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**METLIFE, AMERICAN INTERNATIONAL  
GROUP AND ARAB NATIONAL BANK  
COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

**31 March 2018**

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MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

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

At 31 March 2018

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Audit - Consulting - Zakat & Tax

**Al-Bassam & Co.**  
**Allied Accountants**

(Member firm of PKF International)



**Crowe Horwath**

AlAzem & AlSudairy Co.  
CPA's & Consultants

Member Crowe Horwath International

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

**TO THE SHAREHOLDERS OF METLIFE, AMERICAN INTERNATIONAL GROUP AND  
ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

### **INTRODUCTION**

We have reviewed the accompanying interim condensed statement of financial position of Metlife, American International Group and Arab National Bank Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2018 and the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statements of changes in shareholders' equity and the interim condensed statement of cash flows for the three months period then ended and the related notes which form an integral part of these interim condensed financial information. Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") on accounting for Zakat and Income Tax. Our responsibility is to express a conclusion on these interim condensed financial information based on our review.

### **SCOPE OF REVIEW**

We conducted our review in accordance with International Standard on Review Engagement 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 the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") on accounting for Zakat and Income Tax.



Audit, Consulting, Tax & Ins.

**Al-Bassam & Co.**  
**Allied Accountants**

Member Firm of PKF International



**Crowe Horwath**

AlAzem & AlSudairy Co.  
CPA's & Consultants  
Member Crowe Horwath International

# **REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION** (Continued)

**TO THE SHAREHOLDERS OF METLIFE, AMERICAN INTERNATIONAL GROUP AND  
ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

## **EMPHASIS OF MATTER**

We draw attention to Note 2 to the interim condensed financial information, which indicates that on 26 March 2018, the Company announced on Tadawul that as of February 28, 2018, its accumulated losses exceeded its share capital by 51.62%. Furthermore, as of 31 March 2018, the accumulated losses have exceeded 53.8% of its share capital. Accordingly, on 18 April 2018, in an Extraordinary General Assembly meeting, it was resolved to reduce the Company's share capital by 48.57%, from SAR 350 million to SAR 180 million. To reflect the same, the Company will absorb SAR 170,000,000 of accumulated losses against reduction by its share capital of 17,000,000 shares to restructure Company's share capital. The Company's management made an assessment of its ability to continue as a going concern and is satisfied that it shall continue its operations in the foreseeable future and therefore, the financial statements have been prepared on a going concern basis. Accordingly our conclusion is not modified in respect of this matter.

**PKF Al-Bassam & Co.**  
**Allied Accountants**

P.O. Box 69658

Riyadh 11557

Kingdom of Saudi Arabia

**Ibrahim A. Al Bassam**  
Certified Public Accountant  
Licence No. 337

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**Certified Public Accountants**

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**Abdullah M. AlAzem**  
Certified Public Accountant  
License No. 335

9 May 2018G  
24 Shaban 1439H



MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

SAR '000

	Notes	31 March 2018 (Unaudited)	31 December 2017 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	67,759	59,021
Short Term deposits	7	97,068	107,051
Premiums and reinsurers' receivable - net	5	84,068	66,078
Reinsurers' share of unearned premiums	9.2	22,836	16,027
Reinsurers' share of mathematical reserves	9.1	201,720	214,579
Reinsurers' share of outstanding claims	9.1	24,959	21,496
Reinsurers' share of claims Incurred but not reported	9.1	25,154	23,682
Deferred policy acquisition costs		10,877	11,438
Due from related parties	6	431	419
Long term deposits	7	89,000	89,000
Investments	8	52,722	52,704
Prepaid expenses and other assets		26,313	21,811
Statutory deposit	11	35,000	35,000
Commission on statutory deposit		1,284	1,284
Intangible assets		697	630
Property and equipment, net		2,954	3,107
<b>TOTAL ASSETS</b>		<b>742,842</b>	<b>723,327</b>



Managing Director/  
Chief Executive Officer



Chairman of the  
Board of Directors



Chief Financial  
Officer



The accompanying notes from 1 to 19 form an integral part of these interim condensed financial information.

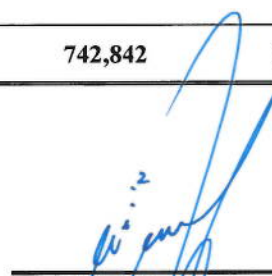
MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		SAR '000	
	Notes	31 March 2018 (Unaudited)	31 December 2017 (Audited)
<b>LIABILITIES</b>			
Policyholders claims payable		6,270	8,559
Accrued and other liabilities		32,629	25,799
Reinsurers' balances payable		41,256	30,409
Unearned premiums	9.2	138,638	128,277
Premium deficiency reserve		11,132	9,945
Outstanding claims	9.1	41,656	34,814
Claims incurred but not reported	9.1	95,903	81,981
Mathematical reserves	9.1	201,720	214,579
Unearned reinsurance commission		3,496	3,698
Due to related parties	6	490	298
Zakat	13	2,504	2,024
Accrued commission income payable to SAMA		1,284	1,284
End-of-service indemnities		4,155	3,881
<b>TOTAL LIABILITIES</b>		<b>581,133</b>	<b>545,548</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	350,000	350,000
Accumulated deficit		(188,291)	(172,221)
<b>TOTAL EQUITY</b>		<b>161,709</b>	<b>177,779</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>742,842</b>	<b>723,327</b>

  
Managing Director/  
Chief Executive Officer

  
Chairman of the  
Board of Directors

  
Chief Financial  
Officer

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial information.





MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31

	SAR '000	
	2018 (Unaudited)	2017 (Unaudited)
Gross written premiums	100,513	103,320
Reinsurance premiums ceded	(23,824)	(14,835)
Excess of loss premiums	(772)	(824)
<b>Net premiums written</b>	<b>75,917</b>	<b>87,661</b>
Net changes in unearned premiums	(3,552)	(41,000)
<b>Net premiums earned</b>	<b>72,365</b>	<b>46,661</b>
Reinsurance commission income	4,568	3,236
Other underwriting income	928	1,474
<b>TOTAL REVENUES</b>	<b>77,861</b>	<b>51,371</b>
Gross claims paid	(59,144)	(37,879)
Surrenders and maturities	(13,320)	(7,980)
Expenses incurred related to claims	(1,941)	(1,287)
Reinsurers' share of claims paid	14,768	10,464
<b>Net claims and other benefits paid</b>	<b>(59,637)</b>	<b>(36,682)</b>
Changes in outstanding claims, net	(3,392)	(9,914)
Changes in IBNR, net	(12,450)	8,513
<b>Net claims and other benefits incurred</b>	<b>(75,479)</b>	<b>(38,083)</b>
Change in Premium Deficiency Reserve	(1,187)	-
Policy acquisition costs	(7,144)	(6,053)
Inspection and supervisory fees	(1,064)	(700)
Other underwriting expenses	(393)	(393)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(85,267)</b>	<b>(45,229)</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(7,406)</b>	<b>6,142</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>		
Allowance for/ (Reversal of) doubtful debts	641	(2,076)
General and administration expenses	(10,755)	(12,617)
Commission income on deposits	1,930	1,683
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	<b>(8,184)</b>	<b>(13,010)</b>
<b>Total (Loss) for the period</b>	<b>(15,590)</b>	<b>(6,868)</b>
<b>Total (Loss) attributed to the insurance operations</b>	<b>-</b>	<b>-</b>
<b>Total (Loss) for the period attributable to the shareholders</b>	<b>(15,590)</b>	<b>(6,868)</b>
<b>Basic and Diluted (Loss) per share</b>	<b>(0.45)</b>	<b>(0.20)</b>

  
Managing Director/  
Chief Executive Officer

  
Chairman of the  
Board of Directors

  
Chief Financial  
Officer

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial information.



MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

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

	SAR '000	
	2018 (Unaudited)	2017 (Unaudited)
Total (loss) for the period	(15,590)	(6,868)
Other comprehensive income/(loss)	-	-
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>	<b>(15,590)</b>	<b>(6,868)</b>
Total comprehensive income (loss) for the period attributed to the insurance operations	-	-
<b>Total comprehensive (Loss) for the period attributable to the shareholders</b>	<b>(15,590)</b>	<b>(6,868)</b>



Managing Director/  
Chief Executive Officer



Chairman of the  
Board of Directors



Chief Financial  
Officer



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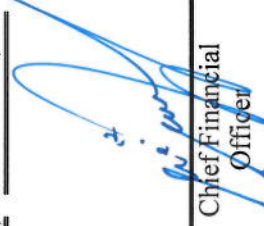
MetLife, American International Group and Arab National Bank  
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INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31

	SAR '000					
	Saudi Shareholders		Foreign Shareholders		Total Shareholders	
	Share capital	Accumulated deficit	Share capital	Accumulated deficit	Share capital	Accumulated deficit
Balance as at 1 January 2018	210,000	(104,832)	140,000	(67,389)	350,000	(172,221)
Net loss for the period	-	(9,354)	-	(6,236)	-	(15,590)
Zakat for the current period (note 13)	-	(480)	-	-	-	(480)
Balance as at 31 March 2018 (Unaudited)	210,000	(114,666)	140,000	(73,625)	350,000	(188,291)
Balance as at 1 January 2017	210,000	(68,648)	140,000	(44,267)	350,000	(112,915)
Net loss for the period	-	(4,121)	-	(2,747)	-	(6,868)
Zakat for the current period (note 13)	-	(540)	-	-	-	(540)
Balance as at 31 March 2017 (Unaudited)	210,000	(73,309)	140,000	(47,014)	350,000	(120,323)
						229,677

  
Managing Director/  
Chief Executive Officer

  
Chairman of the  
Board of Directors

  
Chief Financial  
Officer



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MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
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INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31

	SAR '000	
	2018 (Unaudited)	2017 (Audited)
Notes		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(15,590)	(6,868)
<i>Adjustments for:</i>		
Depreciation of property and equipment	288	461
Amortization of intangible assets	65	117
Special commission income	(1,930)	(1,683)
Amortization of Discount / Premium on HTM	(18)	(18)
Provision for doubtful receivables	(641)	2,076
Employees' terminal benefits	274	351
	(17,552)	(5,564)
<i>Changes in operating assets and liabilities:</i>		
Premiums and reinsurers' receivable - net	(17,349)	(45,077)
Reinsurers' share of unearned premiums	(6,809)	2,918
Reinsurers' share of mathematical reserves	12,859	4,004
Reinsurers' share of outstanding claims	(3,463)	(715)
Reinsurers' share of claims Incurred but not reported	(1,472)	(5,214)
Deferred policy acquisition costs	561	(3,399)
Due from related parties	(12)	1,325
Prepaid expenses and other assets	(3,560)	(1,757)
Policyholders claims payable	(2,289)	9,078
Payables, accruals and others	6,830	6,217
Reinsurance balances payable	10,847	5,970
Gross unearned premiums	10,361	38,081
Unearned reinsurance commission income	(202)	(303)
Gross outstanding claims	6,842	10,629
Gross claims incurred but not reported	13,922	(3,299)
Premium Deficiency Reserve	1,187	-
Gross mathematical reserves	(12,859)	(4,004)
Due to related parties	192	41
Employees' terminal benefits paid	-	(55)
Net cash (used in) / from operating activities	(1,966)	8,877
<b>INVESTING ACTIVITIES</b>		
Short term deposits	9,983	(28,293)
Special commission income received	988	1,333
Long term deposits	-	(40,000)
Purchase of property and equipment	(135)	(260)
Purchase of Intangible assets	(132)	(150)
Net cash generated from / (used in) investing activities	10,704	(67,370)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	8,738	(58,493)
Cash and cash equivalents at the beginning of the period	59,021	148,787
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>67,759</b>	<b>90,294</b>

4



Managing Director/  
Chief Executive Officer

Chairman of the  
Board of Directors

Chief Financial  
Officer

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial information.

**MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)**

For the period ended 31 March 2018

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES**

MetLife, American International Group and Arab National Bank Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010391438 dated 22 Dhul-Hijjah 1434H (corresponding to 27 October 2013).

The address of registered office of the Company is as follows:

MetLife, American International Group and Arab National Bank Cooperative Insurance Company

P.O. Box 56437

Riyadh 11554

Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. Its principal lines of business include individual and group life, accident and health and all classes of general insurance. The Company's shares were listed on the Saudi Arabian Stock Exchange ("Tadawul") on 23 Muharram 1435H (corresponding to 26 November 2013).

The Company received the approval letters from the Saudi Arabian Monetary Agency and Ministry of Commerce and Investment regarding the amendment of the Company's by-laws to be in accordance with the new companies' regulations. Based on the above, the Company's extraordinary general assembly was held on 12 April 2017 corresponding to 15 Rajab 1438 and accordingly the new by-laws was approved.

**1.1 METLIFE ALICO PORTFOLIO TRANSFER**

The Company has entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO has transferred its existing Saudi run-off portfolio to the Company effective 01 April 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company's books at book value with offsetting assets representing the reinsurance share of these liabilities. MetLife paid to the Company a reinsurance commission amounting to SR 577 thousand for the three month ended 31 March 2018 (SR 603 thousand for the three month ended 31 March 2017) to compensate the cost of capital for this portfolio in addition to reimbursing the Company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SR 370 thousand for the three month ended 31 March 2018 (SR 397 thousand for the three month ended 31 March 2017) which is booked under "Other underwriting income".

The portfolio transfer has been approved by the Board of Directors on 16 February 2015 and by the shareholders of the Company in their General Assembly meeting on 12 May 2015. Saudi Arabian Monetary Authority ("SAMA") has also provided their approval on 28/5/1436 H corresponding to 19 March 2015.

Assets and liabilities of the transferred portfolio as at 31 March 2018 are shown as below:

		SAR '000			
Assets				Liabilities	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)		31 March 2018 (Unaudited)	31 December 2017 (Audited)
Cash and Cash equivalents	1,726	1,661	Gross unearned premiums	176	228
Reinsurers' share of unearned premiums	176	228	Gross outstanding claims	11,076	11,088
Reinsurers' share of mathematical reserves	201,720	214,579	Gross mathematical reserves	201,720	214,579
Reinsurers' share of outstanding claims	11,076	11,088	Due to shareholders operations	5,149	4,160
Reinsurers' balances receivable	2,757	1,538	Reinsurance balances payable	-	-
Receivable & other assets	946	1,156	Payable and other liabilities	280	195
<b>Total</b>	<b>218,401</b>	<b>230,250</b>	<b>Total</b>	<b>218,401</b>	<b>230,250</b>

MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)  
For the period ended 31 March 2018

**1 ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)**

**1.2 MANAFETH AGREEMENT WITH TAWUNIYA**

The Company participated in the Manafeth agreement between Tawuniya and the majority of the insurance companies in Saudi Arabia effective 01 January 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with Al-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This deal is for three years starting from 01 January 2015 and is expected to renew at same terms. The income related to this portfolio is included in the interim statement of insurance operations under "Other underwriting income" and is allocated to Motor Insurance in the segment reporting.

**2 BASIS OF PREPARATION**

The interim condensed financial information have been prepared under the historical cost basis.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Insurance Operations and Shareholders' Operations. The physical custody of all assets related to the Insurance Operations and Shareholders' Operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is as determined by the management and Board of Directors. As per the by-laws of the Company, the deficit arising from the Insurance Operations is allocated fully to Shareholders Operations whereas any surplus arising from the Insurance Operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	<u>100%</u>

***Going Concern***

On 26 March 2018, the Company has announced on Tadawul that as of February 28, 2018, its accumulated losses exceeded its share capital by 51.62%. Furthermore, as of 31 March 2018, the accumulated losses have exceeded 53.8% of its share capital. Accordingly, the Board of Directors have called for the Extraordinary General Assembly to convene maximum by 09/05/2018 in order to rectify the accumulated losses situation.

On 18 April 2018, the Extraordinary General Assembly was convened and approved the reduction of the Company's Capital from SAR 350 million to SAR 180 million (percentage of capital reduction: 48.57%) by cancelling 17,000,000 shares to restructure the Company's capital to offset SAR 170,000,000 of the Company's accumulated losses in line with the new Companies Law. This reduction did not have any effect on the Company's obligations.

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

***Statement of compliance***

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax, which requires, adoption of all IFRS as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 - "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders' equity under retained earnings.



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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

For the period ended 31 March 2018

**2 BASIS OF PREPARATION (continued)**

*Statement of compliance (continued)*

These interim condensed financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2017.

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments. The Company's interim statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short term deposits, premiums and reinsurers' receivable - net, reinsurers' share of unearned premium, reinsurers' share of mathematical reserves, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, deferred policy acquisitions cost, due from related parties, prepaid expenses and other assets, policyholders claim payable, accrued and other liabilities, reinsurers balance payable, unearned premiums, premium deficiency reserve, unearned reinsurance commission, outstanding claims, claims incurred but not reported, mathematical reserves, due to related parties and Zakat. The following balances would generally be classified as non-current: end-of-service indemnities, Long term deposits, statutory deposit, accrued income on statutory deposit and property and equipment.

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 statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on Note No. 16 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, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level financial information in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The inclusion of separate information of the insurance operations with the financial information of the Company in the interim condensed statement of financial position, the statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the financial information represents additional supplementary information required as required by the implementing regulations. The functional and presentation currency of the Company is Saudi Riyals.

MetLife, American International Group and Arab National Bank  
Cooperative Insurance Company  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

For the period ended 31 March 2018

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY**

The Company has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

Standard	Description	Effective date
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.	1 January 2018
IAS 40	Amendments to IAS 40 Transfers of investment property.	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance consideration.	1 January 2018
IFRS 1 and IAS 28	Annual Improvements 2016 to IFRS 2014- 2016 cycle.	1 January 2018

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial information.

**Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial information are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they are effective.

IFRS 16 - "Leases", applicable for the period beginning on or after 1 January 2019. The new standard eliminates the current dual accounting model for lessees under IAS 17, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 proposes on-balance sheet accounting model. The Company has decided not to early adopt this new standard.

IFRS 17- "Insurance Contracts", applicable for the period beginning on or after 1 January 2021, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption is permitted if both IFRS 15 "Revenue form Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied. The company has decided not to early adopt this new standard.

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



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3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE  
COMPANY (continued)

Standards issued but not yet effective (continued)

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 2021. 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 has decided to defer the implementation of IFRS 9.

The Company believes that IFRS 9 would have an impact on the classification of financial instruments required to be measured mandatorily at fair value. At present it is not possible to provide a reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

4 CASH AND CASH EQUIVALENTS

	SAR '000			
	31 March 2018 (Unaudited)		31 December 2017 (Audited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Cash at banks and in hand	23,580	4,179	14,266	1,737
Short-term deposit with original maturity of three months or less	40,000	-	40,018	3,000
	<b>63,580</b>	<b>4,179</b>	<b>54,284</b>	<b>4,737</b>

Cash at banks are placed with local commercial banks with good investment grade credit ratings.

5 PREMIUMS AND REINSURERS' RECEIVABLE, NET

	SAR '000	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Policyholders	6,008	2,886
Brokers and agents	85,126	71,048
Related parties (note 6)	223	1,224
Receivables from reinsurers	2,688	1,538
	<b>94,045</b>	<b>76,696</b>
Provision for doubtful debts	(9,977)	(10,618)
Premiums and reinsurers' receivable – net	<b>84,068</b>	<b>66,078</b>

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6 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. Pricing policies and term of settlements with related parties are as per the commercial terms. The significant related party transactions and the related balances at the end of the period are set out below:

<i>Related party / Nature of transactions</i>	<i>Amount of transactions</i>			
	<i>For the three month period ended 31 March 2018 SR '000 (Unaudited)</i>	<i>For the three month period ended 31 March 2017 SR '000 (Unaudited)</i>	<i>Balance 31 March 2018 SR '000 (Unaudited)</i>	<i>Balance 31 December 2017 SR '000 (Audited)</i>
<b>Premium receivable from / Commission Payable to a related party</b>				
Arab National Bank ("ANB") (Shareholder)	4,185	6,911	1,224	4,757
Premiums receivable on policies sold through agency agreement with ANB agency	226	(857)	(216)	(334)
Commission payable on policies sold through agency agreement with ANB agency				
<b>Reinsurance balances payable</b>				
American International Group ("AIG") (Shareholder)	6,133	6,892	17,367	18,057
Reinsurance premiums payable & XOL	(1,493)	(1,599)	-	-
Reinsurance commission	(2)	(621)	-	-
Reinsurance share of paid claims				
<b>Delaware American Life Insurance Company (Owned 100% by MetLife)</b>				
Reinsurance premiums payable	4,432	1,623	5,621	2,466
Reinsurance commission	(822)	(196)	-	-
Reinsurance share of paid claims	(755)	(415)	-	-
<b>Reinsurance balances receivable / (Payable)</b>				
American Life Insurance Company "ALICO" (Owned 100% by MetLife)	2,233	2,738	1,538	1,249
Reinsurance premiums (portfolio transfer)	577	(603)	-	-
Reinsurance commission	13,320	(7,980)	-	-
Reinsurance share of claims paid (portfolio transfer)				

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6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>			<i>Balance 31 December 2017 SR '000 (Audited)</i>
	<i>For the three month period ended 31 March 2018 SR '000 (Unaudited)</i>	<i>For the three month period ended 31 March 2017 SR '000 (Unaudited)</i>	<i>Balance 31 March 2018 SR '000 (Unaudited)</i>	
<b>Due from related parties</b>				
<b>MetLife (Shareholder)</b>				
General and administrative expenses paid on behalf of the Company and recharged to the Company	75	75	431	419
Administration Fees Income (portfolio transfer)	370	398	-	-
<b>Due to related parties</b>				
<b>American International Group ("AIG") (Shareholder)</b>				
General and administrative expenses paid on behalf of the Company and recharged to the Company	192	41	490	298

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6 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<i>Related party/ Nature of transactions</i>	<i>Amount of transactions</i>			<i>Balance 31 December 2017 SR '000 (Audited)</i>
	<i>For the three month period ended 31 March 2018 SR '000 (Unaudited)</i>	<i>For the three month period ended 31 March 2017 SR '000 (Unaudited)</i>	<i>Balance 31 March 2018 SR '000 (Unaudited)</i>	
<b>Commitments and Contingencies</b>				
Arab National Bank ("ANB") (Shareholder)	-	-	1,411	1,411
Letters of Guarantee				
<b>Investment activities</b>				
Arab National Bank ("ANB") (Shareholder)	-	-	80,000	88,000
Time Deposits	373	144	1,145	945
Special commission income on deposits	-	-	10,000	10,000
Held to Maturity Investment (investment in ANB Sukuk)	86	95	167	81
Special commission income on held to maturity investments				
<b>Key management personnel</b>				
Salaries and other benefits	1,666	2,137	-	-
Board of Directors and Executive Committees' fees	251	236	1,135	884

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**7 TIME DEPOSITS**

Time deposits represent deposits with local commercial banks with good investment grade credit ratings and have an original maturity of more than three months from date of acquisition. Time Deposits invested for more than three months is set out below

	SAR '000			
	31 March 2018		31 December 2017	
	(Unaudited)		(Audited)	
	Insurance operations	Shareholders' operations	Insurance operations	Shareholders' operations
Short term deposits	85,068	12,000	79,051	28,000
Average variable special commission rate	1.69%	2.00%	2.25%	2.85%
Long term deposits	29,000	60,000	29,000	60,000
Average variable special commission rate	3.33%	3.67%	3.33%	3.67%

The carrying values of time deposits approximate their fair value at the reporting date

**8 INVESTMENTS**

*Investment are classified as follows:*

Types of Investments	SAR '000	
	Shareholders' operations	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Available for sale	3,175	3,175
Held to maturity	49,547	49,529
	52,722	52,704

*(i) Held to maturity*

Type of Investments	SAR '000	
	Shareholders' operations	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Sukuk – Private – Floating rate	35,000	35,000
Sukuk – Governmental – Fixed rate	14,441	14,441
Amortization of discount on HTM	106	88
	49,547	49,529

*Movement in the investment balance is as follows:*

	SAR '000	
	Shareholders' operations	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Beginning balance	52,704	52,632
Amortization of discount on HTM	18	72
	52,722	52,704

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**8 INVESTMENTS (continued)**

**(ii) Available for sale**

This investment represents equity holding in the unquoted share capital of "Najm For Insurance Services Company". As the fair value is not readily available; this investment has been carried at cost and reviewed by management for impairment. Management opinion that the fair value of this investment is not materially different from its carrying value.

**(iii) Levels of Investments**

The above held to maturity investments have not been classified into levels as they are kept at amortized cost. Regarding the available for sale investment, it is classified under level 3.

There are no movements in level 1, 2 & 3 during the period.

**9. Technical reserves**

**9.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	SAR '000	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Outstanding claims	41,656	34,814
	41,656	34,814
Claims incurred but not reported	95,903	81,981
Premium deficiency reserve <sup>1</sup>	11,132	9,945
Mathematical reserves	201,720	214,579
	350,411	341,319
Less:		
Reinsurers' share of outstanding claims	24,959	21,496
Reinsurers' share of claims Incurred but not reported	25,154	23,682
Reinsurers' share of mathematical reserves	201,720	214,579
	251,833	259,757
<b>Net outstanding claims and reserves</b>	<b>98,578</b>	<b>81,562</b>

**9.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

	SAR '000		
	Three months ended March 31, 2018 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	128,277	(16,027)	112,250
Premium written during the period	100,513	(23,824)	76,689
Premium earned during the period	(90,152)	17,015	(73,137)
Balance as at the end of the period	138,638	(22,836)	115,802



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9. Technical reserves (continued)

9.2 Movement in unearned premiums (continued)

	Year ended December 31, 2017 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	96,831	(28,592)	68,239
Premium written during the year	354,880	(64,934)	289,946
Premium earned during the year	(323,434)	77,499	(245,935)
Balance as at the end of the year	128,277	(16,027)	112,250

10 Commitments and Contingencies

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

	SAR '000	
	March 31, 2018 (Unaudited)	December 31, 2017 (Audited)
Letters of guarantee	3,161	3,161
Operating lease	1,767	2,570
Total	4,928	5,731

b) The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at March 31, 2018.

11 STATUTORY DEPOSIT

	SAR '000	
	31 March 2018 (Unaudited)	31 December 2017 (Audited)
Statutory Deposit (10% of paid-up share capital)	35,000	35,000
	35,000	35,000

Statutory deposit represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Authority ("SAMA"). SAMA is entitled for the income generated on the Statutory Deposit which cannot be withdrawn without the consent of SAMA. Commission on Statutory Deposit amounted to SR 1,284 thousand as of 31 March 2018 (SR 1,28 thousand as of 31 December 2017) and was reported separately under Shareholders' Assets and Shareholders' Liabilities in accordance with SAMA instructions.

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**12 SHARE CAPITAL**

The authorized, issued and paid-up share capital of the Company is SR 350 million divided into 35 million shares of SAR 10 each (31 December 2017: SR 350 million divided into 35 million shares of SAR 10 each).

On 18 April 2018, the Extraordinary General Assembly was convened and approved the reduction of the Company's Capital as follows:

1. Company's capital before reduction: SAR 350,000,000 divided into 35,000,000 shares.
2. Company's capital after reduction: SAR 180,000,000 divided into 18,000,000 shares.
3. Percentage of capital reduction: 48.57% of the Company's capital.
4. Reason of capital reduction: is to restructure the Company's capital to offset SAR 170,000,000 of the Company's accumulated losses in line with the new Companies Law.
5. Method of capital reduction: cancellation of 17,000,000 shares.

Possible effect of the capital reduction on the Company's obligations: There is no possible effect of the capital reduction on the Company's obligations.

**13 ZAKAT AND INCOME TAX**

a) Zakat Charge for the period:

The zakat charge for the period consists of the current period's provision amounting to SR 480 thousand (31 December 2017: SR1,500 thousand). The zakat provision is based on Saudi Shareholders' share of capital at 48.02% (31 December 2017: 48.02%).

b) Income tax charge for the period:

There was no income tax charge for the period relating to the Non-Saudi shareholder due to the net adjusted loss (same for 31 December 2017). The Non- Saudi Shareholders' share of capital is 51.98% (31 December 2017: 51.98%).

c) Status of zakat and income tax assessments:

Tax/zakat return of the Company for the 12 months ending 31 December 2017 has been filed within the stipulated deadline. now the Company in the process of extracting tax/zakat certificate which is valid till 30 April 2019.

→During 2017 and 2018, the Company received the following:

- Preliminary Committee's decision No. 216/2/1139 dated 14-04-1439H (01-January-2018) regarding GAZT assessments for the year 2014, since Preliminary Committee rejected the Company appeal, the Company filled an appeal with Higher Committee during the legal period.
- During 2018 the Company received Preliminary Committee's letter No. 55/2/1139 dated 16-07-1439H regarding GAZT assessments for the year 2013, to submit documents.

During 2016 the Company has received the following assessments related to 2014 Tax and Zakat filling as follows:

- GAZT letter No. 019000006784 dated 03 November 2016 requesting the Company to pay additional zakat of SR 351 thousand for the year 2014 and Company filed an appeal during the legal period.
- GAZT letter No. 024000033080 dated 03 November 2016 requesting the Company to pay additional suppliers' withholding tax of SR 246 thousand for the year 2014 (include SR 58 thousand as delay fines) and Company filed an appeal during the legal period.

The Company's management expects the success in defending all items raised by GAZT above is most likely; therefore, no additional provisions were provided for these items.

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**14 BASIC AND DILUTED LOSS PER SHARE**

Basic and diluted loss per share for the period has been calculated by dividing the net loss for the period by the weighted average number of outstanding shares at the period end.

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.7, which is a ratio of the theoretical ex-rights of SR 33.52 and the closing price per share of SR 57.04 on 22 February 2016, the last day on which the shares were traded before the rights issue.

The basic and diluted earnings per share are as follows:

	SAR '000	
	<i>For the three month period ended</i>	<i>For the three month period ended</i>
	<i>31 March 2018</i>	<i>31 March 2017</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net loss before Zakat for the period	(15,590)	(6,868)
Weighted average number of ordinary shares	35,000,000	35,000,000
Basic and diluted loss per share	(0.45)	(0.20)

**15 SEGMENT INFORMATION**

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses.

Segment assets do not include cash and cash equivalents, prepayments and other assets, due from shareholders' operations and property and equipment. Accordingly they are included in unallocated assets.

Segment liabilities do not include part of end-of-service indemnities, accrued expenses and other liabilities and due to related parties. Accordingly they are included in unallocated liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

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15 SEGMENT INFORMATION (continued)

	SAR '000					
	As at March 31, 2018 (Unaudited)					
	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Shareholders' operations	Total
<b>Assets</b>						
Cash and cash equivalents	-	-	-	-	4,179	4,179
Short term deposits	-	-	-	-	12,000	12,000
Premiums and reinsurers' receivable – net	5,868	48,967	8,760	20,473	-	84,068
Reinsurers' share of unearned premiums	346	4,729	-	17,761	-	22,836
Reinsurers' share of mathematical reserves	201,720	-	-	-	-	201,720
Reinsurers' share of outstanding claims	20,882	-	-	4,077	-	24,959
Reinsurers' share of claims incurred but not reported	1,519	1,655	-	21,980	-	25,154
Deferred policy acquisition costs	508	7,769	1,391	1,209	-	10,877
Long term deposits	-	-	-	-	60,000	60,000
Investments	-	-	-	-	52,722	52,722
Prepaid expenses and other assets	51	13,513	2,404	110	1,701	17,779
Statutory deposit	-	-	-	-	35,000	35,000
Commission on statutory deposit	-	-	-	-	1,284	1,284
Unallocated assets	-	-	-	-	-	190,264
<b>Total assets</b>	<b>230,894</b>	<b>76,633</b>	<b>12,555</b>	<b>65,610</b>	<b>166,886</b>	<b>742,842</b>
<b>Liabilities</b>						
Policyholders claims payable	-	5,901	369	-	-	6,270
Accrued and other liabilities	1,818	7,771	3,077	9,995	1,273	23,934
Reinsurers' balances payable	7,073	6,744	987	26,452	-	41,256
Unearned premiums	3,640	102,648	13,353	18,997	-	138,638
Premium deficiency reserve	-	11,132	-	-	-	11,132
Outstanding claims	27,629	1,511	7,749	4,767	-	41,656
Claims incurred but not reported	2,302	63,026	5,440	25,135	-	95,903
Mathematical reserves	201,720	-	-	-	-	201,720
Unearned reinsurance commission	2	767	1	2,726	-	3,496
Zakat	-	-	-	-	2,504	2,504
Accrued commission income payable to SAMA	-	-	-	-	1,284	1,284
Unallocated liabilities	-	-	-	-	-	13,340
<b>Total liabilities</b>	<b>244,184</b>	<b>199,500</b>	<b>30,976</b>	<b>88,072</b>	<b>5,061</b>	<b>581,133</b>

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15 SEGMENT INFORMATION (continued)

	SAR '000					
	As at December 31, 2017					
	(Audited)					
	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Shareholders' operations	Total
<b>Assets</b>						
Cash and cash equivalents	-	-	-	-	4,737	4,737
Short term deposits	-	-	-	-	28,000	28,000
Premiums and reinsurers' receivable – net	2,522	44,963	7,510	11,083	-	66,078
Reinsurers' share of unearned premiums	180	668	-	15,179	-	16,027
Reinsurers' share of mathematical reserves	214,579	-	-	-	-	214,579
Reinsurers' share of outstanding claims	17,336	16	-	4,144	-	21,496
Reinsurers' share of claims incurred but not reported	1,762	1,729	-	20,191	-	23,682
Deferred policy acquisition costs	203	8,142	1,423	1,670	-	11,438
Long term deposits	-	-	-	-	60,000	60,000
Investments	-	-	-	-	52,704	52,704
Prepaid expenses and other assets	31	9,609	1,841	284	1,124	12,889
Statutory deposit	-	-	-	-	35,000	35,000
Commission on statutory deposit	-	-	-	-	1,284	1,284
Unallocated assets	-	-	-	-	-	175,413
<b>Total assets</b>	<b>236,613</b>	<b>65,127</b>	<b>10,774</b>	<b>52,551</b>	<b>182,849</b>	<b>723,327</b>
<b>Liabilities</b>						
Policyholders claims payable	-	7,777	782	-	-	8,559
Accrued and other liabilities	1,137	10,630	2,246	5,845	1,029	20,887
Reinsurers' balances payable	5,188	2,796	859	21,566	-	30,409
Unearned premiums	1,506	96,709	13,511	16,551	-	128,277
Premium deficiency reserve	-	9,945	-	-	-	9,945
Outstanding claims	23,173	1,663	5,182	4,796	-	34,814
Claims incurred but not reported	2,565	50,798	6,048	22,570	-	81,981
Mathematical reserves	214,579	-	-	-	-	214,579
Unearned reinsurance commission	39	151	-	3,508	-	3,698
Zakat	-	-	-	-	2,024	2,024
Accrued commission income payable to SAMA	-	-	-	-	1,284	1,284
Unallocated liabilities	-	-	-	-	-	9,091
<b>Total liabilities</b>	<b>248,187</b>	<b>180,469</b>	<b>28,628</b>	<b>74,836</b>	<b>4,337</b>	<b>545,548</b>

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15 SEGMENT INFORMATION (continued)

SAR '000						
For the three months period ended March 31, 2018						
(Unaudited)						
Operating segments	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written premiums	9,357	66,510	8,483	16,163	-	100,513
Reinsurance premiums ceded	(5,149)	(5,730)	-	(12,945)	-	(23,824)
Excess of loss premiums	-	-	(375)	(397)	-	(772)
Net premiums written	4,208	60,780	8,108	2,821	-	75,917
Net changes in unearned premiums	(1,968)	(1,876)	158	134	-	(3,552)
Net premiums earned	2,240	58,904	8,266	2,955	-	72,365
Reinsurance commissions	1,140	412	-	3,016	-	4,568
Other underwriting income	370	-	525	33	-	928
<b>TOTAL REVENUES</b>	<b>3,750</b>	<b>59,316</b>	<b>8,791</b>	<b>6,004</b>	<b>-</b>	<b>77,861</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(2,283)	(50,786)	(5,968)	(107)	-	(59,144)
Surrenders and maturities	(13,320)	-	-	-	-	(13,320)
Expenses incurred related to claims	-	(1,941)	-	-	-	(1,941)
Reinsurers' share of claims paid	13,927	755	-	86	-	14,768
Net claims and other benefits paid	(1,676)	(51,972)	(5,968)	(21)	-	(59,637)
Changes in outstanding claims, net	(909)	136	(2,568)	(51)	-	(3,392)
Changes in IBNR, net	20	(12,303)	608	(775)	-	(12,450)
Net claims and other benefits incurred	(2,565)	(64,139)	(7,928)	(847)	-	(75,479)
Change in Premium Deficiency Reserve	-	(1,187)	-	-	-	(1,187)
Policy acquisition costs	(376)	(4,520)	(903)	(1,345)	-	(7,144)
Inspection and supervisory fees	(36)	(910)	(43)	(75)	-	(1,064)
Other underwriting expenses	-	(355)	(38)	-	-	(393)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(2,977)</b>	<b>(71,111)</b>	<b>(8,912)</b>	<b>(2,267)</b>	<b>-</b>	<b>(85,267)</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>773</b>	<b>(11,795)</b>	<b>(121)</b>	<b>3,737</b>	<b>-</b>	<b>(7,406)</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
General and administrative expenses	-	-	-	-	(10,755)	(10,755)
Allowance for/ (Reversal of) doubtful debts	79	207	(53)	408	-	641
Commission income on deposits/sukuks	-	-	-	-	1,930	1,930
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	<b>79</b>	<b>207</b>	<b>(53)</b>	<b>408</b>	<b>(8,825)</b>	<b>(8,184)</b>
<b>NET (DEFICIT)/ SURPLUS</b>	<b>852</b>	<b>(11,588)</b>	<b>(174)</b>	<b>4,145</b>	<b>(8,825)</b>	<b>(15,590)</b>
Shareholders' absorption of deficit/ (Surplus) transferred to Shareholders	(852)	11,588	174	(4,145)	8,825	15,590
<b>NET RESULT AFTER SHAREHOLDERS' ABSORPTION OF DEFICIT/ TRANSFER OF SURPLUS TO SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

For the period ended 31 March 2018

15 SEGMENT INFORMATION (continued)

SAR '000						
For the three months period ended March 31, 2017 (Unaudited)						
Operating segments	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written premiums	10,501	65,623	16,833	10,363		103,320
Reinsurance premiums ceded	(4,649)	(1,633)	-	(8,552)		(14,834)
Excess of loss premiums	-	-	(519)	(305)		(824)
Net premiums written	5,852	63,990	16,314	1,506		87,662
Net changes in unearned premiums	(2,351)	(27,071)	(11,772)	194		(41,000)
Net premiums earned	3,501	36,919	4,542	1,700		46,662
Reinsurance commissions	658	57	(1)	2,522		3,236
Other underwriting income	398	-	1,043	33		1,474
<b>TOTAL REVENUES</b>	<b>4,557</b>	<b>36,976</b>	<b>5,584</b>	<b>4,255</b>		<b>51,372</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(2,429)	(32,194)	(2,165)	(1,091)		(37,879)
Surrenders and maturities	(7,980)	-	-	-		(7,980)
Expenses incurred related to claims	-	(1,287)	-	-		(1,287)
Reinsurers' share of claims paid	8,977	415	-	1,072		10,464
Net claims and other benefits paid	(1,432)	(33,066)	(2,165)	(19)		(36,682)
Changes in outstanding claims, net	(908)	(7,924)	(1,048)	(34)		(9,914)
Changes in IBNR, net	(887)	11,011	(1,179)	(432)		8,513
Net claims and other benefits incurred	(3,227)	(29,979)	(4,392)	(485)		(38,083)
Change in Premium Deficiency Reserve	-	-	-	-		-
Policy acquisition costs	(722)	(3,219)	(637)	(1,474)		(6,052)
Inspection and supervisory fees	(39)	(562)	(24)	(75)		(700)
Other underwriting expenses	-	(267)	(126)	-		(393)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(3,988)</b>	<b>(34,027)</b>	<b>(5,179)</b>	<b>(2,034)</b>		<b>(45,228)</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>569</b>	<b>2,949</b>	<b>405</b>	<b>2,221</b>		<b>6,144</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
General and administrative expenses	-	-	-	-	(12,620)	(12,620)
Allowance for/ (Reversal of) doubtful debts	(39)	(1,471)	(238)	(328)		(2,076)
Commission income on deposits/sukuks	-	-	-	-	1,684	1,684
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	<b>(39)</b>	<b>(1,471)</b>	<b>(238)</b>	<b>(328)</b>	<b>(10,936)</b>	<b>(13,012)</b>
<b>NET (DEFICIT)/ SURPLUS</b>	<b>530</b>	<b>1,478</b>	<b>167</b>	<b>1,893</b>	<b>(10,936)</b>	<b>(6,868)</b>
Shareholders' absorption of deficit/ (Surplus) transferred to Shareholders	(530)	(1,478)	(167)	(1,893)	10,936	6,868
<b>NET RESULT AFTER SHAREHOLDERS' ABSORPTION OF DEFICIT/ TRANSFER OF SURPLUS TO SHAREHOLDERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

MetLife, American International Group and Arab National Bank  
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

For the period ended 31 March 2018

16 SUPPLEMENTARY INFORMATION

	SAR '000					
	March 31, 2018 - (Unaudited)			December 31, 2017 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	63,580	4,179	67,759	54,284	4,737	59,021
Short term deposits	85,068	12,000	97,068	79,051	28,000	107,051
Premiums and reinsurers' receivable - net	84,068	-	84,068	66,078	-	66,078
Reinsurers' share of unearned premiums	22,836	-	22,836	16,027	-	16,027
Reinsurers' share of mathematical reserves	201,720	-	201,720	214,579	-	214,579
Reinsurers' share of outstanding claims	24,959	-	24,959	21,496	-	21,496
Reinsurers' share of claims Incurred but not reported	25,154	-	25,154	23,682	-	23,682
Deferred policy acquisition costs	10,877	-	10,877	11,438	-	11,438
Investments	-	52,722	52,722	-	52,704	52,704
Due from related parties	431	-	431	419	-	419
Prepaid expenses and other assets	24,612	1,701	26,313	20,687	1,124	21,811
Long term deposits	29,000	60,000	89,000	29,000	60,000	89,000
Due to/from insurance/shareholders operations	116	-	116	733	-	733
Property and equipment, net	2,954	-	2,954	3,107	-	3,107
Intangible assets, net	697	-	697	630	-	630
Statutory deposit	-	35,000	35,000	-	35,000	35,000
Accrued income on statutory deposit	-	1,284	1,284	-	1,284	1,284
<b>TOTAL ASSETS</b>	<b>576,072</b>	<b>166,886</b>	<b>742,958</b>	<b>541,211</b>	<b>182,849</b>	<b>724,060</b>

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

For the period ended 31 March 2018

16. SUPPLEMENTARY INFORMATION (continued)

	SAR '000					
	March 31, 2018 - (Unaudited)			December 31, 2017 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<b>LIABILITIES</b>						
Policyholders claims payable	6,270	-	6,270	8,559	-	8,559
Payables, accruals and others	31,356	1,273	32,629	24,770	1,029	25,799
Reinsurance balances payable	41,256	-	41,256	30,409	-	30,409
Gross unearned premiums	138,638	-	138,638	128,277	-	128,277
Unearned reinsurance commission income	3,496	-	3,496	3,698	-	3,698
Gross outstanding claims	41,456	-	41,456	34,814	-	34,814
Gross claims incurred but not reported	95,903	-	95,903	81,981	-	82,981
Premium Deficiency Reserve	11,132	-	11,132	9,945	-	9,945
Gross mathematical reserves	201,720	-	201,720	214,579	-	214,579
Due to related parties	490	-	490	298	-	298
End-of-service indemnities	4,155	-	4,155	3,881	-	3,881
Due to/from insurance/shareholders operations	-	116	116	-	733	733
Zakat	-	2,504	2,504	-	2,024	2,024
Commission on statutory deposit	-	1,284	1,284	-	1,284	1,284
<b>TOTAL LIABILITIES</b>	<b>576,072</b>	<b>5,177</b>	<b>581,249</b>	<b>541,211</b>	<b>5,070</b>	<b>546,281</b>
<b>SHAREHOLDERS' EQUITY</b>						
Share capital	-	350,000	350,000	-	350,000	350,000
Accumulated deficit	-	(188,291)	(188,291)	-	(172,221)	(172,221)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>161,709</b>	<b>161,709</b>	<b>-</b>	<b>177,779</b>	<b>177,779</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>576,072</b>	<b>166,886</b>	<b>742,958</b>	<b>541,211</b>	<b>182,849</b>	<b>724,060</b>

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

For the period ended 31 March 2018

16. SUPPLEMENTARY INFORMATION (continued)

	SAR '000					
	March 31, 2018 - (Unaudited)			December 31, 2017 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Gross written premiums	100,513	-	100,513	103,320	-	103,320
Reinsurance premiums ceded	(23,824)	-	(23,824)	(14,834)	-	(14,834)
Excess of loss premiums	(772)	-	(772)	(824)	-	(824)
<b>NET WRITTEN PREMIUMS</b>	<b>75,917</b>	<b>-</b>	<b>75,917</b>	<b>87,662</b>	<b>-</b>	<b>87,662</b>
Net changes in unearned premiums	(3,552)	-	(3,552)	(41,000)	-	(41,000)
<b>NET EARNED PREMIUMS</b>	<b>72,365</b>	<b>-</b>	<b>72,365</b>	<b>46,662</b>	<b>-</b>	<b>46,662</b>
Reinsurance commission earned	4,568	-	4,568	3,236	-	3,236
Other underwriting income	928	-	928	1,474	-	1,474
<b>TOTAL REVENUE</b>	<b>77,861</b>	<b>-</b>	<b>77,861</b>	<b>51,372</b>	<b>-</b>	<b>51,372</b>
Gross claims paid	(59,144)	-	(59,144)	(37,879)	-	(37,879)
Surrenders and maturities	(13,320)	-	(13,320)	(7,980)	-	(7,980)
Expenses incurred related to claims	(1,941)	-	(1,941)	(1,287)	-	(1,287)
Reinsurers' share of claims paid	14,768	-	14,768	10,464	-	10,464
<b>NET CLAIMS PAID</b>	<b>(59,637)</b>	<b>-</b>	<b>(59,637)</b>	<b>(36,682)</b>	<b>-</b>	<b>(36,682)</b>
Changes in outstanding claims, net	(17,314)	-	(17,314)	(6,615)	-	(6,615)
Changes in IBNR, net	1,472	-	1,472	5,214	-	5,214
<b>NET CLAIMS INCURRED</b>	<b>(75,479)</b>	<b>-</b>	<b>(75,479)</b>	<b>(38,083)</b>	<b>-</b>	<b>(38,083)</b>
Change in Premium Deficiency Reserve	(1,187)	-	(1,187)	-	-	-
Commissions incurred	(7,144)	-	(7,144)	(6,052)	-	(6,052)
Inspection and supervisory fees	(1,064)	-	(1,064)	(700)	-	(700)
Other direct underwriting expense	(393)	-	(393)	(393)	-	(393)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(85,267)</b>	<b>-</b>	<b>(85,267)</b>	<b>(45,228)</b>	<b>-</b>	<b>(45,228)</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(7,406)</b>	<b>-</b>	<b>(7,406)</b>	<b>6,144</b>	<b>-</b>	<b>6,144</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Allowance for/ (Reversal of) doubtful debts	641	-	641	(2,076)	-	(2,076)
General and administration expenses	(10,356)	(399)	(10,755)	(12,266)	(354)	(12,620)
Special commission income	768	1,162	1,930	304	1,380	1,684
Dividend income	-	-	-	-	-	-
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	<b>(8,947)</b>	<b>763</b>	<b>(8,184)</b>	<b>(14,038)</b>	<b>1,026</b>	<b>(13,012)</b>
<b>TOTAL INCOME / (LOSS) FOR THE PERIOD</b>	<b>(16,353)</b>	<b>763</b>	<b>(15,590)</b>	<b>(7,894)</b>	<b>1,026</b>	<b>(6,868)</b>
Appropriation of deficit from/to insurance/shareholders operations	16,353	(16,353)	-	7,894	(7,894)	-
<b>NET RESULT FOR THE PERIOD</b>	<b>-</b>	<b>(15,590)</b>	<b>(15,590)</b>	<b>-</b>	<b>(6,868)</b>	<b>(6,868)</b>

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16. SUPPLEMENTARY INFORMATION (continued)

	SAR '000					
	March 31, 2018 - (Unaudited)			March 31, 2017 - (Unaudited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
Net result for the period	-	(15,590)	(15,590)	-	(6,868)	(6,868)
<i>Adjustments for non-cash items:</i>						
Shareholders' appropriation from deficit	(16,353)	16,353	-	(7,894)	7,894	-
Depreciation of property and equipment	288	-	288	461	-	461
Amortization of intangible assets	65	-	65	117	-	117
Provision for doubtful receivables	(641)	-	(641)	2,076	-	2,076
Special commission income	(768)	(1,162)	(1,930)	(303)	(1,380)	(1,683)
Amortization of Discount / Premium on HTM	-	(18)	(18)	-	(18)	(18)
Provision for end-of-service indemnities	274	-	274	351	-	351
	(17,135)	(417)	(17,552)	(5,192)	(372)	(5,564)
<i>Changes in operating assets and liabilities:</i>						
Premiums and reinsurers' receivable – net	(17,349)	-	(17,349)	(45,077)	-	(45,077)
Reinsurers' share of unearned premiums	(6,809)	-	(6,809)	2,918	-	2,918
Reinsurers' share of mathematical reserves	12,859	-	12,859	4,004	-	4,004
Reinsurers' share of outstanding claims	(3,463)	-	(3,463)	(715)	-	(715)
Reinsurers' share of claims incurred but not reported	(1,472)	-	(1,472)	(5,214)	-	(5,214)
Deferred policy acquisition costs	561	-	561	(3,399)	-	(3,399)
Due from related parties	(12)	-	(12)	1,325	-	1,325
Prepaid expenses and other assets	(3,504)	(56)	(3,560)	(1,548)	(209)	(1,757)
Due to/from insurance/shareholders operations	-	(16,970)	(16,970)	-	(2,876)	(2,876)
Policyholders claims payable	(2,289)	-	(2,289)	9,078	-	9,078
Payables, accruals and others	6,586	244	6,830	5,982	235	6,217
Reinsurance balances payable	10,847	-	10,847	5,970	-	5,970
Gross unearned premiums	10,361	-	10,361	38,081	-	38,081
Unearned reinsurance commission income	(202)	-	(202)	(303)	-	(303)
Gross outstanding claims	6,842	-	6,842	10,629	-	10,629
Gross claims incurred but not reported	13,922	-	13,922	(3,299)	-	(3,299)
Premium Deficiency Reserve	1,187	-	1,187	-	-	-
Gross mathematical reserves	(12,859)	-	(12,859)	(4,004)	-	(4,004)
Due to related parties	192	-	192	41	-	41
Employees' terminal benefits paid	-	-	-	(55)	-	(55)
Net cash from operating activities	15,232	(17,199)	(1,966)	12,099	(3,222)	8,877

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16. SUPPLEMENTARY INFORMATION (continued)

	SAR'000					
	March 31, 2018 - (Unaudited)			March 31, 2017 - (Unaudited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<b>INVESTING ACTIVITIES</b>						
Short term deposits	(6,017)	16,000	9,983	(16,293)	(12,000)	(28,293)
Investments	-	-	-	-	-	-
Special commission income received	347	641	988	551	782	1,333
Dividends received	-	-	-	-	-	-
Long term deposits	-	-	-	-	(40,000)	(40,000)
Purchase of property and equipment	(135)	-	(135)	(260)	-	(260)
Purchase of Intangible assets	(132)	-	(132)	(150)	-	(150)
<b>Net cash used in investing activities</b>	<b>(5,937)</b>	<b>16,641</b>	<b>10,704</b>	<b>(16,152)</b>	<b>(51,218)</b>	<b>(67,370)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,295</b>	<b>(558)</b>	<b>8,737</b>	<b>(4,053)</b>	<b>(54,440)</b>	<b>(58,493)</b>
Cash and cash equivalents at the beginning of the period	54,284	4,737	59,021	44,785	104,002	148,787
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>63,579</b>	<b>4,179</b>	<b>67,758</b>	<b>40,732</b>	<b>49,562</b>	<b>90,294</b>



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**17 CAPITAL MANAGEMENT**

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with SAMA's capital requirements in the Kingdom of Saudi Arabia while maximising the return to stakeholders through the equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves.

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimise the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

The Company continuously reassesses its capital needs to maintain sufficient liquid resources and accordingly comply with the prescribed requirements for maintaining solvency margins (see note 11).

**18 COMPARATIVE FIGURES**

Certain figures for the prior period have been reclassified to conform to the presentation made in the current period; however the impact of such reclassifications was not material to the overall presentation of the interim condensed financial information.

**19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

The interim condensed financial information have been approved on 24 Shaban 1439H corresponding to (09 May 2018 G).



Managing Director/  
Chief Executive Officer



Chairman of the  
Board of Directors



Chief Financial Officer

