

**WATANIYA INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022**

<b>INDEX</b>	<b>Page</b>
Independent auditors' review report	2
Condensed statement of financial position	3
Condensed statement of income	4 – 5
Condensed statement of comprehensive income	6
Condensed statement of changes in equity	7
Condensed statement of cash flows	8 – 9
Notes to the condensed interim financial statements	10 – 43

**KPMG Professional Service**

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Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

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Kingdom of Saudi Arabia  
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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF  
CONDENSED INTERIM FINANCIAL STATEMENTS**

The shareholders  
Wataniya Insurance Company  
(A Saudi Joint Stock Company)  
Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying condensed statement of financial position of Wataniya Insurance Company (the "Company") as at June 30, 2022 and the related condensed statements of income, comprehensive income for the three-month and six-month periods then ended, and 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 "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim 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 condensed interim 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, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Other matter**

The financial statements of the Company for the three-month and six-month periods ended June 30, 2021 and for the year ended December 31, 2021 were respectively reviewed and audited jointly by Ernst & Young & Co. Public Accountants and PricewaterhouseCoopers Public Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated August 17, 2021 (corresponding to Muharram 9, 1443 H) and March 20, 2022 (corresponding to Sha'ban 17, 1443 H) respectively.

**For KPMG Professional Services**

**Ebrahim Oboud Baeshen**  
Licence Number 382

**PricewaterhouseCoopers  
(Public Accountants)**

**Mufaddal Ali**  
License Number 447



August 18, 2022  
Corresponding to Muharram 20, 1444 H  
Jeddah, Kingdom of Saudi Arabia



**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed statement of financial position**  
**As at June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	4	149,549	42,130
Short-term deposits	5	262,434	191,369
Premiums receivable – net	6	253,873	249,526
Due from reinsurers – net	7	41,834	39,155
Reinsurers' share of unearned premiums	8	196,917	173,197
Reinsurers' share of outstanding claims	8	353,258	280,924
Reinsurers' share of claims incurred but not reported	8	29,095	30,637
Deferred policy acquisition costs		45,909	38,790
Investments	9	216,648	179,882
Prepaid expenses and other assets	10	54,681	38,493
Property and equipment		19,348	17,403
Intangible assets		42,117	44,139
Statutory deposit	11	40,000	20,000
Accrued income on statutory deposit	11	1,721	1,592
<b>TOTAL ASSETS</b>		<b>1,707,384</b>	<b>1,347,237</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Policyholders' payable		39,798	29,961
Accrued expenses and other liabilities		100,594	72,158
Due to reinsurers, agents, brokers and third-party administrators	12	184,151	139,654
Unearned premiums	8	441,739	392,680
Unearned reinsurance commission		31,024	29,200
Outstanding claims	8	460,865	373,698
Claims incurred but not reported	8	69,357	76,046
Premium deficiency reserve	8	8,417	10,696
Additional unexpired risk reserve	8	1,987	1,621
Unallocated loss adjustment expense provision	8	5,304	4,863
Zakat and income tax payable	13.2	1,804	3,873
Accrued income on statutory deposit	11	1,721	1,592
<b>TOTAL LIABILITIES</b>		<b>1,346,761</b>	<b>1,136,042</b>
<b>EQUITY</b>			
Share capital	14	400,000	200,000
Statutory reserve	15	15,354	15,354
Accumulated losses		(54,731)	(4,159)
<b>TOTAL EQUITY</b>		<b>360,623</b>	<b>211,195</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,707,384</b>	<b>1,347,237</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	16	<b>50,780</b>	<b>50,780</b>

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The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

**WATANIYA INSURANCE COMPANY**

(A Saudi Joint Stock Company)

**Condensed statement of income****For the three-month and six-month periods ended June 30, 2022**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
<b>REVENUES</b>					
Gross premiums written	17	194,277	226,757	462,011	535,180
Reinsurance premiums ceded	18	(72,097)	(80,957)	(181,060)	(210,169)
Excess of loss expenses	18	(903)	(8,198)	(5,866)	(12,429)
<b>Net premiums written</b>		<b>121,277</b>	<b>137,602</b>	<b>275,085</b>	<b>312,582</b>
Changes in unearned premiums		9,441	(18,246)	(49,059)	(139,176)
Changes in reinsurers' share of unearned premium		(6,774)	3,103	23,720	64,197
<b>Net premiums earned</b>		<b>123,944</b>	<b>122,459</b>	<b>249,746</b>	<b>237,603</b>
Reinsurance commissions		12,578	12,064	24,499	24,273
Other underwriting income		289	125	485	252
<b>TOTAL REVENUES</b>		<b>136,811</b>	<b>134,648</b>	<b>274,730</b>	<b>262,128</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid and loss adjustment expenses, net of recoveries		103,275	108,968	221,057	220,753
Reinsurers' share of claims Paid		(12,812)	(19,352)	(32,033)	(51,594)
<b>Net claims paid</b>		<b>90,463</b>	<b>89,616</b>	<b>189,024</b>	<b>169,159</b>
Changes in outstanding claims		73,648	30,311	87,167	55,258
Changes in reinsurers' share of outstanding claims		(61,969)	(29,868)	(72,334)	(44,999)
Changes in claims incurred but not reported		(2,387)	(649)	(6,689)	(5,388)
Changes in reinsurers' share of claims incurred but not reported		(3,263)	977	1,542	3,617
<b>Net claims incurred</b>		<b>96,492</b>	<b>90,387</b>	<b>198,710</b>	<b>177,647</b>
Premium deficiency reserve		(994)	(2,249)	(2,279)	(3,206)
Additional unexpired risk reserve		339	584	366	992
Unallocated loss adjustment expense provision		334	(244)	441	(242)
Policy acquisition costs		17,049	17,110	35,522	32,022
Other underwriting expenses	19	5,681	4,386	12,151	15,618
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>118,901</b>	<b>109,974</b>	<b>244,911</b>	<b>222,831</b>
<b>NET UNDERWRITING INCOME</b>		<b>17,910</b>	<b>24,674</b>	<b>29,819</b>	<b>39,297</b>

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The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

**WATANIYA INSURANCE COMPANY**

(A Saudi Joint Stock Company)

**Condensed statement of income (continued)****For the three-month and six-month periods ended June 30, 2022**

(All amounts in Saudi Riyals thousands unless otherwise stated)

		Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
Notes					
<b>OTHER OPERATING INCOME</b>					
<b>/ (EXPENSES)</b>					
	Reversal / (allowance) for impairment of doubtful premium, reinsurers and other receivables	700	(6,756)	(1,135)	(7,048)
	General and administration expenses	(31,817)	(26,216)	(67,321)	(61,185)
	Commission income on deposits	1,171	339	1,758	683
9.1	Unrealized (loss) / gain on investments	(1,842)	782	(1,234)	2,330
	Commission income on investments	93	43	236	77
	Other income	929	23	929	244
	<b>TOTAL OTHER OPERATING EXPENSES, NET</b>	<b>(30,766)</b>	<b>(31,785)</b>	<b>(66,767)</b>	<b>(64,899)</b>
	<b>Loss for the period attributable to the shareholders, before zakat</b>	<b>(12,856)</b>	<b>(7,111)</b>	<b>(36,948)</b>	<b>(25,602)</b>
13.2	<b>Zakat</b>	<b>(1,020)</b>	<b>(1,170)</b>	<b>(1,578)</b>	<b>(1,970)</b>
	<b>Net loss for the period attributable to the shareholders</b>	<b>(13,876)</b>	<b>(8,281)</b>	<b>(38,526)</b>	<b>(27,572)</b>
	<b>Loss per share (Basic and diluted) - Restated (expressed in SAR per share)</b>	<b>(0.36)</b>	<b>(0.27)</b>	<b>(1.12)</b>	<b>(0.91)</b>
14					

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The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

**WATANIYA INSURANCE COMPANY****(A Saudi Joint Stock Company)****Condensed statement of comprehensive income****For the three-month and six-month periods ended June 30, 2022****(All amounts in Saudi Riyals thousands unless otherwise stated)**

	Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
<b>Net loss for the period attributable to the shareholders</b>	<b>(13,876)</b>	<b>(8,281)</b>	<b>(38,526)</b>	<b>(27,572)</b>
<b>Other comprehensive loss / (income) Items that will not be reclassified to statement of income in subsequent years</b>				
Remeasurement (loss) / gain on defined benefit obligation	(74)	41	(94)	(268)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	<b>(13,950)</b>	<b>(8,240)</b>	<b>(38,620)</b>	<b>(27,840)</b>

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The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed statement of changes in equity**  
**For six-month period ended June 30, 2022**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

<u>Six-month period ended June 30, 2022</u>				
	Share capital	Statutory reserve	Accumulated losses	Total
Balance at the beginning of the period	200,000	15,354	(4,159)	211,195
<i>Total comprehensive loss for the period</i>				
Net loss for the period attributable to Shareholders	-	-	(38,526)	(38,526)
Other comprehensive loss for the period - remeasurement loss on defined benefit obligation	-	-	(94)	(94)
<b>Total comprehensive loss for the period attributable to shareholders</b>	-	-	(38,620)	(38,620)
<i>Transaction with owners of the Company</i>				
Increase in share capital (note 14)	200,000	-	-	200,000
Income tax adjustment	-	-	(358)	(358)
<i>Other transactions</i>				
Transaction costs (note 14)	-	-	(11,594)	(11,594)
<b>Balance at the end of the period (unaudited)</b>	<b>400,000</b>	<b>15,354</b>	<b>(54,731)</b>	<b>360,623</b>

<u>Six-month period ended June 30, 2021</u>				
	Share capital	Statutory reserve	Retained earnings	Total
Balance at the beginning of the period	200,000	15,354	50,478	265,832
<i>Total comprehensive loss for the period</i>				
Net loss for the period attributable to Shareholders	-	-	(27,572)	(27,572)
Other comprehensive loss for the period - remeasurement loss on defined benefit obligation	-	-	(268)	(268)
<b>Total comprehensive loss for the period attributable to shareholders</b>	-	-	(27,840)	(27,840)
<b>Balance at the end of the period (unaudited)</b>	<b>200,000</b>	<b>15,354</b>	<b>22,638</b>	<b>237,992</b>

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The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.



**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed statement of cash flows**  
**For the six-month period ended June 30, 2022**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

	Notes	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the period attributable to shareholders before zakat and income tax		(36,948)	(25,602)
<b>Adjustments for non-cash items:</b>			
Depreciation and amortisation of property and equipment and intangible assets		3,941	3,350
Allowance for impairment of doubtful premiums, reinsurers and other receivables		1,135	7,048
Unrealized loss / (gain) on investments	9.1	1,234	(2,330)
Commission income on investment		(236)	(77)
Provision for employee benefits obligation		1,571	1,565
Commission income on deposits		(1,758)	(683)
		(31,061)	(16,729)
<b><u>Changes in operating assets and liabilities:</u></b>			
Premiums' receivable		(5,482)	(71,393)
Reinsurers' share of unearned premiums		(23,720)	(64,197)
Reinsurers' share of outstanding claims		(72,334)	(44,999)
Reinsurers' share of claims Incurred but not reported		1,542	3,617
Deferred policy acquisition costs		(7,119)	(11,780)
Due from reinsurers		(2,679)	39,847
Prepaid expenses and other assets		(15,813)	2,754
Policyholders' payable		9,837	17,147
Accrued expenses and other liabilities		27,661	4,363
Due to reinsurers, agents, brokers and third-party administrators		44,497	16,227
Unearned premiums		49,059	139,176
Unearned reinsurance commission		1,824	3,215
Outstanding claims		87,167	55,258
Claims incurred but not reported		(6,689)	(5,388)
Premium deficiency reserve		(2,279)	(3,206)
Additional unexpired risk reserve		366	992
Unallocated loss adjustment expense provision		441	(242)
		55,218	64,662
Zakat and income tax paid	13.2	(3,647)	(6,070)
Payment of employee benefits obligation		(890)	(738)
<b>Net cash generated from operating activities</b>		<b>50,681</b>	<b>57,854</b>

S. F. Abbas




The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed statement of cash flows (continued)**  
**For the six-month period ended June 30, 2022**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

		<b>Six-month period ended June 30, 2022 (Unaudited)</b>	<b>Six-month period ended June 30, 2021 (Unaudited)</b>
	<b>Notes</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment		(3,864)	(5,374)
Additions to intangible assets		-	(1,362)
Addition to investments		(100,000)	(5,000)
Proceeds from disposal of investments		62,000	-
Placements in short-term deposits		(262,434)	(57,997)
Proceeds from short term deposits matured		191,369	-
Increase in statutory deposit	11	(20,000)	-
Income received from short term deposits		1,261	775
<b>Net cash used in investing activities</b>		<b>(131,668)</b>	<b>(68,958)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of right shares	14	200,000	-
Transaction costs on the issue of right shares	14	(11,594)	-
<b>Net cash generated from financing activities</b>		<b>188,406</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents		107,419	(11,104)
Cash and cash equivalents at the beginning of the period	4	42,130	80,733
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>149,549</b>	<b>69,629</b>
<b>SUPPLEMENTAL SCHEDULE OF NON CASH INFORMATION</b>			
Income tax receivable from foreign shareholders adjusted against prepaid expenses and other assets		-	358
Remeasurement loss on defined benefit obligation adjusted against accrued expenses and other liabilities		(94)	(268)

S.F. Abbas



The accompanying notes 1 to 28 form an integral part of these condensed interim financial statements.

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

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**1 General**

Wataniya Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 4030200981 dated 1 Jumada II 1431H (corresponding to May 15, 2010) and Ministry of Commerce Resolution number 158/K dated Jumad-ul-Awal 12, 1431H (corresponding to April 26, 2010). The Registered Office address of the Company is Juffali Building, Madina Road, Jeddah, Saudi Arabia.

The Company is licensed to conduct insurance business in Saudi Arabia under Cooperative insurance principles in accordance with Royal Decree No M/53 dated 21 Shawwal 1430H (corresponding to October 10, 2009) pursuant to Council of Ministers' Resolution No. 330 dated Shawwal 16, 1430H (corresponding to October 5, 2009). The Company has obtained Saudi Central Bank ("SAMA") license number TMN/29/20106 valid up to Rajab 2, 1446H (corresponding to January 2, 2025). The Company was listed on the Saudi Arabian stock market (Tadawul) on June 6, 2010.

The objectives of the Company are to provide general insurance and related services in accordance with its by-laws and applicable regulations in the Kingdom of Saudi Arabia.

**2 Basis of preparation**

**(a) Statement of compliance**

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

The condensed interim financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value and defined benefits obligations, which are recognised at the present value of future obligation using Projected Unit Credit Method. The Company's condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, investments, statutory deposit, end-of-service indemnities and warranty and engineering related unearned premiums, unearned reinsurance commission, deferred policy acquisition cost, outstanding claims, claims incurred but not reported and technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts. The condensed statements of financial position, statement of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in note 24 have been provided as supplementary information to comply with requirements of the guidelines issued by SAMA Implementing Regulations and is not required by International Financial Reporting Standards (IFRS).

In preparing the Company's financial statements in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealized gains and 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 condensed interim financial statements may not be considered indicative of the expected results for the full year.

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

The condensed interim 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 statement as of and for the year ended December 31, 2021.

## 2 Basis of preparation (continued)

### (b) Critical accounting judgments estimates and assumptions

The preparation of condensed interim 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, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. For further details please see note 25 to these condensed interim financial statements. Management will continue to assess the situation and reflect any required changes in future reporting periods.

### (c) Seasonality of operations

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

## 3 Significant accounting policies

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

### **New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company**

A number of new standards and amendments became applicable for the current reporting period i.e. for reporting periods beginning on or after January 01, 2022. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting amended standards which are described below:

<u>Standard / Interpretation</u>	<u>Description</u>
IAS 37	Onerous Contracts – Cost of Fulfilling a Contracts (Amendments to IAS 37)
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)

### **Standards issued but not yet effective**

Standards and interpretation issued but not yet effective up to the date of issuance of the Company's condensed interim financial statements 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.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 1	Presentation of financial statements', on classification of liabilities as current or non-current.	January 01, 2023
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.	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	January 01, 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

### **3 Significant accounting policies (continued)**

#### **Standards issued but not yet effective (continued)**

##### **IFRS 9 – Financial Instruments**

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

##### **a) Classification and measurement**

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

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

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

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

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

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

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

##### **b) Impairment**

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

##### **c) Hedge accounting**

IFRS 9 introduces new requirements for hedge accounting that align hedge accounting more closely with Risk Management. The requirements establish a more principles-based approach to the general hedge accounting model. The amendments apply to all hedge accounting with the exception of portfolio fair value hedges of interest rate risk (commonly referred to as "fair value macro hedges"). For these, an entity may continue to apply the hedge accounting requirements currently in IAS 39. This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

### **3 Significant accounting policies (continued)**

#### **Standards issued but not yet effective (continued)**

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

##### **Effective date**

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

1. Apply a temporary exemption from implementing IFRS 9 until the earlier of:
  - a) the effective date of a new insurance contract standard; or
  - b) annual reporting periods beginning on or after January 1, 2023. On March 17, 2020, the International Accounting Standards Board (IASB) decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from January 01, 2021 to January 01, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominantly connected with insurance and have not applied IFRS 9 previously; or
2. Adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a detailed assessment in 2019: (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption as its insurance liabilities exceed 90% of total liabilities. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of IFRS 17. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

#### **Impact assessment**

As at June 30, 2022, the Company has total financial assets and insurance related assets amounting to SAR 783 million (December 31, 2021: SAR 572 million) and SAR 625 million (December 31, 2021: SAR 524 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents, deposits, held to maturity investments, premiums receivable - net, due from reinsurers - net and certain other receivables amounting to SAR 746 million (2021: SAR 572 million). Investments are carried currently at fair value through statement of income at SAR 203 million (December 31, 2021: SAR 166 million). Credit risk exposure, concentration of credit risk and credit quality of the company's receivables portfolio are mentioned in notes 6 and 7. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. The Company's financial assets have low credit risk as at June 30, 2022 and December 31, 2021. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis and additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. As required by the SAMA the Company is in the process of performing its detailed review of the IFRS 9 impact on the 2021 financial statement, accordingly at present it is not possible to provide reasonable estimate of the effects of application of this new standard as at the date of these condensed interim financial statements.

### **3 Significant accounting policies (continued)**

#### **Standards issued but not yet effective (continued)**

##### **IFRS 17 – Insurance Contracts**

###### **Overview**

This standard has been published on May 18, 2017, it establishes the principles for the recognition, measurement, presentation, and disclosure of insurance contracts and supersedes IFRS 4 – Insurance contracts. The new standard applies to insurance contracts issued, to all reinsurance contracts and to investment contracts with discretionary participating features provided the entity also issues insurance contracts. It requires to separate the following components from insurance contracts:

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

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

###### **Measurement**

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

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

- a) the fulfilment cash flows (FCF), which comprises:
  - probability-weighted estimates of future cash flows;
  - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows; and
  - a risk adjustment for non-financial risk.
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

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

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

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group

### **3 Significant accounting policies (continued)**

#### **Standards issued but not yet effective (continued)**

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

###### **2) The Variable Fee Approach (VFA):**

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

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

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

###### **Effective date**

IFRS 17 is applied for annual reporting periods beginning on or after January 01, 2023. Earlier application is permitted for entities that apply IFRS 9 on or before the date of initial application of IFRS 17. The transition requirements define the date of initial application as the start of the annual reporting period in which an entity first applies IFRS 17. IFRS 17 supersedes IFRS 4, including the amendments to IFRS 4 introduced in 2016, which include: – the temporary exemption from IFRS 9; and – the overlay approach. From the date of initial application of IFRS 17, these approaches are no longer available and IFRS 9 is applied, without delay or adjustment. If an entity has already applied IFRS 9 before IFRS 17 (with or without the overlay approach), then IFRS 17 provides redesignation requirements and options

###### **Transition**

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

###### **Presentation and Disclosures**

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

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

The Company has undertaken a Gap Analysis and the key Gaps are as follows:



### 3 Significant accounting policies (continued)

#### Standards issued but not yet effective (continued)

#### IFRS 17 – Insurance contracts (continued)

Impact area	Summary of impact
Financial impact	A dry run was conducted on the financial statements as at December 31, 2021. The financial impact of applying requirements of IFRS 17 compared to IFRS 4 was not significant as most of the Company's insurance and reinsurance contracts are with terms of one year or less. As required by the Saudi Central Bank the Company is in the process of preparing the June 30, 2022 financial statements under the requirements of IFRS 17.
Data impact	The Company believes that the data impact is not likely to be significant as a major proportion of the Company's business would qualify for measurement under the premium allocation approach.
IT systems	Due to issues with the Oracle Financial Analyzer tool (OFSAA) the agreement has been terminated. A new software Addactis has been procured by the Company. This will be implemented by the Company's appointed actuary.
Process impact	The process impact is under evaluation, but no significant process changes are anticipated. However, should the Company shift its focus to majority long term business, the process impact would be significant.
Impact on reinsurance arrangements	The Company's reinsurance arrangements have been evaluated under the requirements of the IFRS 17 standard. The initial conclusion is that the reinsurance arrangements qualify for the PAA assessment. The initial conclusion is under constant review.
Impact on policies & control's frameworks	<p>The Company is in the process of updating Accounting and Finance Policies and Procedures to cover the new and additional requirements:</p> <ul style="list-style-type: none"> <li>• Unbundling</li> <li>• Level of aggregation</li> <li>• Measurement models</li> <li>• Risk Adjustment Methodologies</li> <li>• New presentation and disclosure requirement</li> </ul> <p>The revised manual will be followed by Finance function to ensure that financial statements are in conformity with IFRS 17 on the effective date.</p>
Human resources	<p>The Company has recruited several key personnel, including the Chief Technical Officer, who will play a key role in the IFRS 17 implementation. It has also developed a training plan and 3 training sessions have already been completed:</p> <ol style="list-style-type: none"> <li>1- IFRS 17 overview to all stake holders</li> <li>2- PAA Measurement Model</li> <li>3- GMM Measurement Model (Remaining sessions are planned to be completed in 2022)</li> </ol>

The Company has completed its implementation process and have set up a proper team, supervised by a steering committee.

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**4 Cash and cash equivalents**

	<b>June 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Cash in hand	20	20
Bank balances	49,529	34,110
Deposits with original maturity of less than 3 months	100,000	8,000
	<b>149,549</b>	<b>42,130</b>

The bank balances and deposits are with banks, registered in Saudi Arabia and are denominated in Saudi Riyals and US Dollars. The deposits have an original maturity of less than three months and yield income at rates of 2.7% to 2.75% per annum (December 31, 2021: 0.7% per annum).

**5 Short-term deposits**

Short-term deposits with original maturity exceeding 3 months are placed with commercial banks registered in Saudi Arabia and yield income at rates of 1.0% to 3.2% per annum (2021: 0.75% to 0.96% per annum).

**6 Premiums receivable - net**

	<b>June 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Receivable from policy holders	290,171	284,689
Impairment allowance for doubtful premium receivables	(36,298)	(35,163)
Premiums receivable – net	<b>253,873</b>	<b>249,526</b>

Movement in the impairment allowance for doubtful premium receivables during the period / year is as follows:

	<b>June 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Opening	35,163	40,775
Provision for the period / year	1,135	3,959
Write-offs	-	(9,571)
Closing	<b>36,298</b>	<b>35,163</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**7 Due from reinsurers – net**

	<b>June 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Receivable from reinsurers	<b>42,970</b>	40,291
Impairment allowance for doubtful reinsurers receivables	<b>(1,136)</b>	(1,136)
Due from reinsurers – net	<b>41,834</b>	39,155

Movement in impairment allowance for doubtful reinsurers receivables during the period / year is as follows:

	<b>June 30, 2022 (Unaudited)</b>	December 31, 2021 (Audited)
Opening	<b>1,136</b>	1,000
Provision for the period / year	-	1,037
Write-offs	-	(901)
Closing balance	<b>1,136</b>	1,136

**8 Technical reserves**

**8.1 Outstanding claims and reserves**

Movement in outstanding claims and reserves comprise of the following:

	<b>June 30, 2022 (Unaudited)</b>			<b>December 31, 2021 (Audited)</b>		
	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>	<b>Gross</b>	<b>Reinsurers' share</b>	<b>Net</b>
Opening	<b>449,744</b>	<b>(311,561)</b>	<b>138,183</b>	743,439	(612,700)	130,739
Claims paid	<b>(221,057)</b>	<b>32,033</b>	<b>(189,024)</b>	(784,831)	406,215	(378,616)
Claims incurred	<b>301,535</b>	<b>(102,825)</b>	<b>198,710</b>	491,136	(105,076)	386,060
Closing	<b>530,222</b>	<b>(382,353)</b>	<b>147,869</b>	449,744	(311,561)	138,183
Outstanding claims	<b>460,865</b>	<b>(353,258)</b>	<b>107,607</b>	373,698	(280,924)	92,774
Claims incurred but not reported	<b>69,357</b>	<b>(29,095)</b>	<b>40,262</b>	76,046	(30,637)	45,409
	<b>530,222</b>	<b>(382,353)</b>	<b>147,869</b>	449,744	(311,561)	138,183
Premium deficiency reserve	<b>8,417</b>	-	<b>8,417</b>	10,696	-	10,696
Additional unexpired risk reserve	<b>1,987</b>	-	<b>1,987</b>	1,621	-	1,621
Unallocated loss adjustment expenses	<b>5,304</b>	-	<b>5,304</b>	4,863	-	4,863
	<b>545,930</b>	<b>(382,353)</b>	<b>163,577</b>	466,924	(311,561)	155,363

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**8 Technical reserves (continued)**

**8.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

<b>Six-month period ended June 30, 2022</b>			
<b>(Unaudited)</b>			
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance at the beginning of the period	392,680	(173,197)	219,483
Premium written during the period	462,011	(186,926)	275,085
Premium earned during the period	(412,952)	163,206	(249,746)
Balance at the end of the period	441,739	(196,917)	244,822

<b>Year ended December 31, 2021</b>			
<b>(Audited)</b>			
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
Balance at the beginning of the year	329,632	(129,371)	200,261
Premium written during the year	902,100	(379,330)	522,770
Premium earned during the year	(839,052)	335,504	(503,548)
Balance at the end of the year	392,680	(173,197)	219,483

**9 Investments**

	<b>Notes</b>	<b>June 30, 2022</b> <b>(Unaudited)</b>	<b>December 31, 2021</b> <b>(Audited)</b>
Fair value through statement of income investments (FVSI)	9.1	202,725	165,959
Held-to-maturity investments	9.2	12,000	12,000
Available-for-sale investment	9.3	1,923	1,923
		<b>216,648</b>	<b>179,882</b>

**9.1 Fair value through statement of income investments (FVSI)**

Movement in FVSI is as follows:

	<b>Six-month period ended June 30, 2022</b> <b>(Unaudited)</b>	<b>Year ended December 31, 2021</b> <b>(Audited)</b>
Opening	165,959	162,029
Withdrawal during the period / year	(62,000)	-
Additions during the period / year	100,000	-
Changes in fair value of investments during the period / year	(1,234)	3,930
Closing	<b>202,725</b>	<b>165,959</b>

FVSI includes investments managed by three Fund managers under the discretionary portfolio of investments where all such investments are carried at fair value as provided by the Fund managers. These fund managers keep such investments in various fixed income securities, mutual funds, equity investments, sukuks and murabaha placements.

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**9 Investments (continued)**

**9.2 Held to maturity investments**

	<b>Note</b>	<b>Six-month period ended June 30, 2022 (Unaudited)</b>	<b>Year ended December 31, 2021 (Audited)</b>
Saudi Fransi Bank Sukuks	a	<b>3,000</b>	3,000
Saudi Real Estate Refinance Company Sukuks	b	<b>9,000</b>	9,000
		<b>12,000</b>	12,000

- a) This represents the Company's investment in Saudi Fransi Tier 1 Sukuks. These represent 3 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 4.50% per annum. These Sukuks have a maturity duration of 5 years commencing from November 3, 2020. The Company has earned commission income of SAR 0.09 million during the period (June 30, 2021: SAR 0.07 million)
- b) These represent 5 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 2.11% per annum and 4 Sukuks at a face value of SAR 1 million per Sukuk with a coupon rate of 3.04% per annum. These Sukuks have a maturity duration of 7 years and 10 years, respectively. The Company has earned commission income of SAR 0.14 million during the period (June 30, 2021: Nil).

**9.3 Available-for-sale investment**

This represents the Company's 3.85% (December 31, 2021: 3.85%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at cost. In the absence of reliable financial information, management believe that fair value cannot be ascertained reliably.

**9.4** All investments are from the shareholders' operations and are placed inside the Kingdom of Saudi Arabia.

**10 Prepaid expenses and other assets**

Prepaid expenses and other assets are stated net of impairment allowance for salvage and subrogation of Nil (December 31, 2021: SAR 0.25 million).

**11 Statutory deposits**

In compliance with Article 58 of the Implementing Regulations of SAMA, the Company has deposited 10% of its share capital, amounting to SAR 40 million as at June 30, 2022 (31 December 2021: SAR 20 million) in a bank designated by SAMA. As a result of increase in the Company's share capital due to the rights share issue completed during 2022, the Company deposited a further amount of SAR 20 million during the period ended June 30, 2022 (also see Note 14). The Company cannot withdraw this deposit without SAMA's approval. Commission accruing on this deposit is payable to SAMA.

In accordance with instructions received from SAMA vide their circular dated March 1, 2016; the Company has disclosed the commission due on the statutory deposit as an asset and a liability in these condensed interim financial statements.

**12 Due to reinsurers, agents, brokers and third-party administrators**

	<b>June 30, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Due to reinsurers	<b>151,555</b>	110,787
Due to agents and brokers	<b>32,003</b>	28,114
Payable to third party administrator	<b>593</b>	753
	<b>184,151</b>	139,654

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**13 Zakat and income tax**

**13.1 Components of zakat base**

Significant components of zakat base of the Company attributable to the Saudi shareholders, which are subject to adjustment under zakat and income tax regulations, are shareholders' equity at the beginning of the period, adjusted net income and certain other items. Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the Zakat, Tax and Customs Authority ("ZATCA") could be different from the declaration filed by the Company.

**13.2 Provision for zakat and income tax**

	<b>Zakat</b>	<b>Income tax</b>	<b>Total</b>
January 1, 2022	<b>3,873</b>	-	<b>3,873</b>
Provision for the current period	<b>1,578</b>	-	<b>1,578</b>
Payments during the period	<b>(3,647)</b>	-	<b>(3,647)</b>
June 30, 2022	<b>1,804</b>	-	<b>1,804</b>

	<b>Zakat</b>	<b>Income tax</b>	<b>Total</b>
January 1, 2021	5,113	1,491	6,604
Provision for the current year	3,873	-	3,873
Other adjustments	113	16	129
Payments during the year	(5,016)	(1,054)	(6,070)
Payment for prior years	(210)	(453)	(663)
December 31, 2021	<u>3,873</u>	<u>-</u>	<u>3,873</u>

Zakat is payable at 2.578% of the approximate zakat base (excluding adjusted net income for the period) and 2.5% of adjusted net income for the period / year attributable to Saudi shareholders.

Provision for income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company, less allowances for foreign shareholders' share in the losses carry forwarded from previous year calculated in accordance with the guidelines provided in the income tax regulations. No provision for income tax has been charged in these condensed interim financial statements as the Company has incurred a taxable loss during the six-month period ended June 30, 2022 (June 30, 2021: Nil).

The shareholding percentage subject to zakat and income tax is as follows:

	<b>June 30, 2022 (Unaudited) %</b>	<b>December 31, 2021 (Audited) %</b>
<b>Zakat share in capital and profit</b>	<b>87.43</b>	76.24
<b>Income tax share in capital and profit</b>	<b>12.57</b>	23.76

Upto May 31, 2022, the zakat share in capital and profit was 82.44% and the income tax share in capital and profit was 17.56%

**13 Zakat and income tax (continued)**

**13.3 Status of assessments**

**Year ended December 31, 2011 and 2012**

The Tax and zakat position were finalized as the Higher Appeal Committee (HAC) ruled in favour of the Company.

**Year ended December 31, 2013**

The Tax and zakat position may be considered finalized under the Statute of Limitation.

**Year ended December 31, 2014 to 2018**

The Zakat, Tax and Customs Authority (ZATCA) had issued assessments claiming additional taxes and Zakat amounting to SAR 0.82 million and SAR 0.29 million respectively, which was duly accepted and settled by the Company. During 2019, the Company had received an assessment for the 2018 withholding tax liability in which the ZATCA had imposed additional taxes, including penalties, of SAR 11.37 million. Management believes that the assessment raised is without merit and has appealed against this assessment. The Company's initial appeal was rejected by the ZATCA and was escalated to the General Secretariat of Tax Committee ("GSTC") online portal in order to assign the hearing session by the Committee for Resolution of Tax Violations and Disputes ("CRTVD"). On August 05, 2021, the CRTVD issued its summary decision in which CRTVD agreed with the ZATCA's revised assessments. On September 21, 2021, the Company received the decision from CRTVD where the revised withholding tax liability was assessed to SAR 9.75 million in addition to its penalties. The Company appealed against the CRTVD decision and escalated its objection to the Advanced Committee for Tax Violations and Dispute Resolution (ACTVDR) and the Company is awaiting the ACTVDR decision. The management believes that the Company has a strong position and the Company's view should prevail.

**Year ended December 31, 2019 and 2020**

The ZATCA had issued assessment for the year ended December 31, 2019 and 2020 claiming additional tax amounting to SAR 0.45 million and additional zakat amounting to SAR 0.21 million, which was duly accepted and settled by the Company. Accordingly, the tax and zakat assessments for 2019 and 2020 have been finalized.

**Year ended December 31, 2021**

The Company has filed its tax returns of December 31, 2021 with the ZATCA and has a certificate valid till April 30, 2023.

**14 Share capital and basic and diluted loss per share**

During the period ended June 30, 2022, the Company completed its right issue of SAR 200 million consisting of 20 million new shares of SAR 10 each. Accordingly, the authorized, issued and paid-up capital of the Company at June 30, 2022 is SAR 400 million divided into 40 million shares of SAR 10 each (December 31, 2021: SAR 200 million divided into 20 million shares of SAR 10 each).

The Company incurred transaction costs of SAR 11.59 million on the right issue of shares which has been accounted for as a deduction from equity in accordance with the requirement of International Financial Reporting Standard (IFRS) as endorsed by SOCPA.

Loss per share:

Loss per share for the three-month and six-month periods ended June 30, 2022 and 2021 has been calculated by dividing the loss for the respective periods attributable to the shareholders by the weighted average number of ordinary shares at the reporting date. Diluted loss per share is not applicable to the Company.

The weighted average number of shares has been retrospectively adjusted for the prior period to reflect the element of the right issue as required by IAS 33, "Earnings per share" as follows:

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**14 Share capital and basic and diluted loss per share (continued)**

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Issued ordinary shares as at 1st January	20,000	20,000	20,000	20,000
New shares issued during the period (Right issue)	18,600	-	14,423	-
Restatement effect of rights issue of shares	-	10,232	-	10,232
Weighted average number of ordinary shares	38,600	30,232	34,423	30,232

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.51 which is a ratio of the theoretical ex-rights of SAR 20.48 and closing price per share of 30.95 on April 13, 2022, the last day on which the shares were traded before the rights issue.

The basic and diluted loss per share is calculated as follows:

	Three-month period ended June 30, 2022	Three-month period ended June 30, 2021	Six-month period ended June 30, 2022	Six-month period ended June 30, 2021
Net loss for the period attributable to the shareholders	(13,876)	(8,281) <i>Restated</i>	(38,526)	(27,572) <i>Restated</i>
Weighted average number of ordinary shares	38,600	30,232 <i>Restated</i>	34,423	30,232 <i>Restated</i>
Basic and diluted earnings / (loss) per share	(0.36)	(0.27)	(1.12)	(0.91)

**15 Statutory reserve**

In compliance with the Insurance Implementing Regulations issued by SAMA, 20% of the net income for the year after adjusting accumulated losses shall be set aside from net income as a statutory reserve until this amounts to 100% of the paid-up share capital. The required amount, if any, would be transferred at the year end.

**16 Commitments and contingencies**

- 16.1** The Company's bankers have issued payment guarantee of SAR 2.41 million (December 31, 2021: SAR 2.41 million) to its suppliers on behalf of the Company.
- 16.2** See note 13.3 for zakat and tax related contingencies.
- 16.3** The Company is a defendant in a case that was filed by a client amounting to SAR 19 million (2021: SAR 19 million). The preliminary decision of the Primary Committee for Resolution of Insurance Disputes and Violations ruled in favor of the Company and dismissed the case brought by the claimant. The Appeal Committee for Settlement of Insurance Disputes and Violations has issued a verdict which cancels the preliminary decision and decided to return the case to the Primary Committee for Resolution of Insurance Disputes and Violations for consideration and review. The Primary Committees for Resolution of Insurance Disputes and Violation rejected the lawsuit filed by the Plaintiff against the Company. However, the Plaintiff has filed an appeal against such decision. Management believes that the case is without merit and has therefore not taken any provisions there against.
- 16.4** During 2021, ZATCA issued various VAT assessments to the Company for approximately SAR 18 million which included VAT liabilities and penalties amounting to SAR 7.9 million and 10.1 million, respectively in respect of VAT Returns filed in 2018, 2019 and 2020. The assessments were issued primarily in connection with compensatory recovery amounts received by the Company relating to motor insurance claims from third parties.



**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**16 Commitments and contingencies (continued)**

ZATCA has asserted that these recoveries were related to supplies made by the Company and therefore subject to VAT at the prevailing rate. The Company has treated these recoveries as out of scope for VAT purposes. Management believes the ZATCA assessments are without merit and has filed objections against these assessment with ZATCA on December 23, 2021.

The 14 objections filed by Wataniya on the assessments issued by ZATCA in 2021 for SAR 18 million (VAT liabilities of approximately SAR 7.9 million and penalties of approximately SAR 10.1 million) were partially accepted by ZATCA for approximately SAR 1.5 million in VAT liabilities with the corresponding reduction in penalties, but ZATCA has yet to provide this information. There were deductions of approximately SAR 9.2 million made by ZATCA on Wataniya's VAT Return Filing.

Management decided to appeal the rejected amount and had filed 14 appeals and settlement applications respectively to the General Secretariat of the Tax Committee (GSTC) and the Internal Settlement Committee (ISC) on April 21, 2022. The appeal to the ISC had unfortunately failed, and Wataniya is proceeding with the appeal process to the GSTC and is currently waiting for GSTC to set a date for the hearing.

**17 Gross premiums written**

Class	Three-month period ended June 30, 2022					Total gross premiums written
	Corporate					
	Very Small	Small	Medium	Large	Individual	
Motor	5,509	6,343	7,420	64,967	11,364	95,603
Property and accident Protection and saving (term life)	3,369	14,084	30,972	30,887	801	80,113
	94	359	3,119	14,989	-	18,561
Total	8,972	20,786	41,511	110,843	12,165	194,277

Class	Three-month period ended June 30, 2021					Total Gross premiums written
	Corporate					
	Very Small	Small	Medium	Large	Individual	
Motor	1,607	7,581	8,950	83,435	19,838	121,411
Property and accident Protection and saving (term life)	3,016	6,945	23,237	53,588	562	87,348
	75	514	3,047	14,362	-	17,998
Total	4,698	15,040	35,234	151,385	20,400	226,757

Class	Six-month period ended June 30, 2022					Total gross premiums written
	Corporate					
	Very Small	Small	Medium	Large	Individual	
Motor	10,897	19,014	33,571	129,188	22,770	215,440
Property and accident Protection and saving (term life)	6,229	24,852	69,191	108,465	4,100	212,837
	195	1,531	6,869	25,139	-	33,734
Total	17,321	45,397	109,631	262,792	26,870	462,011

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**17 Gross premiums written (continued)**

Class	Six-month period ended June 30, 2021					Total Gross premiums written
	Corporate					
	Very Small	Small	Medium	Large	Individual	
Motor	4,020	18,477	40,740	161,714	40,301	265,252
Property and accident Protection and saving (term life)	5,476	20,537	69,020	135,838	3,512	234,383
	163	930	6,829	27,623	-	35,545
Total	9,659	39,944	116,589	325,175	43,813	535,180

**18 Reinsurance premiums ceded**

	<b>Three-month period ended June 30, 2022 (Unaudited)</b>	<b>Three-month period ended June 30, 2021 (Unaudited)</b>	<b>Six-month period ended June 30, 2022 (Unaudited)</b>	<b>Six-month period ended June 30, 2021 (Unaudited)</b>
Local companies	<b>780</b>	4,544	<b>10,843</b>	13,126
Internationally including local brokers	<b>71,317</b>	76,413	<b>170,217</b>	197,043
	<b>72,097</b>	80,957	<b>181,060</b>	210,169

All excess of loss premiums are placed internationally through local brokers.

**19 Other underwriting expenses**

This includes VAT on reinsurance commission income of SAR 3.68 million (June 30, 2021: SAR 3.64 million) and Najm fee for motor insurance services of SAR 8.47 million (June 30, 2021: SAR 11.98 million).

**20 Financial instruments – Fair values and risk management**

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 these condensed interim financial statements.

**Determination of fair value and fair value hierarchy**

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

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

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

Level 3: valuation techniques for which any significant input is not based on observable market data. The Company ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the period end.

## 20 Financial instruments – Fair values and risk management (continued)

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

The following table presents the Company's financial assets that are measured at fair values:

June 30, 2022	Fair value through FVSI	Total	Fair value		
			Level 1	Level 2	Level 3
Financial assets measured at fair value					
Equity	14,607	14,607	14,607	-	-
Mutual funds	52,703	52,703	37,382	15,321	-
Sukuks	38,685	38,685	-	38,685	-
Murabaha placements	96,730	96,730	-	-	96,730
	202,725	202,725	51,989	54,006	96,730

December 31, 2021	Fair value through FVSI	Total	Fair value		
			Level 1	Level 2	Level 3
Financial assets measured at fair value					
Equity	13,064	13,064	13,064	-	-
Mutual funds	45,444	45,444	37,934	7,510	-
Sukuks	29,181	29,181	-	29,181	-
Murabaha placements	78,270	78,270	-	-	78,270
	165,959	165,959	50,998	36,691	78,270

Significant unobservable inputs used in the valuation of level 3 investments include the Fund administrator report based on interest rates for Murabaha placements as confirmed by the discretionary portfolio manager. The fair value of investments in mutual funds and sukuks at level 2 is based on the net asset values and value of similar quoted sukuks communicated by the fund manager. The fair value of investments in equity securities at level 1 is based on quoted prices available in the market. There were no transfers between levels of the fair value hierarchy during the period ended 30 June 2022 and the year ended 31 December 2021. Additionally, there were no changes in the valuation techniques.

Held-to-maturity investments include corporate sukuks which are carried at amortised cost. Available-for-sale investments comprises of an amount of SAR 1.9 million (31 December 2021: SAR 1.9 million) which is carried at cost as its fair value cannot be measured reliably, accordingly SAR 1.9 million has not been considered either in Level 1, Level 2 or Level 3.

### 20.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the condensed statement of financial position.

#### 20.1.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. All of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

## **20 Financial instruments – Fair values and risk management (continued)**

### **20.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities. The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets.

## **21 Operating segments**

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2021.

Segment assets do not include cash and cash equivalents, short-term deposits, premiums receivables, investments, due from reinsurers, prepaid expenses and other assets, property and equipment, intangible assets, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include policyholders payable, accrued expenses and other liabilities, due to reinsurers, agents, brokers and third-party administrators, surplus distribution payable, zakat and income tax payable and accrued income on statutory deposit. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis. The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at June 30, 2022 and December 31, 2021, its total revenues, expenses, and net income for the three-month and six-month periods ended June 30, 2022 and December 31, 2021, are as follows:

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**21 Operating segments (continued)**

	Marine	Property	Motor	Engineering	Accident & liability	Extended warranty	Term life	Total
<b>Three-month period ended June 30, 2022 (unaudited)</b>								
<b>Revenues</b>								
Gross premiums written	12,331	30,138	95,603	16,332	13,395	7,917	18,561	<b>194,277</b>
Reinsurance premiums ceded	(8,823)	(24,879)	3	(12,370)	(10,475)	(4,706)	(10,847)	<b>(72,097)</b>
Excess of loss expenses	184	(877)	249	(459)	-	-	-	<b>(903)</b>
<b>Net premiums written</b>	<b>3,692</b>	<b>4,382</b>	<b>95,855</b>	<b>3,503</b>	<b>2,920</b>	<b>3,211</b>	<b>7,714</b>	<b>121,277</b>
Change in unearned premiums	2,970	6,371	7,535	127	4,770	(3,728)	(8,604)	<b>9,441</b>
Change in reinsurers' share of unearned premiums	(2,195)	(4,619)	(23)	(1,481)	(4,719)	1,152	5,111	<b>(6,774)</b>
<b>Net premiums earned</b>	<b>4,467</b>	<b>6,134</b>	<b>103,367</b>	<b>2,149</b>	<b>2,971</b>	<b>635</b>	<b>4,221</b>	<b>123,944</b>
Reinsurance commissions	2,376	4,957	2	2,514	1,827	902	-	<b>12,578</b>
Other underwriting income	17	6	251	3	9	-	3	<b>289</b>
<b>Total revenues</b>	<b>6,860</b>	<b>11,097</b>	<b>103,620</b>	<b>4,666</b>	<b>4,807</b>	<b>1,537</b>	<b>4,224</b>	<b>136,811</b>
<b>Underwriting costs and expenses</b>								
Gross claims paid and loss adjustment expenses, net of recoveries	1,337	5,968	88,566	89	147	1,428	5,740	<b>103,275</b>
Reinsurer's share of claims paid	(979)	(4,938)	(56)	(498)	(139)	(1,428)	(4,774)	<b>(12,812)</b>
<b>Net claims paid</b>	<b>358</b>	<b>1,030</b>	<b>88,510</b>	<b>(409)</b>	<b>8</b>	<b>-</b>	<b>966</b>	<b>90,463</b>
Changes in outstanding claims	3,946	55,431	4,461	11,687	181	52	(2,110)	<b>73,648</b>
Changes in reinsurers' share of outstanding claims	(2,962)	(49,660)	21	(11,215)	(82)	(52)	1,981	<b>(61,969)</b>
Changes in claims incurred but not reported	(15)	5,934	(6,691)	306	(1,769)	-	(152)	<b>(2,387)</b>
Changes in reinsurers' share of claims incurred but not reported	12	(4,858)	178	(306)	1,590	-	121	<b>(3,263)</b>
<b>Net claims incurred</b>	<b>1,339</b>	<b>7,877</b>	<b>86,479</b>	<b>63</b>	<b>(72)</b>	<b>-</b>	<b>806</b>	<b>96,492</b>
Premium deficiency reserve	-	-	(994)	-	-	-	-	<b>(994)</b>
Additional unexpired risk reserve	-	-	-	(1)	340	-	-	<b>339</b>
Unallocated loss adjustment expense provision	80	500	(134)	27	(133)	-	(6)	<b>334</b>
Policy acquisition costs	1,551	3,113	7,245	1,152	1,683	1,059	1,246	<b>17,049</b>
Other underwriting expenses	357	745	3,781	377	286	135	-	<b>5,681</b>
<b>Total underwriting costs and expenses</b>	<b>3,327</b>	<b>12,235</b>	<b>96,377</b>	<b>1,618</b>	<b>2,104</b>	<b>1,194</b>	<b>2,046</b>	<b>118,901</b>
<b>Net underwriting income</b>	<b>3,533</b>	<b>(1,138)</b>	<b>7,243</b>	<b>3,048</b>	<b>2,703</b>	<b>343</b>	<b>2,178</b>	<b>17,910</b>
<b>Other operating income / (expenses)</b>								
Reversal for impairment of doubtful premium, reinsurers and other receivables								<b>700</b>
General and administration Expenses								<b>(31,817)</b>
Commission income on deposits								<b>1,171</b>
Unrealized loss on investments								<b>(1,842)</b>
Commission income on investments								<b>93</b>
Other income								<b>929</b>
<b>Total other operating expenses, net</b>								<b>(30,766)</b>
<b>Loss for the period attributable to the shareholders, before zakat</b>								<b>(12,856)</b>
Zakat								<b>(1,020)</b>
<b>Net loss for the period attributable to the shareholders</b>								<b>(13,876)</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**21 Operating segments (continued)**

	Marine	Property	Motor	Engineering	Accident & liability	Extended warranty	Term life	Total
<b>Six-month period ended June 30, 2022 (unaudited)</b>								
<b>Revenues</b>								
Gross premiums written	28,581	105,573	215,440	28,550	36,619	13,514	33,734	<b>462,011</b>
Reinsurance premiums ceded	(20,639)	(84,531)	(88)	(19,114)	(29,684)	(8,044)	(18,960)	<b>(181,060)</b>
Excess of loss expenses	(538)	(2,627)	(1,721)	(980)	-	-	-	<b>(5,866)</b>
<b>Net premiums written</b>	<b>7,404</b>	<b>18,415</b>	<b>213,631</b>	<b>8,456</b>	<b>6,935</b>	<b>5,470</b>	<b>14,774</b>	<b>275,085</b>
Change in unearned premiums	(769)	(31,233)	(3,031)	5,569	(1,195)	(5,289)	(13,111)	<b>(49,059)</b>
Change in reinsurers' share of unearned premiums	1,181	24,225	50	(9,697)	(30)	1,051	6,940	<b>23,720</b>
<b>Net premiums earned</b>	<b>7,816</b>	<b>11,407</b>	<b>210,650</b>	<b>4,328</b>	<b>5,710</b>	<b>1,232</b>	<b>8,603</b>	<b>249,746</b>
Reinsurance commissions	4,375	9,935	4	4,959	3,432	1,794	-	<b>24,499</b>
Other underwriting income	34	15	401	7	22	-	6	<b>485</b>
<b>Total revenues</b>	<b>12,225</b>	<b>21,357</b>	<b>211,055</b>	<b>9,294</b>	<b>9,164</b>	<b>3,026</b>	<b>8,609</b>	<b>274,730</b>
<b>Underwriting costs and expenses</b>								
Gross claims paid and loss adjustment expenses, net of recoveries	3,936	11,859	187,182	910	2,580	2,391	12,199	<b>221,057</b>
Reinsurers' share of claims paid	(2,748)	(9,488)	(3,928)	(1,175)	(2,276)	(2,389)	(10,029)	<b>(32,033)</b>
<b>Net claims paid</b>	<b>1,188</b>	<b>2,371</b>	<b>183,254</b>	<b>(265)</b>	<b>304</b>	<b>2</b>	<b>2,170</b>	<b>189,024</b>
Changes in outstanding claims	3,981	68,024	7,140	13,013	(1,594)	94	(3,491)	<b>87,167</b>
Changes in reinsurers' share of outstanding claims	(3,060)	(61,635)	11	(12,116)	1,379	(94)	3,181	<b>(72,334)</b>
Changes in claims incurred but not reported	(164)	5,222	(6,297)	(2,468)	(1,838)	-	(1,144)	<b>(6,689)</b>
Changes in reinsurers' shares of claims incurred but not reported	90	(4,031)	268	2,516	1,784	-	915	<b>1,542</b>
<b>Net claims incurred</b>	<b>2,035</b>	<b>9,951</b>	<b>184,376</b>	<b>680</b>	<b>35</b>	<b>2</b>	<b>1,631</b>	<b>198,710</b>
Premium deficiency reserve	-	-	(2,279)	-	-	-	-	<b>(2,279)</b>
Additional unexpired risk reserve	-	-	-	(163)	529	-	-	<b>366</b>
Unallocated loss adjustment expense provision	115	531	(82)	13	(96)	-	(40)	<b>441</b>
Policy acquisition costs	2,835	6,303	14,614	3,856	3,277	2,091	2,546	<b>35,522</b>
Other underwriting expenses	657	1,491	8,476	744	514	269	-	<b>12,151</b>
<b>Total underwriting costs and Expenses</b>	<b>5,642</b>	<b>18,276</b>	<b>205,105</b>	<b>5,130</b>	<b>4,259</b>	<b>2,362</b>	<b>4,137</b>	<b>244,911</b>
<b>Net underwriting income</b>	<b>6,583</b>	<b>3,081</b>	<b>5,950</b>	<b>4,164</b>	<b>4,905</b>	<b>664</b>	<b>4,472</b>	<b>29,819</b>
<b>Other operating income / (expenses)</b>								
Allowance for impairment of doubtful premium, reinsurers and other receivables								<b>(1,135)</b>
General and administration Expenses								<b>(67,321)</b>
Commission income on deposits								<b>1,758</b>
Unrealized loss on investments								<b>(1,234)</b>
Commission income on investments								<b>236</b>
Other income								<b>929</b>
<b>Total other operating expenses, net</b>								<b>(66,767)</b>
<b>Loss for the period attributable to the shareholders, before zakat</b>								<b>(36,948)</b>
Zakat								<b>(1,578)</b>
<b>Net loss for the period attributable to the shareholders</b>								<b>(38,526)</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**21 Operating segments (continued)**

	Marine	Property	Motor	Engineering	Accident & liability	Extended warranty	Term life	Total
Three-month period ended June 30, 2021 (unaudited)								
<b>Revenues</b>								
Gross premiums written	9,389	39,204	121,411	12,116	19,715	6,924	17,998	226,757
Reinsurance premiums ceded	(6,584)	(32,042)	13	(10,190)	(17,587)	(3,967)	(10,600)	(80,957)
Excess of loss expenses	(1,211)	(3,402)	(2,641)	(944)	-	-	-	(8,198)
<b>Net premiums written</b>	1,594	3,760	118,783	982	2,128	2,957	7,398	137,602
Change in unearned premiums	4,405	(1,587)	(9,994)	4,664	(5,105)	(3,819)	(6,810)	(18,246)
Changes in reinsurers' share of unearned premium	(2,681)	(239)	(313)	(4,122)	4,973	1,107	4,378	3,103
<b>Net premiums earned</b>	3,318	1,934	108,476	1,524	1,996	245	4,966	122,459
Reinsurance commissions	2,044	5,145	52	2,064	1,860	902	(3)	12,064
Other underwriting income	21	5	76	2	17	-	4	125
<b>Total revenues</b>	5,383	7,084	108,604	3,590	3,873	1,147	4,967	134,648
<b>Cost and expenses</b>								
Gross claims paid and loss adjustment expenses, net of recoveries	1,443	5,539	87,129	3,139	638	1,796	9,284	108,968
Reinsurers' share of claims paid	(1,152)	(4,444)	(814)	(3,020)	(463)	(1,796)	(7,663)	(19,352)
<b>Net claims paid</b>	291	1,095	86,315	119	175	-	1,621	89,616
Changes in outstanding claims	(957)	27,725	(2,884)	2,080	3,969	65	313	30,311
Changes in reinsurers' share of outstanding claims	627	(26,026)	1,121	(1,776)	(3,600)	(65)	(149)	(29,868)
Changes in claims incurred but not reported claims	(260)	998	193	(2,940)	888	-	472	(649)
Changes in reinsurers' share of claims incurred but not reported	206	(774)	582	2,334	(993)	-	(378)	977
<b>Net claims incurred</b>	(93)	3,018	85,327	(183)	439	-	1,879	90,387
Premium deficiency reserve	-	-	(2,249)	-	-	-	-	(2,249)
Additional unexpired risk reserve	-	-	-	328	256	-	-	584
Unallocated loss adjustment expense provision	(37)	(6)	(37)	(182)	24	-	(6)	(244)
Policy acquisition costs	1,359	3,234	7,092	1,909	1,343	793	1,380	17,110
Other underwriting expenses	317	212	3,340	245	170	87	15	4,386
<b>Total underwriting cost and expenses</b>	1,546	6,458	93,473	2,117	2,232	880	3,268	109,974
<b>Net underwriting income</b>	3,837	626	15,131	1,473	1,641	267	1,699	24,674
<b>Other operating (expenses) / income</b>								
Impairment allowance for doubtful premium, reinsurers and other receivables								(6,756)
General and administration expenses								(26,216)
Commission income on deposits								339
Unrealized gain on investments								782
Commission income on investments								43
Other income								23
<b>Total other operating expenses, net</b>								(31,785)
<b>Net loss for the period attributable to the shareholders before zakat</b>								(7,111)
Zakat								(1,170)
<b>Net loss for the period attributable to the shareholders</b>								(8,281)

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**21 Operating segments (continued)**

	Marine	Property	Motor	Engineering	Accident & liability	Extended warranty	Term life	Total
Six-month period ended June 30, 2021 (unaudited)								
<b>Revenues</b>								
Gross premiums written	22,636	112,722	265,252	44,359	41,559	13,107	35,545	535,180
Reinsurance premiums ceded	(15,406)	(93,688)	51	(37,098)	(35,573)	(8,642)	(19,813)	(210,169)
Excess of loss expenses	(2,108)	(4,324)	(4,558)	(1,439)	-	-	-	(12,429)
<b>Net premiums written</b>	5,122	14,710	260,745	5,822	5,986	4,465	15,732	312,582
Change in unearned premiums	1,819	(43,166)	(47,714)	(13,791)	(14,433)	(7,462)	(14,429)	(139,176)
Changes in reinsurers share of unearned premium	(1,994)	33,164	(1,287)	10,648	12,249	3,267	8,150	64,197
<b>Net premiums earned</b>	4,947	4,708	211,744	2,679	3,802	270	9,453	237,603
Reinsurance commissions	4,125	10,084	196	4,215	3,781	1,774	98	24,273
Other underwriting income	42	14	154	6	29	-	7	252
<b>Total revenues</b>	9,114	14,806	212,094	6,900	7,612	2,044	9,558	262,128
<b>Cost and expenses</b>								
Gross claims paid and loss adjustment expenses, net of recoveries	3,138	20,367	162,321	10,919	879	3,078	20,051	220,753
Reinsurer's share of claims paid	(2,340)	(17,168)	(1,932)	(10,129)	(492)	(3,078)	(16,455)	(51,594)
<b>Net claims paid</b>	798	3,199	160,389	790	387	-	3,596	169,159
Changes in outstanding claims	7,962	36,606	5,673	(3,255)	6,725	65	1,482	55,258
Changes in reinsurers share of outstanding claims	(7,562)	(33,642)	1,332	2,919	(6,611)	(65)	(1,370)	(44,999)
Changes in claims incurred but not reported	165	1,725	(1,638)	(3,352)	1,158	-	(3,446)	(5,388)
Changes in reinsurers share of claims incurred but not reported	(254)	(1,482)	1,329	2,812	(1,545)	-	2,757	3,617
<b>Net claims incurred</b>	1,109	6,406	167,085	(86)	114	-	3,019	177,647
Premium deficiency reserve	-	-	(3,206)	-	-	-	-	(3,206)
Additional unexpired risk reserve	-	-	-	736	256	-	-	992
Unallocated loss adjustment expense provision	117	(20)	36	(336)	33	-	(72)	(242)
Policy acquisition costs	2,427	5,979	13,776	3,340	2,528	1,434	2,538	32,022
Other underwriting expenses	619	1,513	12,006	632	567	266	15	15,618
<b>Total underwriting cost and expenses</b>	4,272	13,878	189,697	4,286	3,498	1,700	5,500	222,831
<b>Net underwriting income</b>	4,842	928	22,397	2,614	4,114	344	4,058	39,297
<b>Other operating income / (expenses)</b>								
Impairment allowance for doubtful premium, reinsurers and other receivables								(7,048)
General and administration expenses								(61,185)
Commission income on deposits								683
Unrealized loss on investments								2,330
Commission income on investments								77
Other income								244
<b>Total other operating expenses, net</b>								(64,899)
<b>Net loss for the period attributable to the shareholders, before zakat</b>								(25,602)
Zakat								(1,970)
<b>Net loss for the period attributable to the shareholders</b>								(27,572)



**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**21 Operating segments (continued)**

	Marine	Property	Motor	Engineering	Accident & liability	Extended warranty	Term life	Total
<b>As at June 30, 2022</b>								
<b>(Unaudited)</b>								
<b>Assets</b>								
Reinsurers' share of unearned premiums	10,944	60,772	50	41,145	27,819	43,509	12,678	<b>196,917</b>
Reinsurers' share of outstanding claims	16,228	146,804	123	75,467	110,236	103	4,297	<b>353,258</b>
Reinsurers' share of claims incurred but not reported	400	14,679	347	1,427	9,445	-	2,797	<b>29,095</b>
Deferred policy acquisition costs	1,264	6,351	13,088	5,409	3,125	13,606	3,066	<b>45,909</b>
Unallocated assets								<b>1,082,205</b>
<b>Total assets</b>								<b>1,707,384</b>
<b>Liabilities</b>								
Unearned premiums	14,891	75,582	191,446	49,504	33,153	54,382	22,781	<b>441,739</b>
Unearned reinsurance commission	1,895	10,571	5	5,729	3,536	9,288	-	<b>31,024</b>
Outstanding claims	20,666	160,682	84,022	78,056	111,980	103	5,356	<b>460,865</b>
Claims incurred but not reported	463	16,693	36,024	1,604	11,078	-	3,495	<b>69,357</b>
Premium deficiency reserve	-	-	8,417	-	-	-	-	<b>8,417</b>
Additional unexpired risk reserve	-	-	-	679	1,308	-	-	<b>1,987</b>
Unallocated loss adjustment expense provision	431	1,274	2,341	255	879	-	124	<b>5,304</b>
Unallocated liabilities								<b>328,068</b>
<b>Total liabilities</b>								<b>1,346,761</b>
<b>As at December 31, 2021</b>								
<b>(Audited)</b>								
<b>Assets</b>								
Reinsurers' share of unearned premiums	9,763	36,547	-	50,842	27,849	42,458	5,738	<b>173,197</b>
Reinsurers' share of outstanding claims	13,168	85,169	134	63,352	111,615	9	7,477	<b>280,924</b>
Reinsurers' share of claims incurred but not reported	491	10,648	615	3,943	11,229	-	3,711	<b>30,637</b>
Deferred policy acquisition costs	1,504	4,460	10,599	6,051	2,573	12,473	1,130	<b>38,790</b>
Unallocated assets								<b>823,689</b>
<b>Total assets</b>								<b>1,347,237</b>
<b>Liabilities</b>								
Unearned premiums	14,123	44,348	188,415	55,072	31,958	49,093	9,671	<b>392,680</b>
Unearned reinsurance commission	2,003	5,063	-	8,310	2,743	11,081	-	<b>29,200</b>
Outstanding claims	16,685	92,657	76,882	65,043	113,575	9	8,847	<b>373,698</b>
Claims incurred but not reported	627	11,471	42,320	4,072	12,917	-	4,639	<b>76,046</b>
Premium deficiency reserve	-	-	10,696	-	-	-	-	<b>10,696</b>
Additional unexpired risk reserve	-	-	-	842	779	-	-	<b>1,621</b>
Unallocated loss adjustment expense provision	317	743	2,423	242	975	-	163	<b>4,863</b>
Unallocated liabilities								<b>247,238</b>
<b>Total liabilities</b>								<b>1,136,042</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**22 Related party balances and transactions**

**22.1 Related party transactions**

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

The Company in the normal course of business carries out transactions with its related parties. The transactions are made on the agreed terms and are approved by the Board of Directors.

The significant transactions with related parties and the related amounts are as follows:

Related party	Nature of transactions	Three-month period ended June 30, 2022 (Unaudited)	Three-month period ended June 30, 2021 (Unaudited)	Six-month period ended June 30, 2022 (Unaudited)	Six-month period ended June 30, 2021 (Unaudited)
Board members	- Fees and related expenses	441	75	1,879	1,508
Key management personnel	- Remuneration and related expense	2,270	2,806	5,025	5,403
	- Loans & advances	517	-	517	-
	- Long term employee benefits accrued	110	131	242	309
Major shareholders	- Gross premium written	552	399	1,319	1,387
	- Claims paid	24	824	136	842
	- Facultative premiums ceded	437	429	1,359	1,396
	- Facultative claims recovered	94	(23)	153	71
	- Facultative commission received	13	17	14	23
	- Expenses incurred	1,194	1,666	2,555	2,858
	- Commission income on Deposits	-	224	-	455
Entities controlled, jointly controlled or significantly influenced by major shareholders	- Gross premium written	13,081	14,348	35,894	31,148
	- Claims paid	5,054	3,003	8,671	5,381
	- Expenses incurred	165	132	512	493

**22.2 Related party balances**

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>Major shareholders</b>		
Premium's receivable	41	32
Claims payable	15	12
Amounts due to facultative transactions	642	523
Amount due to a related party for expenses	118	-
<b>Entities controlled, jointly controlled, or significantly influenced by major shareholders</b>		
Premium's receivable	9,462	7,957
Claims payable	1,541	1,652
Amount due to a related party for expenses	-	2
<b>Others (key management personnel)</b>		
Employee benefits payable to key management personnel	2,611	2,890
Advances due from key management personnel	661	284

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**23 Capital management**

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

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

As per guidelines laid out by SAMA in Article 66 of the Implementing Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement
- Premium Solvency Margin
- Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at June 30, 2022 consists of paid-up share capital of SAR 400 million, statutory reserve of SAR 15.35 million and accumulated losses of SAR 54.73 million (December 31, 2021: paid-up share capital of SAR 200 million, statutory reserves of SAR 15.35 million and accumulated losses of SAR 4.16 million), in the statement of financial position. In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements as at June 30, 2022.

**24 Supplementary information**

As required by the Implementing Regulations, the Condensed statement of financial position, Condensed statement of income and Condensed statement of cash flows separately for insurance operations and shareholders' operations are as follows:

**a) Condensed statement of financial position**

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Insurance operations	Share holders' operations	Total	Insurance operations	Share holders' operations	Total
<b>ASSETS</b>						
Cash and cash equivalents	69,142	80,407	149,549	33,864	8,266	42,130
Short-term Deposits	262,434	-	262,434	191,369	-	191,369
Premiums receivable – net	253,873	-	253,873	249,526	-	249,526
Due from reinsurers – net	41,834	-	41,834	39,155	-	39,155
Reinsurers' share of unearned premiums	196,917	-	196,917	173,197	-	173,197
Reinsurers' share of outstanding claims	353,258	-	353,258	280,924	-	280,924
Reinsurers' share of claims incurred but not Reported	29,095	-	29,095	30,637	-	30,637
Deferred policy acquisition costs	45,909	-	45,909	38,790	-	38,790
Investments	-	216,648	216,648	-	179,882	179,882
Prepaid expenses and other assets	54,180	501	54,681	36,180	2,313	38,493
Due from shareholders' / insurance operations	31,426	-	31,426	56,427	-	56,427
Property and equipment	-	19,348	19,348	-	17,403	17,403
Intangible assets	-	42,117	42,117	-	44,139	44,139
Statutory deposit	-	40,000	40,000	-	20,000	20,000
Accrued income on statutory deposit	-	1,721	1,721	-	1,592	1,592
<b>TOTAL OPERATIONS' ASSETS</b>	<b>1,338,068</b>	<b>400,742</b>	<b>1,738,810</b>	<b>1,130,069</b>	<b>273,595</b>	<b>1,403,664</b>
Less: Inter-operations eliminations	(31,426)	-	(31,426)	(56,427)	-	(56,427)
<b>TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>1,306,642</b>	<b>400,742</b>	<b>1,707,384</b>	<b>1,073,642</b>	<b>273,595</b>	<b>1,347,237</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**a) Condensed statement of financial position (continued)**

	June 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
<b>LIABILITIES</b>						
Policyholders claims payable	39,798	-	39,798	29,961	-	29,961
Accrued expenses and other liabilities	95,426	5,168	100,594	71,650	508	72,158
Due to Insurance / shareholders' operations	-	31,426	31,426	-	56,427	56,427
Due to reinsurers, agents, brokers and third-party administrator	184,151	-	184,151	139,654	-	139,654
Unearned premiums	441,739	-	441,739	392,680	-	392,680
Unearned reinsurance commission	31,024	-	31,024	29,200	-	29,200
Outstanding claims	460,865	-	460,865	373,698	-	373,698
Claims incurred but not reported	69,357	-	69,357	76,046	-	76,046
Premium deficiency reserve	8,417	-	8,417	10,696	-	10,696
Additional unexpired risk reserve	1,987	-	1,987	1,621	-	1,621
Unallocated loss adjustment expense provision	5,304	-	5,304	4,863	-	4,863
Zakat and income tax payable	-	1,804	1,804	-	3,873	3,873
Accrued income on statutory deposit	-	1,721	1,721	-	1,592	1,592
<b>TOTAL OPERATIONS' LIABILITIES</b>	<b>1,338,068</b>	<b>40,119</b>	<b>1,378,187</b>	<b>1,130,069</b>	<b>62,400</b>	<b>1,192,469</b>
Less: Inter-operations eliminations	-	(31,426)	(31,426)	-	(56,427)	(56,427)
<b>TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>1,338,068</b>	<b>8,693</b>	<b>1,346,761</b>	<b>1,130,069</b>	<b>5,973</b>	<b>1,136,042</b>
<b>EQUITY</b>						
Share capital	-	400,000	400,000	-	200,000	200,000
Statutory reserve	-	15,354	15,354	-	15,354	15,354
Accumulated losses	-	(54,731)	(54,731)	-	(4,159)	(4,159)
<b>TOTAL EQUITY</b>	<b>-</b>	<b>360,623</b>	<b>360,623</b>	<b>-</b>	<b>211,195</b>	<b>211,195</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,338,068</b>	<b>369,316</b>	<b>1,707,384</b>	<b>1,130,069</b>	<b>217,168</b>	<b>1,347,237</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**b) Condensed statement of income**

	Three-month period ended June 30, 2022 (Unaudited)			Three-month period ended June 30, 2021 (Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
<b>REVENUES</b>						
Gross premiums written	194,277	-	194,277	226,757	-	226,757
Reinsurance premiums ceded	(72,097)	-	(72,097)	(80,957)	-	(80,957)
Excess of loss expenses	(903)	-	(903)	(8,198)	-	(8,198)
<b>Net premiums written</b>	<b>121,277</b>	<b>-</b>	<b>121,277</b>	<b>137,602</b>	<b>-</b>	<b>137,602</b>
Changes in unearned premiums	9,441	-	9,441	(18,246)	-	(18,246)
Changes in reinsurers' share of unearned premium	(6,774)	-	(6,774)	3,103	-	3,103
<b>Net premiums earned</b>	<b>123,944</b>	<b>-</b>	<b>123,944</b>	<b>122,459</b>	<b>-</b>	<b>122,459</b>
Reinsurance commissions	12,578	-	12,578	12,064	-	12,064
Other underwriting income	289	-	289	125	-	125
<b>TOTAL REVENUES</b>	<b>136,811</b>	<b>-</b>	<b>136,811</b>	<b>134,648</b>	<b>-</b>	<b>134,648</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid and loss adjustment expenses, net of recoveries	103,275	-	103,275	108,968	-	108,968
Reinsurers' share of claims paid	(12,812)	-	(12,812)	(19,352)	-	(19,352)
<b>Net claims paid</b>	<b>90,463</b>	<b>-</b>	<b>90,463</b>	<b>89,616</b>	<b>-</b>	<b>89,616</b>
Changes in outstanding claims	73,648	-	73,648	30,311	-	30,311
Changes in reinsurers' share of outstanding claims	(61,969)	-	(61,969)	(29,868)	-	(29,868)
Changes in claims incurred but not Reported	(2,387)	-	(2,387)	(649)	-	(649)
Changes in reinsurers' share of claims incurred but not reported	(3,263)	-	(3,263)	977	-	977
<b>Net claims incurred</b>	<b>96,492</b>	<b>-</b>	<b>96,492</b>	<b>90,387</b>	<b>-</b>	<b>90,387</b>
Premium deficiency reserve	(994)	-	(994)	(2,249)	-	(2,249)
Additional unexpired risk reserve	339	-	339	584	-	584
Unallocated loss adjustment expense provision	334	-	334	(244)	-	(244)
Policy acquisition costs	17,049	-	17,049	17,110	-	17,110
Other underwriting expenses	5,681	-	5,681	4,386	-	4,386
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>118,901</b>	<b>-</b>	<b>118,901</b>	<b>109,974</b>	<b>-</b>	<b>109,974</b>
<b>NET UNDERWRITING INCOME</b>	<b>17,910</b>	<b>-</b>	<b>17,910</b>	<b>24,674</b>	<b>-</b>	<b>24,674</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**b) Condensed statement of income (continued)**

	Three-month period ended June 30, 2022 (Unaudited)			Three-month period ended June 30, 2021 (Unaudited)		
	Insurance operations	Share holders' operations	Total	Insurance operations	Share holders' operations	Total
<b><u>OTHER OPERATING INCOME / (EXPENSES)</u></b>						
Reversal / (impairment) allowance for doubtful premium, reinsurers and other receivables	700	-	700	(6,756)	-	(6,756)
General and administration expenses	(29,540)	(2,277)	(31,817)	(24,124)	(2,092)	(26,216)
Commission income on deposits	895	276	1,171	323	16	339
Unrealized (loss) / gain on investments	-	(1,842)	(1,842)	-	782	782
Commission income on investments	-	93	93	-	43	43
Other income	929	-	929	23	-	23
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>	<b>(27,016)</b>	<b>(3,750)</b>	<b>(30,766)</b>	<b>(30,534)</b>	<b>(1,251)</b>	<b>(31,785)</b>
<b>NET DEFICIT FROM INSURANCE OPERATIONS</b>	<b>(9,106)</b>	<b>-</b>	<b>(9,106)</b>	<b>(5,860)</b>	<b>-</b>	<b>(5,860)</b>
Deficit to Shareholders' Operations	9,106	(9,106)	-	5,860	(5,860)	-
<b>Loss for the period attributable to the shareholders, before zakat</b>	<b>-</b>	<b>(12,856)</b>	<b>(12,856)</b>	<b>-</b>	<b>(7,111)</b>	<b>(7,111)</b>
Zakat	-	(1,020)	(1,020)	-	(1,170)	(1,170)
<b>Net loss for the period attributable to the shareholders</b>	<b>-</b>	<b>(13,876)</b>	<b>(13,876)</b>	<b>-</b>	<b>(8,281)</b>	<b>(8,281)</b>
<b>Loss per share (basic and diluted) - restated</b>						
<b>(Expressed in SAR per share)</b>	<b>-</b>	<b>(0.36)</b>	<b>(0.36)</b>	<b>-</b>	<b>(0.27)</b>	<b>(0.27)</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**b) Condensed statement of income (continued)**

	Six-month period ended June 30, 2022 (Unaudited)			Six-month period ended June 30, 2021 (Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
<b>REVENUES</b>						
Gross premiums written	462,011	-	462,011	535,180	-	535,180
Reinsurance premiums ceded	(181,060)	-	(181,060)	(210,169)	-	(210,169)
Excess of loss expenses	(5,866)	-	(5,866)	(12,429)	-	(12,429)
<b>Net premiums written</b>	<b>275,085</b>	<b>-</b>	<b>275,085</b>	<b>312,582</b>	<b>-</b>	<b>312,582</b>
Changes in unearned premiums	(49,059)	-	(49,059)	(139,176)	-	(139,176)
Changes in reinsurers' share of unearned premium	23,720	-	23,720	64,197	-	64,197
<b>Net premiums earned</b>	<b>249,746</b>	<b>-</b>	<b>249,746</b>	<b>237,603</b>	<b>-</b>	<b>237,603</b>
Reinsurance commissions	24,499	-	24,499	24,273	-	24,273
Other underwriting income	485	-	485	252	-	252
<b>TOTAL REVENUES</b>	<b>274,730</b>	<b>-</b>	<b>274,730</b>	<b>262,128</b>	<b>-</b>	<b>262,128</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid and loss adjustment expenses, net of recoveries	221,057	-	221,057	220,753	-	220,753
Reinsurers' share of claims paid	(32,033)	-	(32,033)	(51,594)	-	(51,594)
<b>Net claims paid</b>	<b>189,024</b>	<b>-</b>	<b>189,024</b>	<b>169,159</b>	<b>-</b>	<b>169,159</b>
Changes in outstanding claims	87,167	-	87,167	55,258	-	55,258
Changes in reinsurers' share of outstanding claims	(72,334)	-	(72,334)	(44,999)	-	(44,999)
Changes in claims incurred but not reported	(6,689)	-	(6,689)	(5,388)	-	(5,388)
Changes in reinsurers' share of claims incurred but not reported	1,542	-	1,542	3,617	-	3,617
<b>Net claims incurred</b>	<b>198,710</b>	<b>-</b>	<b>198,710</b>	<b>177,647</b>	<b>-</b>	<b>177,647</b>
Premium deficiency reserve	(2,279)	-	(2,279)	(3,206)	-	(3,206)
Additional unexpired risk reserve	366	-	366	992	-	992
Unallocated loss adjustment expense provision	441	-	441	(242)	-	(242)
Policy acquisition costs	35,522	-	35,522	32,022	-	32,022
Other underwriting expenses	12,151	-	12,151	15,618	-	15,618
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>244,911</b>	<b>-</b>	<b>244,911</b>	<b>222,831</b>	<b>-</b>	<b>222,831</b>
<b>NET UNDERWRITING INCOME</b>	<b>29,819</b>	<b>-</b>	<b>29,819</b>	<b>39,297</b>	<b>-</b>	<b>39,297</b>

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**b) Condensed statement of income (continued)**

	Six-month period ended June 30, 2022 (Unaudited)			Six-month period ended June 30, 2021 (Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
<b><u>OTHER OPERATING INCOME / (EXPENSES)</u></b>						
Impairment allowance for doubtful premium, reinsurers and other receivables	(1,135)	-	(1,135)	(7,048)	-	(7,048)
General and administration expenses	(60,966)	(6,355)	(67,321)	(55,562)	(5,623)	(61,185)
Commission income on deposits	1,382	376	1,758	653	30	683
Unrealized (loss) / gain on investments	-	(1,234)	(1,234)	-	2,330	2,330
Realized gain on investments	-	236	236	-	77	77
Other income	929	-	929	244	-	244
<b>TOTAL OTHER OPERATING EXPENSES, NET</b>	<b>(59,790)</b>	<b>(6,977)</b>	<b>(66,767)</b>	<b>(61,713)</b>	<b>(3,186)</b>	<b>(64,899)</b>
<b>NET DEFICIT FROM INSURANCE OPERATIONS</b>	<b>(29,971)</b>	<b>-</b>	<b>(29,971)</b>	<b>(22,416)</b>	<b>-</b>	<b>(22,416)</b>
Deficit to Shareholders' Operations	29,971	(29,971)	-	22,416	(22,416)	-
<b>Loss for the period attributable to the shareholders, before zakat</b>		<b>(36,948)</b>	<b>(36,948)</b>		<b>(25,602)</b>	<b>(25,602)</b>
Zakat	-	(1,578)	(1,578)	-	(1,970)	(1,970)
<b>Net loss for the period attributable to the shareholders</b>	<b>-</b>	<b>(38,526)</b>	<b>(38,526)</b>	<b>-</b>	<b>(27,572)</b>	<b>(27,572)</b>
<b>Loss per share (basis and diluted) - restated</b>						
<b>(Expressed in SAR per share)</b>	<b>-</b>	<b>(1.12)</b>	<b>(1.12)</b>	<b>-</b>	<b>(0.91)</b>	<b>(0.91)</b>



**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**c) Condensed statement of comprehensive income**

	Three-month period ended June 30, 2022 (Unaudited)			Three-month period ended June 30, 2021 (Unaudited)		
	Insurance operations	Share holders' operations	Total	Insurance operations	Share holders' operations	Total
Net loss for the period attributable to the shareholders	-	(13,876)	(13,876)	-	(8,281)	(8,281)
<b>Other comprehensive loss</b>						
<i>Items that will not be reclassified to statements of income in subsequent years</i>						
Remeasurement (loss) / gain on defined benefit obligation	-	(74)	(74)	-	41	41
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	-	(13,950)	(13,950)	-	(8,240)	(8,240)
	Six-month period ended June 30, 2022 (Unaudited)			Six-month period ended June 30, 2021 (Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share holders' operations	Total
Net loss for the period attributable to the shareholders	-	(38,526)	(38,526)	-	(27,572)	(27,572)
<b>Other comprehensive loss</b>						
<i>Items that will not be reclassified to statements of income in subsequent years</i>						
Remeasurement loss on defined benefit obligation	-	(94)	(94)	-	(268)	(268)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>	-	(38,620)	(38,620)	-	(27,840)	(27,840)

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**d) Condensed statement of cash flows**

	Six-month period ended June 30, 2022 (Unaudited)			Six-month period ended June 30, 2021 (Unaudited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net loss for the period attributable to shareholders before zakat and income tax	-	(36,948)	(36,948)	-	(25,602)	(25,602)
<b>Adjustments for non-cash items:</b>						
Depreciation and amortisation of property and equipment and intangible assets	-	3,941	3,941	-	3,350	3,350
Shareholders' share of (deficit) / surplus from insurance operations	(29,971)	29,971	-	(22,416)	22,416	-
Allowance for impairment of doubtful premiums, reinsurers' and other receivables	1,135	-	1,135	7,048	-	7,048
Unrealized loss / (gain) on investments	-	1,234	1,234	-	(2,330)	(2,330)
Commission income on investment	-	(236)	(236)	-	(77)	(77)
Provision for employee benefits obligation	1,571	-	1,571	1,565	-	1,565
Commission income on deposits	(1,382)	(376)	(1,758)	(653)	(30)	(683)
	(28,647)	(2,414)	(31,061)	(14,456)	(2,273)	(16,729)
<b>Changes in operating assets and liabilities:</b>						
Premiums' receivable	(5,482)	-	(5,482)	(71,393)	-	(71,393)
Reinsurers' share of unearned premiums	(23,720)	-	(23,720)	(64,197)	-	(64,197)
Reinsurers' share of outstanding claims	(72,334)	-	(72,334)	(44,999)	-	(44,999)
Reinsurers' share of claims Incurred but not reported	1,542	-	1,542	3,617	-	3,617
Deferred policy acquisition costs	(7,119)	-	(7,119)	(11,780)	-	(11,780)
Due from reinsurers	(2,679)	-	(2,679)	39,847	-	39,847

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**24 Supplementary information (continued)**

**d) Condensed statement of cash flows (continued)**

	Six-month period ended June 30, 2022 – (Unaudited)			Six-month period ended June 30, 2021 – (Unaudited)		
	Insurance operation	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
Prepaid expenses and other assets	(17,450)	1,637	(15,813)	2,798	(44)	2,754
Policyholders claims payable	9,837	-	9,837	17,147	-	17,147
Accrued expenses and other liabilities	23,001	4,660	27,661	5,068	(705)	4,363
Due to reinsurers, agents, brokers and third-party administrators	44,497	-	44,497	16,227	-	16,227
Unearned premiums	49,059	-	49,059	139,176	-	139,176
Unearned reinsurance commission	1,824	-	1,824	3,215	-	3,215
Outstanding claims	87,167	-	87,167	55,258	-	55,258
Claims incurred but not reported	(6,689)	-	(6,689)	(5,388)	-	(5,388)
Premium deficiency reserve	(2,279)	-	(2,279)	(3,206)	-	(3,206)
Additional unexpired risk reserve	366	-	366	992	-	992
Due to shareholder operations	55,066	(55,066)	-	(21,597)	21,597	-
Unallocated loss adjustment expense provision	441	-	441	(242)	-	(242)
	106,401	(51,183)	55,218	46,087	18,575	64,662
Zakat and income tax paid	-	(3,647)	(3,647)	-	(6,070)	(6,070)
Payment of employee benefits obligation	(890)	-	(890)	(738)	-	(738)
<b>Net cash generated from operating activities</b>	<b>105,511</b>	<b>(54,830)</b>	<b>50,681</b>	<b>45,349</b>	<b>12,505</b>	<b>57,854</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Additions to property and equipment	-	(3,864)	(3,864)	-	(5,374)	(5,374)
Additions intangible assets	-	-	-	-	(1,362)	(1,362)
Additions to investments	-	(100,000)	(100,000)	-	(5,000)	(5,000)
Proceeds from disposal of investments	-	62,000	62,000	-	-	-
Placements in short-term deposits	(262,434)	-	(262,434)	(57,997)	-	(57,997)
Proceeds from short term deposits	191,369	-	191,369	-	-	-
Increase in statutory deposit	-	(20,000)	(20,000)	-	-	-
Income received from short term deposits	832	429	1,261	660	115	775
<b>Net cash used in investing activities</b>	<b>(70,233)</b>	<b>(61,435)</b>	<b>(131,668)</b>	<b>(57,337)</b>	<b>(11,621)</b>	<b>(68,958)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Issue of right shares	-	200,000	200,000	-	-	-
Transaction costs on issue of right shares	-	(11,594)	(11,594)	-	-	-
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>188,406</b>	<b>188,406</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in cash and cash equivalents</b>	<b>35,278</b>	<b>72,141</b>	<b>107,419</b>	<b>(11,988)</b>	<b>884</b>	<b>(11,104)</b>
Cash and cash equivalents at the beginning of the period	33,864	8,266	42,130	66,930	13,803	80,733
<b>Cash and cash equivalents at the end of the period</b>	<b>69,142</b>	<b>80,407</b>	<b>149,549</b>	<b>54,942</b>	<b>14,687</b>	<b>69,629</b>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INFORMATION</b>						
Income tax receivable from foreign shareholders adjusted against prepaid expenses and other assets	-	-	-	-	358	358
Remeasurement loss on defined obligation adjusted against accrued expenses and other liabilities	(94)	-	(94)	(268)	-	(268)

- e) As required by the Implementing Regulations and the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders payable	10%
	<u>100%</u>

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

**WATANIYA INSURANCE COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed interim financial statements (continued)**  
**June 30, 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**25 Impact of COVID-19**

In response to the outbreak of novel coronavirus ("Covid-19 pandemic") and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA over the last two years, hence management continues to proactively assess its impact on the Company's operations. Globally, there has been significant drop in the number of registered cases including the KSA. As a result, restrictions related to Covid-19 pandemic such as social distancing, travel bans, requirement for travellers to present a negative PCR or rapid antigen test on arrival test have been lifted. 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 period ended June 30, 2022 including the significant accounting judgements, estimates and assumptions. The Company continues to monitor the Covid-19 pandemic situation closely although at this time management is not aware of any factors that are expected to change the impact of the Covid-19 pandemic on the Company's operations during 2022 or beyond.

**26 Comparative figures**

Following comparative figures have been reclassified and regrouped on the face of Condensed statement of income to conform to the current period presentation

<b>For the three months period ended June 30, 2021</b>	<b>Reported as previously</b>	<b>Restatement</b>	<b>Restated amount</b>
Changes in unearned premiums	(15,143)	(3,103)	<b>(18,246)</b>
Changes in reinsurers' share of unearned premiums	-	3,103	<b>3,103</b>
Changes in outstanding claims	443	29,868	<b>30,311</b>
Changes in reinsurance share of outstanding claims	-	(29,868)	<b>(29,868)</b>
Changes in claims incurred but not reported	328	(977)	<b>(649)</b>
Changes in reinsurance share of claims incurred but not reported	-	977	<b>977</b>

<b>For the six months period ended June 30, 2021</b>	<b>Reported as previously</b>	<b>Restatement</b>	<b>Restated amount</b>
Changes in unearned premiums	(74,979)	(64,197)	<b>(139,176)</b>
Changes in reinsurers' share of unearned premium	-	64,197	<b>64,197</b>
Changes in outstanding claims	10,259	44,999	<b>55,258</b>
Changes in reinsurance share of outstanding Claims	-	(44,999)	<b>(44,999)</b>
Changes in claims incurred but not reported	(1,771)	(3,617)	<b>(5,388)</b>
Changes in reinsurance share of claims incurred but not reported	-	3,617	<b>3,617</b>

**27 Subsequent events**

There have been no significant subsequent events since the period-end, that would require disclosures or adjustments in these condensed interim financial statements.

**28 Approval of the condensed interim financial statements**

These condensed interim financial statements have been approved by the Board of Directors on August 14, 2022 corresponding to Muharram 16, 1444.