

**GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE
INSURANCE COMPANY)**

**INTERIM CONDENSED FINANCIAL
STATEMENTS FOR THE THREE-MONTH
AND SIX-MONTH PERIODS ENDED 30 JUNE
2022 (UNAUDITED)**

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2022**

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**Ernst & Young Professional Services
(Professional LLC)**
Paid-up capital (SR 5,500,000 — Five
million five hundred thousand Saudi Riyal)

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders of
Gulf Insurance Group (A Saudi Joint Stock Company)
(Formerly: AXA Cooperative Insurance Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf Insurance Group (A Saudi Joint Stock Company) (Formerly: AXA Cooperative Insurance Company) (the "Company") as at 30 June 2022, and the related interim condensed statements of income, comprehensive income for the three-month and six-month periods then ended and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes (collectively referred to as "the 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The annual financial statements of the Company for the year ended 31 December 2021 were audited by other auditors who expressed unmodified opinion on those annual financial statements on 13 Rajab 1443H (corresponding to 14 February 2022). Further, the interim condensed financial statements of the Company for the three-month and six-month periods ended 31 June 2021 were reviewed by other auditors who expressed an unmodified review conclusion on those interim condensed financial statements on 29 Dhu Al-Hijjah 1442H (corresponding to 8 August 2021).

for Ernst & Young
Professional Services

Saad M. Al-Khathlan
Certified Public Accountant
License No. 509



20 Muharram 1444H
(18 August 2022)

for Allied Accountants
Professional Services Company

Mohammed Farhan Bin Nader
Certified Public Accountant
License No. 435



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

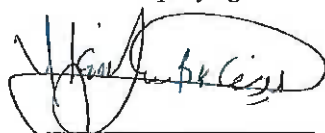
		As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
	Note		
Assets			
Cash and cash equivalents	4	224,674	89,521
Short-term deposits		552,794	644,821
Premiums and reinsurers' balances receivable	5	337,925	299,811
Reinsurers' share of unearned premiums	8.2	40,167	26,333
Reinsurers' share of outstanding claims	8.1	119,785	120,273
Reinsurers' share of claims incurred but not reported and other reserves	8.1	41,544	54,747
Deferred policy acquisition costs		66,647	49,307
Investments	6	1,253,245	1,302,155
Prepaid expenses and other assets	7	40,721	29,855
Deferred tax assets		4,051	-
Long-term deposits		170,721	215,721
Right-of-use asset	9	19,159	20,479
Property and equipment		17,465	19,518
Intangible assets		18,972	12,247
Goodwill	20	50,000	50,000
Statutory deposit		50,000	50,000
Accrued income on statutory deposit		6,609	6,281
Total assets		3,014,479	2,991,069
Liabilities and equity			
Liabilities			
Claims payable, accrued expenses and other liabilities		170,723	201,467
Surplus distribution payable		32,059	33,976
Reinsurers' balances payable		85,796	68,929
Advance premiums		32,473	30,055
Unearned premiums	8.2	672,471	517,829
Unearned reinsurance commission		7,004	3,458
Outstanding claims	8.1	419,903	366,614
Claims incurred but not reported and other reserves	8.1	552,833	654,242
Lease liability	9	19,777	19,407
Due to a related party	13	4,783	2,353
Employee benefit obligations		34,370	31,633
Zakat and income tax		57,685	58,806
Accrued income payable to SAMA		6,609	6,281
Total liabilities		2,096,486	1,995,050

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

		As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
	Note		
Equity			
Share capital	18	500,000	500,000
Statutory reserve	16	113,194	104,702
Performance share reserve	17	-	2,514
Retained earnings		347,344	360,863
Fair value reserve on investments		(42,545)	27,940
Total equity		917,993	996,019
Total liabilities and equity		3,014,479	2,991,069

The accompanying notes from 1 to 23 are an integral part of these interim condensed financial statements.



Yousef S Abalkhail
Chairman



Khalid Al Shuwaier
Chief Executive Officer



Babar Ali Khan
Chief Financial Officer

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

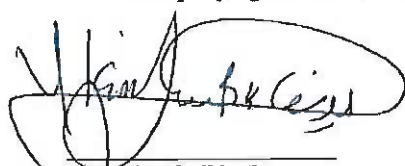
	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2022 (Unaudited)	2021 (Audited)	2022 (Unaudited)	2021 (Audited)
Revenues					
Gross premiums written					
- Direct		322,203	269,934	856,967	810,621
- Reinsurance		4,513	1,831	8,525	2,735
		<u>326,716</u>	<u>271,765</u>	<u>865,492</u>	<u>813,356</u>
Reinsurance premiums ceded					
- Foreign		(16,191)	(20,210)	(71,202)	(69,582)
- Local		(4,364)	(9,288)	(9,716)	(12,893)
		<u>(20,555)</u>	<u>(29,498)</u>	<u>(80,918)</u>	<u>(82,475)</u>
Net premiums written	8	<u>306,161</u>	<u>242,267</u>	<u>784,574</u>	<u>730,881</u>
Changes in unearned premiums		34,366	93,667	(154,642)	(101,406)
Changes in reinsurers' share of unearned premiums		(7,737)	(5,063)	13,835	10,365
Net premiums earned	8	<u>332,790</u>	<u>330,871</u>	<u>643,767</u>	<u>639,840</u>
Reinsurance commissions		3,525	4,491	7,661	8,790
Total revenues		<u>336,315</u>	<u>335,362</u>	<u>651,428</u>	<u>648,630</u>
Underwriting costs and expenses					
Gross claims paid		277,670	248,899	554,301	504,006
Reinsurers' share of claims paid		(10,526)	(15,065)	(32,766)	(21,683)
Net claims and other benefits paid		<u>267,144</u>	<u>233,834</u>	<u>521,535</u>	<u>482,323</u>
Changes in outstanding claims		100,819	48,211	53,288	107,479
Changes in reinsurers' share of outstanding claims		(45,861)	(23,778)	488	(68,152)
Changes in claims incurred but not reported and other reserves		(81,480)	(17,755)	(101,408)	(63,998)
Changes in reinsurers' share of claims incurred but not reported and other reserves		14,610	2,006	13,203	(229)
Net claims and other benefits incurred		<u>255,232</u>	<u>242,518</u>	<u>487,106</u>	<u>457,423</u>
Policy acquisition costs		37,693	31,806	70,836	61,324
Total underwriting costs and expenses		<u>292,925</u>	<u>274,324</u>	<u>557,942</u>	<u>518,747</u>
Net underwriting income		<u>43,390</u>	<u>61,038</u>	<u>93,486</u>	<u>129,883</u>
Other operating (expenses)/income					
General and administrative expenses		(42,835)	(39,071)	(85,347)	(78,444)
Other income - net	15	26,830	16,156	46,346	34,891
Total other operating expenses - net		<u>(16,005)</u>	<u>(22,915)</u>	<u>(39,001)</u>	<u>(43,553)</u>

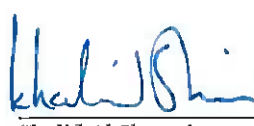
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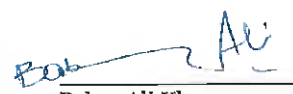
GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
 (All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022 (Unaudited)	2021 (Audited)	2022 (Unaudited)	2021 (Audited)
Total income for the period before surplus attribution, zakat and income tax	27,385	38,123	54,485	86,330
Surplus attributed to the insurance operations	(1,182)	(3,159)	(2,884)	(7,591)
Total income for the period before zakat and income tax	26,203	34,964	51,601	78,739
Zakat expense	(2,878)	(4,248)	(10,735)	(8,172)
Income tax credit/(expense)	(1,153)	(2,634)	1,593	(5,924)
Total income for the period attributable to the shareholders	22,172	28,082	42,459	64,643
Earnings per share (expressed in Saudi Riyals per share)				
Basic earnings per share	0.44	0.56	0.85	1.29
Diluted earnings per share	0.44	0.56	0.85	1.29

The accompanying notes from 1 to 23 are an integral part of these interim condensed financial statements.


 Yousef S Abalkhail
 Chairman

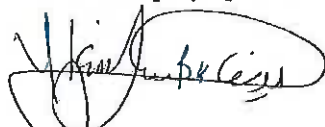

 Khalid Al Shuwaier
 Chief Executive Officer


 Babar Ali Khan
 Chief Financial Officer

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

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022 (Unaudited)	2021 (Audited)	2022 (Unaudited)	2021 (Audited)
Total income for the period attributable to the shareholders	22,172	28,082	42,459	64,643
Other comprehensive income:				
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>				
Net change in the fair value of available-for-sale investments	6 (45,430)	10,061	(70,485)	2,607
Total comprehensive (loss)/ income for the period	(23,258)	38,143	(28,026)	67,250

The accompanying notes from 1 to 23 are an integral part of these interim condensed financial statements.



Yousef S Abalkhail
Chairman



Khalid Al Shuwaier
Chief Executive Officer





Babar Ali Khan
Chief Financial Officer


**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share Capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
Balance as at 1 January 2022		500,000	104,702	2,514	360,863	27,940	996,019
Total comprehensive income for the period		-	-	-	-	-	-
Total income for the period attributable to the shareholders		-	-	-	42,459	-	42,459
Changes in fair values of available-for-sale investments	6	-	-	-	-	(70,485)	(70,485)
Total comprehensive income/(loss) for the period		-	-	-	42,459	(70,485)	(28,026)
Transfer to statutory reserve	16	-	8,492	-	(8,492)	-	-
Performance share reserve	17	-	-	(2,514)	2,514	-	-
Dividends	22	-	-	-	(50,000)	-	(50,000)
Balance as at 30 June 2022 (Unaudited)		500,000	113,194	-	347,344	(42,545)	917,993

The accompanying notes from 1 to 23 are an integral part of these interim condensed financial statements.


Youssef S Abalkhail
Chairman


Khalid Al Shuwaiher
Chief Executive Officer


Babar Ali Khan
Chief Financial Officer

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)**
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
Balance as at 1 January 2021		500,000	76,998	2,266	249,718	41,920	870,902
Total comprehensive income for the period		-	-	-	-	-	-
Total income for the period attributable to the shareholders		-	-	-	64,643	-	64,643
Changes in fair values of available-for-sale investments		-	-	-	-	2,607	2,607
Total comprehensive income for the period		-	-	-	64,643	2,607	67,250
Transfer to statutory reserve	16	-	12,929	-	(12,929)	-	-
Performance share reserve	17	-	-	844	-	-	844
Performance share reserve - settlement	17	-	-	(851)	-	-	(851)
Balance as at 30 June 2021 (Unaudited)		500,000	89,927	2,259	301,432	44,527	938,145

The accompanying notes from 1 to 23 are an integral part of these interim condensed financial statements.


Yousef S Abalkhail
Chairman


Khalid Al Shurwaier
Chief Executive Officer


Babar Ali Khan
Chief Financial Officer

GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

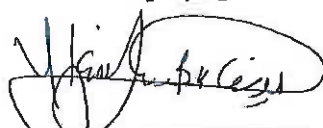
	Note	Six-month period ended 30 June 2022	Six-month period ended 30 June 2021
Cash flows from operating activities			
Total income before surplus attribution, zakat and income tax		54,485	86,330
Adjustments for non-cash items:			
Depreciation of property and equipment		3,230	3,450
Depreciation of right-of-use assets		1,321	1,321
Amortization of intangible assets		1,928	2,992
Interest on leases		370	416
Provision for doubtful debts	5	1,130	838
Accretion of discount on available-for-sale investments	6	(779)	(779)
Loss on disposal of investments	6	13,604	2,071
Amortization of premium on available-for-sale investments	6	829	511
Amortization of premium on held-to-maturity investments	6	9	5
Performance share reserve		-	844
Employee benefit obligations	6	4,446	2,027
Changes in operating assets and liabilities:			
Premiums and reinsurers' receivable - net		(39,244)	(116,258)
Reinsurers' share of unearned premiums		(13,834)	(10,365)
Reinsurers' share of outstanding claims		488	(68,152)
Reinsurers' share of claims incurred but not reported and other reserves		13,203	(229)
Deferred policy acquisition costs		(17,340)	(12,240)
Prepaid expenses and other assets		(10,862)	(10,782)
Accrued income on statutory deposit		(328)	(182)
Accrued and other liabilities		(30,744)	(13,843)
Surplus distribution paid		(4,802)	-
Reinsurers' balances payable		16,867	5,495
Advance premiums		2,418	8,426
Unearned premiums		154,642	101,406
Unearned reinsurance commission		3,546	3,097
Outstanding claims		53,289	107,479
Claims incurred but not reported and other reserves		(101,409)	(63,998)
Due to a related party		2,430	(171)
		108,893	29,709
Employee benefit obligations paid		(1,711)	(1,083)
Zakat and income tax paid		(14,317)	(16,556)
Accrued income payable to SAMA		328	182
Net cash generated from operating activities		93,193	12,252

(Continued)

GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Six-month period ended 30 June 2022	Six-month period ended 30 June 2021
Cash flows from investing activities			
Withdrawals/(placements) in short-term deposits, net		92,027	(465,918)
Proceeds from disposals of short-term deposits		-	523,417
Placements in long-term deposits, net		(165,916)	(251,577)
Proceeds from disposals of investments	6	130,678	12,198
Proceeds from disposals of long-term deposits		45,002	-
Purchases of property and equipment		(1,178)	(1,797)
Purchases of intangible assets		(8,653)	(1,736)
Net cash generated from/(used in) investing activities		91,960	(185,413)
Cash flows from financing activity			
Performance shares reserve - settlement		-	(851)
Dividend settlements		(50,000)	-
Share based payment		-	-
Net cash used in financing activities		(50,000)	(851)
Net change in cash and cash equivalents		135,153	(174,012)
Cash and cash equivalents, beginning of the period		89,521	331,036
Cash and cash equivalents, end of the period	4	224,674	157,024
Supplemental non-cash information:			
Changes in fair value of available-for-sale investments	6	(70,485)	2,607

The accompanying notes from 1 to 23 are an integral part of these interim condensed financial statements.



Yousef S Abalkhail
Chairman



Khalid Al Shuwaier
Chief Executive Officer



Babar Ali Khan
Chief Financial Officer

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022**
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

1 General

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

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance activities. Its principal lines of business include health, motor, marine, property, engineering, accident and liability and protection insurance. The principal activities of the Company are to engage in cooperative insurance operations and related activities including reinsurance activities in accordance with the Law on Supervision of Cooperative Insurance (the "Law"), the Company's by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. The Company obtained license from the Saudi Central Bank ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/25/20101, dated Safar 11, 1431H (corresponding to 26 January 2010). The Company has commenced insurance operations on 4 Rabi' I 1431H (corresponding to 18 February 2010) after obtaining full product approval for certain products and temporary approval for the remaining products. During 2016, the Company obtained approval for the remaining products.

AXA Cooperative Insurance Company ("AXA CIC") was notified on dated 14 Rabi' II 1442H (corresponding to 11 November 2020) by AXA Mediterranean Holding S.A. ("AXA Med") that the AXA Group (AXA S.A. ultimate parent Company of AXA Med) has decided to sell its operations in the Gulf region. Accordingly, AXA Med entered into a share purchase agreement with Gulf Insurance Group K.S.C.P ("GIG") (a joint stock company registered on Boursa Kuwait) dated 14 Rabi' II 1442H (corresponding to 29 November 2020) to sell its insurance operations in the Gulf region, which includes the sale of its 18%, prior to completion of the transaction, shareholding in AXA CIC at a price of SAR 24.23 per share (being USD 6.46 per share converted into SAR at a rate of 3.75 SAR per USD). As part of the overall transaction in the Gulf region, GIG has acquired 100% of the share capital of AXA Insurance (Gulf) B.S.C in Bahrain (which was a 50:50 joint venture between the AXA Group and Yusuf Bin Ahmed Kanoo Company W.L.L), which owned 32% of the share capital of AXA CIC, prior to completion of this transaction, at an equivalent value of SAR 24.23 per share. After completion of transaction, AXA Insurance (Gulf) B.S.C (c) in Bahrain has now become Gulf Insurance Group (Gulf) B.S.C (c) and owns 50% of the shareholding in Gulf Insurance Group, a Saudi joint stock company (previously AXA CIC).

Following completion of acquisition which was announced on 30 Dhul Qi'da 1443H (corresponding to 7 September 2021), the Company initiated legal formalities to change its legal name from 'AXA Cooperative Insurance Company' to 'Gulf Insurance Group' which were substantially completed during the three-month period ended 30 June 2022, however, some of the legal documents in relation to name update are in the process of completion at the time of issuance of these interim condensed financial statements.

2 Basis of preparation

(a) Basis of presentation

The interim condensed financial statements of the Company has been prepared in accordance with 'International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34")', as endorsed in the Kingdom of Saudi Arabia.

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

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)**

2 Basis of preparation (continued)

(a) Basis of presentation (continued)

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

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 21 to 53 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's financial information in compliance with IAS 34 as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

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

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

(b) Critical accounting judgments, estimates and assumptions

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2021.

1) Impact of Covid-19

In response to the spread of the Covid-19 in the Kingdom of Saudi Arabia where the Company operates and its resulting disruptions to the social and economic activities in those markets over the last two years, management continues to proactively assess its impacts on its operations. In particular, the Company is closely monitoring the current surge in cases due to the outbreak of a new variant - Omicron. The preventive measures taken by the Company in April 2020 are still in effect including the creation of ongoing crisis management teams and processes, to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of its operations. Employee health continues to be a key area of focus with programs being implemented to assist with increasing awareness, identification, support and monitoring of employee health. A majority of the employees of the Company have been fully vaccinated for at least two doses of vaccine and the management is working on a plan to encourage booster shots in line with the government initiatives related to Covid-19.

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2 Basis of preparation (continued)

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

1) Impact of Covid-19 (continued)

The management of the Company believes that any potential lockdown measures being reintroduced will not materially affect the underlying demand for the Company's insurance products and forecast.

Based on these factors, management believes that the Covid-19 pandemic has had no material effect on the Company's reported financial results for the three-month and six-month periods ended 30 June 2022 including the significant accounting judgements and estimates.

(2) Liability arising from claims under insurance contracts

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

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

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

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

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

(4) Impairment of available-for-sale investments

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

(c) Seasonality of operations

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

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3 Significant accounting policies

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 except as explained below:

3.1 New and amended standards adopted by the Company

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
Amendments to IFRS 3	Reference to the Conceptual Framework

These amendments had no impact on the interim condensed financial statements of the Company.

The Company intends to use the practical expedients in future periods if they become applicable.

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

IFRS 9, 'Financial Instruments'

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

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

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

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

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3 Significant accounting policies (continued)

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

IFRS 17, 'Insurance Contracts'

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

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The Company is currently assessing the impact of the application and implementation of IFRS 17 and in the process of applying applicable requirements. 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.

Refer to the annual financial statements for the year ended 31 December 2021, for detailed impact assessment of IFRS 17 adoption.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

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.

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 profit or loss.

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.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Effective date:

Annual periods beginning on or after 1 January 2023.

Impact assessment

The management is in the process of assessing the impact of the amendments on its financial statements.

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3 Significant accounting policies (continued)

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

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 non-current, 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.

Effective date:

Deferred until accounting periods starting not earlier than 1 January 2024.

Impact assessment

The management is in the process of assessing the impact of the amendments on its financial statements.

Narrow scope amendments to IAS 1, 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.

Effective date:

Annual periods beginning on or after 1 January 2023.

Impact assessment

The management is in the process of assessing the impact of the amendments on its financial statements.

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.

Effective date:

Annual periods beginning on or after 1 January 2023.

Impact assessment

The management is in the process of assessing the impact of the amendment on its financial statements.

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4 Cash and cash equivalents

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank balances and cash	212,949	86,719
Deposits maturing within 3 months from the placement date	11,725	2,802
	224,674	89,521

As at 30 June 2022, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 0.90% to 2.50% (31 December 2021: 0.50% to 1.00%) per annum.

5 Premiums and reinsurers' balances receivable

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Policyholders	333,181	290,106
Brokers and agents	790	559
Related parties	847	9,038
Reinsurers and other insurers	47,489	43,360
	382,307	343,063
Less: provision for doubtful debts	(44,382)	(43,252)
	337,925	299,811

Movement in provision for doubtful debts is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	43,252	45,551
Provision for the period / year	1,130	3,941
Write off during the period/ year	-	(6,240)
Balance at the end of the period / year	44,382	43,252

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6 Investments

Investments are comprised of the following:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Insurance operations		
Available-for-sale	667,764	689,076
Held-to-maturity	78,763	78,772
Total	<u>746,527</u>	<u>767,848</u>
Shareholders' operations		
Available-for-sale	446,718	474,307
Held-to-maturity	60,000	60,000
Total	<u>506,718</u>	<u>534,307</u>
Total investments	<u>1,253,245</u>	<u>1,302,155</u>

Available-for-sale investments at 30 June 2022 include 1,923,078 shares (31 December 2021: 1,923,078 shares) in Najm for Insurance Services ("Najm") and are held by the Company at Nil value.

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

	Insurance operations	Shareholders' operations	Total
As at 1 January 2022 (Audited)	689,076	474,307	1,163,383
Purchases	113,927	51,989	165,916
Disposals	(94,617)	(36,061)	(130,678)
Loss on sale of investments	(201)	(13,403)	(13,604)
Amortization of premium	(397)	(432)	(829)
Accretion of discount	572	207	779
Changes in fair value	(40,596)	(29,889)	(70,485)
As at 30 June 2022 (Unaudited)	<u>667,764</u>	<u>446,718</u>	<u>1,114,482</u>
	Insurance operations	Shareholders' operations	Total
As of 1 January 2021 (Audited)	689,178	236,618	925,796
Purchases	177,007	249,738	426,745
Disposals	(162,896)	(17,044)	(179,940)
Gain on sale of investments	866	3,439	4,305
Amortization of premium	(917)	(238)	(1,155)
Accretion for the discount	1,266	346	1,612
Changes in fair value	(15,428)	1,448	(13,980)
As at 31 December 2021 (Audited)	<u>689,076</u>	<u>474,307</u>	<u>1,163,383</u>

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6 Investments (continued)

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

	Insurance operations		Shareholders' operations	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
Opening balance	78,772	78,786	60,000	60,000
Amortization of premium	(9)	(14)	-	-
Closing balance	78,763	78,772	60,000	60,000

7 Prepaid expenses and other assets

	30 June	31 December
	2022	2021
Accrued income	21,470	18,305
Prepaid expenses	10,896	5,016
Receivable from Tawuniya (Manafeth, Umrah, Travel & covid product)	5,639	3,536
Employees' receivable	571	2,497
Other	2,145	501
	40,721	29,855

8 Technical reserves

8.1 Outstanding claims and reserves

Outstanding claims and reserves comprise of the following:

	30 June 2022		
	Gross	Reinsurance	Net
At 1 January 2022 (Audited)	366,614	(120,273)	246,341
Claims paid	(554,301)	32,766	(521,535)
Claims incurred	722,591	(32,278)	690,313
At 30 June 2022 (Unaudited)	534,904	(119,785)	415,119
Salvage and subrogation	(115,001)	-	(115,001)
Gross outstanding claims	419,903	(119,785)	300,118
Claims incurred but not reported	547,374	(41,544)	505,830
Unallocated loss adjustment expenses reserve	5,459	-	5,459
At 30 June 2022 (Unaudited)	972,736	(161,329)	811,407

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8 Technical reserves (continued)

8.1 Outstanding claims and reserves (continued)

	31 December 2021		
	Gross	Reinsurance	Net
At 1 January 2021 (Audited)	288,704	(74,988)	213,716
Claims paid	(994,592)	48,205	(946,387)
Claims incurred	1,162,272	(93,490)	1,068,782
At 31 December 2021	456,384	(120,273)	336,111
Salvage and subrogation	(89,770)	-	(89,770)
Gross outstanding claims	366,614	(120,273)	246,341
Claims incurred but not reported	648,782	(54,747)	594,035
Unallocated loss adjustment expenses reserve	5,460	-	5,460
At 31 December 2021 (Audited)	1,020,856	(175,020)	845,836

8.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

	30 June 2022		
	Gross	Reinsurance	Net
At 1 January 2022 (Audited)	517,829	(26,333)	491,496
Premium written during the period	865,492	(80,918)	784,574
Premium earned during the period	(710,850)	67,084	(643,766)
At 30 June 2022 (Unaudited)	672,471	(40,167)	632,304

	31 December 2021		
	Gross	Reinsurance	Net
At 1 January 2021 (Audited)	486,709	(23,455)	463,254
Premium written during the year	1,454,470	(144,529)	1,309,941
Premium earned during the year	(1,423,350)	141,651	(1,281,699)
At 31 December 2021 (Audited)	517,829	(26,333)	491,496

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9 Right-of-use asset and lease liability

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Right-of-use asset – building		
Cost		
Balance as at the beginning of the period / year	27,086	27,086
Additions	-	-
Balance as at the end of the period / year	<u>27,086</u>	<u>27,086</u>
Accumulated depreciation		
Balance as at the beginning of the period / year	(6,607)	(3,964)
Charge for the period / year	(1,320)	(2,643)
Balance as at the end of the period / year	<u>(7,927)</u>	<u>(6,607)</u>
Net book value	<u>19,159</u>	<u>20,479</u>
	30 June 2022	31 December 2021
Lease liability		
Within one year	3,183	3,183
Later than one year but not later than five years	15,915	12,732
Later than five years	3,183	6,366
	<u>22,281</u>	<u>22,281</u>
Future finance charges	(2,504)	(2,874)
Total lease liability	<u>19,777</u>	<u>19,407</u>

Interest expense on leases amounted to Saudi Riyals 0.2 million and Saudi Riyals 0.4 million during the three-month and six-month periods ended 30 June 2022, respectively, and are presented under "Other income - net" in the interim condensed statement of income (Three-months and six-month periods ended 30 June 2021: Saudi Riyals 0.2 million and Saudi Riyals 0.4 million, respectively).

Short-term leases that were expensed during the three-months and six-month periods ended 30 June 2022 amounted to Saudi Riyals 0.3 million and Saudi Riyals 1.2 million, respectively (Three-months and six-month periods ended 30 June 2021: Saudi Riyals 0.9 million and Saudi Riyals 2 million, respectively).

10 Commitments and contingencies

- (i) The Company has issued various bank guarantees amounting to Saudi Riyals 28.8 million (31 December 2021: Saudi Riyals 31.4 million) in the ordinary course of business.
- (ii) The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. Further, there was no material change in the status of legal proceedings during the current period from the status disclosed as at 31 December 2021.
- (iii) Refer to Note 14 for zakat and tax related matters.

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11 Determination of fair value and fair value hierarchy

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

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

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

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			
	Carrying value	Level 1	Level 2	Level 3	Total
30 June 2022 (Unaudited)					
Financial assets measured at fair value (Insurance operations)					
Available-for-sale investments					
- Government bonds	571,225	571,225	-	-	571,225
- Other bonds	81,191	81,191	-	-	81,191
- Mutual funds	15,349	15,349	-	-	15,349
	667,765	667,765	-	-	667,765
Financial assets measured at fair value (Shareholders' operations)					
Available-for-sale investments					
- Government bonds	367,041	367,041	-	-	367,041
- Other bonds	27,753	27,753	-	-	27,753
- Mutual funds	6,121	6,121	-	-	6,121
- Equities	45,804	45,804	-	-	45,804
	446,719	446,719	-	-	446,719

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11 Determination of fair value and fair value hierarchy (continued)

	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2021 (Audited)					
Financial assets measured at fair value (Insurance operations)					
Available-for-sale investments					
- Government bonds	577,824	577,824	-	-	577,824
- Other bonds	91,774	91,774	-	-	91,774
- Mutual funds	19,478	19,478	-	-	19,478
	689,076	689,076	-	-	689,076
Financial assets measured at fair value (Shareholders' operations)					
Available-for-sale investments					
- Government bonds	371,235	371,235	-	-	371,235
- Other bonds	27,802	27,802	-	-	27,802
- Mutual funds	7,105	7,105	-	-	7,105
- Equities	68,165	68,165	-	-	68,165
	474,307	474,307	-	-	474,307

12 Segmental information

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

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

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

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12 Segmental information (continued)

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

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

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

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

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

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12 Segmental information (continued)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 June 2022 and 31 December 2021, its total revenues, expenses, and net income for the three-month six-month period then ended are as follows:

	Insurance operations					Grand total
	Motor	Property and casualty	Health	Protection	Total	
30 June 2022 (Unaudited)						
Assets						
Reinsurers' share of unearned premiums	17	31,290	7,818	1,042	40,167	- 40,167
Reinsurers' share of outstanding claims	2,657	104,490	3,188	9,450	119,785	- 119,785
Reinsurers' share of claims incurred but not reported and other reserves	-	37,850	50	3,644	41,544	- 41,544
Deferred policy acquisition costs	42,176	9,027	14,262	1,182	66,647	- 66,647
Segment assets	44,850	182,657	25,318	15,318	268,143	- 268,143
Unallocated assets	-	-	-	-	1,734,016	1,012,320 2,746,336
Total assets					2,002,159	1,012,320 3,014,479
Liabilities and equity						
Unearned premiums	343,396	105,511	209,774	13,790	672,471	- 672,471
Unearned reinsurance commission	4	5,015	1,724	261	7,004	- 7,004
Outstanding claims	55,836	240,097	99,939	24,031	419,903	- 419,903
Claims incurred but not reported and other reserves	310,997	166,993	56,322	18,521	552,833	- 552,833
Segment liabilities	710,233	517,616	367,759	56,603	1,652,211	- 1,652,211
Unallocated liabilities and equity					349,948	1,012,320 1,362,268
Total liabilities and equity					2,002,159	1,012,320 3,014,479

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
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12 Segmental information (continued)

		Insurance operations					Grand Total
		Motor	Property and casualty	Health	Protection	Total	
31 December 2021 (Audited)							
Assets							
Reinsurers' share of unearned premiums	712	25,384	143	94	26,333	-	26,333
Reinsurers' share of outstanding claims	4,125	105,631	1,351	9,166	120,273	-	120,273
Reinsurers' share of claims incurred but not reported and other reserves	13,793	35,475	-	5,479	54,747	-	54,747
Deferred policy acquisition costs	31,729	7,215	9,520	843	49,307	-	49,307
Segment assets	50,359	173,705	11,014	15,582	250,660	-	250,660
Unallocated assets					1,689,165	1,051,244	2,740,409
Total assets					1,939,825	1,051,244	2,991,069
Liabilities and equity							
Unearned premiums	274,935	81,259	153,821	7,814	517,829	-	517,829
Unearned reinsurance commission	143	3,304	10	1	3,458	-	3,458
Outstanding claims	39,176	252,927	58,613	15,898	366,614	-	366,614
Claims incurred but not reported and other reserves	413,616	157,154	61,456	22,016	654,242	-	654,242
Segment liabilities	727,870	494,644	273,900	45,729	1,542,143	-	1,542,143
Unallocated liabilities and equity					397,682	1,051,244	1,448,926
Total liabilities and equity					1,939,825	1,051,244	2,991,069

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12 Segmental information (continued)

		Insurance operations				Shareholders' operations	Grand total
		Motor	Property and casualty	Health	Protection	Total	
Revenues							
Gross premiums written							
- Direct							
- Large corporates		40,959	14,421	92,036	-	147,416	147,416
- Medium corporates		26,876	25,699	4,190	10,179	66,944	66,944
- Small corporates		24,407	5,857	669	-	30,933	30,933
- Micro enterprises		1,513	1,950	-	-	3,463	3,463
- Retail		49,293	16,793	7,361	-	73,447	73,447
- Reinsurance		-	4,513	-	-	4,513	4,513
		143,048	69,233	104,256	10,179	326,716	326,716
Reinsurance premiums ceded							
- Foreign		(786)	(16,310)	1,595	(690)	(16,191)	(16,191)
- Local		-	(4,364)	-	-	(4,364)	(4,364)
		(786)	(20,674)	1,595	(690)	(20,555)	(20,555)
Net premiums written							
Changes in unearned premiums		142,262	48,559	105,851	9,489	306,161	306,161
Changes in reinsurers' share of unearned premiums		32,863	5,647	(4,703)	559	34,366	34,366
		19	(2,714)	(4,631)	(411)	(7,737)	(7,737)
Net premiums earned							
Reinsurance commissions		175,144	51,492	96,517	9,637	332,790	332,790
		1	2,752	651	121	3,525	3,525
Total revenues		175,145	54,244	97,168	9,758	336,315	336,315
Underwriting costs and expenses							
Gross claims paid		178,275	15,625	77,812	5,958	277,670	277,670
Reinsurers' share of claims paid		(689)	(3,909)	(2,936)	(2,992)	(10,526)	(10,526)
Net claims and other benefits paid		177,586	11,716	74,876	2,966	267,144	267,144

(Continued)

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12 Segmental information (continued)

	Insurance operations					
	Motor	Property and casualty	Health	Protection	Total	Shareholders' operations
For the three-month period ended 30 June 2022 (Unaudited) (continued)						Grand total
Changes in outstanding claims	10,708	60,081	24,642	5,388	100,819	-
Changes in reinsurers' share of outstanding claims	1,270	(48,472)	(94)	1,435	(45,861)	-
Changes in claims incurred but not reported and other reserves	(58,231)	(12,877)	(2,942)	(7,430)	(81,480)	-
Changes in reinsurers' share of claims incurred but not reported and other reserves	6,333	5,932	352	1,993	14,610	-
Net claims and other benefits incurred	137,666	16,380	96,834	4,352	255,232	-
Policy acquisition costs	21,224	8,485	7,203	781	37,693	-
Total underwriting costs and expenses	158,890	24,865	104,037	5,133	292,925	-
Net underwriting income	16,255	29,379	(6,869)	4,625	43,390	-
Other operating expenses	(22,103)	(6,549)	(12,191)	(1,220)	(42,063)	(772)
General and administrative expenses	-	-	-	-	10,498	16,332
Other income - net	(22,103)	(6,549)	(12,191)	(1,220)	(31,565)	15,560
Total other operating expenses, net						(16,005)
Total income before surplus attribution, zakat and income tax						27,385
Surplus attributed to the insurance operations						(1,182)
Total income for the period attributable to the shareholders						26,203
Zakat expense						(2,878)
Income tax credit						(1,153)
Total income for the period attributable to the shareholders						22,172

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12 Segmental information (continued)

For the three-month period ended 30 June 2021 (Unaudited)	Insurance operations				Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection		
Revenues						
Gross premiums written						
- Direct						
- Large corporates	52,273	21,168	72,014	-	145,455	- 145,455
- Medium corporates	14,382	21,289	4,571	13,219	53,461	- 53,461
- Small corporates	5,453	5,288	630	-	11,371	- 11,371
- Micro enterprises	1,063	2,082	-	-	3,145	- 3,145
- Retail	34,387	17,927	4,188	-	56,502	- 56,502
- Reinsurance	-	1,831	-	-	1,831	- 1,831
	107,558	69,585	81,403	13,219	271,765	- 271,765
Reinsurance premiums ceded						
- Foreign	2,649	(20,253)	(455)	(2,151)	(20,210)	- (20,210)
- Local	-	(3,970)	-	(5,318)	(9,288)	- (9,288)
	2,649	(24,223)	(455)	(7,469)	(29,498)	- (29,498)
Net premiums written						
Changes in unearned premiums	110,207	45,362	80,948	5,750	242,267	- 242,267
Changes in reinsurers' share of unearned premiums	72,518	(330)	18,680	2,799	93,667	- 93,667
	-	(1,358)	(3,436)	(269)	(5,063)	- (5,063)
Net premiums earned	182,725	43,674	96,192	8,280	330,871	- 330,871
Reinsurance commissions	-	3,594	805	92	4,491	- 4,491
Total revenues	182,725	47,268	96,997	8,372	335,362	- 335,362
Underwriting costs and expenses						
Gross claims paid	136,702	8,942	96,180	7,075	248,899	- 248,899
Reinsurers' share of claims paid	(308)	(7,338)	(3,429)	(3,990)	(15,065)	- (15,065)
Net claims and other benefits paid	136,394	1,604	92,751	3,085	233,834	- 233,834
						(Continued)

(Continued)

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
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12 Segmental information (continued)

	Insurance operations				
	Property and casualty		Health	Protection	Total
For the three-month period ended 30 June 2021 (Unaudited) (continued)	Motor				Shareholders' operations
Changes in outstanding claims	16,647	29,704	(3,233)	5,093	48,211
Changes in reinsurers' share of outstanding claims	(159)	(19,928)	(452)	(3,239)	(23,778)
Changes in claims incurred but not reported and other reserves	(18,654)	(1,253)	(426)	2,578	(17,755)
Changes in reinsurers' share of claims incurred but not reported and other reserves	(1)	3,489	-	(1,482)	2,006
Net claims and other benefits incurred	134,227	13,616	88,640	6,035	242,518
Policy acquisition costs	16,027	7,485	5,912	2,382	31,806
Total underwriting costs and expenses	150,254	21,101	94,552	8,417	274,324
Net underwriting income	32,471	26,167	2,445	(45)	61,038
Other operating (expenses)/ income	(19,146)	(5,619)	(12,575)	(1,091)	(38,431)
General and administrative expenses	-	-	-	-	7,183
Other income - net	(19,146)	(5,619)	(12,575)	(1,091)	(22,915)
Total other operating expenses, net	(19,146)	(5,619)	(12,575)	(1,091)	(22,915)
Total income before surplus attribution, zakat and income tax					38,123
Surplus attributed to the insurance operations					(3,159)
Total income for the period attributable to the shareholders					34,964
Zakat expense					(4,248)
Income tax expense					(2,634)
Total income for the period attributable to the shareholders					28,082

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12 Segmental information (continued)

**For the six-month period ended 30 June 2022
(Unaudited)**

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
Revenues							
Gross premiums written							
- Direct							
- Large corporates	116,396	54,475	223,469	-	394,340	-	394,340
- Medium corporates	107,733	50,337	10,536	31,073	199,679	-	199,679
- Small corporates	85,943	24,046	1,460	-	111,449	-	111,449
- Micro enterprises	4,296	2,579	18	-	6,893	-	6,893
- Retail	101,461	26,844	16,301	-	144,606	-	144,606
- Reinsurance	-	8,525	-	-	8,525	-	8,525
	415,829	166,806	251,784	31,073	865,492	-	865,492
Reinsurance premiums ceded							
- Foreign	(462)	(49,977)	(14,890)	(5,873)	(71,202)	-	(71,202)
- Local	-	(7,474)	-	(2,242)	(9,716)	-	(9,716)
	(462)	(57,451)	(14,890)	(8,115)	(80,918)	-	(80,918)
Net premiums written	415,367	109,355	236,894	22,958	784,574	-	784,574
Changes in unearned premiums	(68,461)	(24,254)	(55,952)	(5,975)	(154,642)	-	(154,642)
Changes in reinsurers' share of unearned premiums	(695)	5,907	7,675	948	13,835	-	13,835
Net premiums earned	346,211	91,008	188,617	17,931	643,767	-	643,767
Reinsurance commissions	(6)	5,463	1,694	510	7,661	-	7,661
Total revenues	346,205	96,471	190,311	18,441	651,428	-	651,428

(Continued)

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12 Segmental information (continued)

	Insurance operations					Grand total
	Property and casualty		Health	Protection	Total	
For the six-month period ended 30 June 2022 (Unaudited) (continued)	Motor	casualty				
Underwriting costs and expenses						
Gross claims paid	355,377	47,103	141,958	9,863	554,301	554,301
Reinsurers' share of claims paid	(1,295)	(21,485)	(4,910)	(5,076)	(32,766)	(32,766)
Net claims and other benefits paid	354,082	25,618	137,048	4,787	521,535	521,535
Changes in outstanding claims	16,660	(12,830)	41,325	8,133	53,288	53,288
Changes in reinsurers' share of outstanding claims	1,468	1,141	(1,836)	(285)	488	488
Changes in claims incurred but not reported and other reserves	(102,618)	9,839	(5,134)	(3,495)	(101,408)	(101,408)
Changes in reinsurers' share of claims incurred but not reported and other reserves	13,793	(2,375)	(50)	1,835	13,203	13,203
Net claims and other benefits incurred	283,385	21,393	171,353	10,975	487,106	487,106
Policy acquisition costs	39,246	15,263	13,663	2,664	70,836	70,836
Total underwriting costs and expenses	322,631	36,656	185,016	13,639	557,942	557,942
Net underwriting income	23,574	59,815	5,295	4,802	93,486	93,486

(Continued)

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12 Segmental information (continued)

	Insurance operations					Shareholders' operations	Grand total
	Motor	Property and casualty	Health	Protection	Total		
For the six-month period ended 30 June 2022 (Unaudited) (continued)							
Other operating (expenses) income							
General and administrative expenses	(45,296)	(11,907)	(24,678)	(2,346)	(84,227)	(1,120)	(85,347)
Other income - net	-	-	-	-	19,583	26,763	46,346
Total other operating expenses - net	(45,296)	(11,907)	(24,678)	(2,346)	(64,644)	25,643	(39,001)
Total income before surplus attribution, zakat and income tax							54,485
Surplus attributed to the insurance operations							<u>(2,884)</u>
Total income for the period attributable to the shareholders							51,601
Zakat expense							(10,735)
Income tax credit							<u>1,593</u>
Total income for the period attributable to the shareholders							42,459

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12 Segmental information (continued)

	Insurance operations					Shareholders' operations	Grand total
	Property and casualty		Health	Protection	Total		
For the six-month period ended 30 June 2021 (Unaudited)	Motor	casualty					
Revenues							
Gross premiums written							
- Direct							
- Large corporates	234,313	55,020	185,207	-	474,540	-	474,540
- Medium corporates	90,364	39,136	19,376	34,093	182,969	-	182,969
- Small corporates	17,511	17,109	1,989	-	36,609	-	36,609
- Micro enterprises	3,324	2,797	-	-	6,121	-	6,121
- Retail	69,207	30,877	10,298	-	110,382	-	110,382
- Reinsurance	-	2,735	-	-	2,735	-	2,735
	414,719	147,674	216,870	34,093	813,356	-	813,356
Reinsurance premiums ceded							
- Foreign	1,266	(46,811)	(14,048)	(9,989)	(69,582)	-	(69,582)
- Local	-	(7,575)	-	(5,318)	(12,893)	-	(12,893)
	1,266	(54,386)	(14,048)	(15,307)	(82,475)	-	(82,475)
Net premiums written	415,985	93,288	202,822	18,786	730,881	-	730,881
Changes in unearned premiums	(64,733)	(19,225)	(15,842)	(1,606)	(101,406)	-	(101,406)
Changes in reinsurers' share of unearned premiums	-	4,217	6,097	51	10,365	-	10,365
Net premiums earned	351,252	78,280	193,077	17,231	639,840	-	639,840
Reinsurance commissions	1,162	5,747	1,662	219	8,790	-	8,790
Total revenues	352,414	84,027	194,739	17,450	648,630	-	648,630

(Continued)

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12 Segmental information (continued)

For the six-month period ended 30 June 2021 (Unaudited) (continued)	Property and casualty		Health	Protection	Total	Shareholders' operations	Grand total
	Motor						
Underwriting costs and expenses							
Gross claims paid	280,562 (461)	13,332 (7,717)	195,149 (5,795)	14,963 (7,710)	504,006 (21,683)	-	504,006 (21,683)
Reinsurers' share of claims paid						-	
Net claims and other benefits paid							
Changes in outstanding claims	280,101	5,615	189,354	7,253	482,323	-	482,323
Changes in reinsurers' share of outstanding claims	17,814	82,038	(1,407)	9,034	107,479	-	107,479
Changes in claims incurred but not reported and other reserves	(588)	(59,381)	(1,472)	(6,711)	(68,152)	-	(68,152)
Changes in reinsurers' share of claims incurred but not reported and other reserves	(57,833)	2,096	(12,697)	4,436	(63,998)	-	(63,998)
Changes in reinsurers' share of claims incurred but not reported and other reserves	100	2,715	589	(3,633)	(229)	-	(229)
Net claims and other benefits incurred							
Policy acquisition costs	239,594	33,083	174,367	10,379	457,423	-	457,423
Total underwriting costs and expenses							
	30,981	13,587	12,223	4,533	61,324	-	61,324
	270,575	46,670	186,590	14,912	518,747	-	518,747
Net underwriting income	81,839	37,357	8,149	2,538	129,883	-	129,883
							(Continued)

(Continued)

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12 Segmental information (continued)

	Insurance operations				
	Property and casualty		Health Protection		Shareholders' operations
For the six-month period ended 30 June 2021 (Unaudited) (continued)	Motor	casualty	Health	Protection	Total
Other operating (expenses) income					
General and administrative expenses	(42,520)	(9,476)	(23,373)	(2,086)	(77,455)
Other income - net	-	-	-	-	23,479
Total other operating expenses - net	(42,520)	(9,476)	(23,373)	(2,086)	(53,976)
Total income before surplus attribution, zakat and income tax					86,330
Surplus attributed to the insurance operations					(7,591)
Total income for the period attributable to the shareholders					78,739
Zakat expense					(8,172)
Income tax expense					(5,924)
Total income for the period attributable to the shareholders					64,643

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13 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the three-month and six-month periods ended 30 June 2022 and 2021, and the related balances:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022	2021	2022	2021
<u>Major shareholders</u>				
Gross premiums from major shareholders	-	4,507	-	4,758
Reinsurance premiums ceded to major shareholders	-	7,606	-	39,727
Reinsurance commissions from major shareholders	-	550	-	3,833
Net claims paid to major shareholders	-	3,328	-	6,958
Reinsurers' share of gross claims paid to major shareholders	-	5,942	-	10,782
Expenses charged by major shareholders	824	1,077	2,783	1,464
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Gross premiums from other related parties	283	(158)	2,511	2,280
Net claims paid to other related parties	4,529	2,994	7,403	11,623

The compensation of key management personnel during the three-month and six-month periods is as follows:

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
	2022	2021	2022	2021
Salaries and benefits	2,717	2,435	5,126	4,995
Employee benefit obligations	786	167	908	304
	3,503	2,602	6,034	5,299

Board of Directors fees for the three-month and six-month periods ended 30 June 2022 were Saudi Riyals 0.4 million and Saudi Riyals 0.8 million, respectively (three month and six-month periods ended 30 June 2021: Saudi Riyals Saudi Riyals 0.3 million and 0.7 million, respectively).

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

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

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14 Zakat and income tax

Status of assessments

The Company has filed its Zakat and Income Tax returns with the Zakat, Tax and Custom Authority ("ZATCA") up to 2021. The Company has finalised its zakat and tax status with the ZATCA for all years up to 31 December 2015.

During 2021, the ZATCA issued assessments of zakat and income tax for the years 2016 through 2018 with additional liability amounting to Saudi Riyals 21.7 million. The Company has filed an appeal with the General Secretariat of Tax Committees ("GSTC") against the ZATCA's assessments. The review and decision of the GSTC is awaited. Furthermore, the ZATCA has issued assessments for zakat and income tax for the years 2019 and 2020 with additional liability amounting to Saudi Riyals 5.6 million. The Company has filed an objection with the ZATCA in relation to these assessments. The review and decision of the ZATCA is awaited.

Management is of the view that the level of existing provisions for zakat and income tax is sufficient to account for any potential additional liabilities arising out of the final assessments, once issued.

15 Other income - net

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance operations:				
Commission income on deposits	3,021	2,950	6,615	6,132
Commission income on investments	6,245	6,461	12,201	13,239
Realized gains/(loss) on disposals of investments	9	-	(201)	-
Amortization and accretion on investments	83	46	166	206
Total deposits and investments income	9,358	9,457	18,781	19,577
Interest on leases	(186)	(208)	(370)	(415)
Hajj/ Umrah/ Manafeth & other income/(loss)	1,326	(276)	1,172	4,317
Total	10,498	8,973	19,583	23,479
Shareholders' operations:				
Commission income on deposits	3,281	2,224	6,062	4,156
Commission income on investments	4,216	2,853	7,524	5,124
Realized gains on disposals of investments	8,941	2,071	13,402	2,071
Amortization and accretion on investments	(106)	35	(225)	61
Total deposits and investments income	16,332	7,183	26,763	11,412
Total other income - net	26,830	16,156	46,346	34,891

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16 Statutory reserve

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

17 Performance share reserve

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

During 2022, AXA SA. has terminated all scheme subsequent to the Company's acquisition by Gulf Insurance Group K.S.C.P. As a result, Saudi Riyals 2.5 million has been transferred to retained earnings.

18 Share capital

The authorized, issued and paid-up capital of the Company is Saudi Riyals 500 million at 30 June 2022 (31 December 2021: Saudi Riyals 500 million) consisting of 50 million shares (31 December 2021: 50 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as at 30 June 2022 and 31 December 2021 is as below. The shareholders of the Company are subject to zakat and income tax.

	No. of shares (thousands)	Saudi Riyals (thousands)
Gulf Insurance Group (Gulf) B.S.C (c).	25,000	250,000
General public	25,000	250,000
	50,000	500,000

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19 Capital management

The Company's objectives when managing capital are:

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

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

- Minimum capital requirement of Saudi Riyals 300 million;
- Premium solvency margin; or
- Claims solvency margin.

The Company's management, through various scenario analyses as required by SAMA, has assessed the potential impact of Covid-19 on the Company's solvency margin by performing stress testing for various variables such as gross premium growth, increase in employee cost, year-to-date loss ratios, outstanding premium provisions etc. and the related impact on the revenue, profitability, loss ratios and solvency ratios. The Company's management has concluded that, based on completion of required SAMA forms, the solvency margin of the Company is adequate at 30 June 2022. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

20 Goodwill on acquisition of insurance portfolio

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

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21 Supplementary information

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operation	Total
Assets						
Cash and cash equivalents	224,674	-	224,674	89,521	-	89,521
Short-term deposits	235,283	317,511	552,794	408,798	236,023	644,821
Premiums and reinsurers' balances receivable - net	337,925	-	337,925	299,811	-	299,811
Reinsurers' share of unearned premiums	40,167	-	40,167	26,333	-	26,333
Reinsurers' share of outstanding claims	119,785	-	119,785	120,273	-	120,273
Reinsurers' share of claims incurred but not reported and other reserves	41,544	-	41,544	54,747	-	54,747
Deferred policy acquisition costs	66,647	-	66,647	49,307	-	49,307
Investments	746,527	506,718	1,253,245	767,848	534,307	1,302,155
Prepaid expenses and other assets	29,516	11,205	40,721	23,577	6,278	29,855
Deferred Tax asset	-	4,051	4,051	-	-	-
Long-term deposits	120,721	50,000	170,721	145,721	70,000	215,721
Right-of-use assets	19,159	-	19,159	20,479	-	20,479
Property and equipment	17,465	-	17,465	19,518	-	19,518
Intangible assets	18,972	-	18,972	12,247	-	12,247
Due from shareholders'/insurance operations	(16,226)	16,226	-	(98,355)	98,355	-
Goodwill	-	50,000	50,000	-	50,000	50,000
Statutory deposit	-	50,000	50,000	-	50,000	50,000
Accrued income on statutory deposit	-	6,609	6,609	-	6,281	6,281
Total assets	2,002,159	1,012,320	3,014,479	1,939,825	1,051,244	2,991,069

(Continued)

GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	30 June 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Liabilities and equity						
Claims payable, accrued expenses and other liabilities	170,175	548	170,723	200,218	1,249	201,467
Surplus distribution payable	32,059	-	32,059	33,976	-	33,976
Reinsurers' balances payable	85,796	-	85,796	68,929	-	68,929
Advance premiums	32,473	-	32,473	30,055	-	30,055
Unearned premiums	672,471	-	672,471	517,829	-	517,829
Unearned reinsurance commission	7,004	-	7,004	3,458	-	3,458
Outstanding claims	419,903	-	419,903	366,614	-	366,614
Claims incurred but not reported and other reserves	552,833	-	552,833	654,242	-	654,242
Lease liabilities	19,777	-	19,777	19,407	-	19,407
Due to a related party	4,783	-	4,783	2,353	-	2,353
Employee benefit obligations	34,370	-	34,370	31,633	-	31,633
Zakat and income tax	-	57,685	57,685	-	58,806	58,806
Accrued income payable to SAMA	-	6,609	6,609	-	6,281	6,281
Total liabilities	2,031,644	64,842	2,096,486	1,928,714	66,336	1,995,050
Equity						
Share capital	-	500,000	500,000	-	500,000	500,000
Statutory reserve	-	113,194	113,194	-	104,702	104,702
Performance share reserve	-	-	-	-	2,514	2,514
Retained earnings	-	347,344	347,344	-	360,863	360,863
Fair value reserve on investments	(29,485)	(13,060)	(42,545)	11,111	16,829	27,940
Total equity	(29,485)	947,478	917,993	11,111	984,908	996,019
Total liabilities and equity	2,002,159	1,012,320	3,014,479	1,939,825	1,051,244	2,991,069

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED 30 JUNE (Unaudited)

	2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Revenues						
Gross premiums written						
- Direct	322,203	-	322,203	269,934	-	269,934
- Reinsurance	4,513	-	4,513	1,831	-	1,831
	326,716	-	326,716	271,765	-	271,765
Reinsurance premiums ceded:						
- Foreign	(16,191)	-	(16,191)	(20,210)	-	(20,210)
- Local	(4,364)	-	(4,364)	(9,288)	-	(9,288)
	(20,555)	-	(20,555)	(29,498)	-	(29,498)
Net premiums written	306,161	-	306,161	242,267	-	242,267
Changes in unearned premiums	34,366	-	34,366	93,667	-	93,667
Changes in reinsurers' share of unearned premiums	(7,737)	-	(7,737)	(5,063)	-	(5,063)
Net premiums earned	332,790	-	332,790	330,871	-	330,871
Reinsurance commissions	3,525	-	3,525	4,491	-	4,491
Total revenues	336,315	-	336,315	335,362	-	335,362
Underwriting costs and expenses						
Gross claims paid	277,670	-	277,670	248,899	-	248,899
Reinsurers' share of claims paid	(10,526)	-	(10,526)	(15,065)	-	(15,065)
Net claims and other benefits paid	267,144	-	267,144	233,834	-	233,834
Changes in outstanding claims	100,819	-	100,819	48,211	-	48,211
Changes in reinsurers' share of outstanding claims	(45,861)	-	(45,861)	(23,778)	-	(23,778)
Changes in claims incurred but not reported and other reserves	(81,480)	-	(81,480)	(17,755)	-	(17,755)
Changes in reinsurers' share of claims incurred but not reported and other reserves	14,610	-	14,610	2,006	-	2,006
Net claims and other benefits incurred	255,232	-	255,232	242,518	-	242,518
Policy acquisition costs	37,693	-	37,693	31,806	-	31,806
Total underwriting costs and expenses	292,925	-	292,925	274,324	-	274,324
Net underwriting income	43,390	-	43,390	61,038	-	61,038

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21 Supplementary information (continued)

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

	2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Other operating (expenses)/ income (continued)						
General and administrative expenses	(42,063)	(772)	(42,835)	(38,431)	(640)	(39,071)
Other income - net	10,498	16,332	26,830	8,973	7,183	16,156
Total other operating expenses - net	(31,565)	15,560	(16,005)	(29,458)	6,543	(22,915)
Total income before surplus appropriation, zakat and income tax	11,825	15,560	27,385	31,580	6,543	38,123
Zakat expense	-	(2,878)	(2,878)	-	(4,248)	(4,248)
Income tax credit/(expense)	-	(1,153)	(1,153)	-	(2,634)	(2,634)
Total income/ (loss) for the period	11,825	11,529	23,354	31,580	(339)	31,241
Surplus transferred to shareholders' operations	(10,643)	10,643	-	(28,421)	28,421	-
Total income for the period after transfer of insurance operations surplus	1,182	22,172	23,354	3,159	28,082	31,241

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30 (Unaudited)

	2022			2021		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
Total income for the period after transfer of insurance operations surplus	1,182	22,172	23,354	3,159	28,082	31,241
Other comprehensive income:						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent period</i>						
Net change in fair value of available-for-sale investments	(19,888)	(25,542)	(45,430)	3,499	6,562	10,061
Total comprehensive income for the period	(18,706)	(3,370)	(22,076)	6,658	34,644	41,302

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE (Unaudited)

	2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
REVENUES						
Gross premiums written						
Direct	856,967	-	856,967	810,621	-	810,621
Reinsurance	8,525	-	8,525	2,735	-	2,735
	865,492	-	865,492	813,356	-	813,356
Reinsurance premiums ceded						
Foreign	(71,202)	-	(71,202)	(69,582)	-	(69,582)
Local	(9,716)	-	(9,716)	(12,893)	-	(12,893)
	(80,918)	-	(80,918)	(82,475)	-	(82,475)
Net premiums written	784,574	-	784,574	730,881	-	730,881
Changes in unearned premiums	(154,642)	-	(154,642)	(101,406)	-	(101,406)
Changes in reinsurers' share of unearned premiums	13,835	-	13,835	10,365	-	10,365
Net premiums earned	643,767	-	643,767	639,840	-	639,840
Reinsurance commissions	7,661	-	7,661	8,790	-	8,790
Total revenues	651,428	-	651,428	648,630	-	648,630

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE (Unaudited) (continued)

	2022			2021		
	Insurance Operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Underwriting costs and expenses						
Gross claims paid	554,301	-	554,301	504,006	-	504,006
Reinsurers' share of claims paid	(32,766)	-	(32,766)	(21,683)	-	(21,683)
Net claims and other benefits paid	521,535	-	521,535	482,323	-	482,323
Changes in outstanding claims	53,288	-	53,288	107,479	-	107,479
Changes in reinsurers' share of outstanding claims	488	-	488	(68,152)	-	(68,152)
Changes in claims incurred but not reported and other reserves	(101,408)	-	(101,408)	(63,998)	-	(63,998)
Changes in reinsurers' share of claims incurred but not reported and other reserves	13,203	-	13,203	(229)	-	(229)
Net claims and other benefits incurred	487,106	-	487,106	457,423	-	457,423
Policy acquisition costs	70,836	-	70,836	61,324	-	61,324
Total underwriting costs and expenses	557,942	-	557,942	518,747	-	518,747
Net underwriting income	93,486	-	93,486	129,883	-	129,883

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE (Unaudited) (continued)

	2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Other operating (expenses) income						
General and administrative expenses	(84,227)	(1,120)	(85,347)	(77,455)	(989)	(78,444)
Other income- net	19,583	26,763	46,346	23,479	11,412	34,891
Total other operating expenses, net	(64,644)	25,643	(39,001)	(53,976)	10,423	(43,553)
Total income before surplus attribution, zakat and income tax	28,842	25,643	54,485	75,907	10,423	86,330
Zakat expense	-	(10,735)	(10,735)	-	(8,172)	(8,172)
Income tax expense	-	1,593	1,593	-	(5,924)	(5,924)
Total income/ (loss) for the period	28,842	16,501	45,343	75,907	(3,673)	72,234
Surplus transferred to shareholders' operations	(25,958)	25,958	-	(68,316)	68,316	-
Total income for the period after transfer of insurance operations surplus	2,884	42,459	45,343	7,591	64,643	72,234

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30 (Unaudited)

	2022			2021		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
Total income for the period after transfer of insurance operations surplus	2,884	42,459	45,343	7,591	64,643	72,234
Other comprehensive income (loss):						
<i>Items that will be reclassified to the interim condensed statement of income in subsequent period</i>						
Net change in fair value of available-for-sale investments	(40,596)	(29,889)	(70,485)	(7,223)	9,830	2,607
Total comprehensive income for the period	(37,712)	12,570	(25,142)	368	74,473	74,841

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE (Unaudited)

	2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Cash flows from operating activities						
Total income before surplus attribution, zakat and income tax	28,842	25,643	54,485	75,907	10,423	86,330
Adjustments for non-cash items:						
Depreciation of property and equipment	3,230	-	3,230	3,450	-	3,450
Depreciation of right-of-use assets	1,321	-	1,321	1,321	-	1,321
Amortization of intangible assets	1,928	-	1,928	2,992	-	2,992
Interest on lease	370	-	370	416	-	416
Provision for doubtful debts	1,130	-	1,130	838	-	838
Accretion of discount on available-for-sale investments	(572)	(207)	(779)	(626)	(153)	(779)
Loss on disposal of investments	201	13,403	13,604	-	2,071	2,071
Amortization of premium on available-for-sale investments	397	432	829	420	91	511
Amortization of premium on held-to-maturity investments	9	-	9	5	-	5
Performance share reserve	-	-	-	-	844	844
Provision for employee benefit obligations	4,446	-	4,446	2,027	-	2,027
Changes in operating assets and liabilities:						
Premiums and reinsurers' balances receivable - net	(39,244)	-	(39,244)	(116,258)	-	(116,258)
Reinsurers' share of unearned premiums	(13,834)	-	(13,834)	(10,365)	-	(10,365)
Reinsurers' share of outstanding claims	488	-	488	(68,152)	-	(68,152)
Reinsurers' share of claims incurred but not reported and other reserves	13,203	-	13,203	(229)	-	(229)
Deferred policy acquisition costs	(17,340)	-	(17,340)	(12,240)	-	(12,240)

(Continued)

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21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30 (Unaudited) (continued)

	2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Prepaid expenses and other assets	(5,937)	(4,925)	(10,862)	(5,120)	(5,662)	(10,782)
Accrued income on statutory deposit	-	(328)	(328)	-	(182)	(182)
Claims paid, accrued and other liabilities	(30,043)	(701)	(30,744)	(11,446)	(2,397)	(13,843)
Surplus distribution paid	(4,802)	-	(4,802)	-	-	-
Reinsurers' balances payable	16,867	-	16,867	5,495	-	5,495
Advance premiums	2,418	-	2,418	8,426	-	8,426
Unearned premiums	154,642	-	154,642	101,406	-	101,406
Unearned reinsurance commission	3,546	-	3,546	3,097	-	3,097
Outstanding claims	53,289	-	53,289	107,479	-	107,479
Claims incurred but not reported and other reserves	(101,409)	-	(101,409)	(63,998)	-	(63,998)
Due to a related party	2,430	-	2,430	(171)	-	(171)
Employee benefit obligations paid	(1,711)	-	(1,711)	(1,083)	-	(1,083)
Zakat and income tax paid	-	(14,317)	(14,317)	-	(16,556)	(16,556)
Accrued income payable to SAMA	-	328	328	-	182	182
Due from/to shareholders' / insurance operations	(108,087)	108,087	-	(84,929)	84,929	-
Net cash (used in) generated from operating activities	(34,222)	127,415	93,193	(61,338)	73,590	12,252

(Continued)

GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

21 Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

FO FOR THE SIX-MONTH PERIOD ENDED 30 JUNE (Unaudited) (continued)

	2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Cash flows from investing activities						
Withdrawals/(placements) in short-term deposits, net	173,515	(81,488)	92,027	(308,718)	(157,200)	(465,918)
Proceeds from disposals of short-term deposits	-	-	-	255,367	268,050	523,417
Placements in long-term deposits, net	(113,927)	(51,989)	(165,916)	(135,885)	(115,692)	(251,577)
Proceeds from disposals of investments	94,617	36,061	130,678	4,617	7,581	12,198
Proceeds from disposal of long-term deposits	25,001	20,001	45,002	-	-	-
Purchase of property and equipment	(1,178)	-	(1,178)	(1,797)	-	(1,797)
Purchase of intangible assets	(8,653)	-	(8,653)	(1,736)	-	(1,736)
Net cash (used in)/ generated from investing activities	169,375	(77,415)	91,960	(188,152)	2,739	(185,413)
Cash flows from financing activity						
Performance share reserve - settlement	-	-	-	-	(851)	(851)
Dividend settlements	-	(50,000)	(50,000)	-	-	-
Net (decrease)/ increase in cash and cash equivalents	135,153	-	135,153	(249,490)	75,478	(174,012)
Cash and cash equivalents, beginning of the period	89,521	-	89,521	278,949	52,087	331,036
Cash and cash equivalents, end of the period	224,674	-	224,674	29,459	127,565	157,024
Supplemental non-cash information:						
Changes in fair value of available-for sale-investments	(40,596)	(29,889)	(70,485)	(7,223)	9,830	2,607

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2022
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

22. Dividend declared

On 17 March 2022, the Board of Directors of the Company has recommended the distribution of cash dividends Saudi Riyals 50 million for the 2021 fiscal year, which was approved by shareholders in the Ordinary General Assembly meeting held on 15 May 2022.

23. Approval of the interim condensed financial statements

The interim condensed financial statements have been approved by the Board of Directors on 11 August 2022.