums earned	44,913,375	20,677,685	11,837,644	24,741,481	102,170,185		102,170,185
Reinsurance commissions	-	-	1,331,604	241,702	1,573,306		1,573,306
Net claims and other benefits paid	(37,056,384)	(15,463,723)	(1,552,384)	(38,407,066)	(92,479,557)		(92,479,557)
Changes in outstanding claims, net	5,792,721	(3,574,675)	1,000,097	(774,007)	2,444,136		2,444,136
Changes in premium deficiency reserve	(57,020)	(1,664,914)	-	252,613	(1,469,321)		(1,469,321)
Changes in additional premium reserve	-	-	(1,046,719)	-	(1,046,719)		(1,046,719)
Changes in claims incurred but not reported, net	(2,104,244)	2,937,985	503,254	(1,358,603)	(21,608)		(21,608)
Change in unit linked liabilities	-	-	-	9,908,712	9,908,712		9,908,712
Unrealised gain on unit linked investments	-	-	-	10,138,363	10,138,363		10,138,363
Policy acquisition costs	1,167,429	(2,130,281)	(3,750,129)	(641,547)	(5,354,528)		(5,354,528)
Inspection and supervision fees - unallocated					(1,633,228)		(1,633,228)
Net underwriting income	12,655,877	782,077	8,323,367	4,101,648	24,229,741		24,229,741
Unallocated					(900,959)	-	(900,959)
Provision for doubtful debts					(24,966,244)	(200,009)	(25,166,253)
General and administrative expenses					966,996	2,177,419	3,144,415
Investment income					3,749,266	-	3,749,266
Other income							
Net income for the period before attribution and zakat and income tax							5,056,210

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

13. Operating Segments (continued)

	<i>Motor</i> <i>SR</i>	<i>Medical</i> <i>SR</i>	<i>Property and Casualty</i> <i>SR</i>	<i>Protection and Saving</i> <i>SR</i>	<i>Insurance Operations</i> <i>SR</i>	<i>Shareholders' Operations</i> <i>SR</i>	<i>Total</i> <i>SR</i>
<u>As at December 31, 2020 (Audited)</u>							
Assets							
Premiums receivable, gross	196,418,315	110,635,785	128,561,411	26,596,160	462,211,671	-	462,211,671
Provision for doubtful debts	-	-	-	-	(57,822,881)	-	(57,822,881)
Reinsurers' share of outstanding claims	5,110,052	14,770,842	471,585,853	9,848,020	501,314,767	-	501,314,767
Reinsurers' share of claims incurred but not reported	(5,559)	25,203,659	21,807,392	10,560,765	57,566,257	-	57,566,257
Reinsurers' share of unearned premiums	210,709	41,277,120	48,395,981	13,478,961	103,362,771	-	103,362,771
Deferred policy acquisition costs	7,450,865	3,821,722	3,590,495	(1,959,873)	12,903,209	-	12,903,209
Unallocated assets							
Financial assets at fair value through statement of income (unit linked investments)	-	-	-	524,059,821	524,059,821	-	524,059,821
Other assets	-	-	-	-	308,136,453	720,167,326	1,028,303,779
Total assets							2,631,899,394
Liabilities and Equity							
Outstanding claims	49,095,932	24,244,947	486,245,014	14,647,675	574,233,568	-	574,233,568
Claims incurred but not reported	36,653,523	43,487,589	27,926,194	15,731,712	123,799,018	-	123,799,018
Unearned premium	84,011,668	78,192,392	84,786,822	19,373,550	266,364,432	-	266,364,432
Unearned reinsurance commission	1,776	-	2,815,221	12,662	2,829,659	-	2,829,659
Unit linked liabilities	-	-	-	518,114,351	518,114,351	-	518,114,351
Unallocated liabilities	-	-	-	-	413,200,646	18,619,460	431,820,106
Equity	-	-	-	-	13,190,394	701,547,866	714,738,260
Total liabilities and equity							2,631,899,394

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

13. Operating Segments (continued)

	Motor SR	Medical SR	Property and Casualty SR	Protection and Saving SR	Insurance Operations SR	Shareholders' Operations SR	Total SR
For the three month period ended							
March 31, 2020 (Unaudited)							
Gross written premiums – retail	7,322,951	-	256,853	24,235,888	31,815,692	-	31,815,692
Gross written premiums – corporate	50,590,816	55,760,265	62,910,460	3,355,062	172,616,603	-	172,616,603
Gross written premiums – very small entities	-	17,423	-	-	17,423	-	17,423
Gross written premiums – small entities	-	559,301	-	-	559,301	-	559,301
Gross written premiums – medium entities	-	616,111	-	-	616,111	-	616,111
Reinsurance premiums ceded	(30,721)	(30,162,979)	(37,241,355)	(4,285,036)	(71,720,091)	-	(71,720,091)
Excess of loss expenses	(1,067,770)	-	(3,720,209)	-	(4,787,979)	-	(4,787,979)
Fee income from unit linked investments	-	-	-	298,340	298,340	-	298,340
Net written premiums	56,815,277	26,790,121	22,205,749	23,604,253	129,415,400	-	129,415,400
Changes in unearned premiums, net	48,839,370	(3,730,134)	(13,259,875)	1,250,014	33,099,375	-	33,099,375
Net premiums earned	105,654,651	23,059,986	8,945,872	24,854,266	162,514,775	-	162,514,775
Reinsurance commissions	6,245	-	2,777,683	325,121	3,109,049	-	3,109,049
Net claims and other benefits paid	(102,115,256)	(13,013,533)	(1,269,342)	(26,720,291)	(143,118,422)	-	(143,118,422)
Changes in outstanding claims, net	12,949,672	143,866	1,196,177	26,085	14,315,800	-	14,315,800
Changes in premium deficiency reserve	835,228	788,614	-	550,924	2,174,766	-	2,174,766
Changes in additional premium reserve	-	-	(973,161)	-	(973,161)	-	(973,161)
Changes in claims incurred but not reported, net	(7,565,653)	(1,151,321)	(554,083)	554,559	(8,716,498)	-	(8,716,498)
Change in unit linked liabilities	-	-	-	20,912,008	20,912,008	-	20,912,008
Unrealised gain on unit linked investments	-	-	-	(11,768,830)	(11,768,830)	-	(11,768,830)
Policy acquisition costs	(9,073,414)	(2,810,387)	(3,725,217)	(2,305,638)	(17,914,656)	-	(17,914,656)
inspection and supervision fees - unallocated					(1,597,657)	-	(1,597,657)
Net underwriting income	691,473	7,017,225	6,397,929	6,428,204	18,937,174	-	18,937,174
Provision for doubtful debts					-	-	-
General and administrative expenses					(36,681,451)	(253,165)	(36,934,616)
Investment income					1,020,923	1,857,239	2,878,162
Other income					149,017	-	149,017
Net loss for the period before attribution and zakat and income tax							(14,970,263)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

14. Transactions and balances with related parties and other shareholders

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

	Transactions for the three month period ended		Balance as at	
	March 31, 2021 SR	March 31, 2020 SR	March 31, 2021 SR	December 31, 2020 SR
	Entities controlled, jointly controlled or significantly influenced by related parties Major shareholders			
- Insurance premium ceded	77,201,139	52,805,482		
- Reinsurers' share of claims paid	69,025,443	23,099,669		
- Commission income	498,544	1,511,693		
- Third party administrator expenses	1,380,345	822,647		
- Accrued third party administrator			6,155,492	6,054,885
- Reinsurance balance payable, net			99,418,767	64,908,679
- Investments in equity of Saudi NextCare			800,000	800,000
 - Other Shareholders (other than related party)				
- Insurance premium written	8,774,095	6,334,794		
- Claims paid	8,316,327	8,110,723		
- Commission expense	965,315	360,762		
- Premium receivable			29,157,651	43,329,697
- Outstanding claims			25,881,124	26,371,943
- Cash and cash equivalents			202,251,669	309,910,589
Unit linked investments managed by shareholders (including receivable for unit linked investments)			527,008,747	524,059,821

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

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

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

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

March 31, 2021	BOD members	Top executives
	SR	SR
Salaries and compensation		1,786,092
Allowances	87,000	13,500
Annual remuneration	255,000	30,000
End of service obligations		61,026
	342,000	1,890,618

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

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

March 31, 2020	BOD members SR	Top executives SR
Salaries and compensation	-	2,780,256
Allowances	87,000	4,500
Annual remuneration	255,000	30,000
End of service obligations	-	182,029
	342,000	2,996,785

15. Zakat and income tax

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

	March 31, 2021		December 31, 2020	
	SR	%	SR	%
Non-Saudi Shareholders	318,540,000	53.09%	318,540,000	53.09%
Saudi and GCC Shareholders	281,460,000	46.91%	281,460,000	46.91%
	600,000,000	100%	600,000,000	100%

As at 31 March 2021, the authorized, issued and fully paid-in share capital of the Company consists of 60 million shares of SR 10 each and as at December 31, 2020 the authorized, issued and fully paid-in share capital of the Company consists of 60 million shares of SR 10 each. The Company's zakat and income tax calculations and corresponding accruals and payments of zakat and income tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian zakat and income tax regulations.

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

SR	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Provision for zakat	12,735,088	10,718,945
Provision for income tax	4,068,371	3,980,577
	16,803,459	14,699,522

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

SR	March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
Zakat for the three month period	2,127,968	913,611
Income tax for the three month period		
- Current tax	88,521	-
- Deferred tax	220,856	(236,643)
	2,437,345	676,968

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

15. Zakat and income tax (continued)

Status of assessments

The Company has filed the zakat and income tax declarations for all the years up to December 31, 2020. The Company finalized its zakat and tax position for all the years up to December 31, 2014.

The final tax and zakat assessment for the years 2015 to 2018 has been issued by the GAZT in the fourth quarter 2020 which resulted in additional zakat and tax liability of SR 13.7 million arising mainly from the non-deduction of long-term investments from the zakat base. The Company has filed an appeal against this assessment. The Company has accounted for this additional zakat and income tax liability in the provision in the financial statements. The assessment for the years 2019 and 2020 is still outstanding.

The finalization of the assessment is not expected to have material impact on the financial statements.

Prepaid expenses and other assets include payment made by the Company in relation to VAT assessment raised by General Authority of Zakat and Tax ("GAZT") for 2018 and 2019 financial years amounting to Saudi Riyals SR 35.4 million. The payments were made to GAZT to avoid penalties. However, the Company has submitted objections to the GAZT assessment. The GAZT has partially accepted the objection and the company has filed an appeal for the remaining amount of SR 27.8 million. The Company's management believes that there is strong basis that the decision of the appeal would be in the favor of the Company.

16. Share capital and earnings / (loss) per share

16.1 Share capital

The authorised and issued share capital of the Company is SR 600 million divided into 60 million shares of SR 10 each (December 31, 2020: SR 600 million divided into 60 million shares of SR 10 each). The founding shareholders of the Company have subscribed and paid for 39 million shares with a nominal value of SR 10 each, which represents 65% of the shares of the Company's capital and the remaining 21 million shares with a nominal value of SR 10 each have been subscribed by general public.

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

	March 31, 2021	
	Number of Shares	Authorized, issued and paid up capital SR
Allianz Europe BV	11.10 Million	111 Million
Allianz France International	9.75 Million	97.5 Million
Allianz Mena Holding Bermuda	9.75 Million	97.5 Million
Banque Saudi Fransi	8.40 Million	84 Million
Public	21.00 Million	210 Million
	60 Million	600 Million

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

16. Share capital and earnings / (loss) per share (continued)

16.1 Share capital (continued)

	December 31, 2020	
	Number of Shares	Authorized, issued and paid up capital SR
Allianz Europe BV	11.10 Million	111 Million
Allianz France International	9.75 Million	97.5 Million
Allianz Mena Holding Bermuda	9.75 Million	97.5 Million
Banque Saudi Fransi	8.40 Million	84 Million
Public	21.00 Million	210 Million
	60 Million	600 Million

16.2 Earning / (Loss) per share

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

	For the three-month period ended	
	March 31, 2021	March 31, 2020 (Restated)
Income / (loss) for the period	2,310,985	(15,647,231)
Weighted average number of shares	60,000,000	34,973,931
Earnings / (loss) / for the period	0.04	(0.45)

17. Risk Management

Capital Management

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

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

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

17. Risk Management (continued)

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

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

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

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

Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required. Based on the review, the Company has identified the following sectors being impacted significantly by the Covid-19 pandemic and lower oil prices:

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

Liquidity risk management

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

18. Supplementary information

a) Interim statements of financial position

	SR			December 31, 2020		
	March 31, 2021			December 31, 2020		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	52,599,640	155,042,198	207,641,838	187,639,558	137,406,667	325,046,225
Prepaid expenses and other assets	116,885,028	13,500,421	130,385,449	132,882,715	11,208,061	144,090,776
Premiums receivable, net	466,555,129	-	466,555,129	404,388,790	-	404,388,790
Reinsurers' balance receivable, net	88,136,141	-	88,136,141	74,029,044	-	74,029,044
Reinsurers' share of outstanding claims	460,825,177	-	460,825,177	501,314,767	-	501,314,767
Reinsurers' share of claims incurred but not reported	57,732,577	-	57,732,577	57,566,257	-	57,566,257
Reinsurers' share of unearned premiums	146,355,456	-	146,355,456	103,362,771	-	103,362,771
Deferred policy acquisition costs	20,641,041	-	20,641,041	12,903,209	-	12,903,209
Right-of-use assets	3,020,114	-	3,020,114	3,730,142	-	3,730,142
Financial assets at fair value through statement of income (unit linked investments)	527,008,747	-	527,008,747	524,059,821	-	524,059,821
Available for sale investments	144,580,792	359,663,683	504,244,475	146,709,437	257,772,154	404,481,591
Deferred tax assets, net		6,411,925	6,411,925		5,825,970	5,825,970
Property and equipment	8,990,620	-	8,990,620	9,527,586	-	9,527,586
Statutory deposit	-	60,000,000	60,000,000	-	60,000,000	60,000,000
Accrued income on statutory deposit	-	1,572,445	1,572,445	-	1,572,445	1,572,445
Due to/from insurance operation/shareholders operation*	(123,506,826)	123,506,826	-	(246,382,029)	246,382,029	-
TOTAL ASSETS	1,969,823,636	719,697,498	2,689,521,134	1,911,732,068	720,167,326	2,631,899,394
LIABILITIES						
Accrued and other liabilities	150,253,984	2,189,977	152,443,961	163,085,292	2,347,493	165,432,785
Surplus distribution payable	11,577,168	-	11,577,168	15,092,678	-	15,092,678
Reinsurers' balances payable	284,027,794	-	284,027,794	202,216,042	-	202,216,042
Unearned premiums	318,350,421	-	318,350,421	266,364,432	-	266,364,432
Unearned reinsurance commission	2,667,891	-	2,667,891	2,829,659	-	2,829,659
Outstanding claims	531,299,842	-	531,299,842	574,233,568	-	574,233,568
Claims incurred but not reported	123,986,946	-	123,986,946	123,799,018	-	123,799,018
Lease liabilities	1,805,086	-	1,805,086	3,362,331	-	3,362,331
Premium deficiency reserve	10,508,334	-	10,508,334	9,039,013	-	9,039,013
Additional premium reserves	2,432,427	-	2,432,427	1,385,708	-	1,385,708
Unit linked liabilities	508,205,639	-	508,205,639	518,114,351	-	518,114,351
End-of-service obligations	13,582,614	-	13,582,614	19,019,582	-	19,019,582
Zakat and income tax		16,803,459	16,803,459	-	14,699,522	14,699,522
Accrued income payable to SAMA		1,572,445	1,572,445	-	1,572,445	1,572,445
TOTAL LIABILITIES	1,958,698,146	20,565,881	1,979,264,027	1,898,541,674	18,619,460	1,917,161,134
EQUITY						
Share capital	-	600,000,000	600,000,000	-	600,000,000	600,000,000
Share premium	-	16,310,624	16,310,624	-	16,310,624	16,310,624
Statutory reserve	-	20,743,607	20,743,607	-	20,743,607	20,743,607
Retained earnings	-	49,987,729	49,987,729	-	47,676,744	47,676,744
Actuarial reserve for end-of-service obligations	3,597,830	-	3,597,830	3,597,830	-	3,597,830
Fair value reserve on investments	7,527,660	12,089,657	19,617,317	9,592,564	16,816,891	26,409,455
TOTAL EQUITY	11,125,490	699,131,617	710,257,107	13,190,394	701,547,866	714,738,260
TOTAL LIABILITIES AND EQUITY	1,969,823,636	719,697,498	2,689,521,134	1,911,732,068	720,167,326	2,631,899,394

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

18. Supplementary information (continued)

b) Interim statement of income

	SR					
	For the three-month period ended			March 31, 2020		
	March 31, 2021	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	228,673,002	-	228,673,002	205,625,130	-	205,625,130
Reinsurance premiums ceded abroad	(108,861,605)	-	(108,861,605)	(70,994,338)	-	(70,994,338)
Reinsurance premiums ceded locally	(630,579)	-	(630,579)	(725,753)	-	(725,753)
Excess of loss expenses	(8,342,442)	-	(8,342,442)	(4,787,979)	-	(4,787,979)
Fee income from unit linked investments	325,113	-	325,113	298,340	-	298,340
Net premiums written	111,163,489	-	111,163,489	129,415,400	-	129,415,400
Changes in unearned premiums	(51,985,989)	-	(51,985,989)	46,713,580	-	46,713,580
Changes in reinsurers' share of unearned Premiums	42,992,685	-	42,992,685	(13,614,205)	-	(13,614,205)
Net premiums earned	102,170,185	-	102,170,185	162,514,775	-	162,514,775
Reinsurance commissions	1,573,306	-	1,573,306	3,109,049	-	3,109,049
NET REVENUES	103,743,491	-	103,743,491	165,623,824	-	165,623,824
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(126,381,873)	-	(126,381,873)	(145,536,589)	-	(145,536,589)
Surrenders and maturities	(43,994,813)	-	(43,994,813)	(25,242,232)	-	(25,242,232)
Expenses incurred related to claims	(2,569,520)	-	(2,569,520)	(8,670,117)	-	(8,670,117)
Reinsurers' share of claims paid	80,466,649	-	80,466,649	36,330,516	-	36,330,516
Net claims and other benefits paid	(92,479,557)	-	(92,479,557)	(143,118,422)	-	(143,118,422)
Changes in outstanding claims	42,933,726	-	42,933,726	12,922,767	-	12,922,767
Changes in reinsurers' share of outstanding claims	(40,489,590)	-	(40,489,590)	1,393,033	-	1,393,033
Change in premium deficiency reserves	(1,469,321)	-	(1,469,321)	2,174,766	-	2,174,766
Changes in additional premium reserves	(1,046,719)	-	(1,046,719)	(973,161)	-	(973,161)
Changes in claims incurred but not Reported	(187,928)	-	(187,928)	(24,373,741)	-	(24,373,741)
Changes in reinsurers' share of claim incurred but not reported	166,320	-	166,320	15,657,243	-	15,657,243
Net claims and other benefits incurred	(92,573,069)	-	(92,573,069)	(136,317,515)	-	(136,317,515)
Changes in unit linked liabilities	9,908,712	-	9,908,712	20,912,008	-	20,912,008
Unrealised gain / (loss) on unit linked investments	10,138,363	-	10,138,363	(11,768,830)	-	(11,768,830)
Policy acquisition costs	(5,354,528)	-	(5,354,528)	(17,914,656)	-	(17,914,656)
Inspection and supervision fees	(1,633,228)	-	(1,633,228)	(1,597,657)	-	(1,597,657)
TOTAL UNDERWRITING COSTS AND EXPENSES	(79,513,750)	-	(79,513,750)	(146,686,650)	-	(146,686,650)
NET UNDERWRITING INCOME	24,229,741	-	24,229,741	18,937,174	-	18,937,174
OTHER (EXPENSES) / INCOME						
Provision for doubtful debts	(900,959)	-	(900,959)	-	-	-
General and administrative expenses	(24,966,244)	(200,009)	(25,166,253)	(36,681,451)	(253,165)	(36,934,616)
Investment income	966,996	2,177,419	3,144,415	1,020,923	1,857,239	2,878,162
Other income	3,749,266	-	3,749,266	149,017	-	149,017
TOTAL OTHER EXPENSES	(21,150,941)	1,977,410	(19,173,531)	(35,511,511)	1,604,074	(33,907,437)
Net income / (loss) for the period before attribution and zakat and income tax	3,078,800	1,977,410	5,056,210	(16,574,337)	1,604,074	(14,970,263)
Net surplus / (deficit) transferred to shareholders' Operation	(2,770,920)	2,770,920	-	16,574,337	(16,574,337)	-
Net income for the period after shareholders' appropriations	307,880	4,748,330	5,056,210	-	(14,970,263)	(14,970,263)
Zakat charge for the period		(2,127,968)	(2,127,968)		(913,611)	(913,611)
Income tax credit / (charge) for the period, net	-	(309,377)	(309,377)		236,643	236,643
Net income / (loss) attributable to the shareholders after zakat and income tax	307,880	2,310,985	2,618,865	-	(15,647,231)	(15,647,231)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

18. Supplementary information (continued)

c) Interim statement of comprehensive income

SR					
<i>For the three-month period ended</i>					
		<i>March 31, 2021</i>	<i>Total</i>	<i>March 31, 2020</i>	
Insurance operations	Shareholders' operations			Insurance operations	Shareholder s' operations
Net income / (loss) for the period after zakat and income tax	307,880	2,310,985	2,618,865	-	(15,647,231)
Other comprehensive income / (loss)					(15,647,231)
<i>Items that are or may be reclassified to statements of income in subsequent periods</i>					
Available for sale investments:					
- Net change in fair value	(2,064,904)	(5,534,045)	(7,598,949)	(4,947,735)	(6,403,821)
- Deferred tax relating to change in fair value	219,239	587,572	806,811	525,321	679,919
Total comprehensive loss for the period	(1,537,785)	(2,635,488)	(4,173,273)	(4,422,414)	(21,371,133)
Reconciliation:					
Less: Net income attributable to insurance Operations			(307,880)		-
Total comprehensive loss for the period attributable to the shareholders			(4,481,153)		(25,793,547)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

18. Supplementary information (continued)

d) Interim statement of cash flows

	SR For the three-month period ended					
	Insurance operations	March 31, 2021 Shareholders' operations	Total	Insurance operations	March 31, 2020 Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income / (loss) for the period before attribution and zakat and income tax	307,880	4,748,330	5,056,210	-	(14,970,263)	(14,970,263)
Adjustments for non-cash items and other items:						
Depreciation of property and equipment	941,199	-	941,199	709,741	-	709,741
Amortisation of Right-of-use assets	710,028	-	710,028	781,344	-	781,344
Amortisation of investments premium	63,741	74,426	138,167	64,204	102,463	166,667
Provision of doubtful reinsurance receivables	362,006	-	362,006			
Gain on sale of property and equipment	(52,586)	-	(52,586)			
Provision for doubtful receivables and write-offs	538,953	-	538,953			
Provision for end-of-service obligations	(5,366,413)	-	(5,366,413)	593,007	-	593,007
Unrealised (gain) / loss on unit linked investments	(10,138,363)	-	(10,138,363)	11,768,830	-	11,768,830
Finance cost on lease liabilities	110,670		110,670	238,474		238,474
Shareholders' appropriation from insurance operations' surplus*	2,770,920	(2,770,920)	-	(16,574,337)	16,574,337	-
	(9,751,965)	2,051,836	(7,700,129)	(2,418,737)	1,706,537	(712,200)
Changes in operating assets and liabilities:						
Reinsurers' balance receivable	(14,469,103)	-	(14,469,103)	(2,962,714)	-	(2,962,714)
Premium receivable	(62,705,292)	-	(62,705,292)	(24,996,327)	-	(24,996,327)
Reinsurers' share of unearned premiums	(42,992,685)	-	(42,992,685)	13,614,205	-	13,614,205
Reinsurers' share of outstanding claims	40,489,590	-	40,489,590	(1,393,033)	-	(1,393,033)
Reinsurers' share of claims incurred but not reported	(166,320)	-	(166,320)	(15,657,243)	-	(15,657,243)
Deferred policy acquisition costs	(7,737,832)	-	(7,737,832)	2,295,681	-	2,295,681
Unit linked investments	7,189,437	-	7,189,437	9,632,114	-	9,632,114
Prepaid expenses and other assets	15,997,687	(2,292,360)	13,705,327	9,313,331	(2,131,380)	7,181,951
Accrued and other liabilities	(12,831,308)	(157,516)	(12,988,824)	17,470,435	90,700	17,561,135
Reinsurers' balances payable	81,811,752	-	81,811,752	13,945,825	-	13,945,825
Unearned premiums	51,985,989	-	51,985,989	(46,713,580)	-	(46,713,580)
Unearned reinsurance commission	(161,768)	-	(161,768)	(1,470,797)	-	(1,470,797)
Unit linked liabilities	(9,908,712)	-	(9,908,712)	(20,912,008)	-	(20,912,008)
Outstanding claims	(42,933,726)	-	(42,933,726)	(12,922,767)	-	(12,922,767)
Claims incurred but not reported	187,928	-	187,928	24,373,741	-	24,373,741
Premium deficiency reserves	1,469,321	-	1,469,321	(2,174,766)	-	(2,174,766)
Additional premium reserves	1,046,719	-	1,046,719	973,161	-	973,161
	(3,480,288)	(398,040)	(3,878,328)	(40,003,479)	(334,143)	(40,337,622)
End-of-service obligations paid	(70,555)	-	(70,555)	(1,879)	-	(1,879)
Surplus paid to policyholders / reclassified from surplus distribution	(3,823,390)	-	(3,823,390)	(164,415)	-	(164,415)
Zakat and income tax paid	-	(112,552)	(112,552)	-	-	-
Net cash used in operating activities	(7,374,233)	(510,592)	(7,884,825)	(40,169,773)	(334,143)	(40,503,916)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of available for sale investments	-	(107,500,000)	(107,500,000)	-	-	-
Proceeds from sale of property and equipment	52,585	-	52,585	-	-	-
Payment for purchase of property and equipment	(404,232)	-	(404,232)	(870,540)	-	(870,540)
Net cash used in investing activities	(351,647)	(107,500,000)	(107,851,647)	(870,540)	-	(870,540)
CASH FLOWS FROM FINANCING ACTIVITY						
Due from / to (insurance operations / shareholder operations)*	(125,646,123)	125,646,123	-	31,794,741	(31,794,741)	-
Lease rental paid	(1,667,915)	-	(1,667,915)	(2,481,026)	-	(2,481,026)
Net cash used in financing activity	(127,314,038)	125,646,123	(1,667,915)	29,313,715	(31,794,741)	(2,481,026)
Net change in cash and cash equivalents	(135,039,918)	17,635,531	(117,404,387)	(11,726,598)	(32,128,884)	(43,855,482)
Cash and cash equivalents at the beginning of the period	187,639,558	137,406,667	325,046,225	87,046,426	61,819,191	148,865,617
Cash and cash equivalents at the end of the Period	52,599,640	155,042,198	207,641,838	75,319,828	29,690,307	105,010,135
NON-CASH INFORMATION:						
Change in fair value of available for sale Investment	2,064,904	5,534,045	7,598,949	4,947,735	6,403,821	11,351,556
Deferred income tax	(219,239)	(587,572)	(806,811)	(525,321)	(679,919)	(1,205,240)

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

For the three-month period ended March 31, 2021

19. Approval of the interim condensed financial statements

The interim condensed financial statements have been approved by the Company's Board of Directors on May 09, 2021 (corresponding to 27 Ramadan 1442H).