

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

**FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30
SEPTEMBER 2022**

**ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
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FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30
SEPTEMBER 2022**

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**Crowe**

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting
Member Crowe Global



AlKharashi & Co.
Certified Accountants And Auditors

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF
ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
Kingdom of Saudi Arabia**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of **Arabia Insurance Cooperative Company - (the "Company")** as at 30 September 2022, and the related interim condensed statements of income, comprehensive income for the three and nine month periods then ended and changes in shareholders' equity and cash flows for the nine month period then ended and a summary of significant accounting policies and other explanatory notes ("interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements 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 these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements 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 interim condensed financial statements is not prepared, in all material respects, in accordance with IAS 34, "as endorsed in the Kingdom of Saudi Arabia.

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02 November 2022
08 Rabi' al Thani 1444H



ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2022
Expressed in Saudi Riyals

	Notes	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	4	190,821,189	85,343,072
Premiums and reinsurance receivables, net	5	260,048,446	150,976,952
Reinsurers' share of unearned premiums	7-2	54,306,970	47,877,264
Reinsurers' share of outstanding claims	7-1	1,006,454,661	70,586,696
Reinsurers' share of claims incurred but not reported	7-1	5,847,985	8,345,878
Deferred policy acquisition costs		24,841,429	11,122,225
Deferred excess of loss expenses		1,569,587	-
Investments	6	155,533,520	141,032,418
Due from related party	11	83,346	83,346
Prepayments and other assets		32,257,492	24,203,083
Right-of-use assets		1,596,788	3,214,715
Time deposits		14,999,999	57,460,919
Property and equipment, net		9,023,120	7,417,955
Statutory deposit		40,000,000	40,000,000
Return on statutory deposit		4,939,080	4,493,686
TOTAL ASSETS		1,802,323,612	652,158,209
LIABILITIES			
Accounts payable		22,918,431	17,106,089
Accrued expenses and other liabilities		39,299,771	23,959,923
Reinsurers' balance payables		34,983,794	31,008,133
Unearned premiums	7-2	353,476,053	168,094,359
Unearned reinsurance commission		9,767,035	3,460,509
Outstanding claims	7-1	1,039,954,187	104,492,463
Claims incurred but not reported	7-1	57,752,621	52,970,390
Premium deficiency reserve and other reserves	7-1	1,489,976	8,965,000
Provision for end of service benefits		11,119,205	10,479,356
Due to related parties	11	-	198,882
Zakat and income tax accrued	12	5,715,968	7,652,889
Lease liability		1,276,997	2,742,492
Return on investment of accrued statutory deposit		4,939,080	4,493,686
TOTAL LIABILITIES		1,582,693,118	435,624,171
INSURANCE OPERATIONS' ACCUMULATED SURPLUS			
Accrued surplus distributions		1,818,601	1,438,544
Actuarial loss on defined benefit plan		(543,842)	(543,842)
TOTAL LIABILITIES & ACCUMULATED SURPLUS		1,583,967,877	436,518,873
SHAREHOLDERS' EQUITY			
Share Capital	13	265,000,000	265,000,000
Accumulated losses		(46,540,023)	(49,496,359)
Investment revaluation reserve		(104,242)	135,695
TOTAL SHAREHOLDERS' EQUITY		218,355,735	215,639,336
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,802,323,612	652,158,209

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

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

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022
Expressed in Saudi Riyals

	Note	For the three months period ended		For the nine months period ended	
		30 September	30 September	30 September	30 September
		2022	2021	2022	2021
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES					
Gross premiums written					
- Direct		196,468,181	91,562,452	569,663,439	332,166,794
Reinsurance premiums ceded					
- Foreign		(14,062,520)	(18,514,182)	(91,883,777)	(79,852,547)
- Local		(1,916,726)	(606,208)	(14,208,815)	(19,295,162)
Excess of loss expenses		(1,569,594)	(1,225,344)	(4,708,781)	(3,676,032)
Net premiums written		178,919,341	71,216,718	458,862,066	229,343,053
Changes in unearned premiums, net		(63,398,670)	(1,122,402)	(178,951,987)	(36,247,422)
Net premiums earned		115,520,671	70,094,316	279,910,079	193,095,631
Reinsurance commission earned		5,385,988	3,523,932	18,286,907	14,397,977
Other income		3,978,705	433,961	6,276,639	2,163,226
NET REVENUES		124,885,364	74,052,209	304,473,625	209,656,834
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(85,454,154)	(64,135,614)	(231,463,474)	(192,257,695)
Reinsurers' share of claims paid		7,254,355	10,179,594	24,961,040	33,709,659
Net claims paid		(78,199,799)	(53,956,020)	(206,502,434)	(158,548,036)
Changes in outstanding claims, net		(3,180,212)	1,694,345	406,241	13,222,811
Changes in claims incurred but not reported, net		(7,062,558)	(389,514)	(7,280,124)	6,150,486
Net claims incurred		(88,442,569)	(52,651,189)	(213,376,317)	(139,174,739)
Policy acquisition costs		(10,960,426)	(8,530,768)	(28,471,724)	(23,852,402)
Changes in premium deficiency reserve and other reserves		2,416,685	2,853,000	7,475,024	4,624,000
Other underwriting expenses		-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES		(96,986,310)	(58,328,957)	(234,373,017)	(158,403,141)
NET UNDERWRITING INCOME		27,899,054	15,723,252	70,100,608	51,253,693
OTHER OPERATING (EXPENSES) / INCOME					
Reverse / (Provision) for doubtful debts		(1,005,693)	4,527,338	(533,633)	1,911,668
General and administrative expenses		(24,927,138)	(19,072,645)	(67,516,203)	(51,564,160)
Commission income on deposits		670,926	147,104	1,494,076	571,130
Gains on sale of available for sale investments	6	-	-	-	1,537,538
Dividend income		1,103,492	858,614	2,791,544	2,610,709
TOTAL OTHER OPERATING EXPENSES		(24,158,413)	(13,539,589)	(63,764,216)	(44,933,115)
Total income for the period before zakat and income tax		3,740,641	2,183,663	6,336,392	6,320,578
Zakat and income tax	12	(1,000,000)	(1,427,927)	(3,000,000)	(5,047,859)
Net income for the period after zakat and income tax		2,740,641	755,736	3,336,392	1,272,719
Income for the period attributed to the insurance operations		(272,766)	(258,530)	(380,056)	(400,127)
INCOME FOR THE PERIOD ATTRIBUTED TO THE SHAREHOLDERS		2,467,875	497,206	2,956,336	872,592
Basic earnings per share	15	0.09	0.01	0.11	0.03

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

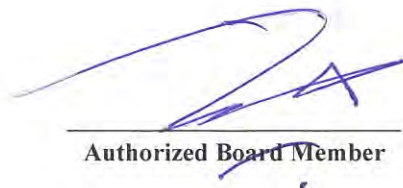
The accompanying notes 1 to 19 form part of these interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022
Expressed in Saudi Riyals

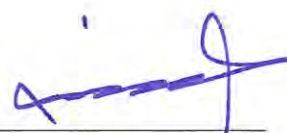
	For the three month period ended		For the nine month period ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Net profit for the period after zakat and income tax	2,740,641	755,736	3,336,392	1,272,719
Other comprehensive income:				
<i>Items may be reclassified to Interim condensed consolidated statements of income in subsequent periods</i>				
- Available for sale investments				
- Change in fair value	476,674	653,632	(239,937)	57,537
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,217,315	1,409,368	3,096,455	1,330,256
Total comprehensive (income) attributed to the insurance operations	(272,766)	(258,530)	(380,056)	(400,127)
Total comprehensive income attributable to the shareholders	2,944,549	1,150,838	2,716,399	930,129



Chief Financial Officer



Authorized Board Member



Chief Executive Officer

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

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

Expressed in Saudi Riyals

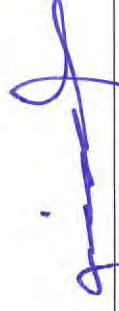
	Share capital	Accumulated losses	Investment revaluation reserve	Total Shareholders' Equity
2022				
Balance, beginning of the period	265,000,000	(49,496,359)	135,695	215,639,336
Total comprehensive income for the period:				
Net income for the period attributable to the shareholders	-	2,956,336	-	2,956,336
Changes in fair values of available for sale investments	-	-	(239,937)	(239,937)
Total comprehensive income for the period attributed to the shareholders				
	-	2,956,336	(239,937)	2,716,339
Balance, ending of the period	265,000,000	(46,540,023)	(104,242)	218,355,735
2021				
Balance, beginning of the period	265,000,000	(43,978,974)	745,267	221,766,293
Total comprehensive income for the period:				
Net income for the period attributable to the shareholders	-	872,592	-	872,592
Changes in fair values of available for sale investments	-	-	57,537	57,537
Total comprehensive income for the period attributed to the shareholders				
	-	872,592	57,537	930,129
Balance, ending of the period	265,000,000	(43,106,382)	802,804	222,696,422



Chief Financial Officer



Authorized Board Member



Chief Executive Officer

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

ARABIA INSURANCE COOPERATIVE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

	Notes	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		3,336,392	1,272,719
Adjustments for non-cash items:			
Depreciation of property and equipment		2,121,793	1,884,366
Gain on sale of property and equipment		-	-
Depreciation of Right-of-use assets		1,617,927	1,617,929
Finance charges		62,124	128,113
(Recovery) / provision for doubtful debts		533,633	(1,911,668)
Gains on sale of available for sale investments		-	(1,537,538)
Provision for end-of-service benefits		1,098,000	1,234,915
Accrued zakat and income tax		3,000,000	5,047,859
		<u>11,769,869</u>	<u>7,736,695</u>
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables		(109,605,127)	(31,769,870)
Reinsurers' share of unearned premiums		(6,429,706)	(10,771,796)
Reinsurers' share of outstanding claims		(935,867,965)	(31,955,736)
Reinsurers' share of claims incurred but not reported		2,497,893	2,847,847
Deferred policy acquisition costs		(13,719,204)	(2,536,893)
Deferred excess loss expense		(1,569,587)	(1,225,338)
Due from related party		-	9,652
Prepaid expenses and other assets		(8,054,407)	(1,247,908)
Accounts payable		5,812,342	(4,863,347)
Accrued expenses and other liabilities		15,339,848	(2,669,468)
Reinsurers' balances payable		3,975,661	1,143,654
Unearned premiums		185,381,694	47,019,218
Unearned reinsurance commission		6,306,526	1,966,526
Outstanding claims		935,461,724	18,732,924
Claims incurred but not reported		4,782,231	(8,998,333)
Premium deficiency reserve and other reserves		(7,475,024)	(4,624,000)
Accrued surplus distribution		-	-
Due to related parties		(198,882)	198,942
Cash used in operating activities		<u>88,407,886</u>	<u>(21,007,231)</u>
Zakat and income tax paid		(4,936,921)	(4,676,950)
End-of-service benefits paid		(458,151)	(399,820)
Net cash used in operating activities		<u>83,012,814</u>	<u>(26,084,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Additions) / disposals in investments		(14,741,039)	(49,182,327)
(Additions) / disposals in time deposits		42,460,920	41,759,218
Proceed from selling of property and equipment		(3,726,959)	(2,653,430)
Additions in property and equipment		-	-
Net cash (used in) / generated from investing activities		<u>23,992,922</u>	<u>(10,076,539)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid		(1,527,619)	(1,568,921)
Net cash used in financing activities		<u>(1,527,619)</u>	<u>(1,568,921)</u>
Net change in cash and cash equivalents		105,478,117	(37,729,461)
Cash and cash equivalents at the beginning of the period		85,343,072	149,327,454
Cash and cash equivalents at the end of the period	4	<u>190,821,189</u>	<u>111,597,993</u>
NON- CASH TRANSACTIONS:			
Net changes in fair value of available for sale investments	6	<u>(239,937)</u>	<u>57,537</u>

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

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

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Arabia Insurance Cooperative Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010243302 dated 18 Muharram 1429H (corresponding to 27 January 2008). The registered address of the Company is P.O. Box 28655, Riyadh 11323, Kingdom of Saudi Arabia.

The objectives of the Company is to transact cooperative insurance business and carry out related activities in the Kingdom of Saudi Arabia. Its principal activity includes all classes of general insurance, medical insurance, savings and protection. The Company was listed on the Saudi Stock Exchange (Tadawul) on 26 Muharram 1429H (corresponding to 4 February 2008). The Company started insurance and reinsurance operations on 4 Muhram 1430H (corresponding to 1 January 2009).

On 14 Jumada Thani 1435H (corresponding to 14 April 2014), the Saudi Central Bank (SAMA) issued official approval numbered 351000076885 to amend the licence issued to the Company number TMN/15/20086 to transact insurance and reinsurance activities to be restricted to insurance activities only.

The Company amended the Articles of Association in line with the amendments of the Saudi Companies Regulations issued in 1437H (2015).

2. BASIS OF PREPARATION

a) Basis of presentation:

The interim condensed financial statements of the company have been prepared in accordance with International Accounting Standard 34 - “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”)

The interim condensed financial statements of the company were prepared for the nine-month period ended on September 30, 2022 in accordance with International Accounting Standard 34 adopted in the Kingdom of Saudi Arabia and the Insurance Control Law and Regulations for Companies in the Kingdom of Saudi Arabia.

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 statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of revenues and expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed financial statements are prepared on the going concern basis and on the historical cost basis, except for available-for-sale investments where they are measured at fair value and end of service benefits are measured at present value. The balance sheet is not displayed using the current / non-current classification. Nevertheless, the following balances are generally classified in circulation: cash and cash equivalents, insurance premiums receivable, reinsurance receivables, investments, deferred underwriting costs, prepaid expenses, other assets, accounts payable, reinsurers' receivables, outstanding claims, accrued expenses, other liabilities, provision for zakat, taxes, distribution of the surplus due and non-insurance premiums Earned, reimbursed share of unearned premiums, and deferred subscription costs unearned commission income,. The following balances are generally classified as non-current: end of service indemnities, statutory deposit, returns on statutory deposit, commission income payable to the Saudi Central Bank, claims incurred but not reported, and property and equipment, intangible assets, statutory deposit, end of service benefits, and right of use assets.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

2. BASIS OF PREPARATION (continued)

a) Basis of presentation: (continued)

The interim condensed statement of financial position, interim condensed statements of income, interim condensed comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in Note 16 of the 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 condensed statements of financial position, interim condensed statements of income, interim condensed comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level interim condensed financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised 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 transactions and events in similar circumstances.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and must be read in conjunction with the annual financial statements of the company as they are on December 31, 2021.

The interim condensed financial statements are expressed in Saudi riyals.

b) Significant accounting judgements, estimates and assumptions

The preparation of the interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results ultimately may differ from those estimates. Furthermore, the Company has reviewed the key sources of estimation of uncertainty disclosed in its latest annual financial statement in relation to the Coronavirus (COVID-19) pandemic. Furthermore, the Company has considered the following:

Impact of Covid-19:

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.

As a result of the current decline in the spread of Coronavirus (Covid-19), the Company has assessed that no other adjustments are required to be made to these financial statements other than those already included in the provision for technical reserves and impairment assessments.

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

2. BASIS OF PREPARATION (continued)

Significant accounting judgements, estimates and assumptions (continued)

The ultimate liability arising from claims made under insurance contracts - continued

Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends.

Actuaries use a range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method to determine these provisions. Actuary had also used a segmentation approach including analysing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. **Impairment of financial assets**

The Company determines that financial assets are impaired when there is a significant or prolonged decline in the fair value of the financial assets at their cost. Judgement is required for determination of what is important or long-term. A period of 6 months or longer is long term and a 35% reduction in the original cost is important in accordance with the Company's policy. In making this judgment, the Company evaluates amount other factors, normal volatility in share price, investor's financial solvency, industry and sector performance, changes in technology, and operating and financing cash flows.

Impairment of insurance premium receivable

A provision for impairment of receivables is made when there is objective evidence that the company will not be able to collect all amounts due in accordance with the original terms of the receivables. The debtor's significant financial difficulties, the possibility that the debtor will be in bankruptcy or the restructuring of financial regulation, default or delay in repayment are indications that the receivables have decreased in value.

Fair value of financial instruments

Fair values of investments available for sale are based on quoted prices of negotiable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair value of financial instruments is determined in the absence of an active market or when quoted prices are not otherwise available using valuation techniques. In such cases, fair value is estimated through observable data in respect of similar financial instruments or using models. When observable market inputs are not available, they are estimated on the basis of appropriate assumptions when valuation techniques (for example, models) are used to determine fair values, which are periodically verified and reviewed by qualified personnel independent of those sources. All models are approved before use, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the practical extent, the models use only observable data; however, areas such as credit risk (special credit risk and counterparty risk), volatility and commitments from management require estimation.

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The significant accounting policies and risk management policies adopted in preparing these interim condensed financial statements are consistent with those that are followed in preparing the annual financial statements of the company for the year ended December 31, 2021.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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New standards were issued, but not yet effective

The standards and interpretations that were issued, but were not effective until the date of issuance of the Interim financial statements of the company, are disclosed below. The Company intends to adopt these standards, if required, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work although the date of approval is subject to the recently issued exposure draft on replacing IAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in the IAS International 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transfer Disclosures, issued in December 2011, move the mandatory effective date to January 1, 2015.

However, on November 19, 2013, the International Accounting Standards Board issued IFRS 9 Financial Instruments (Hedge Accounting and Amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. At its February 2014 meeting, the International Accounting Standards Board decided that IFRS 9 would be effective and mandatory for annual reporting periods beginning on or after January 1, 2018, with an optional temporary exception to postpone the application of IFRS 9 until January 1, 2022. For companies whose activities are mostly associated with insurance. In line with other insurance companies in the Kingdom of Saudi Arabia, the company has postponed the application of IFRS 9 until 1 January 2023 to comply with the adoption of IFRS 17.

IFRS 17 Insurance Contracts

The International Accounting Standards Board issued IFRS 17 in May 2017. IFRS 17 will be mandatory for annual reporting periods beginning on or after January 1, 2023. Once it becomes effective, the IFRS becomes available. Financial No. 17 replaces IFRS 4 that was issued in 2005. The overall goal of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts between entities that issue insurance contracts globally.

On 31 May 2022 the company successfully performed a dry run for implementing IFRS 17 results on the financial statements for the year ended December 31, 2021.

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4. CASH AND CASH EQUIVALENTS

	30 September 2022 (Unaudited) SR		
	<i>Insurance operations SR</i>	<i>Shareholders' Operations SR</i>	<i>Total SR</i>
Cash on hand and in Banks	28,060,881	6,023,993	34,084,874
Time deposits	104,043,012	52,693,303	156,736,315
	132,103,893	58,717,296	190,821,189

	31 December 2021 (Audited) SR		
	<i>Insurance operations SR</i>	<i>Shareholders' Operations SR</i>	<i>Total SR</i>
Current account at banks	26,223,807	1,098,726	27,322,533
Time deposits	-	58,020,539	58,020,539
	<u>26,223,807</u>	<u>59,119,539</u>	<u>85,343,072</u>

5. PREMIUMS AND REINSURANCE RECEIVABLES, NET

Premiums and reinsurance receivables comprise of the following:

	30 September 2021 (Unaudited) SR	31 December 2020 (Audited) SR
Policyholders	285,724,729	190,709,753
Less: Provision for doubtful debt	(49,577,355)	(49,376,279)
	236,147,374	141,333,474
Reinsurance balances receivable	27,837,382	13,247,232
Less: Provision for doubtful debt	(3,936,310)	(3,603,754)
	23,901,072	9,643,478
Total premiums and reinsurance balances receivable, net	260,048,446	150,976,952

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6. INVESTMENTS

Investments comprise of the following:

	30 September 2022			31 December 2021		
	(Unaudited)			(Audited)		
	Insurance operations	Shareholders' Operations	Total	Insurance operations	Shareholders' Operations	Total
	SR	SR	SR	SR	SR	SR
Investments available for sale	-	69,966,826	69,966,826	-	62,292,662	62,292,662
Investments held to maturity *	32,450,625	53,116,069	85,566,694	31,903,125	46,836,631	78,739,756
Total	32,450,625	123,082,895	155,533,520	31,903,125	109,129,293	141,032,418

* Bonds are stated in the statement of financial position at amortized cost. The fair value of investments acquired to maturity amounted to SR 81,597,324 (31 December 2021: SR 81,096,303).

- The movement in investments is as follows:

	Insurance operations	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
	SR	SR
Beginning balance	31,903,125	32,653,125
Additions	1,672,500	-
Disposals	(1,125,000)	(750,000)
Ending balance	32,450,625	31,903,125

	Shareholders' operations	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
	SR	SR
Beginning balance	109,129,293	71,500,387
Additions	36,918,562	148,292,189
Disposals	(22,725,023)	(112,728,712)
Net additions and disposals	14,193,539	35,563,477
Realized profit during the period / year	-	2,675,001
Change in fair value of available for sale investments	(239,937)	(609,572)
Ending balance	123,082,895	109,129,293

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7. TECHNICAL RESERVES

7-1. Net outstanding claims and other reserves

Net outstanding claims and other reserves comprise of the following:

	30 September 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Outstanding claims	1,050,142,050	116,579,038
Less: Realizable value of salvage and subrogation	(10,187,863)	(12,086,575)
	1,039,954,187	104,492,463
	57,752,621	
Claims incurred but not reported		52,970,390
Premium deficiency reserve and other reserves	1,489,976	8,965,000
	59,242,597	61,935,390
Less:		
- Reinsurers' share of outstanding claims	1,006,454,661	70,586,696
- Reinsurers' share of claims Incurred but not reported	5,847,985	8,345,878
	1,012,302,646	78,932,574
	86,894,138	87,495,279

7-2. MOVEMENT IN UNEARNED PREMIUMS

Movement in unearned premiums is as follows:

	Nine months' period ended 30 September 2022 (Unaudited)			Year ended 31 December 2021 (Audited)		
	Total SR	Reinsurers SR	Net SR	Total SR	Reinsurers SR	Net SR
Balance at the beginning of the period / year	168,094,359	(47,877,264)	120,217,095	140,802,544	(42,904,729)	97,897,815
Premium written during the period / year	569,663,439	(110,801,373)	458,862,066	422,322,603	(131,245,255)	291,077,348
Premium earned during the period / year	(384,281,745)	104,371,667	(279,910,078)	(395,030,788)	126,272,720	(268,758,068)
Balance at the end of the period / year	353,476,053	(54,306,970)	299,169,083	168,094,359	(47,877,264)	120,217,095

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8. COMMITMENTS AND CONTINGENCIES

a. Commitments and contingencies comprise of the following:

	30 September 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Letter of guarantee	2,709,500	2,709,500
Total	2,709,500	2,709,500

b. Litigations and lawsuits

The company operates in the insurance business and is vulnerable to lawsuits during its normal business cycle. While it is impractical to predict or know the final outcome of all lawsuits, management believes that these lawsuits (including the cases) will not have any material impact on the company's results or its financial position. The company does not have any material lawsuit on the date of preparing the interim condensed financial statements.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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.

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.

30 September 2022 (Unaudited)	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
Financial assets measured at fair value				
Available for sale investments:				
- Mutual Funds	-	38,185,077	-	38,185,077
- Bonds	18,255,930	-	-	18,255,930
- Equity	11,602,742	-	-	11,602,742
-Bond portfolio	-	-	1,923,077	1,923,077
Total	29,858,672	38,185,077	1,923,077	69,966,826

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9. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

31 December 2021 (Audited)	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
Financial assets measured at fair value				
Available for sale investments:				
- Mutual Funds	-	32,102,160	-	32,102,160
- Bonds	28,267,425	-	-	28,267,425
- Equity	-	-	1,923,077	1,923,077
Total	28,267,425	32,102,160	1,923,077	62,292,662

The change in the fair value of available-for-sale investments amounting to SAR (104,242) as of September 30, 2022 (December 31, 2021: SAR 135,695) is shown within the shareholders' equity in the interim condensed statement of financial position.

For the period ended September 30, 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers to or from Level 3 fair value measurements.

- * The investment in shares of a local non-current company, amounting to SR 1.9 million (December 31, 2021: SR 1.9 million), represents equity investments in the capital of Najm Company for Non-Current Insurance Services at a rate of 3.85% (31 December 2021: 3.85%). Due to the lack of fair value, the investment has been recorded at cost and in the opinion of management there is no material difference between the fair value of this investment and its carrying value.

10. 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 its 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 condensed income statement. 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, 2021.

Segment assets do not include property and equipment, prepaid expenses and other assets, insurance premiums, reinsurance receivables, investments, time deposits, cash and cash equivalents, amounts due from a related party, statutory deposit, and investment returns from the statutory deposit, and thus they are included in the unallocated assets.

Segments' liabilities do not include reinsurers' receivables, end-of-service benefits provision, payables and accrued expenses and other liabilities, other provisions, surplus payable distributions, actuarial loss for specific benefit plans, accrued zakat and income tax, and due statutory deposit investment returns and thus they are included in the unallocated liabilities.

General and administrative expenses, commission income, and other income from insurance operations were not distributed within the different sectors.

These unallocated assets and liabilities are reported to decision maker and are monitored on a centralized basis.

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10. OPERATING SEGMENTS (CONTINUED)

As at 30 September 2022 (Unaudited)

As at 30 September 2022 (Unaudited)	Saudi Riyals						
	Insurance Operations						
Operating segments	Medical	Motor	Fire	Engineering	Marine	Others	Total
Assets							
Reinsurers' share of unearned premiums	1,772,329	-	28,220,970	8,667,755	1,185,740	14,460,176	54,306,970
Reinsurers' share of outstanding claims	1,091,949	13,244,284	966,446,457	2,510,040	2,478,422	20,683,509	1,006,454,661
Reinsurers' share of claims incurred but not reported	1,731,154	-	3,122,534	188,559	222,658	583,080	5,847,985
Deferred policy acquisition costs	12,950,036	6,892,665	2,503,329	816,781	170,830	1,507,788	24,841,429
Unallocated assets	-	-	-	-	-	-	480,943,535
	17,545,468	20,136,949	1,000,293,290	12,183,135	4,057,650	37,234,553	1,572,394,580
Liabilities							
Unearned premiums	213,239,816	83,878,622	29,139,599	9,959,946	1,461,378	15,796,692	353,476,053
Unearned reinsurance commission	-	-	4,548,567	2,497,173	353,980	2,367,315	9,767,035
Outstanding claims	14,945,648	21,632,338	969,109,958	3,961,689	3,126,900	27,177,654	1,039,954,187
Claims incurred but not reported	26,196,983	24,770,319	4,312,814	476,912	466,008	1,529,585	57,752,621
Premium deficiency reserve and other reserves	-	916,788	359,592	85,804	-	127,792	1,489,976
Unallocated liabilities	-	-	-	-	-	-	109,954,708
	254,382,447	131,198,067	1,007,470,530	16,981,524	5,408,266	46,999,038	1,572,394,580

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10. OPERATING SEGMENTS (CONTINUED)

As at 31 December 2021 (Audited)

As at 31 December 2021 (Audited)		Saudi Riyals					
	Insurance Operations						
Operating segments	Medical	Motor	Fire	Engineering	Marine	Others	Total
Assets							
Reinsurers' share of unearned premiums	14,516,749	-	15,474,054	7,626,142	2,007,520	8,252,799	47,877,264
Reinsurers' share of outstanding claims	3,016,231	13,244,284	36,791,630	3,542,039	3,950,654	10,041,858	70,586,696
Reinsurers' share of claims incurred but not reported	4,388,000	-	3,261,000	354,000	317,000	25,878	8,345,878
Deferred policy acquisition costs	3,926,562	3,549,030	1,468,270	770,808	302,495	1,105,060	11,122,225
Unallocated assets	-	-	-	-	-	-	285,238,986
	25,847,542	16,793,314	56,994,954	12,292,989	6,577,669	19,425,595	423,171,049
Liabilities							
Unearned premiums	75,299,640	55,140,339	16,016,497	9,058,386	2,443,783	10,135,714	168,094,359
Unearned reinsurance commission	-	-	1,249,766	664,231	351,399	1,195,113	3,460,509
Outstanding claims	16,150,146	24,771,107	37,231,863	5,570,550	5,074,600	15,694,197	104,492,463
Claims incurred but not reported	18,119,000	28,352,000	4,371,000	790,000	721,000	617,390	52,970,390
Premium deficiency reserve	-	6,237,000	871,000	504,000	150,000	1,203,000	8,965,000
Unallocated liabilities	-	-	-	-	-	-	85,188,328
	109,568,786	114,500,446	59,740,126	16,587,167	8,740,782	28,845,414	423,171,049

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10. OPERATING SEGMENTS (CONTINUED)

For the three month period ended 30 September 2022 (Unaudited)

Operating segments	Medical	Motor	Fire	Saudi Riyals Engineering	Marine	Others	Total
Revenue							
Gross premiums written							
- Direct	153,484,665	26,143,822	6,069,980	3,614,958	1,453,795	5,700,961	196,468,181
Reinsurance premiums ceded:							
Foreign	(235,692)	-	(5,660,428)	(1,794,832)	(885,099)	(5,486,469)	(14,062,520)
Local	-	-	(177,395)	(1,418,329)	(288,361)	(32,641)	(1,916,726)
Excess of loss premiums	(650,000)	(326,400)	(140,625)	(328,124)	(124,445)	-	(1,569,594)
NET PREMIUMS WRITTEN	152,598,973	25,817,422	91,532	73,673	155,890	181,851	178,919,341
Change in unearned premiums, net	(81,942,575)	17,034,216	250,826	493,837	274,994	490,032	(63,398,670)
NET PREMIUMS EARNED	70,656,398	42,851,638	342,358	567,510	430,884	671,883	115,520,671
Reinsurance commission	-	-	2,252,991	1,120,740	673,180	1,339,077	5,385,988
Other underwriting revenue	2,225,662	(302,377)	-	(15,580)	-	2,071,000	3,978,705
TOTAL REVENUE	72,882,060	42,549,261	2,595,349	1,672,670	1,104,064	4,081,960	124,885,364
Gross claims paid	(43,804,806)	(39,586,876)	(691,294)	(693,203)	(375,121)	(302,854)	(85,454,154)
Reinsurers share of claims paid	5,753,861	-	688,047	421,322	225,563	165,562	(7,254,355)
Net claims paid	(38,050,945)	(39,586,876)	(3,247)	(271,881)	(149,558)	(137,292)	(78,199,799)
Change in outstanding claims, net	(2,201,776)	(1,015,525)	(294,356)	333,355	136,646	(138,556)	(3,180,212)
Change in claims incurred but not reported, net	(6,704,302)	(324,934)	59,589	39,994	51,299	(184,204)	(7,062,558)
NET CLAIMS INCURRED	(46,957,023)	(40,927,335)	(238,014)	101,468	38,387	(460,052)	(88,442,569)
Policy acquisition costs	(4,281,628)	(3,541,719)	(1,508,753)	(423,717)	(371,730)	(832,879)	(10,960,426)
Change in premium deficiency reserve and other reserves	-	2,386,490		(8,423)	-	38,618	2,416,685
Total underwriting costs and expenses	(51,238,651)	(42,082,564)	(1,746,767)	(330,672)	(333,343)	(1,254,313)	(96,986,310)
NET UNDERWRITING INCOME	21,643,409	466,697	848,582	1,341,998	770,721	2,827,647	27,899,054
Other operating (expenses) / income							
Provision for doubtful debts	-	-	-	-	-	-	(1,005,693)
General and administrative expenses	-	-	-	-	-	-	(24,794,405)
Commission income on deposits	-	-	-	-	-	-	135,000
Dividend	-	-	-	-	-	-	493,716
Total other operating expenses							(25,171,382)
NET LOSS OF INSURANCE OPERATIONS'							2,727,672

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10. OPERATING SEGMENTS (CONTINUED)

For the three month period ended 30 September 2021 (Unaudited)

Operating segments	Medical	Motor	Fire	Saudi Riyals Engineering	Marine	Others	Total
Revenue							
Gross premiums written							
- Direct	65,956,971	14,279,408	3,495,272	1,113,077	2,452,104	4,265,620	91,562,452
Reinsurance premiums ceded:							
Foreign	(8,765,052)	-	(3,185,809)	(738,481)	(2,022,463)	(3,802,377)	(18,514,182)
Local	-	-	(156,376)	(215,058)	(158,549)	(76,225)	(606,208)
Excess of loss premiums	-	(562,880)	(152,615)	(356,100)	(153,749)	-	(1,225,344)
NET PREMIUMS WRITTEN	57,191,919	13,716,528	472	(196,562)	117,343	387,018	71,216,718
Change in unearned premiums, net	(23,617,819)	20,023,826	515,462	713,474	634,190	608,465	(1,122,402)
NET PREMIUMS EARNED	33,574,100	33,740,354	515,934	516,912	751,533	995,483	70,094,316
Reinsurance commission	-	-	1,519,705	593,923	744,981	665,323	3,523,932
Other underwriting revenue	4,000	423,961	-	-	-	6,000	433,961
TOTAL REVENUE	33,578,100	34,164,315	2,035,639	1,110,835	1,496,514	1,666,806	74,052,209
Gross claims paid	(29,468,993)	(32,878,435)	(545,028)	(198,664)	(204,348)	(840,146)	(64,135,614)
Reinsurers share of claims paid	8,851,441	-	535,754	139,723	148,588	504,088	10,179,594
Net claims paid	(20,617,552)	(32,878,435)	(9,274)	(58,941)	(55,760)	(336,058)	(53,956,020)
Change in outstanding claims, net	(3,359,262)	5,124,149	16,513	194,595	(156,326)	(125,324)	1,694,345
Change in claims incurred but not reported, net	(795,000)	191,000	(62,000)	32,000	(15,000)	259,486	(389,514)
NET CLAIMS INCURRED	(24,771,814)	(27,563,286)	(54,761)	167,654	(227,086)	(201,896)	(52,651,189)
Policy acquisition costs	(1,873,235)	(3,837,014)	(1,434,740)	(413,513)	(387,274)	(584,992)	(8,530,768)
Change in premium deficiency reserve and other reserves	4,208,000	(1,675,000)	335,000	(124,000)	201,000	(92,000)	2,853,000
Total underwriting costs and expenses	(22,437,049)	(33,075,300)	(1,154,501)	(369,859)	(413,360)	(878,888)	(58,328,957)
NET UNDERWRITING INCOME	11,141,051	1,089,015	881,138	740,976	1,083,154	787,918	15,723,252
Other operating (expenses) / income							
Provision for doubtful debts							4,527,338
General and administrative expenses							(17,986,435)
Commission income on deposits							29,240
Dividend							291,901
Total other operating expenses							(13,137,956)
NET LOSS OF INSURANCE OPERATIONS'							2,585,296

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10. OPERATING SEGMENTS (CONTINUED)

For the nine month period ended 30 September 2022 (Unaudited)

Operating segments	Medical	Motor	Fire	Saudi Riyals Engineering	Marine	Others	Total
Revenue							
Gross premiums written							
- Direct	311,180,385	147,173,121	59,717,670	15,241,482	9,817,009	26,533,772	569,663,439
Reinsurance premiums ceded:							
Foreign	(1,970,831)	-	(49,268,178)	(9,170,699)	(7,141,155)	(24,332,914)	(91,883,777)
Local	-	-	(8,704,351)	(3,775,488)	(1,315,050)	(413,926)	(14,208,815)
Excess of loss premiums	(1,950,000)	(979,200)	(421,874)	(984,371)	(373,336)	-	(4,708,781)
NET PREMIUMS WRITTEN	307,259,554	146,193,921	1,323,267	1,310,924	987,468	1,786,932	458,862,066
Change in unearned premiums, net	(150,684,596)	(28,738,283)	(376,186)	140,053	160,624	546,401	(178,951,987)
NET PREMIUMS EARNED	156,574,958	117,455,638	947,081	1,450,977	1,148,092	2,333,333	279,910,079
Reinsurance commission	-	-	6,850,911	5,094,362	2,653,881	3,687,753	18,286,907
Other underwriting revenue	2,799,662	386,557	-	(15,580)	-	3,106,000	(6,276,639)
TOTAL REVENUE	159,374,620	117,842,195	7,797,992	6,529,759	3,801,973	9,127,086	304,473,625
Gross claims paid	(114,426,172)	(109,478,930)	(1,755,147)	(1,771,619)	(2,198,756)	(1,832,850)	(231,463,474)
Reinsurers share of claims paid	19,439,910	-	1,730,767	1,125,337	1,523,501	1,141,525	24,961,040
Net claims paid	(94,986,262)	(109,478,930)	(24,380)	(646,282)	(675,255)	(691,325)	(206,502,434)
Change in outstanding claims, net	(719,785)	3,138,769	(2,223,268)	576,862	475,467	(841,804)	406,241
Change in claims incurred but not reported, net	(10,734,829)	3,581,681	(80,281)	147,647	160,650	(354,992)	(7,280,124)
NET CLAIMS INCURRED	(106,440,876)	(102,758,480)	(2,327,929)	78,227	(39,138)	(1,888,121)	(213,376,317)
Policy acquisition costs	(9,219,627)	(9,830,586)	(4,395,608)	(1,355,959)	(1,292,869)	(2,377,075)	(28,471,724)
Change in premium deficiency reserve and other reserves	-	5,320,212	511,408	418,197	150,000	1,075,207	7,475,024
Total underwriting costs and expenses	(115,660,503)	(107,268,854)	(6,212,129)	(859,535)	(1,182,007)	(3,189,989)	(234,373,017)
NET UNDERWRITING INCOME	43,714,117	10,573,341	1,585,863	5,670,224	2,619,966	5,937,097	70,100,608
Other operating (expenses) / income							
Provision for doubtful debts	-	-	-	-	-	-	(533,633)
General and administrative expenses	-	-	-	-	-	-	(67,046,470)
Commission income on deposits	-	-	-	-	-	-	219,657
Dividend	-	-	-	-	-	-	1,060,402
Total other operating expenses							(66,300,044)
NET LOSS OF INSURANCE OPERATIONS'							3,800,564

ARABIA INSURANCE COOPERATIVE COMPANY

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10. OPERATING SEGMENTS (CONTINUED)

For the nine month period ended 30 September 2021 (Unaudited)

Operating segments	Medical	Motor	Fire	Saudi Riyals Engineering	Marine	Others	Total
Revenue							
Gross premiums written							
- Direct	129,457,823	111,398,201	49,661,997	11,974,145	10,473,999	19,220,629	332,166,794
Reinsurance premiums ceded:							
Foreign	(16,090,569)	-	(33,104,942)	(8,411,879)	(6,612,341)	(15,632,816)	(79,852,547)
Local	-	-	(15,247,862)	(1,323,518)	(2,068,845)	(654,937)	(19,295,162)
Excess of loss premiums	-	(1,688,640)	(457,842)	(1,068,300)	(461,250)	-	(3,676,032)
NET PREMIUMS WRITTEN	113,367,254	109,709,561	831,351	1,170,448	1,331,563	2,932,876	229,343,053
Change in unearned premiums, net	(27,417,158)	(10,878,894)	1,012,703	240,180	486,442	309,305	(36,247,422)
NET PREMIUMS EARNED	85,950,096	98,830,667	1,844,054	1,410,628	1,818,005	3,242,181	193,095,631
Reinsurance commission	-	-	5,083,649	3,463,645	3,915,701	1,934,982	14,397,977
Other underwriting revenue	66,000	423,961	24,744	510,579	-	1,137,942	2,163,226
TOTAL REVENUE	86,016,096	99,254,628	6,950,447	5,384,852	5,733,706	6,315,105	209,656,834
Gross claims paid	(94,104,363)	(92,384,425)	(1,464,784)	(1,136,327)	(1,246,922)	(1,920,874)	(192,257,695)
Reinsurers share of claims paid	28,606,964	901,590	1,437,008	791,027	746,071	1,226,999	33,709,659
Net claims paid	(65,497,399)	(91,482,835)	(27,776)	(345,300)	(500,851)	(693,875)	(158,548,036)
Change in outstanding claims, net	(2,160,151)	15,708,736	(311,315)	220,149	68,272	(302,880)	13,222,811
Change in claims incurred but not reported, net	3,211,000	2,734,000	(184,000)	132,000	31,000	226,486	6,150,486
NET CLAIMS INCURRED	(64,446,550)	(73,040,099)	(523,091)	6,849	(401,579)	(770,269)	(139,174,739)
Policy acquisition costs	(4,888,384)	(11,210,691)	(3,932,581)	(1,082,399)	(1,151,122)	(1,587,225)	(23,852,402)
Change in premium deficiency reserve and others reserves	8,839,000	(2,645,000)	(331,000)	(813,000)	-	(426,000)	4,624,000
Total underwriting costs and expenses	(60,495,934)	(86,895,790)	(4,786,672)	(1,888,550)	(1,552,701)	(2,783,464)	(158,403,141)
NET UNDERWRITING INCOME	25,520,162	12,358,838	2,165,775	3,496,302	4,181,005	3,531,611	51,253,963
Other operating (expenses) / income							
Provision for doubtful debts							1,911,668
General and administrative expenses							(50,135,282)
Commission income							95,491
Dividend							875,702
Total other operating expenses							(47,252,421)
NET LOSS OF INSURANCE OPERATIONS'							4,001,272

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The related parties represent the main shareholders, directors, and senior management employees of the company, the companies that they are their main owners, and any other companies that are subject to their control or are jointly controlled or have effective control over them. Pricing policies and terms of these transactions are approved by the company's management and the Board of Directors. Details of major related party transactions and their balances are as follows:

Related party	Nature of transactions	30 September 2022 (Unaudited) SR	30 September 2021 (Unaudited) SR
Board of Directors and the companies they represent	- Gross Premiums written	6,845,136	5,971,003
	- Claims paid	545,373	419,880
	- Expenses paid by Arabia Insurance Company behalf on behalf of the Company	299,670	208,594
	- Payment the balance of the Arabian Insurance	495,802	
Jordan Insurance Company - (shareholder)	- Expenses paid by the company for the Arabian Insurance Company	2,750	-

The above transactions with the related parties resulted in the following balances:

	30 September 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Arabia Insurance Company – Lebanon – Shareholder		(198,882)
Jordan Insurance Company – Shareholder	83,346	83,346
Board members and the companies they represent	2,509,637	1,959,091
Reinsurance balance due from Jordan Insurance Company	546,767	546,767

Compensation of key management personnel

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

	30 September 2022 (Unaudited) SR	30 September 2021 (Unaudited) SR
Short-term benefits	2,939,385	3,118,185
End of service benefit	120,718	129,409
	3,060,103	3,247,594

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12. ZAKAT AND INCOME TAX ACCRUED

Zakat charge for the period

The zakat provision consists of the zakat charged during the period in the amount of SR 2,883,841 (September 30, 2021: SAR 4,869,932). The zakat provision is calculated on the Saudi shareholders' share of the capital at 71.60% (2021: 71.59%).

Income tax charge for the period

Income tax provision consists of income tax charged during the period in an amount of 116,159 Saudi riyals (September 30, 2021: 177,928 Saudi riyals). Income tax is calculated on the share of capital by non-Saudi shareholders at a rate of 28.4% (2021: 28.4%).

Status of assessment

The company submitted its tax and zakat returns to the Zakat, Tax and Customs Authority for all years up to the fiscal year ending on December 31, 2021, and the company has received a restricted certificate for the fiscal year ending December 31, 2021.

Zakat, Income Tax and Withholding Tax

On July 31, 2022, the company received the decision of The Appeal Committee for Tax Violations and Disputes Construction regarding the lawsuit filed by the company against the Zakat, Tax and Customs Authority regarding the zakat and tax assessments amended by the authority for the years 2013 and 2014. The company's opinion was confirmed regarding some items in the amount of 4,291,133 riyals while other items were rejected at an amount of 701,885 riyals, and revised assessments were issued according to this decision by the Authority, and the company paid the amount due accordingly later

Also, during the third quarter, on August 23, 2022, a hearing was attended on the lawsuit filed by the company against the Zakat, Tax and Customs Authority regarding the amendment of withholding tax returns submitted for the years from 2015 to 2017. A decision was issued by the First Department for Tax Committees for Resolution of Tax Violations and Disputes Construction of Dammam On September 27, 2022, the company's lawsuit was rejected, and it was decided to submit an appeal against this decision within the statutory period, provided that further clarifications and documents supporting the company's opinion are submitted.

Also, during the third quarter, on August 28, 2022, a hearing was attended before the First Department for Tax Committees for Resolution of Tax Violations and Disputes Construction of Riyadh regarding the lawsuit filed by the company against the Zakat, Tax and Customs Authority regarding the zakat assessment and the withholding tax assessment modified by the Authority for the year 2018. On September 20, 2022, the company received the decision issued by this department, in which the items in question were partially accepted and other items were rejected, and it was decided to appeal against this decision within the statutory period.

Likewise, during the third quarter, on September 6, 2022, a hearing was attended before the First Department for Tax Committees for Resolution of Tax Violations and Disputes Construction of Dammam regarding the lawsuit filed against the Authority over the amendment of zakat assessments for the years 2019 and 2020. The company received on September 29, 2022 AD the decision of this department, whereby confirming the company's opinion in one of the items, while its objection was rejected on the other items, both of which pertain to the aforementioned two years. The company has decided to be satisfied with the issued decision and wait for the

ARABIA INSURANCE COOPERATIVE COMPANY**(A SAUDI JOINT STOCK COMPANY)****NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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authority's position in the event that it will appeal against the decision or not, regarding the lost items. In light of this, the company will have the right to respond and complete the case until the stage of issuing a final decision binding on all parties.

13. SHARE CAPITAL

The authorized, issued and fully paid up share capital is SR 265 million and consists of 26.5 million shares with a par value of SR 10 per share for 2022 and 2021. The Board of Directors' resolution of 20 December 2018 recommended an increase in the Company's capital by SR 265 million Saudi Riyal through the issue of preference rights shares. This decision will be followed by all the laws stipulated in the relevant laws and regulations. The company obtained the approval of Capital Market Authority on 23/05/2022. The company announced on 01/08/2022 the postponement of the Extraordinary General Assembly meeting that includes increasing the company's capital.

As a subsequent event, during the month of October 2022, the Company has appointed Al Rajhi Capital as financial advisor, lead manager and underwriter for the offering related to increasing the Company's capital by issuing rights and mentioned that it will announce any major developments as soon as they occur.

14. CAPITAL MANAGEMENT

Objectives are set by the company to maintain good capital ratios in order to support its business objectives and increase shareholder value.

A firm manages its capital requirements by assessing deficiencies between the authorized and required levels of capital on a regular basis.

Adjustments are made to current capital levels in light of changes in market conditions and the risk characteristics of the Company's activities. To maintain or adjust capital, the company may adjust dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the company has fully complied with the capital requirements imposed from abroad during the reported financial period.

15. EARNINGS PER SHARE

The earnings per share for the three and nine-month period ending September 30, 2022 and 2021 is calculated by dividing the net profit / (loss) of the period attributed to shareholders by the average number of shares issued for the period.

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FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

16. SUPPLEMENTARY INFORMATION

- INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	In Saudi Riyals					
	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Shareholder s' operations	Total	Insurance operations	Shareholders' operations	Total
<u>Assets</u>						
Cash and cash equivalents	132,103,893	58,717,296	190,821,189	26,223,807	59,119,265	85,343,072
Premiums and reinsurers' receivable – net	260,048,446	-	260,048,446	150,976,952	-	150,976,952
Reinsurers' share of unearned premium	54,306,970	-	54,306,970	47,877,264	-	47,877,264
Reinsurers' share of outstanding claims	1,006,454,661	-	1,006,454,661	70,586,696	-	70,586,696
Reinsurers' share of claims incurred but not reported	5,847,985	-	5,847,985	8,345,878	-	8,345,878
Deferred policy acquisition cost	24,841,429	-	24,841,429	11,122,225	-	11,122,225
Deferred Excess Loss Premiums	1,569,587	-	1,569,587	-	-	-
Investments	32,450,625	123,082,895	155,533,520	31,903,125	109,129,293	141,032,418
Amounts due from shareholders' operations	15,558,584	-	15,558,584	23,213,275	-	23,213,275
Due from a related party	83,346	-	83,346	83,346	-	83,346
Prepaid expenses and other assets	28,509,146	3,748,346	32,257,492	21,805,811	2,397,272	24,203,083
Right of use assets	1,596,788	-	1,596,788	3,214,715	-	3,214,715
Term deposits	-	14,999,999	14,999,999	20,400,000	37,060,919	57,460,919
Property and equipment, net	9,023,120	-	9,023,120	7,417,955	-	7,417,955
Statutory deposit	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Return on statutory deposit	-	4,939,080	4,939,080	-	4,493,686	4,493,686
<u>Total assets</u>	1,572,394,580	245,487,616	1,817,882,196	423,171,049	252,200,435	675,371,484
<u>Liabilities</u>						
Accounts payable	22,918,431	-	22,918,431	17,106,089	-	17,106,089
Accrued expenses and other liabilities	38,381,522	918,249	38,381,522	22,758,674	1,201,249	23,959,923
Reinsurance balances payable	34,983,794	-	34,983,794	31,008,133	-	31,008,133
Unearned insurance premiums	353,476,053	-	353,476,053	168,094,359	-	168,094,359
Unearned reinsurance commissions	9,767,035	-	9,767,035	3,460,509	-	3,460,509
Outstanding claims	1,039,954,187	-	1,039,954,187	104,492,463	-	104,492,463
Claims incurred but not reported	57,752,621	-	57,752,621	52,970,390	-	52,970,390
Premium deficiency reserve and other reserves	1,489,976	-	1,489,976	8,965,000	-	8,965,000
Amounts due to insurance operations	-	15,558,584	15,558,584	-	23,213,275	23,213,275
Due to a related party	-	-	-	198,882	-	198,882
End of service benefits	11,119,205	-	11,119,205	10,479,356	-	10,479,356
Lease liability	1,276,997	-	1,276,997	2,742,492	-	2,742,492
Zakat and income tax payable	-	5,715,968	5,715,968	-	7,652,889	7,652,889
Return on statutory deposit	-	4,939,080	4,939,080	-	4,493,686	4,493,686
<u>Total liabilities</u>	1,571,119,821	27,131,881	1,598,251,702	422,276,347	36,561,099	458,837,446
<u>Cumulative surplus</u>						
Accumulated surplus payable	1,818,601	-	1,818,601	1,438,544	-	1,438,544
Actuarial loss on defined benefit plan	(543,842)	-	(543,842)	(543,842)	-	(543,842)
<u>Total liabilities and accrued surplus</u>	1,572,394,580	27,131,881	1,599,526,461	423,171,049	36,561,099	459,732,148
<u>Shareholders' equity</u>						
Equity capital	-	265,000,000	265,000,000	-	265,000,000	265,000,000
Accumulated losses	-	(46,540,023)	(46,540,023)	-	(49,496,359)	(49,496,359)
Investment of available-for-sale revaluation reserve	-	(104,242)	(104,242)	-	135,695	135,695
<u>Total shareholders' equity</u>	-	218,355,735	218,355,735	-	215,639,336	215,639,336
<u>Total liabilities and shareholders' equity</u>	1,572,394,580	245,487,616	1,817,882,196	423,171,049	252,200,435	675,371,484

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16. SUPPLEMENTARY INFORMATION – (continued)
- INTERIM CONDENSED STATEMENT OF INCOME

	In Saudi Riyals					
	For the three period ended 30 September 2022 (Unaudited)			For the three month period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written						
- Direct	196,468,181	-	196,468,181	91,562,452	-	91,562,452
Reinsurance premiums ceded						
- Foreign	(14,062,520)	-	(14,062,520)	(18,514,182)	-	(18,514,182)
- Local	(1,916,726)	-	(1,916,726)	(606,208)	-	(606,208)
Excess of loss expenses	(1,569,594)	-	(1,569,594)	(1,225,344)	-	(1,225,344)
Net premiums written	178,919,341	-	178,919,341	71,216,718	-	71,216,718
Changes in unearned premiums, net	(63,398,670)	-	(63,398,670)	(1,122,402)	-	(1,122,402)
Net premiums earned	115,520,671	-	115,520,671	70,094,316	-	70,094,316
Reinsurance commission earned	5,385,988	-	5,385,988	3,523,932	-	3,523,932
Other underwriting revenue	3,978,705	-	3,978,705	433,961	-	433,961
TOTAL REVENUES	124,885,364	-	124,885,364	74,052,209	-	74,052,209
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(85,454,154)	-	(85,454,154)	(64,135,614)	-	(64,135,614)
Reinsurers' share of claims paid	7,254,355	-	7,254,355	10,179,594	-	10,179,594
Net claims paid	(78,199,799)	-	(78,199,799)	(53,956,020)	-	(53,956,020)
Changes in outstanding claims, net	(3,180,212)	-	(3,180,212)	1,694,345	-	1,694,345
Changes in claims incurred but not reported, net	(7,062,558)	-	(7,062,558)	(389,514)	-	(389,514)
Net claims incurred	(88,442,569)	-	(88,442,569)	(52,651,189)	-	(52,651,189)
Policy acquisition costs	(10,960,426)	-	(10,960,426)	(8,530,768)	-	(8,530,768)
Changes in premium deficiency reserve	2,416,685	-	2,416,685	2,853,000	-	2,853,000
Other underwriting expenses	-	-	-	-	-	-
Total underwriting costs and expenses	(96,986,310)	-	(96,986,310)	(58,328,957)	-	(58,328,957)
NET UNDERWRITING INCOME	27,899,054	-	27,899,054	15,723,252	-	15,723,252
OPERATING (EXPENSES) / INCOME						
Provision for doubtful debts	(1,005,693)	-	(1,005,693)	4,527,338	-	4,527,338
General and administrative expenses	(24,794,405)	(132,733)	(24,927,138)	(17,986,435)	(1,086,210)	(19,072,645)
Commission income	135,000	535,926	670,926	29,240	117,864	147,104
Gain on sale of available for sale investments	-	-	-	-	-	-
Dividend income	493,716	609,776	1,103,492	291,901	566,713	858,614
Total other operating (expenses) / income	(25,171,382)	1,012,969	(24,158,413)	(13,137,956)	(401,633)	(13,539,589)
Total surplus / (loss) for the period	2,727,672	1,012,969	3,740,641	2,585,296	(401,633)	2,183,663
Income for the period attributed to the shareholders	(2,454,906)	2,454,906	-	(2,326,766)	2,326,766	-
Net income for the period before zakat and income tax	272,766	3,467,875	3,740,641	258,530	1,925,133	2,183,663
Zakat and income tax	-	(1,000,000)	(1,000,000)	-	(1,427,927)	(1,427,927)
Net income after zakat and income tax	272,766	2,467,875	2,740,641	258,530	497,206	755,736

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16. SUPPLEMENTARY INFORMATION – (continued)

- INTERIM CONDENSED STATEMENT OF INCOME

	In Saudi Riyals					
	For the nine month period ended 30 September 2022 (Unaudited)			For the nine month period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written						
- Direct	569,663,439	-	569,663,439	332,166,794	-	332,166,794
Reinsurance premiums ceded						
- Foreign	(14,208,815)	-	(14,208,815)	(79,852,547)	-	(79,852,547)
- Local	(91,883,777)	-	(91,883,777)	(19,295,162)	-	(19,295,162)
Excess of loss expenses	(4,708,781)	-	(4,708,781)	(3,676,032)	-	(3,676,032)
Net premiums written	458,862,066	-	458,862,066	229,343,053	-	229,343,053
Changes in unearned premiums, net	(178,951,987)	-	(178,951,987)	(36,247,422)	-	(36,247,422)
Net premiums earned	279,910,079	-	279,910,079	193,095,631	-	193,095,631
Reinsurance commission earned	18,286,907	-	18,286,907	14,397,977	-	14,397,977
Other income	6,276,639	-	6,276,639	2,163,226	-	2,163,226
TOTAL REVENUES	304,473,625	-	304,473,625	209,656,834	-	209,656,834
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(231,463,474)	-	(231,463,474)	(192,257,695)	-	(192,257,695)
Reinsurers' share of claims paid	24,961,040	-	24,961,040	33,709,659	-	33,709,659
Net claims paid	(206,502,434)	-	(206,502,434)	(158,548,036)	-	(158,548,036)
Changes in outstanding claims, net	406,241	-	406,241	13,222,811	-	13,222,811
Changes in claims incurred but not reported, net	(7,280,124)	-	(7,280,124)	6,150,486	-	6,150,486
Net claims incurred	(213,376,317)	-	(213,376,317)	(139,174,739)	-	(139,174,739)
Policy acquisition costs	(28,471,724)	-	(28,471,724)	(23,852,402)	-	(23,852,402)
Changes in premium deficiency reserve	7,475,024	-	7,475,024	4,624,000	-	4,624,000
Other underwriting expenses	-	-	-	-	-	-
Total underwriting costs and expenses	(234,373,017)	-	(234,373,017)	(158,403,141)	-	(158,403,141)
NET UNDERWRITING INCOME	70,100,608	-	70,100,608	51,253,693	-	51,253,693
OPERATING (EXPENSES) / INCOME						
Provision for doubtful debts	(533,633)	-	(533,633)	1,911,668	-	1,911,668
General and administrative expenses	(67,046,470)	(469,733)	(67,516,203)	(50,135,282)	(1,428,878)	(51,564,160)
Commission income	219,657	1,274,419	1,494,076	95,491	475,639	571,130
Gain on sale of available for sale investments	-	-	-	-	1,537,538	1,537,538
Dividend income	1,060,402	1,731,142	2,791,544	875,702	1,735,007	2,610,709
Total other operating (expenses) / income	(66,300,044)	2,535,828	(63,764,216)	(47,252,421)	2,319,306	(44,933,115)
Total surplus for the period	3,800,564	2,535,828	6,336,392	4,001,272	2,319,306	6,320,578
Income for the period attributed to the shareholders	(3,420,508)	3,420,508	-	(3,601,145)	3,601,145	-
Net income for the period before zakat and income tax	380,056	5,956,336	6,336,392	400,127	5,920,451	6,320,578
Zakat and income tax	-	(3,000,000)	(3,000,000)	-	(5,047,859)	(5,047,859)
Net income after zakat and income tax	380,056	2,956,336	3,336,392	400,127	872,592	1,272,719

ARABIA INSURANCE COOPERATIVE COMPANY

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**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**
16. SUPPLEMENTARY INFORMATION – (continued)
- INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	In Saudi Riyals					
	For the three month period ended 30 September 2022 (Unaudited)			For the three month period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net income for the period	272,766	2,467,875	2,740,641	258,530	497,206	755,736
Other comprehensive income:						
<i>Items that can be reclassified subsequently to the statement of interim condensed income:</i>						
Available-for-sale investments:						
Change in fair value	-	476,674	476,674	-	653,632	653,632
<u>Total comprehensive income for the period</u>	-	476,674	476,674	-	653,632	653,632
<u>Total comprehensive income / (loss) for the period</u>	272,766	2,944,549	3,217,315	258,530	1,150,838	1,409,368

	In Saudi Riyals					
	For the nine month period ended 30 September 2022 (Unaudited)			For the nine month period ended 30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net income for the period	380,056	2,956,336	3,336,392	400,127	872,592	1,272,719
Other comprehensive income:	-					
<i>Items that can be reclassified subsequently to the statement of interim condensed income:</i>						
Available-for-sale investments:						
Change in fair value		(239,937)	(239,937)	-	57,537	57,537
<u>Total comprehensive income for the period</u>		(239,937)	(239,937)	-	57,537	57,537
<u>Total comprehensive income for the period</u>	380,056	2,716,399	3,096,455	400,127	930,129	1,330,256

ARABIA INSURANCE COOPERATIVE COMPANY
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**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**
16. SUPPLEMENTARY INFORMATION – (continued)
- STATEMENT OF CASH FLOWS

	In Saudi Riyals					
	Period Ended September 30, 2022 (Unaudited)			Period Ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit / (loss) for the period	380,056	2,956,336	3,336,392	400,127	872,592	1,272,719
<i>Adjustments for non-cash items:</i>						
Depreciation of property equipment	2,121,793	-	2,121,793	1,884,366	-	1,884,366
Gain / (loss) from sale property and equipment	-	-	-	-	-	-
Depreciation of right of use assets	1,617,927	-	1,617,927	1,617,929	-	1,617,929
Finance charges	62,124	-	62,124	128,113	-	128,113
Provision of allowance for doubtful debts	533,633	-	533,633	(1,911,668)	-	(1,911,668)
Impairment loss on available for sale investment	-	-	-	-	(1,537,538)	(1,537,538)
Provision for end-of-service indemnities	1,098,000	-	1,098,000	1,234,915	-	1,234,915
Zakat and income tax accrued	-	3,000,000	3,000,000	-	5,047,859	5,047,859
	5,813,533	5,956,336	11,769,869	3,353,782	4,382,913	7,736,695
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	(109,605,127)	-	(109,605,127)	(31,769,870)	-	(31,769,870)
Reinsurers share of unearned premiums	(6,429,706)	-	(6,429,706)	(10,771,796)	-	(10,771,796)
Reinsurers share of outstanding claims	(935,867,965)	-	(935,867,965)	(31,955,736)	-	(31,955,736)
Reinsurers' share of claims incurred but not reported	2,497,893	-	2,497,893	2,847,847	-	2,847,847
Deferred policy acquisition costs	(13,719,204)	-	(13,719,204)	(2,536,893)	-	(2,536,893)
Deferred excess of loss premiums	(1,569,587)	-	(1,569,587)	(1,225,338)	-	(1,225,338)
Due from related parties	-	-	-	9,652	-	9,652
Prepaid expenses and other assets	(6,703,334)	(1,351,073)	(8,054,407)	(889,269)	(358,639)	(1,247,908)
Accounts payable	5,812,342	-	5,812,342	(4,863,347)	-	(4,863,347)
Accrued expenses and other liabilities	15,622,848	(283,000)	15,339,848	(1,258,414)	(1,411,054)	(2,669,468)
Reinsurer's balances payable	3,975,661	-	3,975,661	1,143,654	-	1,143,654
Unearned insurance premiums	185,381,694	-	185,381,694	47,019,218	-	47,019,218
Uninsured reinsurance commissions	6,306,526	-	6,306,526	1,966,526	-	1,966,526
Outstanding claims	935,461,724	-	935,461,724	18,732,924	-	18,732,924
Claims incurred but not reported	4,782,231	-	4,782,231	(8,998,333)	-	(8,998,333)
Premium deficiency reserve and other reserves	(7,475,024)	-	(7,475,024)	(4,624,000)	-	(4,624,000)
Amounts due to related parties	(198,882)	-	(198,882)	198,942	-	198,942
Cash (used in) operating activities	84,085,623	4,322,263	88,407,886	(23,620,451)	2,613,220	(21,007,231)
Zakat and income tax paid	-	(4,936,921)	(4,936,921)	-	(4,676,950)	(4,676,950)
End of service indemnities paid	(458,151)	-	(458,151)	(399,820)	-	(399,820)
Net cash (used in) operating activities	83,627,472	(614,658)	83,012,814	(24,020,271)	(2,063,730)	(26,084,001)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions / (disposals) in investments	(547,500)	(14,193,539)	(14,741,039)	-	(49,182,327)	(49,182,327)
Additions / (disposals) in term deposits	20,400,000	22,060,920	42,460,920	20,350,000	21,409,218	41,759,218
Additions in property and equipment	(3,726,959)	-	(3,726,959)	(2,653,430)	-	(2,653,430)
Net cash from / (used in) investing activities	16,125,541	7,867,381	23,992,922	17,696,570	(27,773,109)	(10,076,539)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due from / to shareholders' lease liability paid	7,654,692	(7,654,692)	-	24,268,502	(24,268,502)	-
	(1,527,619)	-	(1,527,619)	(1,568,921)	-	(1,568,921)
Net cash (used in) / from financing activities	6,127,073	(7,654,692)	(1,527,619)	22,699,581	(24,268,502)	(1,568,921)
Net change in cash and cash equivalents	105,880,086	(401,969)	105,478,117	16,375,880	(54,105,341)	(37,729,461)
Cash and cash equivalents at the beginning of the period	26,223,807	59,119,265	85,343,072	33,351,069	115,976,385	149,327,454
Cash and cash equivalents at the end of the period	132,103,893	58,717,296	190,821,189	49,726,949	61,871,044	111,597,993
NON-CASH INFORMATION						
Net changes in fair value of available for sale investments	-	(239,937)	(239,937)	-	57,537	57,537

ARABIA INSURANCE COOPERATIVE COMPANY

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**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022****17. PREMIUMS WRITTEN BY TYPE OF CUSTOMERS**

For the nine month period ended 30 September 2022					
Gross written premiums	Medical	Motors	Property and accidents	Protection and Savings	Total
Individual clients	8,439,147	15,660,877	300,761	-	24,400,785
Very small size entities	88,305,298	39,731	75,648	-	88,420,677
Small size Entities	29,190,733	1,182,759	3,418,094	8,884	33,800,470
Medium size entities	15,810,544	2,151,691	2,479,797	-	20,442,032
Large size entities	11,738,945	7,108,764	10,551,737	4,774	29,404,220
Total	153,484,666	26,143,822	16,826,037	13,658	196,468,181

For the nine month period ended 30 September 2022					
Gross written premiums	Medical	Motors	Property and accidents	Protection and Savings	Total
Individual clients	31,743,289	47,319,671	871,476		79,934,435
Very small size entities	179,120,329	448,941	569,359		180,138,629
Small size Entities	55,871,310	4,631,065	11,675,387	8,884	72,186,646
Medium size entities	30,314,323	36,469,950	21,662,933	534,115	88,981,321
Large size entities	14,131,135	58,303,494	75,795,154	192,624	148,422,407
Total	311,180,385	147,173,121	110,574,310	735,623	569,663,439

18. COMPARATIVE FIGURES

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

19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 01 November 2022 corresponding to 7 Rabi-Al-Thani 1444 AH.