

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2022**

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

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### INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO: THE SHAREHOLDERS OF AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

#### Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Al Alamiya for Cooperative Insurance Company** (the "Company") as at 31 March 2022, the related interim condensed statements of income and comprehensive income for the three-month period then ended and interim condensed statements of changes in equity and cash flows for the three-month period then ended and a summary of significant accounting policies and other explanatory notes. 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") that are 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 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 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 as at 31 March 2022 are not prepared, in all material respects, in accordance with IAS 34 that are endorsed in the Kingdom of Saudi Arabia.

**KPMG Professional Services**

**Hani Hamzah A. Bedairi**  
Certified Public Accountant  
License No. 460



**For Al-Bassam & Co.**

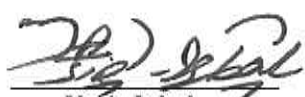
**Ibrahim A. Al-Bassam**  
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22 Shawal 1443H  
23 May 2022


AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2022

		SAR '000	
		March 31, 2022	December 31, 2021
	<u>Notes</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<b>ASSETS</b>			
Bank balances and cash	4	162,845	41,292
Term deposits		305,574	433,071
Premiums and reinsurer' receivable, net	5	41,240	37,575
Reinsurers' share of unearned premiums	7.2	21,109	25,843
Reinsurers' share of outstanding claims	7.1	98,851	99,384
Reinsurers' share of claims incurred but not reported	7.1	7,082	6,844
Deferred policy acquisition costs		3,498	3,006
Available for sale Investments	6	125,744	127,766
Due from related parties	11	14	--
Prepaid expenses and other assets		29,106	26,818
Deferred tax asset	12	1,206	1,206
Property and equipment		2,528	1,695
Intangible assets		2,501	3,659
Statutory deposit		40,000	40,000
Accrued commission income on statutory deposit		5,572	5,572
<b>TOTAL ASSETS</b>		<b>846,870</b>	<b>853,731</b>



Yasir Iqbal  
Acting Chief Financial Officer



Khalid Allagany  
Chief Executive Officer



Abdulaziz Bin Hasan  
Board Chairman

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 31 MARCH 2022

		SAR' 000	
		March 31, 2022	December 31, 2021
	Notes	(Unaudited)	(Audited)
<b>LIABILITIES</b>			
Outstanding claims reserve	7.1	131,601	131,242
Claims incurred but not reported	7.1	23,326	22,228
Other technical reserves	7.1	18,428	6,752
Accrued expenses and other liabilities		46,747	41,813
Reinsurers' balances payable		85,762	91,117
Unearned premiums	7.2	105,258	100,305
Accounts payables		1,972	1,932
Unearned reinsurance commission		1,618	2,376
Due to related parties	11	9,701	10,419
End-of-service benefits		10,729	11,106
Zakat and income tax	12	55,384	53,815
Accrued commission income payable to SAMA		5,572	5,572
Accumulated surplus		8,223	8,223
<b>TOTAL LIABILITIES</b>		<b>504,321</b>	<b>486,900</b>
<b>EQUITY</b>			
Share capital	13	400,000	400,000
Statutory reserve		1,161	1,161
Accumulated losses		(59,224)	(36,880)
Fair value reserve for available for sale investments	6	(109)	1,829
Actuarial reserve for employee benefits		721	721
<b>TOTAL EQUITY</b>		<b>342,549</b>	<b>366,831</b>
<b>TOTAL LIABILITIES, INSURANCE OPERATIONS' SURPLUS AND EQUITY</b>		<b>846,870</b>	<b>853,731</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	8	<b>794</b>	<b>1,500</b>



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Acting Chief Financial Officer



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Chief Executive Officer



Abdulaziz Bin Hasan  
Board Chairman

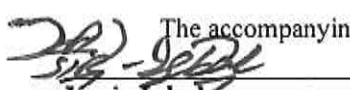
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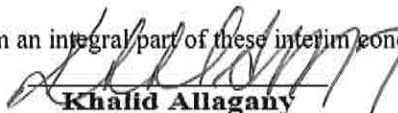
**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**


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

	SAR '000	
Notes	2022	2021
<b>REVENUES</b>		
Gross premiums written		
- Direct	72,574	50,338
- Reinsurance	182	219
	72,756	50,557
Reinsurance premiums ceded		
- Local	(614)	(574)
- Foreign	(21,201)	(21,614)
	(21,815)	(22,188)
Excess of loss premium		
- Local	(131)	(442)
- Foreign	(2,479)	(8,395)
	(2,610)	(8,837)
Total reinsurance premium ceded	(24,425)	(31,025)
<b>NET PREMIUMS WRITTEN</b>	48,331	19,532
Changes in unearned premiums	(4,953)	(4,514)
Changes in reinsurers' share of unearned premiums	(4,734)	(8,328)
Changes in deferred excess of loss premiums	-	7,301
<b>NET PREMIUMS EARNED</b>	38,644	13,991
Reinsurance commissions	3,575	4,322
<b>TOTAL REVENUES</b>	42,219	18,313
<b>UNDERWRITING COSTS AND EXPENSES</b>		
Gross claims paid	(44,647)	(12,474)
Reinsurers' share of claims paid	15,685	7,454
<b>NET CLAIMS PAID</b>	(28,962)	(5,020)
Changes in outstanding claims	(359)	(7,408)
Changes in reinsurers' share of outstanding claims	(533)	6,120
Changes in claims incurred but not reported, net	(860)	(363)
Changes in other technical reserves	(11,676)	1,607
<b>NET CLAIMS INCURRED</b>	(42,390)	(5,064)
Policy acquisition costs	(2,124)	(2,549)
Other underwriting expenses	(5,569)	(591)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	(50,083)	(8,204)
<b>NET UNDERWRITING INCOME</b>	(7,864)	10,109
<b>OTHER OPERATING (EXPENSES) / INCOME</b>		
(Charge) / Reversal for doubtful debts	5	(1,114)
General and administrative expenses	(16,520)	(13,979)
Investment income on term deposits	910	676
Investment income on sukuks	867	917
Other income	2,946	2,593
<b>TOTAL OTHER OPERATING EXPENSES</b>	(12,911)	(7,496)
<b>TOTAL (LOSS) / INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</b>	(20,775)	2,613
<b>ZAKAT CHARGE FOR THE PERIOD</b>	(1,569)	(1,824)
<b>INCOME TAX CHARGE FOR THE PERIOD</b>	-	(126)
<b>TOTAL (LOSS) / INCOME FOR THE PERIOD AFTER ZAKAT AND INCOME TAX</b>	(22,344)	663
<b>TOTAL INCOME FOR THE PERIOD ATTRIBUTED TO THE INSURANCE OPERATIONS</b>	15B	-
<b>NET (LOSS) / INCOME AFTER ZAKAT AND INCOME TAX FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	(22,344)	501
<b>BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE(SAR)</b>	(0.55)	0.01

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

  
Yasir Iqbal  
Acting Chief Financial Officer

  
Khalid Allagany  
Chief Executive Officer

  
Abdulaziz Bin Hasan  
Board Chairman

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

	<b>SAR '000</b>	
<i>Notes</i>	<b>2022</b>	<b>2021</b>
Total (loss) / income for the period after zakat and income tax	(22,344)	663
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>-Items that may be reclassified to interim condensed statement of income in subsequent periods</i>		
Change in fair value of available for sale investments	(1,938)	573
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	(24,282)	1,236
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTED TO THE INSURANCE OPERATIONS</b>	15C -	(162)
<b>NET COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	(24,282)	1,074



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Board Chairman

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AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH  
Unaudited - SAR in '000'

<u>2022</u>	<u>Note</u>	<u>Share capital</u>	<u>Statutory Reserve</u>	<u>Accumulated Losses</u>	<u>Fair value reserve for available for sale investments</u>	<u>Actuarial reserve for employee benefits</u>	<u>Total Equity</u>
Balance at December 31, 2021 / January 1, 2022 (Audited)		400,000	1,161	(36,880)	1,829	721	366,831
Total comprehensive income for the period							
Changes in fair values of available for sale investments	6	--	--		(1,938)	--	(1,938)
Net loss after zakat and income tax for the period attributable to shareholders		--	--	(22,344)	--	--	(22,344)
Balance at March 31, 2022 (Unaudited)		400,000	1,161	(59,224)	(109)	721	342,549
<u>2021</u>		<u>Share capital</u>	<u>Statutory Reserve</u>	<u>Accumulated losses</u>	<u>Fair value reserve for available for sale investments</u>	<u>Actuarial reserve for employee benefits</u>	<u>Total Equity</u>
Balance at December 31, 2020 / January 1, 2021 - Audited		400,000	1,161	(1,503)	3,768	255	403,681
Total comprehensive income for the period							
Changes in fair values of available for sale investments		--	--	--	573	--	573
Net income after zakat and income tax for the period attributable to shareholders		--	--	501	--	--	501
Balance at March 31, 2021 - (Unaudited)		400,000	1,161	(1,002)	4,341	255	404,755

  
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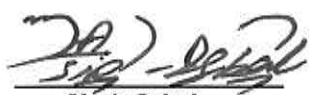
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**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
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**INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH**

	<u>Note</u>	<b>SAR '000</b>	
		<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total (Loss) / Income for the period before Zakat & Income Tax		(20,775)	2,613
Adjustments for non-cash items:			
Depreciation of property and equipment		1,086	872
Amortization of investments		84	78
Reversal of provisions for doubtful debts		2,914	(2,297)
Provision for end-of-service benefits		565	438
		(16,126)	1,704
<u>Changes in operating assets and liabilities:</u>			
Premiums and reinsurers' receivable		(6,579)	3,038
Reinsurers' share of unearned premiums		4,734	8,328
Reinsurers' share of outstanding claims		533	(6,120)
Reinsurers' share of claims Incurred but not reported		(238)	(2,881)
Deferred policy acquisition costs		(492)	(418)
Deferred excess of loss premiums		--	(7,301)
Due from related parties		(14)	(1,145)
Prepaid expenses and other assets		(2,288)	(16,423)
Accounts payables		40	(1)
Accrued expenses and other liabilities		4,934	2,883
Reinsurers' balances payable		(5,355)	(6,854)
Unearned premiums		4,953	4,514
Unearned reinsurance commission		(758)	(735)
Outstanding claims reserve		359	7,408
Claims incurred but not reported		1,098	3,244
Other technical reserves		11,676	(1,607)
Due to related parties		(718)	392
		(4,241)	(11,974)
Zakat and income tax paid	12	--	(165)
End-of-service indemnities paid		(942)	(44)
Surplus paid to policy holders		--	(173)
<b>Net cash used in operating activities</b>		<b>(5,183)</b>	<b>(12,356)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Redemption of term deposits, net		127,497	14,860
Additions in property and equipment and intangibles assets		(761)	(777)
<b>Net cash generated from investing activities</b>		<b>126,736</b>	<b>14,083</b>
Net change in cash and cash equivalents		121,553	1,727
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>41,292</b>	<b>23,056</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>162,845</b>	<b>24,783</b>
<b>NON-CASH INFORMATION</b>			
Change in fair value of available for sale investments		(1,938)	573



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Acting Chief Financial Officer



**Khalid Allagany**  
Chief Executive Officer



**Abdulaziz Bin Hasan**  
Board Chairman

The accompanying notes 1 to 17 form an integral part of these interim condensed financial statements.

# AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH

### 1. ORGANISATION AND PRINCIPAL ACTIVITIES

Al Alamiya for Cooperative Insurance Company ("the Company" or "Al Alamiya") is a Saudi Joint Stock Company registered on 29 Dhu-al Qu'dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939). The registered address of the Company's head office is as follows:

Al Alamiya for Cooperative Insurance Company  
8428 King Fahad Road, Al Muhammadiyah District,  
Grand Tower, Floor 20, P.O. Box: 6393,  
Riyadh 11442, Kingdom of Saudi Arabia

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from the Saudi Central Bank (SAMA) to transact insurance business in the Kingdom of Saudi Arabia.

### 2. BASIS OF PREPERATION

#### (a) Basis of presentation

The interim condensed financial information of the Company as at and for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting (IAS 34)' as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The interim condensed 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 end of service at present value of future obligations using projected unit credit method. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: bank balances and cash, term deposits, premiums and reinsurers' receivable, net, reinsurance share of unearned premiums, reinsurance share of outstanding claims, reinsurance share of claims IBNR, deferred policy acquisition costs, deferred excess of loss premiums, due from related parties, prepaid expenses and other assets. The following balances would generally be classified as non-current property and equipment, intangible assets, statutory deposit, accrued commission on statutory deposit, available for sale investments in insurance operations, and deferred tax assets.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity is recorded in the respective accounts.

The interim condensed statement of financial position, statement of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in note 15 of the interim condensed financial statement have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the Insurance Operations and the Shareholders Operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred below in note 15 reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH**

**2. BASIS OF PREPERATION (CONTINUED)**

**(a) Basis of presentation (continued)**

In preparing the Company-level financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation 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 like transactions and events in similar circumstances. Surplus from insurance operations' and actuarial reserves from employee benefits are shown separately as Accumulated Surplus in the statement of financial position and as Actuarial reserve for employee benefits in the statement of equity.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% is to be allocated to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by SAMA. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

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

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

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

The preparation of condensed interim financial statement 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 these condensed interim financial statement, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual financial statement as at and for the year ended 31 December 2021. Further, the Company has considered the following:

- 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.
- The COVID-19 pandemic continues to disrupt global markets as many geographies experienced multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date. Moreover, beginning October 17, 2021, social distancing requirements have been relaxed.
- In response to the spread of the Covid-19 virus in the Kingdom of Saudi Arabia where the Company operates and its consequential disruption to the social and economic activities, 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.

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH**

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021.

**(a) Standards adopted during the period**

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Effective date</u>
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16	<p>Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.</p> <p>Annual improvements make minor amendments to IFRS 1 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments' and the Illustrative Examples accompanying IFRS 16, 'Leases'</p>	Annual periods beginning on or after 1 January 2022.

**(b) Standards issued but not yet effective**

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting year beginning on January 1, 2022 and is currently assessing their impact:

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Effective date</u>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after 1 January 2023
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

**i) IFRS 9 Financial Instruments**

This standard was published on July 24, 2014 to replace IAS 39. The new standard addresses the following items related to financial instruments:



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) IFRS 9 Financial Instruments (continued)**

***Classification and measurement***

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized cost if both:

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and;
- ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The financial asset is measured at fair value through other comprehensive income and realized gains or losses would be recycled through profit or loss upon sale, if both conditions are met:

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and for sale and;
- ii) the contractual terms of cash flows are SPPI.

Assets not meeting either of these categories are measured at fair value through profit or loss. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in profit or loss.

Additionally, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

***Impairment***

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the IFRS 9 approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ii) *IFRS 9 Financial Instruments (continued)*

###### *Effective date*

The published effective date of IFRS 9 was January 1, 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on September 12, 2016, changes the existing IFRS 4 to allow entities issuing insurance contracts within the scope of IFRS 4 to mitigate certain effects of applying IFRS 9 before the IASB's new insurance contract standard (IFRS 17 – Insurance Contracts) becomes effective. The amendments introduce two alternative options:

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of:
  - a) the effective date of a new insurance contract standard; or
  - b) annual reporting periods beginning on or after January 1, 2023. On 17 March 2020, the International Accounting Standards Board (IASB) decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from January 1, 2021 to January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or;
- 2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a preliminary assessment which included below:

- (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and
- (2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's interim condensed financial statements.

###### **Impact assessment**

The Company recently completed the Gap Assessment Phase in line with the mandated timeline by SAMA, by 31st March 2022. The Company is currently undergoing the first dry run and is currently assessing the impact of the application and implementation of IFRS 9 covering:

- Data used, including validation performed and gaps identified
- Methodology and Assumptions used
- Model and System description
- Processes designed
- Policies and Governance Framework laid out
- Financial statements for the dry run exercises covering comparison of IFRS 9 with existing numbers / IAS 39

As of the date of the publication of these interim condensed financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. Company is in the process of development of Business model, SPPI frameworks and ECL models along with the relevant policies and based on the progress made on work already carried out, the Company expects that the 1st dry run exercise of IFRS 9 will be finalized by 31st May 2022, in line with SAMA's submission schedule.

As per the gap assessment conducted, the financial assets included in the scope of IFRS 9 are bank balances and cash, term deposits, statutory deposits, accrued income on statutory deposits and available for sale investments.

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The assets / liabilities recognized and measured under IFRS 4 currently (prospectively IFRS 17), IFRS 9 explicitly scope out any rights and obligation arising under insurance contract and measured under IFRS 17.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) IFRS 9 Financial Instruments (continued)**

The Company expects to use the Amortized Cost classification for bank balances and term deposits, on the basis of the Held to Collect business model of the company for these financial assets and also because the company expects these financial assets to pass the Solely Principal and Interest Payments (SPPI) test as required under IFRS 9. Whereas, for the Sukuks and Bonds, the Company expects to use the FVOCI classification for Sukuks and Bonds, on the basis of the Held to Collect and Sell business model of the company for these financial assets and also because the company expects these financial assets to pass the Solely Principal and Interest Payments (SPPI) test as required under IFRS 9. For equity investments in Najm, company is yet to decide on the irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses) and is currently in the process of assessing the impact of adopting the OCI option.

The Company financial assets have low credit risk as at March 31, 2022 and December 31, 2021. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

**ii) IFRS 17 Insurance Contracts**

**Overview**

This standard was published on May 18, 2017, it establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts.

The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

- i) embedded derivatives, if they meet certain specified criteria;
- ii) distinct investment components; and
- iii) any promise to transfer distinct goods or non-insurance services.

These components should be accounted for separately in accordance with the related standards (IFRS 9 and IFRS 15).

**Measurement**

In contrast to the requirements in IFRS 4, which permitted insurers to continue to use the accounting policies for measurement purposes that existed prior to January 2015, IFRS 17 provides the following different measurement models:

The General Measurement Model (GMM) is based on the following “building blocks”:

a) the fulfilment cash flows (FCF), which comprise:

- probability-weighted estimates of future cash flows,
- an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
- and a risk adjustment for non-financial risk;

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ii) *IFRS 17 Insurance Contracts (continued)*

b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss.

The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

The Variable Fee Approach (VFA) is a mandatory model for measuring contracts with direct participation features (also referred to as 'direct participating contracts'). This assessment of whether the contract meets these criteria is made at inception of the contract and not reassessed subsequently. For these contracts, in addition to adjustment under GMM, the CSM is also adjusted for:

- i) the entity's share of the changes in the fair value of underlying items;
- ii) the effect of changes in the time value of money and in financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The General Measurement Model remains applicable for the measurement of the liability for incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

#### *Effective date*

The Company intends to apply the Standard on its effective date i.e. 1 January 2023. The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. On 17 March 2020, the IASB completed its discussions on the amendments to IFRS 17 Insurance Contracts that were proposed for public consultation in June 2019. It decided that the effective date of the Standard will be deferred to annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied.

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 and reinsurance and investment contracts with discretionary participating features, if applicable together with amendments to presentation and disclosures.



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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Impact assessment:***

The design phase of IFRS 17 implementation required company to develop and design new processes for the business including the system developments required under IFRS 17 and detailed assessment of business requirements. Following were the main areas under design phase:

<b>Impact Area</b>	<b>Summary of Impact</b>
<b><i>Reinsurance contracts held</i></b>	Under IFRS 17 reinsurance contracts held should be considered and measured separately from the gross business. Detailed assessment was performed on the Company's reinsurance arrangements and concluded that all RI arrangements are eligible for PAA, the Company has opted to apply PAA for eligible products.
<b><i>Financial Impact</i></b>	During the financial impact exercised carried out as part of phase 2 of IFRS 17 Implementation, the Company assessed the financial impact of the application and implementation of IFRS 17 and concluded that impact on adoption of IFRS 17 is immaterial as all the portfolios are eligible for PAA measurement model.
<b><i>Data Impact</i></b>	IFRS 17 has additional data requirements. During the phase 2, company has carried out a detailed benchmarking exercise and identified the data required for IFRS 17 and come up with a data dictionary required under phase 3, in which the data elements were categorized into 16 different datasets, containing all elements required by the engine.
<b><i>IT Systems Impact</i></b>	Assessment was performed on existing systems capabilities for IFRS 17 calculations and user requirements specification was anticipated prior to the setup and configuration of the new IT platform, storage and reporting and whether new systems / calculation engines should be implemented.
<b><i>Implementation Plan</i></b>	<p><b>Governance and Control Framework</b></p> <p>The Company put in place a IFRS 17 governance program which included establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders</p> <p><b>Operational Framework</b></p> <p>The Company designed operational aspects of the design phase which included:</p> <ul style="list-style-type: none"> <li>• Establishing comprehensive data policy and data dictionary.</li> <li>• Company obtained the software license of Tagetik to install their calculation engine in line with the Company's group decision and identified the future state architectural design and the requirements, which need to be embedded in the calculation engine to meet the requirements of IFRS 17.</li> <li>• Finalizing various key processes needed for IFRS 17 transition.</li> <li>• Carrying out assessment of new resources, if any, to be recruited due to Adoption of IFRS 17, and creation of a recruitment plan.</li> </ul> <p><b>Technical and Financial Framework</b></p> <p>The Company completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions had been taken after due deliberations among various stakeholders and majority of policy papers were approved by the Company's IFRS 17 project steering committee.</p>

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

<b>Impact Area</b>	<b>Summary of Impact</b>
<b>Dry Run 1</b>	<p>After the design phase, the Company started its journey towards executing the fourth phase, i.e., Implementation and Dry Runs, and started the implementation, to come up with IFRS 17 numbers by performing the first dry run.</p> <p>The Company submitted the 31 December 2020 financial statements as part of the first dry run to SAMA on 30 November 2021. After the submission, the Company also attended the SAMA meeting on the December 16, 2021 to present the first dry run submission to SAMA.</p> <p>Some of key takeaway messages from SAMA meeting were:</p> <ul style="list-style-type: none"> <li>• Main purpose of the meeting was to bring companies to realize the importance of implementation and thereby identify the problem statement to ensure subsequent action plan.</li> <li>• First dry run to be taken as an opportunity to plug gaps in data quality, thereby improve the processes and system.</li> <li>• Expect companies to attain better understanding and prepare themselves for more granular discussions on the financial statements for the second dry run which will cover the results.</li> </ul> <p>The Company's internal audit department worked on the SAMA mandated internal audit on the design and operating effectiveness of controls during the first dry run, whose report was submitted to SAMA by 31 January 2022.</p> <p>Report covered the following areas:</p> <ul style="list-style-type: none"> <li>• Data governance</li> <li>• Assumptions and methodology</li> <li>• Model governance</li> <li>• Process governance</li> <li>• Change management</li> </ul>
<b>Dry Run 2</b>	<p>The Company is currently working on the 2<sup>nd</sup> dry run, making appropriate arrangements and has set clear milestones with defined timelines to ensure that the 2nd dry run is also completed in line with the mandated timeline by SAMA, by 31st May 2022, like the successful delivery of the 1st dry run.</p> <p>Based on the progress made against the internal milestones and the successful submission of the first dry run results within the SAMA stipulated deadline, the preparations to carry out the 2nd dry run exercise remains in line with SAMA's submission schedule.</p>

**4. BANK BALANCES AND CASH**

Cash and cash equivalents comprise the following:

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>SAR'000</b>		
Bank balances and cash – Insurance operations	<b>92,057</b>	37,714
Bank balances and cash – Shareholders' operations	<b>70,088</b>	2,878
<b>Total</b>	<b>162,145</b>	40,592
Cash and cash equivalents in statement of cashflows	<b>162,145</b>	40,592
Deposits against letters of guarantee – Insurance operations	<b>700</b>	700
<b>Total</b>	<b>162,845</b>	41,292

The Company holds an amount of SAR 0.7 million (31 December 2021: SAR 0.7 million) as deposit against letters of guarantee in favor of the Company's service providers.

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**5. PREMIUMS AND REINSURERS' RECEIVABLE - NET**

Receivables comprise amounts due from the following:

<b>SAR'000</b>	<b>Insurance operations</b>	
	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Policyholders	18,875	15,905
Brokers and agents	21,774	17,370
Related parties (note 11)	6,025	10,701
Receivables from reinsurers	7,694	5,613
	<b>54,368</b>	<b>49,589</b>
Provision for doubtful receivables	<b>(13,128)</b>	<b>(12,014)</b>
<b>Premiums and reinsurers' receivable – net</b>	<b>41,240</b>	<b>37,575</b>

Allowance for impairment of receivables includes SAR 0.04 million (31 December 2021: SAR 0.15 million) against receivables from related parties.

**Movement in provision for doubtful receivables:**

<b>SAR '000</b>	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Balance at 1 January	12,014	11,108
Charge of provision for the period / year	1,114	906
<b>Closing balance</b>	<b>13,128</b>	<b>12,014</b>

**6. AVAILABLE FOR SALE INVESTMENTS**

Investments are classified as follows:

<b>SAR'000</b>	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Available for sale investments – Insurance operations *	1,923	1,923
Available for sale investments – Shareholders' operations	123,821	125,843
<b>Total available for sale investments</b>	<b>125,744</b>	<b>127,766</b>

\* This represents an investment in respect of the Company's shareholding in Najm for Insurance Services which provides loss determination services for motor class. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value. There has been no movement in this investment between the period ended 31 March 2022 and during the year ended 31 December 2021.

Movement in the investment balance for shareholders' operations is as follows:

<b>SAR'000</b>	<b>Shareholders' operations</b>	
	<b>March 31, 2021 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Opening balance	125,843	128,093
Amortization of investments	(84)	(311)
Changes in fair value of investments	(1,938)	(1,939)
<b>Closing balance</b>	<b>123,821</b>	<b>125,843</b>

The geographical split of investments held as available for sale comprise of sukuks issued by Government of Kingdom of Saudi Arabia based companies through international stock exchanges.

The cumulative unrealized (loss) / gain in fair value of available for sale investments amounts to SR (0.1) million (31 December 2021: SR 1.9) is presented within the equity in the interim condensed statement of financial position.

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**7. TECHNICAL RESERVES**

**7.1 NET OUTSTANDING CLAIMS AND RESERVES**

Net outstanding claims and reserves comprise of the following:

<b>SAR'000</b>	<b>Insurance operations</b>	
	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Outstanding claims	<b>147,286</b>	147,809
Less: Realizable value of salvage and subrogation	<b>(15,685)</b>	(16,567)
- Outstanding claims reserve	<b>131,601</b>	131,242
- Claims incurred but not reported	<b>23,326</b>	22,228
- Other technical reserves	<b>18,428</b>	6,752
	<b>173,355</b>	160,222
Less:		
- Reinsurers' share of outstanding claims	<b>(98,851)</b>	(99,384)
- Reinsurers' share of claims Incurred but not reported	<b>(7,082)</b>	(6,844)
	<b>(105,933)</b>	(106,228)
<b>Net outstanding claims and reserves</b>	<b>67,422</b>	53,994

**7.2 MOVEMENT IN UNEARNED PREMIUMS**

Movement in unearned premiums comprise of the following

<b>SAR'000</b>	<b>Three months ended March 31, 2022 (Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the period	<b>100,305</b>	(25,843)	74,462
Premium written during the period	<b>72,756</b>	*(24,425)	48,331
Premium earned during the period	<b>(67,803)</b>	29,159	(38,644)
Balance as at the end of the period	<b>105,258</b>	(21,109)	84,149

\* This amount includes SR 21.2 million for reinsurance premium ceded abroad, SR 0.6 million for reinsurance premium ceded locally and SR 2.5 million for excess of loss expenses ceded abroad, and SR 0.1 million for excess of loss expenses ceded locally.

<b>SAR'000</b>	<b>Year ended December 31, 2021 (Audited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance as at the beginning of the year	60,932	(42,241)	18,691
Premium written during the year	263,637	*(114,189)	149,448
Premium earned during the year	(224,264)	130,587	(93,677)
Balance as at the end of the year	100,305	(25,843)	74,462

\*This amount includes SR 104.3 million for reinsurance premium ceded abroad, SR 3.0 million for reinsurance premium ceded locally and SR 6.5 million for excess of loss expenses ceded abroad and, SR 0.3 million ceded locally.

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8. COMMITMENTS AND CONTINGENCIES

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

SAR'000	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Letters of guarantee	700	700
Commitments for the rents	94	800
<b>Total</b>	<b>794</b>	<b>1,500</b>

b. The Company is subject to legal proceedings in the ordinary course of business. While it is not practical to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date.

9. 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 advantageous accessible market for the asset or liability
- The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed financial information.

**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.

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.

	Fair value				
SAR'000s	Carrying value	Level 1	Level 2	Level 3	Total
<b>March 31, 2022 (Unaudited)</b>					
<b>Available for sale investments measured at fair value</b>					
<u><b>Shareholders' operations</b></u>					
Sukuks	123,821	123,821	-	-	123,821
<u><b>Insurance Operations</b></u>					
Najm	1,923	-	-	1,923	1,923
	<b>125,744</b>	<b>125,744</b>	<b>-</b>	<b>-</b>	<b>125,744</b>



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9. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

SAR'000s December 31, 2021 (Audited)	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
Available for sale investments measured at fair value					
<u>Shareholders' operations</u>					
Bonds and Sukuks	125,843	125,843	--	--	125,843
<u>Insurance Operations</u>					
Najm	1,923	--	--	1,923	1,923
	127,766	125,843	--	1,923	127,766

The unlisted security of SR 1.92 million (31 December 2021: SR 1.92 million) held as part of Company's insurance operations, were stated at cost in the absence of active markets or other means of reliably measuring their fair value.

During the three-month period ended 31 March 2022, there were no transfers into or out of level 3 fair value measurements. Further, there were no transfers from Level 1 to Level 2 during the three-month period ended 31 March 2022.

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 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 condensed 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, 2021.

Segment assets do not include (in respect of insurance operations) property and equipment, term deposits, investments, due from shareholders' operations, cash and cash equivalents, prepaid expenses and other assets, premiums and reinsurance balances receivable, net. Accordingly, these are included in unallocated assets and are managed and reported to the chief operating decision maker on a centralized basis.

Segment liabilities do not include (in respect of insurance operations) employees' end of service benefits, Reinsurers balances payable, accrued expenses and other liabilities, due to related parties, zakat and income tax, accrued commission income payable to SAMA and due from insurance operations. Accordingly, these are included in unallocated liabilities and are managed and reported to the chief operating decision maker on a centralized basis.

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

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**10. OPERATING SEGMENTS (CONTINUED)**

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at March 31, 2022 and December 31, 2021, its total revenues, expenses, and net income for the three month periods then ended, are as follows:

As at March 31, 2022 (Unaudited)										
Insurance operations										
Operating segments	Property	Motor	Engineering	Medical	Marine	Group life	Others	Total - Insurance operations	Shareholders' operations	Total
	SAR'000									
Assets										
Reinsurers' share of unearned premiums	14,617	--	2,616	--	1,456	241	2,179	21,109	--	21,109
Reinsurers' share of outstanding claims	16,465	2,082	4,508	4	3,198	68,243	4,351	98,851	--	98,851
Reinsurers' share of claims Incurred but not reported	809	-	82	--	121	6,052	18	7,082	--	7,082
Deferred policy acquisition costs	540	2,573	133	--	81	33	138	3,498	--	3,498
Unallocated assets	--	--	--	--	--	--	--	317,906	406,819	724,725
Total assets	32,431	4,655	7,339	4	4,856	74,569	6,686	448,446	406,819	855,265
Outstanding claim reserve	19,914	6,660	5,861	4	5,171	89,042	4,949	131,601	--	131,601
Claims incurred but not reported	2,023	13,320	122	--	151	7,562	148	23,326	--	23,326
Other technical reserves	2,770	14,468	900	--	278	12		18,428	--	18,428
Unearned premiums	16,602	80,167	3,115	--	1,734	412	3,228	105,258	--	105,258
Unearned reinsurance commission	389	--	767	--	436	-	26	1,618	--	1,618
Unallocated liabilities	--	--	--	--	--	--	--	168,215	406,819	575,034
Total liabilities, insurance operations' surplus and equity	41,698	114,615	10,765	4	7,770	97,028	8,351	448,446	406,819	855,265

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**10. OPERATING SEGMENTS (CONTINUED)**

As at December 31, 2021 (Audited)

Operating segments	Insurance operations							Shareholders' operations	Total
	Property	Motor	Engineering	Medical	Marine	Group life	Others		
	SAR'000							Total - Insurance operations	
<u>Assets</u>									
Reinsurers' share of unearned premiums	17,206	--	2,990	-	1,387	210	4,050	25,843	25,843
Reinsurers' share of outstanding claims	21,736	2,082	4,503	9	2,275	64,425	4,354	99,384	99,384
Reinsurers' share of claims Incurred but not reported	2,483	--	205	(803)	137	4,822	--	6,844	6,844
Deferred policy acquisition costs	532	2,061	180	--	60	41	132	3,006	3,006
Unallocated assets	--	--	--	--	--	--	--	318,796	747,242
<b>Total assets</b>	<b>41,957</b>	<b>4,143</b>	<b>7,878</b>	<b>(794)</b>	<b>3,859</b>	<b>69,498</b>	<b>8,536</b>	<b>453,873</b>	<b>882,319</b>
<u>Liabilities and equity</u>									
Outstanding claim reserve	25,852	5,257	5,862	11	3,984	84,946	5,330	131,242	131,242
Claims incurred but not reported	2,853	12,657	308	(12)	183	6,155	84	22,228	22,228
Other technical reserves	2,210	3,262	810	--	434	36	--	6,752	6,752
Unearned premiums	19,718	69,424	3,469	--	1,845	350	5,499	100,305	100,305
Unearned reinsurance commission	1,261	163	723	--	376	-	(147)	2,376	2,376
Unallocated liabilities	--	--	--	--	--	--	--	190,970	619,416
<b>Total Liabilities, Insurance operations' surplus and equity</b>	<b>51,894</b>	<b>90,763</b>	<b>11,172</b>	<b>(1)</b>	<b>6,822</b>	<b>91,487</b>	<b>10,766</b>	<b>453,873</b>	<b>882,319</b>



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**10. OPERATING SEGMENTS (CONTINUED)**

Operating segments	For the three months ended March 31, 2022 - (Unaudited)							Total
	Property	Motor	Engineering	Medical	Marine	Group Life	Others	
	SAR'000							
<b>REVENUES</b>								
Gross premiums written	7,842	44,360	1,118	--	1,734	16,632	1,070	72,756
Reinsurance premiums ceded	(6,856)	--	(920)	--	(1,456)	(12,474)	(109)	(21,815)
Excess of loss premium	(954)	(974)	(77)	--	(154)	(200)	(251)	(2,610)
<b>Net premiums written</b>	<b>32</b>	<b>43,386</b>	<b>121</b>	<b>--</b>	<b>124</b>	<b>3,958</b>	<b>710</b>	<b>48,331</b>
Changes in unearned premiums, net	527	(10,304)	(20)	--	180	(31)	(39)	(9,687)
<b>Net premiums earned</b>	<b>559</b>	<b>33,082</b>	<b>101</b>	<b>--</b>	<b>304</b>	<b>3,927</b>	<b>671</b>	<b>38,644</b>
Reinsurance commissions	2,937	-	250	--	375	-	13	3,575
<b>TOTAL REVENUES</b>	<b>3,496</b>	<b>33,082</b>	<b>351</b>	<b>--</b>	<b>679</b>	<b>3,927</b>	<b>684</b>	<b>42,219</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>								
Gross claims paid	(1,532)	(24,852)	(8)	--	(421)	(17,739)	(95)	(44,647)
Reinsurers' share of claims paid	1,437	--	6	--	66	14,165	11	15,685
<b>Net claims paid</b>	<b>(95)</b>	<b>(24,852)</b>	<b>(2)</b>	<b>--</b>	<b>(355)</b>	<b>(3,574)</b>	<b>(84)</b>	<b>(28,962)</b>
Changes in outstanding claims, IBNR & technical reserves	(737)	(13,270)	(21)	793	(92)	(433)	332	(13,428)
<b>Net claims incurred</b>	<b>(832)</b>	<b>(38,122)</b>	<b>(23)</b>	<b>793</b>	<b>(447)</b>	<b>(4,007)</b>	<b>248</b>	<b>(42,390)</b>
Policy acquisition costs	(374)	(1,456)	(146)	--	(59)	(19)	(70)	(2,124)
Other underwriting expenses								(5,569)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>								<b>(50,083)</b>
<b>NET UNDERWRITING INCOME</b>								<b>(7,864)</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>								
Reversal for doubtful debts								(1,114)
General and administrative expenses								(16,520)
Investment income on term deposits								910
Investment income on sukuk								867
Other income								2,946
<b>TOTAL OTHER OPERATING EXPENSES</b>								<b>(12,911)</b>
<b>TOTAL (LOSS) / INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</b>								<b>(20,775)</b>
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE INSURANCE OPERATIONS</b>								<b>-</b>
<b>TOTAL (LOSS) / INCOME FOR THE PERIOD ATTRIBUTED TO THE SHAREHOLDERS'</b>								<b>(20,775)</b>

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**10. OPERATING SEGMENTS (CONTINUED)**

Operating segments	For the three months ended March 31, 2021 - (Unaudited)						
	Property	Motor	Engineering	Medical	Marine	Group Life	Others
	SAR'000						
<b>REVENUES</b>							
Gross premiums written	8,266	21,122	2,858	--	3,656	13,550	1,105
Reinsurance premiums ceded	(7,186)	--	(2,428)	--	(3,016)	(9,452)	(106)
Excess of loss premium	(2,034)	(4,741)	(219)	--	(678)	(788)	(377)
Net premiums written	(954)	16,381	211	--	(38)	3,310	622
Changes in unearned premiums, net	2,122	(9,931)	287	--	464	567	950
Net premiums earned	1,168	6,450	498	--	426	3,877	1,572
Reinsurance commissions	2,648	--	1,078	--	612	1	(17)
<b>TOTAL REVENUES</b>	<b>3,816</b>	<b>6,450</b>	<b>1,576</b>	<b>--</b>	<b>1,038</b>	<b>3,878</b>	<b>1,555</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	(1,625)	(2,607)	(745)	(157)	(884)	(6,268)	(188)
Reinsurers' share of claims paid	1,153	--	637	141	836	4,684	3
Net claims paid	(472)	(2,607)	(108)	(16)	(48)	(1,584)	(185)
Changes in outstanding claims, IBNR & technical reserves	1,699	(2,200)	(338)	49	1,119	(485)	112
Net claims incurred	1,227	(4,807)	(446)	33	1,071	(2,069)	(73)
Policy acquisition costs	(564)	(537)	(207)	--	21	(1,140)	(122)
Other underwriting expenses							
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>							<b>(591)</b>
<b>NET UNDERWRITING INCOME</b>							<b>10,109</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>							
Reversal for doubtful debts							2,297
General and administrative expenses							(13,979)
Investment income on term deposits							676
Investment income on bonds, sukuks and others							917
Other income							2,593
<b>TOTAL OTHER OPERATING EXPENSES</b>							<b>(7,496)</b>
<b>TOTAL INCOME FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX</b>							<b>2,613</b>
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE INSURANCE OPERATIONS</b>							<b>(162)</b>
<b>TOTAL INCOME FOR THE PERIOD ATTRIBUTED TO THE SHAREHOLDERS'</b>							<b>2,451</b>

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10. OPERATING SEGMENTS (CONTINUED)

Customer wise portfolio

For the three months ended March 31, 2022 - (Unaudited)					
SAR'000					
Gross premiums written	Medical	Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total
Large	--	2,189	6,294	16,608	25,091
Medium	-	2,644	3,988	24	6,656
Micro	--	--	96	--	96
Small	--	946	1,266	--	2,212
Individual	--	38,581	120	--	38,701
	--	44,360	11,764	16,632	72,756

For the three months ended March 31, 2021 - (Unaudited)					
SAR'000					
Gross premiums written	Medical	Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total
Large	--	1,353	8,827	13,361	23,541
Medium	--	3,028	5,018	181	8,227
Micro	--	31	29	--	60
Small	--	1,421	1,903	8	3,332
Individual	--	15,289	108	--	15,397
	--	21,122	15,885	13,550	50,557

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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**11. RELATED PARTY TRANSACTIONS AND BALANCES**

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

<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>	<b>Transactions for the three-month period ended</b>	
	<b>March 31, 2022 (Unaudited)</b>	<b>March 31, 2021 (Unaudited)</b>
	<b>SAR' 000</b>	
Gross premiums written	27,005	14,582
Gross claims paid	18,656	5,987
Brokerage commission paid	--	1,215
Reinsurance premium ceded	6,885	8,452
Reinsurance share of gross claim paid	364	1,286
Reinsurance commission income	2,678	3,250
Investment income on term deposits	596	344
Technical service charges	1,669	1,921
Brand fees	7	30
Operational expenses paid on behalf of affiliates and reinsurance placements	975	1,146
Operational expenses paid by affiliates on behalf of Company	(243)	(391)
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>	<b>Balance receivable / (payable) as at</b>	
	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
	<b>SAR'000</b>	
Bank balances	924	4,406
Term deposits	288,304	242,343
Statutory deposit	45,572	45,572
Accrued interest receivable on term deposits	716	499
Premium receivable	6,025	10,701
Reinsurance balance payable	(28,640)	(16,536)
Accrued expenses and other liabilities	(18,496)	(16,661)
Reinsurance share of outstanding claims	17,484	14,488
Outstanding claims reserves	(86,032)	(81,459)
Due from related parties	14	--
Due to related parties	(9,701)	(10,419)

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

	<b>Transactions for the three-month period ended</b>	
	<b>March 31, 2022 (Unaudited)</b>	<b>March 31, 2021 (Unaudited)</b>
	<b>SAR'000</b>	
Salaries and other allowances	1,507	1,643
End of service indemnities	78	106
	<b>1,585</b>	<b>1,749</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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**12. ZAKAT AND INCOME TAX**

**Status of assessments**

The Company's zakat and tax calculations and corresponding accruals and payment of zakat and tax are based on the ownership percentages which are 74.97% for zakat and 25.03% for the tax. The Company has submitted its zakat and tax returns up to the years ended 31 December 2021.

Zakat, Tax and Custom Authority (ZATCA) has raised assessments for the period / years ended 2009 to 2013 with additional Zakat and withholding tax (WHT) liabilities amounting to SR 11.2 million and SR 8.9 million (together with 1% delay fine for each 30 days of delay) respectively. The Committee for Resolution of Tax Violations and Disputes (CRTVD) of the General Secretariat of Tax Committees (GSTC) has issued its decision on the above years accepting certain points and reducing the zakat liability to SR 7.1 million and no change in WHT liability. The Company has submitted an appeal to Appellate Committee for Tax Violations and Disputes Resolution ("ACTVDR") against CRTVD's decision. Based on ZATCA's amnesty scheme, the Company settled additional WHT of SR 8.9 million to remove associated delay fines, such settled liability will be refunded by ZATCA in case of a favorable decision by ACTVDR. ACTVDR's decision is awaited.

In respect of the assessment for the year 2014, the ZATCA has issued a revised assessment with an additional zakat liability of SR 1.98 million. The Company has escalated the appeal case to the GSTC, and the CRTVD has issued its decision where the CRTVD has rejected the Company's appeal and supported ZATCA's assessment for all disputed items. Based on our understanding, the Company has not appealed against such decision to the appellate committee (ACTVDR).

The ZATCA has also issued assessments for the years 2015 through 2018 with additional zakat liability of SR 21 million. The Company escalated its appeal case to the GSTC, and no hearing has been scheduled yet before the first level of appeal committees (CRTVD).

The ZATCA has also issued assessments for the years 2019 and 2020 with additional zakat and income tax liability amounting to SR 17 million and SR 0.72 million and penalties of SR 0.09 million till the date of assessment (the penalties will increase by 1% for every 30 days of delay) respectively. The Company has appealed against the ZATCA's assessment which has been rejected by ZATCA. Thus, the company has escalated its appeal case to GSTC and no hearing has been scheduled yet before the first level of appeal committees (CRTVD).

The zakat and tax charge for the three-month period ended are as follows:

	<b>31 March 2022 (Unaudited) SAR ('000')</b>	<b>31 December 2021 (Audited) SAR ('000')</b>	<b>31 March 2021 (Unaudited) SAR ('000')</b>
Charge for zakat for the period / year	<b>1,569</b>	7,848	1,824
Charge for income tax for the period / year	--	--	36
Reversal for deferred tax for the period / year	--	(134)	90
	--	(134)	126
<b>Zakat and tax provision for the period / year</b>	<b>1,569</b>	<b>7,714</b>	<b>1,950</b>

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**12. ZAKAT AND INCOME TAX (CONTINUED)**

**Deferred Tax**

	<b>31 March 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>	<b>31 March 2021 (Unaudited)</b>
	<b>SAR ('000')</b>		
Opening deferred tax asset	1,206	1,072	1,072
<b>Deferred tax income</b>	--	134	--
Closing deferred tax asset	1,206	1,206	1,072

	<b>Three-month period ended 31 March 2022 (Unaudited)</b>	<b>Year ended 31 December 2021 (Audited)</b>	<b>Three-month period ended 31 March 2021 (Unaudited)</b>
	<b>SAR ('000')</b>		
Opening zakat, income tax liability and deferred tax Asset	52,609	49,844	49,844
<u>Charge for the period / year</u>			
Current charge for zakat and tax for the period / year	1,569	7,848	1,824
Current charge for income tax for the period / year	--	--	36
Deferred tax expense / (income) for the period /year	--	(134)	90
Settled during the period / year	--	(4,949)	(165)
Closing zakat, income tax liability and deferred tax asset	54,178	52,609	51,629

**13. SHARE CAPITAL**

The authorized and paid up share capital of the Company is SAR 400 million divided into 40 million shares of SAR 10 each (31 December 2021: SAR 400 million divided into 40 million shares of SAR 10 each).

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

	<b>March 31, 2022 (Unaudited)</b>	
	<b>No. of Shares</b>	<b>Authorized, issued and paid up capital</b>
	<b>'000</b>	<b>SAR'000</b>
Royal & Sun Alliance	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	40,000	400,000

	<b>December 31, 2021 (Audited)</b>	
	<b>No. of Shares</b>	<b>Authorized, issued and paid up capital</b>
	<b>'000</b>	<b>SAR'000</b>
Royal & Sun Alliance	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	40,000	400,000



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**14. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulator's capital requirements of the market in which the Company operates while maximizing the return to stakeholders through the optimization of equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves. The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain 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. In order to maintain or adjust the capital structure, the Company may issue right shares. 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, the Company maintains solvency margin equivalent to the highest of the three methods as per SAMA Implementing Regulations.

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

**15. SUPPLEMENTARY INFORMATION**

**A) INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

	SAR '000					
	March 31, 2022 - (Unaudited)			December 31, 2021 - (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	92,757	70,088	162,845	38,414	2,878	41,292
Term deposits	150,108	155,466	305,574	210,285	222,786	433,071
Premiums and reinsurers' receivable, net	41,240	--	41,240	37,575	-	37,575
Reinsurers' share of unearned premiums	21,109	--	21,109	25,843	-	25,843
Reinsurers' share of outstanding claims	98,851	--	98,851	99,384	-	99,384
Reinsurers' share of claims Incurred but not reported	7,082	--	7,082	6,844	-	6,844
Deferred policy acquisition costs	3,498	-	3,498	3,006	-	3,006
Investments	1,923	123,821	125,744	1,923	125,843	127,766
Due from related parties	14	-	14	-	-	-
Prepaid expenses and other assets	26,835	2,271	29,106	25,245	1,573	26,818
Deferred tax asset	--	1,206	1,206	-	1,206	1,206
Property and equipment	2,528	--	2,528	1,695	-	1,695
Intangible assets	2,501	--	2,501	3,659	-	3,659
Statutory deposit	--	40,000	40,000	-	40,000	40,000
Accrued commission income on statutory deposit	--	5,572	5,572	-	5,572	5,572
<b>TOTAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>448,446</b>	<b>398,424</b>	<b>846,870</b>	<b>453,873</b>	<b>399,858</b>	<b>853,731</b>
<b>ASSETS NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION</b>						
Due from shareholders' / insurance operations	-	8,395	8,395	--	28,588	28,588
<b>TOTAL ASSETS</b>	<b>448,446</b>	<b>406,819</b>	<b>855,265</b>	<b>453,873</b>	<b>428,446</b>	<b>882,319</b>

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**15. SUPPLEMENTARY INFORMATION (CONTINUED)**

**A) INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

	SAR '000					
	March 31, 2022 - (Unaudited)			December 31, 2021 - (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>LIABILITIES</b>						
Outstanding claims reserve	131,601	-	131,601	131,242	-	131,242
Claims incurred but not reported	23,326	-	23,326	22,228	-	22,228
Other technical reserves	18,428	-	18,428	6,752	-	6,752
Accrued expenses and other liabilities	43,125	3,622	46,747	39,277	2,536	41,813
Reinsurers' balances payable	85,762	-	85,762	91,117	-	91,117
Unearned premiums	105,258	-	105,258	100,305	-	100,305
Accounts payables	1,972	-	1,972	1,932	-	1,932
Unearned reinsurance commission	1,618	-	1,618	2,376	-	2,376
Due to related parties	9,288	413	9,701	10,006	413	10,419
End-of-service benefits	10,729	-	10,729	11,106	-	11,106
Zakat and income tax	-	55,384	55,384	-	53,815	53,815
Accrued commission income payable to SAMA	-	5,572	5,572	-	5,572	5,572
Accumulated surplus	8,223	-	8,223	8,223	-	8,223
<b>TOTAL LIABILITIES</b>	<b>439,330</b>	<b>64,991</b>	<b>504,321</b>	<b>424,564</b>	<b>62,336</b>	<b>486,900</b>
<b>EQUITY</b>						
Share capital	--	400,000	400,000	--	400,000	400,000
Statutory reserve	--	1,161	1,161	--	1,161	1,161
Accumulated losses	--	(59,224)	(59,224)	--	(36,880)	(36,880)
Fair value reserve for available for sale investments	--	(109)	(109)	--	1,829	1,829
Actuarial reserve for employee benefits	721	--	721	721	-	721
<b>TOTAL EQUITY</b>	<b>721</b>	<b>341,828</b>	<b>342,549</b>	<b>721</b>	<b>366,110</b>	<b>366,831</b>
<b>TOTAL LIABILITIES INSURANCE OPERATIONS' SURPLUS AND EQUITY IN THE STATEMENT OF FINANCIAL POSITION</b>	<b>440,051</b>	<b>406,819</b>	<b>846,870</b>	<b>425,285</b>	<b>428,446</b>	<b>853,731</b>
<b>LIABILITIES NOT INCLUDED IN THE STATEMENT OF FINANCIAL POSITION</b>						
Due to shareholders operations	8,395	-	8,395	28,588	--	28,588
<b>TOTAL LIABILITIES INSURANCE OPERATIONS' SURPLUS AND EQUITY</b>	<b>448,446</b>	<b>406,819</b>	<b>855,265</b>	<b>453,873</b>	<b>428,446</b>	<b>882,319</b>



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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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15. SUPPLEMENTARY INFORMATION (CONTINUED)

B) INTERIM CONDENSED STATEMENT OF INCOME

	SAR '000					
	For the three month period ended March 31					
	2022 - (Unaudited)			2021 - (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross premiums written						
- Direct	72,574	--	72,574	50,338	--	50,338
- Reinsurance	182	--	182	219	--	219
	72,756	--	72,756	50,557	--	50,557
Reinsurance premiums ceded	(21,815)	--	(21,815)	(22,188)	--	(22,188)
Excess of loss expenses	(2,610)	--	(2,610)	(8,837)	--	(8,837)
<b>Net premiums written</b>	<b>48,331</b>	<b>--</b>	<b>48,331</b>	<b>19,532</b>	<b>--</b>	<b>19,532</b>
Changes in unearned premiums	(4,953)	--	(4,953)	(4,514)	--	(4,514)
Changes in reinsurers' share of unearned premiums	(4,734)	--	(4,734)	(8,328)	--	(8,328)
Changes in deferred excess of loss premiums	-	--	-	7,301	--	7,301
<b>Net premiums earned</b>	<b>38,644</b>	<b>--</b>	<b>38,644</b>	<b>13,991</b>	<b>--</b>	<b>13,991</b>
Reinsurance commissions	3,575	--	3,575	4,322	--	4,322
<b>TOTAL REVENUES</b>	<b>42,219</b>	<b>--</b>	<b>42,219</b>	<b>18,313</b>	<b>--</b>	<b>18,313</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(44,647)	--	(44,647)	(12,474)	--	(12,474)
Reinsurers' share of claims paid	15,685	--	15,685	7,454	--	7,454
<b>Net claims paid</b>	<b>(28,962)</b>	<b>--</b>	<b>(28,962)</b>	<b>(5,020)</b>	<b>--</b>	<b>(5,020)</b>
Changes in outstanding claims	(359)	--	(359)	(7,408)	--	(7,408)
Changes in reinsurers' share of outstanding claims	(533)	--	(533)	6,120	--	6,120
Changes in claims incurred but not reported, net	(860)	--	(860)	(363)	--	(363)
Changes in other technical reserves	(11,676)	--	(11,676)	1,607	--	1,607
<b>Net claims incurred</b>	<b>(42,390)</b>	<b>--</b>	<b>(42,390)</b>	<b>(5,064)</b>	<b>--</b>	<b>(5,064)</b>
Policy acquisition costs	(2,124)	--	(2,124)	(2,549)	--	(2,549)
Other underwriting expenses	(5,569)	--	(5,569)	(591)	--	(591)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(50,083)</b>	<b>--</b>	<b>(50,083)</b>	<b>(8,204)</b>	<b>--</b>	<b>(8,204)</b>
<b>NET UNDERWRITING INCOME</b>	<b>(7,864)</b>	<b>--</b>	<b>(7,864)</b>	<b>10,109</b>	<b>--</b>	<b>10,109</b>

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15. SUPPLEMENTARY INFORMATION (CONTINUED)

B) INTERIM CONDENSED STATEMENT OF INCOME (CONTINUED)

	SAR '000					
	For the three month period ended March 31					
	2022 - (Unaudited)			2021 - (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
(Charge) / reversal for doubtful debts	(1,114)	-	(1,114)	2,297	--	2,297
General and administrative expenses	(16,156)	(364)	(16,520)	(13,615)	(364)	(13,979)
Investment income on term deposits	406	504	910	235	441	676
Investment income on sukuks	-	867	867	--	917	917
Other income	2,946	-	2,946	2,593	--	2,593
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	(13,918)	1,007	(12,911)	(8,490)	994	(7,496)
<b>TOTAL (LOSS) / INCOME FOR THE PERIOD</b>	(21,782)	1,007	(20,775)	1,619	994	2,613
Total income for the period attributed to the insurance operations	-	-	-	(162)	--	(162)
Shareholders' absorption of (deficit) / Surplus transferred to Shareholders	21,782	(21,782)	--	(1,457)	1,457	--
<b>TOTAL (LOSS) / INCOME BEFORE ZAKAT AND INCOME TAX FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>	--	(20,775)	(20,775)	--	2,451	2,451
<b>ZAKAT CHARGE FOR THE PERIOD</b>	--	(1,569)	(1,569)	--	(1,824)	(1,824)
<b>TAX CHARGE FOR THE PERIOD</b>	--	-	-	--	(126)	(126)
<b>NET (LOSS) / INCOME AFTER ZAKAT AND INCOME TAX FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>	--	(22,344)	(22,344)	--	501	501
Earnings per share (Expressed in SAR per share)						
Basic and diluted earnings per share	--	(0.55)	(0.55)	--	0.01	0.01

C) INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	SAR '000					
	For the three month period ended March 31					
	2022 - (Unaudited)			2021 - (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<b>Total (loss) / income for the period</b>	-	(22,344)	(22,344)	162	501	663
<b>Other comprehensive income</b>						
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
Change in fair value of available for sale investments	-	(1,938)	(1,938)	--	573	573
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	-	(24,282)	(24,282)	162	1,074	1,236
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO INSURANCE OPERATIONS'</b>	-	-	-	(162)	--	(162)
<b>NET COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS'</b>	-	(24,282)	(24,282)	--	1,074	1,074

AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
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15. SUPPLEMENTARY INFORMATION (CONTINUED)

D) INTERIM CONDENSED STATEMENT OF CASH FLOWS

SAR'000

	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	----- 2022 - (Unaudited) -----			----- 2021 - (Unaudited) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Total (loss) / income for the period before Zakat and Income Tax	--	(20,775)	(20,775)	162	2,451	2,613
<b>Adjustments for non-cash items:</b>						
Depreciation of property and equipment	1,086	-	1,086	872	--	872
Amortization of investments		84	84	--	78	78
Reversal for provisions for doubtful debts	2,914	--	2,914	(2,297)	--	(2,297)
Provision for end-of-service indemnities	565	--	565	438	--	438
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurers' receivable	(6,579)		(6,579)	3,038	--	3,038
Reinsurers' share of unearned premiums	4,734		4,734	8,328	--	8,328
Reinsurers' share of outstanding claims	533		533	(6,120)	--	(6,120)
Reinsurers' share of claims Incurred but not reported	(238)		(238)	(2,881)	--	(2,881)
Deferred policy acquisition costs	(492)		(492)	(418)	--	(418)
Deferred excess of loss premiums	-		-	(7,301)	--	(7,301)
Due from related parties	(14)		(14)	(1,145)	--	(1,145)
Prepaid expenses and other assets	(1,590)	(698)	(2,288)	(15,601)	(822)	(16,423)
Accounts payables	40	--	40	(1)	--	(1)
Accrued and other liabilities	3,848	1,086	4,934	4,163	(1,280)	2,883
Reinsurers' balances payable	(5,355)	--	(5,355)	(6,854)	--	(6,854)
Unearned premiums	4,953	--	4,953	4,514	--	4,514
Unearned reinsurance commission	(758)	--	(758)	(735)	--	(735)
Outstanding claims reserve	359	--	359	7,408	--	7,408
Claims incurred but not reported	1,098	--	1,098	3,244	--	3,244
Other technical reserves	11,676	--	11,676	(1,607)	--	(1,607)
Due to related parties	(718)	--	(718)	392	--	392
	16,062	(20,303)	(4,241)	(12,401)	427	(11,974)
Zakat and income tax paid	--	--	--	--	(165)	(165)
End-of-service indemnities paid	(942)	--	(942)	(44)	--	(44)
Surplus paid to policy holders	--	--	--	(173)	--	(173)
<b>Net cash (used in)/generated from operating activities</b>	<b>15,120</b>	<b>(20,303)</b>	<b>(5,183)</b>	<b>(12,618)</b>	<b>262</b>	<b>(12,356)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Disposals in term deposits, net	60,177	67,320	127,497	15,369	(509)	14,860
Additions in property and equipment	(761)	-	(761)	(777)	--	(777)
<b>Net cash generated / (used in) from investing activities</b>	<b>59,416</b>	<b>67,320</b>	<b>126,736</b>	<b>14,592</b>	<b>(509)</b>	<b>14,083</b>
<b>Net change in cash and cash equivalents</b>	<b>74,536</b>	<b>47,017</b>	<b>121,553</b>	<b>1,974</b>	<b>(247)</b>	<b>1,727</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>38,414</b>	<b>2,878</b>	<b>41,292</b>	<b>20,874</b>	<b>2,182</b>	<b>23,056</b>
<b>Due from/ (to) insurance operations</b>	<b>(20,193)</b>	<b>20,193</b>	<b>--</b>	<b>1,245</b>	<b>(1,245)</b>	<b>--</b>
<b>Cash and cash equivalents, end of the period</b>	<b>92,757</b>	<b>70,088</b>	<b>162,845</b>	<b>24,093</b>	<b>690</b>	<b>24,783</b>

**AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
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**16. STATUTORY RESERVE**

In accordance with Regulations for Companies in Saudi Arabia and the by-laws of the Company, the Company is required to establish a statutory reserve by appropriating 20% of net income until the reserve equals 100% of the share capital. This reserve is not available for dividend distribution.

**17. APPROVAL OF FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the board on 12 May 2022, corresponding to 11 Shawwal 1443H.