

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

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**KPMG Professional Services**

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh



الدكتور محمد العمري وشركاه

Dr. Mohamed Al-Amri & Co.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS' OF THE COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Company for Cooperative Insurance ("the Company") and its subsidiaries ("the Group") as at September 30, 2022, the interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three and nine month periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for nine month period then ended, and notes to the interim condensed consolidated financial statements (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the period ended September 30, 2022 of the Group are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia



Khalil Ibrahim Al Sedais
Certified Public Accountant
Registration No. 371



Riyadh on November 7, 2022
(Corresponding to Rabi' Al-Thani
13, 1444H)

Dr. Mohamed Al-Amri & Co.

P. O. Box 8736
Riyadh 11491
Kingdom of Saudi Arabia

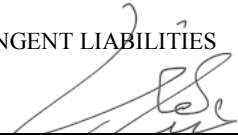




Gihad M. Al-Amri
Certified Public Accountant
Registration No. 362

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Jeddah: Tel. (012) 283 0112, P.O. Box 784 Jeddah 21421
Dammam: Tel. (013) 834 4311, P.O. Box 2594 Dammam 31461
info@bdoalamri.com | www.bdoalamri.com

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022


	Notes	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
		SAR'000	
ASSETS			
Statutory deposit	3	125,000	125,000
Accrued income on statutory deposit		4,325	3,050
Property, equipment and right-of-use assets, net		248,568	236,970
Intangible assets		19,278	16,627
Investment properties		59,886	60,850
Investments in equity accounted investments		89,702	89,556
Prepaid expenses and other assets	4	580,049	668,962
Mudaraba / murabaha deposits	5	5,898,999	3,780,598
Deferred excess of loss premiums		9,139	7,501
Deferred policy acquisition costs		156,507	127,951
Reinsurers' share of gross outstanding claims	6	2,049,757	1,762,324
Reinsurers' share of incurred but not reported claims	6	363,516	329,243
Reinsurers' share of gross unearned premiums	6	1,126,787	717,382
Available-for-sale investments	7	1,020,959	2,370,943
Receivables, net	8	4,892,518	3,222,001
Accrued investment income		75,958	11,029
Cash and cash equivalents	9	1,397,093	1,188,266
TOTAL ASSETS		18,118,041	14,718,253
LIABILITIES			
Return payable on statutory deposit		4,325	3,050
Defined benefits obligation		135,835	142,110
Zakat payable		250,696	415,023
Reserve for takaful activities		2,788	3,372
Incurring but not reported claims reserve	6	2,789,440	1,770,241
Gross outstanding claims	6	2,725,729	2,400,729
Premium deficiency reserve	6	15,317	30,277
Unearned commission income		62,163	42,289
Surplus distribution payable		290,696	258,163
Gross unearned premiums	6	5,965,977	5,031,265
Claims payable, accrued expenses and other liabilities		1,291,815	1,070,631
Reinsurers' balances payable		1,345,211	503,409
Dividends payable		8,602	8,630
TOTAL LIABILITIES		14,888,594	11,679,189
EQUITY			
Share capital	10	1,250,000	1,250,000
Statutory reserve	11	1,197,495	1,197,495
Fair value reserve for investments		20,580	152,513
Remeasurement of defined benefits obligation		(20,096)	(20,096)
Retained earnings		781,468	459,152
TOTAL EQUITY		3,229,447	3,039,064
TOTAL LIABILITIES AND EQUITY		18,118,041	14,718,253
CONTINGENT LIABILITIES	12		
			
Abdulaziz A. AlKhamis Board Director		Ammr K. Kurdi Chief Financial Officer	Abdulaziz H. Al Boug Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

	Three months ended September 30, 2022 (Unaudited)	Three months ended September 30, 2021 (Unaudited)	Nine months ended September 30, 2022 (Unaudited)	Nine months ended September 30, 2021 (Unaudited)
SAR'000				
REVENUES				
Gross premiums written	2,920,550	1,864,705	9,650,498	7,050,478
Reinsurance ceded – Local	(2,897)	(9,024)	(29,152)	(64,606)
Reinsurance ceded – International	(746,635)	(392,558)	(1,654,505)	(1,152,859)
Excess of loss premiums – Local	(6,160)	(2,956)	(14,218)	(8,115)
Excess of loss premiums – International	(6,364)	(1,893)	(12,196)	(4,927)
Fee income from takaful	1,557	517	4,175	3,174
Net premiums written	2,160,051	1,458,791	7,944,602	5,823,145
Changes in gross unearned premiums	188,744	582,004	(934,712)	(88,982)
Changes in reinsurers' share of gross unearned premiums	276,950	(18,654)	409,405	79,029
Net premiums earned	2,625,745	2,022,141	7,419,295	5,813,192
Reinsurance commissions	33,219	34,027	96,503	97,253
Other underwriting income	1,880	1,177	7,021	4,719
TOTAL REVENUES	2,660,844	2,057,345	7,522,819	5,915,164
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	1,577,579	1,746,885	5,315,171	4,941,889
Expenses incurred related to claims	47,980	3,037	117,907	5,336
Reinsurers' share of claims paid	(151,673)	(186,983)	(456,195)	(294,211)
Net claims and other benefits paid	1,473,886	1,562,939	4,976,883	4,653,014
Changes in gross outstanding claims	(68,400)	32,945	325,000	(296,151)
Changes in reinsurance share of gross outstanding claims	42,829	19,463	(287,433)	217,796
Changes in incurred but not reported claims reserve	656,470	78,268	1,019,199	336,686
Changes in reinsurance share of incurred but not reported Claims	(2,871)	(14,610)	(34,273)	(34,084)
Changes in premium deficiency reserve	4,595	(6,509)	(14,960)	(17,743)
Net claims and other benefits incurred	2,106,509	1,672,496	5,984,416	4,859,518
Changes in reserves for takaful activities	(466)	45	(584)	420
Policy acquisition costs	120,995	83,555	338,345	249,959
Other underwriting expenses	49,591	24,568	133,218	89,794
Insurance share distribution	63,556	19,824	237,873	35,391
TOTAL UNDERWRITING COSTS AND EXPENSES	2,340,185	1,800,488	6,693,268	5,235,082
Net underwriting income	320,659	256,857	829,551	680,082
OTHER OPERATING (EXPENSES) / INCOME				
General and administrative expenses	(256,929)	(214,257)	(636,758)	(544,470)
Allowance for doubtful debts	-	(11,599)	(23,298)	(7,815)
Investment income, net	68,851	64,048	211,050	223,752
Other income / (expenses), net	13,448	(3,372)	30,069	(1,090)
TOTAL OTHER OPERATING EXPENSES	(174,630)	(165,180)	(418,937)	(329,623)
Net operating income	146,029	91,677	410,614	350,459
Share of profit from investments in equity accounted investments, net	4,552	3,536	16,398	10,174
Net income before attribution and zakat	150,581	95,213	427,012	360,633
Net income attributed to the insurance operations	(12,542)	(5,305)	(36,782)	(23,977)
Net income attributable to the shareholders before zakat	138,039	89,908	390,230	336,656
Zakat charge for the period	(22,484)	(25,539)	(67,914)	(69,487)
Net income attributable to the shareholders after zakat	115,555	64,369	322,316	267,169
Earnings per share				
Basic and diluted earnings per share (in SAR)	0.92	0.51	2.58	2.14
Weighted average number of shares in issue	125,000,000	125,000,000	125,000,000	125,000,000


Abdulaziz A. AlKhamis
Board Director


Ammr K. Kurdi
Chief Financial Officer


Abdulaziz H. Al Boug
Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022**


		Three months ended September 30, 2022 (Unaudited)	Three months ended September 30, 2021 (Unaudited)	Nine months ended September 30, 2022 (Unaudited)	Nine months ended September 30, 2021 (Unaudited)
Notes	SAR'000				
		115,555	64,369	322,316	267,169
Net income attributable to the shareholders after zakat					
Other comprehensive income:					
<i>Items that are or may be reclassified subsequently to interim condensed consolidated statement of income:</i>					
<i>Available-for-sale investments:</i>					
	7	9,173	(90,789)	(70,226)	116,360
	7	2,044	8,126	(58,716)	(69,961)
		(1,978)	(144)	(2,991)	(1,157)
		124,794	(18,438)	190,383	312,411
Total comprehensive income for the period					



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Abdulaziz H. Al Boug
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THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

Notes	Share capital	Statutory reserve	Fair value reserve for investments	Remeasurement of defined benefit obligation	Retained earnings	Total
	SAR'000					
Balance at January 1, 2021 – audited	1,250,000	1,144,183	89,536	(20,261)	345,904	2,809,362
Total comprehensive income for the period:						
Net income for the period attributable to the shareholders after zakat	-	-	-	-	267,169	267,169
Changes in fair value of available-for-sale investments	-	-	116,360	-	-	116,360
Net amounts reclassified to interim condensed consolidated statement of income	-	-	(69,961)	-	-	(69,961)
Share of other comprehensive loss from investments in equity accounted investments	-	-	(1,157)	-	-	(1,157)
Total comprehensive income	-	-	45,242	-	267,169	312,411
Dividends distribution	-	-	-	-	(100,000)	(100,000)
Balance at September 30, 2021 – unaudited	1,250,000	1,144,183	134,778	(20,261)	513,073	3,021,773
Balance at January 1, 2022 – audited	1,250,000	1,197,495	152,513	(20,096)	459,152	3,039,064
Total comprehensive income for the period:						
Net income for the period attributable to the shareholders after zakat	-	-	-	-	322,316	322,316
Changes in fair value of available-for-sale investments	-	-	(70,226)	-	-	(70,226)
Net amounts reclassified to interim condensed consolidated statement of income	-	-	(58,716)	-	-	(58,716)
Share of other comprehensive loss from investments in equity accounted investments	-	-	(2,991)	-	-	(2,991)
Total comprehensive (loss) / income	-	-	(131,933)	-	322,316	190,383
Balance at September 30, 2022 – unaudited	1,250,000	1,197,495	20,580	(20,096)	781,468	3,229,447

Abdulaziz A. AlKhamis
Board Director

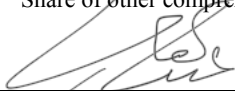
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Chief Executive Officer


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THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

Notes	Nine months ended September 30, 2022 (Unaudited)	Nine months ended September 30, 2021 (Unaudited)
	SAR'000	
Operating activities:		
Net income attributable to the shareholders before zakat	390,230	336,656
Adjustments for non-cash items:		
Net income attributed to the insurance operations	36,782	23,977
Depreciation	21,489	11,411
Amortisation of intangible assets	5,993	3,767
Allowance for doubtful debts	23,298	7,815
Dividend and commission income	(148,264)	(152,535)
Gain on sale of investments	(58,716)	(69,961)
Finance cost	224	3,748
Share of profit from investments in equity accounted investments, net	(16,398)	(10,174)
Provision for defined benefits obligation	10,810	21,096
	<u>265,448</u>	<u>175,800</u>
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	88,913	(114,676)
Deferred excess of loss premiums	(1,638)	(2,659)
Deferred policy acquisition costs	(28,556)	9,437
Reinsurers' share of gross outstanding claims	(287,433)	217,796
Reinsurers' share of incurred but not reported claims reserve	(34,273)	(34,084)
Reinsurers' share of gross unearned premiums	(409,405)	(79,029)
Receivables, net	(1,693,815)	515,573
Reinsurers' balances payable	841,802	281,854
Gross unearned premiums	934,712	88,982
Unearned commission income	19,874	6,379
Gross outstanding claims	325,000	(296,151)
Incurred but not reported claims reserve	1,019,199	336,686
Premium deficiency reserve	(14,960)	(17,743)
Reserve for takaful activities	(584)	420
Claims payable, accrued expenses and other liabilities	224,467	(824,614)
	<u>1,248,751</u>	<u>263,971</u>
Finance cost paid	-	(5,746)
Defined benefits obligation paid	(17,085)	(14,287)
Surplus paid to policyholders	(4,249)	(2,621)
Zakat paid	(232,241)	(14,779)
Net cash flows generated from operating activities	<u>995,176</u>	<u>226,538</u>
Investing activities:		
Proceeds from sale of available-for-sale investments	2,496,480	1,551,239
Purchase of available-for-sale investments	(1,216,722)	(847,452)
Proceeds from maturity of mudaraba / murabaha deposits	6,071,784	4,015,056
Placement in mudaraba / murabaha deposits	(8,190,185)	(4,371,738)
Dividends and commission income received	83,335	91,964
Dividends received from investments in equity accounted investments	13,261	13,690
Purchase of property, equipment and right-of-use assets, net	(32,123)	(3,729)
Purchase of intangible assets	(8,644)	(11,866)
Net cash flows (used in) / generated from investing activities	<u>(782,814)</u>	<u>437,164</u>
Financing activities:		
Repayment of lease liabilities	-	(400,000)
Lease rentals paid	(3,507)	-
Dividends paid	(28)	(97,704)
Net cash flows used in financing activities	<u>(3,535)</u>	<u>(497,704)</u>
Net change in cash and cash equivalents during the period	<u>208,827</u>	<u>165,998</u>
Cash and cash equivalents, beginning of the period	9 1,188,266	445,794
Cash and cash equivalents, end of the period	9 <u>1,397,093</u>	<u>611,792</u>
Non-cash supplemental information:		
Net change in fair value for available-for-sale investments	(128,942)	46,399
Share of other comprehensive loss of investments in equity accounted investments	(2,991)	(1,157)


Abdulaziz A. AlKhamis
Board Director


Ammr K. Kurdi
Chief Financial Officer


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Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

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

1. GENERAL

The Company for Cooperative Insurance (the “Company”) is a Saudi joint stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986 corresponding to Jumada Al-Awal 8, 1406H under Commercial Registration No. 1010061695. The Company’s head office is located on Thumamah Road (At Takhassusi) ArRabi District, P.O. Box 86959, Riyadh 11632, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, takaful and property and casualty insurance.

On July 31, 2003 corresponding to Jumada Thani 2, 1424H the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On December 1, 2004 corresponding to Shawwal 18, 1425H, the Saudi Central Bank (formerly Saudi Arabian Monetary Authority) “SAMA” as the principal authority responsible for the application and administration of the Insurance Law and its implementing regulations, granted the Company a license to transact insurance activities in Saudi Arabia.

The Company conducts the business and advances funds to the insurance operations as required. On January 20, 2004 the Company amended its Articles of Association giving authority to the Board of Directors to determine the disposition of the surplus from insurance operations.

On March 20, 2004, the Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

The Company has the following subsidiaries and associates.

<i>Name of the Subsidiary / Associate</i>	<i>Registration No.</i>	<i>Registration date</i>	<i>Ownership interest</i>	<i>Financial year end</i>	<i>Principal Activities</i>
Subsidiary					
Teejan Al- Khaleej	1010644057	21 July 2020	100%	December 31	Developing technology based solutions and extending consultancy services for the insurance and healthcare businesses.
Tree Digital Company	1010816901	04 August 2022	100%	December 31	Introducing innovative products and services with an end-to-end digital journey to drive insurance penetration in the Kingdom of Saudi Arabia (e.g. convenience of choice, behaviour change based products, rewards program), while building an ecosystem of partnerships to fulfil growing customer needs and provide a differentiating proposition versus local and regional competitors.
Associates					
United Insurance Company B.S.C.	17337-1	12 May 1986	50%	December 31	Insurance for all motor vehicles which travel through the King Fahad Causeway in accordance with the Bahrain Insurance Company Law.
Waseel Application Service Provider Limited	1010186558	15 April 2003	45%	December 31	Internet based connectivity, information services, and B2B e-commerce capabilities for the healthcare insurance market.

These interim condensed consolidated financial statements comprise the Company and its subsidiary (together referred to as the ‘Group’).

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements of the Group as at and for the period ended September 30, 2022 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

The Group's interim condensed consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as non-current: statutory deposit, accrued income on statutory deposit, Property, equipment and right-of-use assets, net, intangible assets, investment properties, investments in equity accounted investments, available for sale investments, defined benefits obligation and return payable on statutory deposit. All other financial statement line items would generally be classified as current.

The Company presents its consolidated statement of financial position in order of liquidity (starting from most illiquid). As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed consolidated financial statements accordingly (Note 19). Assets, liabilities, revenues and expenses clearly attributable to either activities are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed consolidated statement of financial position, interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows of the insurance operations and shareholders operations which are presented in Note 19 of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed consolidated statements of financial position, interim condensed consolidated statements of income, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive income or losses of the respective operations.

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

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2021. The interim condensed financial statements may not be considered indicative of the expected results for the full year. These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR), which is also the functional currency of the Group. All financial information presented in Saudi Arabian Riyal has been rounded to the nearest thousands, except where otherwise indicated.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for the measurement at fair value of available-for-sale investments, investment in equity accounted investments which is accounted for under the equity method and defined benefits obligation recorded at the present value using the projected unit credit method..

(b) Critical accounting judgments, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

2. BASIS OF PREPARATION (continued)

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

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed consolidated financial statements:

i) The ultimate liability arising from claims made under insurance contracts

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

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

The Company has appointed a qualified actuary who supports in reviewing and providing recommendation with regards to the expected ultimate claims and the associated claims reserves. The Company booked reserves following the recommendation of the appointed actuary who is currently external and independent from the Company. A range of methods were used by the appointed actuary to determine these claims. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. Actuary had also used a segmentation approach including analysing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

Estimation of premium deficiency is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the company's external, consider the claims and premiums relationship which is expected to apply on unearned portion of the written risks, and ascertain, at the end of the financial period, whether a premium deficiency reserve is required.

ii) Impairment of available-for-sale financial assets

The Company determines that available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost. The determination of what is significant or prolonged requires judgment. For equity and mutual funds, a period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgment, the Company also evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The Company reviews its debt securities classified as available-for-sale at each reporting date to assess whether they are impaired.

iii) Impairment of receivables

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

iv) Fair value of financial instruments

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

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Refer fair value of financial instruments disclosure in note 15.

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2. BASIS OF PREPARATION (continued)

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

v) Impact of Covid-19 and Council of Cooperative Health Insurance (“CCHI”) on technical reserves

- On March 11, 2020, the World Health Organization (“WHO”) declared the Coronavirus (“Covid-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak had also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular had implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.
- The Coronavirus (“Covid-19”) pandemic continues to disrupt global markets as many geographies experienced multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia (“the Government”) however has managed to successfully control the outbreak to date. Moreover, beginning October 17, 2021, social distancing requirements have been relaxed.
- The major impact of Covid-19 pandemic was seen in medical and motor line of business. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

Medical technical reserves

CCHI issued a Circular 895, dated December 17, 2020 regarding the procedures, protocols and prices relating to the enforcement of Article 11. Following these procedures, government facilities will be now able to bill insurance companies for the claims incurred for some elements of their insured population. As instructed by the CCHI, the new protocols and procedures will cover all new and renewing policies incepting from January 1, 2021. Moreover, this will also cover all emergency cases for all inforce policies as of January 1, 2021.

During the period CCHI issued a new circular “965”, dated March 14, 2022, instructing insurance companies to bear the expenses resulting from all new suspected and confirmed infection with the coronavirus (COVID-19) for health insurance beneficiaries in line with the limits of the policy. The Company’s actuary has performed a liability adequacy test taking into consideration the new CCHI circular and have concluded that no premium deficiency reserve is required for the health insurance portfolio in this respect as of September 30, 2022.

Other financial assets

To cater for any potential impacts, the Covid-19 pandemic may have had on the financial assets of the Company, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is an objective evidence that a financial asset or a group of financial assets has been impaired. For debt financial assets, these include factors such as, significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company’s management believes that the Covid-19 pandemic has had no material effects on Company’s reported results for the three and nine month periods ended September 30, 2022. The Company’s management continues to monitor the situation closely.

(c) Significant accounting policies

The accounting and risk management policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with the Company’s audited consolidated financial statements for the year ended December 31, 2021.

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2. BASIS OF PREPARATION (continued)

(d) Standards adopted during the period

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Effective date</u>
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<p>Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.</p> <p>Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be lossmaking.</p> <p>Annual improvements make minor amendments to IFRS 1 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'</p>	Annual periods beginning on or after 1 January 2022.

(e) Standards issued but not yet effective

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

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

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2. BASIS OF PREPARATION (continued)

e) Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts

Overview

This standard has been published in May 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 us 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 2005, IFRS 17 provides the following different measurement models:

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

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

Contractual Service Margin (CSM): The CSM represents the unearned profit for a group of insurance contracts and will be recognised 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 statement of income 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. Since the CSM cannot be negative, changes in future cash flows that are greater than the remaining CSM are recognised in statement of income.

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

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

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

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

Effective date

The effective date of IFRS 17 is currently 1 January 2023 and will supersede IFRS 4 “Insurance Contracts”. Earlier adoption is permitted if both IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the consolidated statement of income and the consolidated statement of financial position. The Company has decided not to early adopt this new standard.

Transition

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

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2. BASIS OF PREPARATION (continued)

e) Standards issued but not yet effective (continued)

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

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The Company is currently assessing the impact of the application and implementation of IFRS 17 and in the process of applying applicable requirements. As of the date of the publication of these interim condensed consolidated financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. The key areas identified to date are as follows:

Impact Area	Summary of Impact
Financial Impact	Based on the initial assessment, the majority of Company's products (which provide cover for annual periods or less) are expected to be measured using the simplified approach (PAA) which requires less changes to the existing approach under IFRS 4. As a result, the financial impact of measuring contracts under IFRS 17 is not expected to be significant.
Data Impact	Where the GMM is applied to measure the Liability for Remaining Coverage, additional data to inform the assumptions made will be required to generate cash-flow models. Yield curves and other financial market information will also be required to determine suitable discount rates and the credit risk of reinsurers.
IT Systems	Cash-flow models will be required to cater for the calculation of the Liability for Remaining Coverage. In addition, model development will be required to allow for the calculation, updating and amortisation of the Contractual Service Margin. Amendments will also be required to the current chart of accounts and reporting disclosures.
Process Impact	A process will need to be established to assess the expected profitability of contracts issued, at the issuing date. Cost allocation processes will need refinement to ensure directly attributable costs are identified according to the requirements of IFRS 17 and are then used as part of cash flow projections. The financial statement close process will also require changes to allow for more frequent interaction between the finance and actuarial teams.
Impact on RI Arrangements	IFRS 17 is not expected to significantly impact the structure of the reinsurance arrangements currently in place for Tawuniya. It is however expected that further insight into the expected (and subsequently actual) performance of reinsurance treaties will be derived under IFRS 17.
Impact on Policies & Control Frameworks	Various decisions need to be made and policies drafted which cover the below (amongst other items): <ul style="list-style-type: none"> • Allocating directly attributable expenses • Onerous contract identification and measurement • Risk adjustment

The Company is currently assessing the full impact of the application and implementation of IFRS 17. The Company has submitted Implementation plan to SAMA, and unaudited dry run results to SAMA using 2020 and 2021 data.

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:

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2. BASIS OF PREPARATION (continued)

e) Standards issued but not yet effective (continued)

i) Classification and measurement:

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- 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 FVOCI and realized gains or losses are reclassified through profit or loss upon sale, if both conditions are met:

- 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
- the contractual terms of cash flows are SPPI,

Assets not meeting either of these categories are measured at FVPL. Additionally, at initial recognition, an entity can use the option to designate a financial asset at FVPL if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognised in profit or loss. Additionally, for financial liabilities that are designated as at FVPL, 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 recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

ii) 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 recognised. 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.

iii) 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.

iv) Effective date

The published effective date of IFRS 9 was 1 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 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:

- Apply a temporary exemption from implementing IFRS 9 until the earlier of:
 - the effective date of a new insurance contract standard; or
 - 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 1, 2021 to January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
- 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: (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 this assessment, the management noted that the statement of financial position primarily included the liabilities arising in the course of writing insurance business. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard.

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2. BASIS OF PREPARATION (continued)

iv) Effective date (continued)

The Company has retained the relevant accounting policies applied by the associate as follows:

- the associate (Waseel Application Services Provider Limited) applies IFRS 9 however the Company applies the temporary exemption from IFRS 9

The associate (United Insurance Company B.S.C.) has performed an assessment that the carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 were compared to the total carrying amount of all its liabilities which are predominately connected with insurance and accordingly eligible for the temporary exemption.

v) Impact assessment

As at September 30, 2022, the Company held financial assets at amortized cost consisting of cash and cash equivalents and certain other receivables amounting to SAR 7,501 million (2021: SAR 5,108 million). The Company held available for sale investments amounting to SAR 1,021 million (2021: SAR 2,371 million). The Company expect to use the FVOCI classification for financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. 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. Investment in funds and discretionary portfolio management – equity shares classified under available for sale investments amounting to SAR 520 million (2021: SAR 1,026 million) will be at FVPL under IFRS 9. As at September 30, 2022, debt securities are measured at fair value of SAR 462 million (2021: SAR 1,156 million). The Company financial assets have low credit risk as at September 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 analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects effect of applying the impairment requirements of IFRS 9 however, the impact has yet to be fully assessed by the Company. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review. The Company has performed first dry run using 31 December 2021 data which has been submitted to SAMA and the audit of first dry run results are yet to be concluded.

(f) Segmental reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has eight reportable segments as follows:

- Medical - coverage for health insurance.
- Medical Umrah - coverage for health insurance for pilgrims.
- Motor insurance - coverage for motor insurance and for Manafeth third party liability insurance for foreign vehicles.
- Property and Casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- General accidents insurance - coverage for pilgrims.
- Travel and COVID-19 – coverage of compulsory travel insurance in addition to some coverages related to COVID-19 for citizens travelling abroad.
- Protection & Savings.
- Teejan Al- Khaleej segment - reporting Teejan Al- Khaleej operations of the Company subsidiaries. Income earned from extending consulting services and facilities for insurance and healthcare business.
- Shareholders' segment - reporting shareholder operations of the Company. Income earned from investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis. The surplus or loss from the insurance operations is allocated to this segment on an appropriate basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. No inter-segment transactions occurred during the period.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. No inter-segment transactions occurred during the period.

(g) Seasonality of operations

Other than normal seasonality in Medical Insurance Business in the Kingdom of Saudi Arabia, there are no seasonal changes that may affect insurance operations of the Company.

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3. STATUTORY DEPOSIT

In compliance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company has deposited 10 percent of its share capital, amounting to SAR 125 million (December 31, 2021: SAR 125 million). During the period, the Company transferred the said deposit from Saudi National Bank to Riyadh Bank after obtaining approval from SAMA.

4. PREPAID EXPENSES AND OTHER ASSETS

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Advance to medical service providers and others	306,487	257,630
Prepaid expenses	45,136	68,290
Other assets	228,426	343,042
	580,049	668,962

Other assets include payments made by the Company in relation to VAT assessment raised by Zakat, Tax and Customs Authority (ZATCA) for the years 2018 and 2019 of SAR 143 million as a precondition to submit an objection on ZATCA's assessment. The Company submitted its objections on the ZATCA's assessment however, these objections were rejected by ZATCA. Therefore in January 2021, the Company filed an appeal with "General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC") (formerly known as General Secretariat of Tax Committees ("GSTC"))" under the Tax Violations and Dispute Committee (TVDC) GSZTCC Level 1 to contest the ruling of ZATCA. Following numerous hearings conducted with the TVDC, the TVDC had pronounced a ruling judgment in the favour of the defendant (i.e., ZATCA) in a virtual hearing on 4 October 2021. In January 2022, TVDC has provided a detailed ruling judgment and reasoning of the TVDC. Based on the above and in accordance with Article 40(2) of the GSZTCC Rules and Regulation, Tawuniya has filed an appeal to Tax Violations and Dispute Appellate Committee ("TVDAC") on 16 February 2022 i.e., within 30 days following receipt of the ruling judgment. No hearings have taken place with TVDAC during the period. The Company and its advisors believe that based on precedents there is a very strong basis that the assessment raised by the ZATCA of SAR 143 million will be reversed at the GSZTCC Level 2 hearing and the amount will be refunded.

5. MUDARABA / MURABAHA DEPOSITS

The deposits are held with banks and financial institution registered with Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are predominately in mudaraba structures. These deposits are denominated in SAR and have an original maturity of more than three months. The average yield on these deposits is 5.07% per annum (December 31, 2021: 2.86% per annum).

The movements in deposits during the period / year is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
<u>Insurance Operations</u>		
Balance at the beginning of the period / year	1,700,623	1,291,465
Placed during the period / year	5,775,707	3,524,148
Matured during the period / year	(3,636,756)	(3,114,990)
Balance at the end of the period / year	3,839,574	1,700,623
<u>Shareholders' Operations</u>		
Balance at the beginning of the period / year	2,079,975	1,843,467
Placed during the period / year	2,414,478	4,343,475
Matured during the period / year	(2,435,028)	(4,106,967)
Balance at the end of the period / year	2,059,425	2,079,975
Total	5,898,999	3,780,598

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6. GROSS UNEARNED PREMIUM, OUTSTANDING CLAIMS AND RESERVES

(i) The movement in unearned premiums is as follows:

	September 30, 2022 (Unaudited)			December 31, 2021 (Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
Balance as at the beginning of the period / year	5,031,265	(717,382)	4,313,883	4,319,378	(683,698)	3,635,680
Premiums written during the period / year	9,650,498	(1,683,657)	7,966,841	10,218,606	(1,594,488)	8,624,118
Premiums earned during the period / year	(8,715,786)	1,274,252	(7,441,534)	(9,506,719)	1,560,804	(7,945,915)
Balance as at the end of the period / year	<u>5,965,977</u>	<u>(1,126,787)</u>	<u>4,839,190</u>	<u>5,031,265</u>	<u>(717,382)</u>	<u>4,313,883</u>

(ii) Outstanding claims and other reserves, net comprise of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Gross outstanding claims	2,783,782	2,440,830
Less: Realizable value of salvage and subrogation	(58,053)	(40,101)
	<u>2,725,729</u>	<u>2,400,729</u>
Incurred but not reported claims reserve	2,789,440	1,770,241
Premium deficiency reserve	15,317	30,277
Gross outstanding claims and reserves	<u>5,530,486</u>	<u>4,201,247</u>
Reinsurers' share of gross outstanding claims	(2,049,757)	(1,762,324)
Reinsurers' share of incurred but not reported claims	(363,516)	(329,243)
Reinsurers' share of outstanding claims and reserves	<u>(2,413,273)</u>	<u>(2,091,567)</u>
Net outstanding claims and reserves	<u>3,117,213</u>	<u>2,109,680</u>

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay in lieu of claims. The management and its appointed actuary have made a detailed assessment of technical reserves and the various parameters in the valuation of technical liabilities.

As at September 30, 2022, based on the recommendations of its appointed actuary, management has recorded technical reserves (Gross outstanding claims and reserves including premium deficiency reserves) amounting to SAR 5.5 billion (December 31, 2021: SAR 4.2 billion). Significant portion of these reserves relate to medical, motor, property and casualty lines of business which are a best-estimate of the expected ultimate claim trends as at September 30, 2022.

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7. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
<u>Insurance Operations</u>		
Mutual funds	9,267	97,316
Fixed income investments	457,444	988,328
Discretionary portfolio management – equity shares	355,866	275,414
Private equity investment	90,714	10,250
Funds with portfolio manager	38,468	168,054
Total	<u>951,759</u>	<u>1,539,362</u>
<u>Shareholders' Operations</u>		
Mutual funds	7,500	592,160
Fixed income investments	5,000	167,809
Discretionary portfolio management – equity shares	56,700	51,099
Funds with portfolio manager	-	20,513
Total	<u>69,200</u>	<u>831,581</u>
Total available-for-sale investments	<u>1,020,959</u>	<u>2,370,943</u>

Movements in available-for-sale investments are as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
<u>Insurance Operations</u>		
Balance at the beginning of the period / year	1,539,362	2,018,664
Purchases	434,422	416,823
Disposals	(990,205)	(1,064,852)
Changes in fair value of investments	(31,820)	168,727
Balance at the end of the period / year	<u>951,759</u>	<u>1,539,362</u>
<u>Shareholders' operations</u>		
Balance at the beginning of the period / year	831,581	999,902
Purchases	782,300	456,082
Disposals	(1,506,275)	(661,285)
Changes in fair value of investments	(38,406)	36,882
Balance at the end of the period / year	<u>69,200</u>	<u>831,581</u>
Total	<u>1,020,959</u>	<u>2,370,943</u>

As at September 30, 2022 the Company has invested in Shariah Notes having fair value amounting to SAR 982 million (December 31, 2021: SAR 2.2 billion). The Shariah Notes are issued by a special purpose vehicle "SPV" established in Cayman Islands. The administrator of these Shariah Notes is a Company registered in Mauritius. The underlying investments of Shariah Notes include funds, discretionary portfolio management – equity shares and fixed income portfolios. The legal ownership of these underlying investments is not with the Company; however, the Company is the ultimate beneficial owner of the underlying investments while having control over the Shariah Notes and underlying investments. The custody of the underlying investments is in the SPV, or its nominee entity custody account, opened with fund and portfolio managers.

The movement of changes in fair value of investments is as follows:

	Three months ended September 30, 2022 (Unaudited)	Three months ended September 30, 2021 (Unaudited)	Nine months ended September 30, 2022 (Unaudited)	Nine months ended September 30, 2021 (Unaudited)
	SAR'000			
<u>Insurance Operations</u>				
Change in fair value	22,249	(19,308)	(31,820)	121,275
Net amounts reclassified to interim condensed consolidated statement of income	2,044	13,311	(67,247)	(17,814)
	<u>24,293</u>	<u>(5,997)</u>	<u>(99,067)</u>	<u>103,461</u>
<u>Shareholders' Operations</u>				
Change in fair value	(13,076)	(71,481)	(38,406)	(4,915)
Net amounts reclassified to interim condensed consolidated statement of income	-	(5,185)	8,531	(52,147)
	<u>(13,076)</u>	<u>(76,666)</u>	<u>(29,875)</u>	<u>(57,062)</u>
Total	<u>11,217</u>	<u>(82,663)</u>	<u>(128,942)</u>	<u>46,399</u>

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8. RECEIVABLES, NET

Receivables comprise net amounts due from the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Policyholders	2,448,447	1,468,716
Brokers and agents	2,505,641	1,558,297
Related parties (note 14)	154,432	381,729
	5,108,520	3,408,742
Receivables from reinsurers	45,446	51,409
Administrative service plan	2,582	2,582
	5,156,548	3,462,733
Allowance for doubtful receivables	(264,030)	(240,732)
Receivables, net	4,892,518	3,222,001

9. CASH AND CASH EQUIVALENTS

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
<u>Insurance Operations</u>		
Bank balances and cash	1,285,931	1,161,102
	1,285,931	1,161,102
<u>Shareholders' Operations</u>		
Bank balances and cash	111,162	27,164
	111,162	27,164
Total cash and cash equivalents	1,397,093	1,188,266

Bank balances and cash include call account balance of SAR 92 million (December 31, 2021: SAR 74 million). Bank balances (including off-balance sheet exposures (note 12) are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

10. SHARE CAPITAL

The authorized, issued and paid up capital of the Company is SAR 1.25 billion as at September 30, 2022 (December 31, 2021: SAR 1.25 billion) consisting of 125 million shares (December 31, 2021: 125 million shares) of SAR 10 each.

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

	September 30, 2022		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Held by the public	92,676,731	926,767	926,767
General Organization for Social Insurance *	32,323,269	323,233	323,233
	125,000,000	1,250,000	1,250,000
		December 31, 2021	
		Authorized and issued	Paid up
		No. of Shares	SAR'000
Held by the public	79,025,509	790,255	790,255
General Organization for Social Insurance	45,974,491	459,745	459,745
	125,000,000	1,250,000	1,250,000

* During the period, General Organization for Social Insurance (GOSI), as part of its restructuring process, transferred part of its holdings in various Tadawul-listed companies to its subsidiaries. Consequently, the direct holding percentage of GOSI as at September 30, 2022 is 25.86% (December 31, 2021: 36.78%).

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11. STATUTORY RESERVE

In accordance with the Articles of Association of the Company and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital. This transfer is only made at the year end. The statutory reserve is not available for distribution to the shareholders until the liquidation of the Company.

12. CONTINGENT LIABILITIES

As at September 30, 2022, the Company was contingently liable for letters of guarantees, issued on its behalf by the banks, amounting to SAR 241 million (December 31, 2021: SAR 258 million) occurring in the normal course of business.

The Company, in common with other insurers, is subject to litigation in the normal course of its business. Appropriate provisions have been made in relation to pending cases and management believes that finalization of these court cases is not expected to have a material impact on the interim condensed consolidated financial statements.

13. INSURANCE SHARE DISTRIBUTION

(i) Manafeth shared agreement:

On January 13, 2015 the Company, together with 25 other insurance companies, signed the Manafeth shared agreement relating to third party liability motor insurance which is effective from January 1, 2015. The agreement relates to motor insurance for vehicles entering the Kingdom of Saudi Arabia. The agreement was renewed for two years from January 1, 2019 to December 31, 2020 with 25 other insurance companies.

The main terms of the agreement are as follows:

- The Company obtains 15% management fee of the net result of the Manafeth portfolio;
- The Company obtains 4.25% of Manafeth's gross premiums written to cover the related indirect expenses; and
- The net result of the Manafeth portfolio after deducting the two above mentioned items is shared equally by the Company and other insurers.

Effective from January 1, 2021, in accordance with a new shared agreement signed together with 3 other insurance companies and Najm Insurance Services "Najm", Najm would be in charge of managing the Manafeth (Outpost Offices) and will be acting as an agent on behalf of the insurers in the agreement. The purpose of this restructuring is to handle the sale of insurance policies for the foreign vehicles entering or crossing the borders of the Kingdom of Saudi Arabia, on behalf of the participating insurance companies.

Najm will be sharing the insurance policies equally with the participating insurance companies and the accounting of premiums and related claims cost will be recorded separately by each of the participating insurance companies in their respective financial statements.

(ii) Hajj and Umrah shared agreement:

On January 1, 2020 the Company, together with 28 other insurance companies, signed the Umrah shared agreement relating to medical and general accidents insurance which is effective from January 1, 2020. Effective from March 30, 2022, the Company has also signed an Appendix "1" to an existing Umrah shared agreement with Ministry of Hajj and Umrah to include Hajj insurance product relating to general accidents insurance including Covid-19 coverage. The agreement relates to insurance of pilgrims who enter the Kingdom of Saudi Arabia.

The main terms of the agreement are as follows:

- The Company obtains 2% management fee of the net result of the Hajj and Umrah portfolio;
- The Company obtains 2.5% of Hajj and Umrah's gross premiums written to cover the related indirect expenses;
- The Company obtains 0.3% of investing portfolio funds;
- The Company pays 7.5% brokerage commission of Hajj and Umrah's gross premiums written through broker;
- The Company pays 10% of Hajj and Umrah's portfolio surplus to Ministry of Hajj and Umrah; and
- The net result of the Hajj and Umrah portfolio after deducting all the above-mentioned items is shared equally by the Company and other insurers.

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13. INSURANCE SHARE DISTRIBUTION (continued)

(iii) Travel and COVID-19 shared agreement:

On April 6, 2021 the Company, together with 12 other insurance companies, signed the Travel and COVID-19 shared agreement relating to compulsory travel insurance in addition to coverages related to COVID-19 which is effective from April 6, 2021. The agreement relates to insurance of citizens traveling abroad.

The main terms of the agreement are as follows:

- The Company obtains 2.5% management fee of Travel and COVID-19 gross premiums written; and
- The Company obtains 30% of net result of Travel & COVID-19 portfolio after deducting the above-mentioned item and the remaining is shared equally with other insurers.

Effective from September 1, 2022, in accordance with the announcement of General Directorate of Passports (Jawazat), the Company has ceased to write Travel and COVID-19 insurance policies for the citizens traveling abroad. Consequently, Travel and COVID-19 portfolio will be continued as run-off portfolio until all premiums are earned and all claims and related reserves are settled.

14. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Transactions for the period ended	September 30,	Balance receivable / (payable) as at	September 30,
	September 30,	September 30,	September 30,	December
	30, 2022	30, 2021	30, 2022	31, 2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	SAR'000			
<u>Major shareholders</u>				
Insurance premium written	36,970	56,215	364	15,951
Reversal of / (allowance for) doubtful debts	-	-	-	(2,457)
Claims paid to medical services provider	48	57	-	-
General Organization for Social Insurance – other services	100	-	84	-
<u>Equity accounted investments</u>				
Insurance premium written	930	800	309	75
Waseel fees paid	2,719	2,950	2,626	-
United Insurance Company B.S.C. fees and claims	5,858	5,420	802	582
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Insurance premium written	495,983	224,024	153,759	365,703
Allowance for doubtful debts	-	-	-	(4,670)
Claims paid to medical services provider	217	385	-	-
Rent expenses paid	730	1,589	(561)	(561)

In accordance with the Company's Articles of Association, the Board of Directors is entitled each year to remuneration of up to 10% of the remaining profit from Shareholders' operations, as defined, based on a decision by the General Assembly.

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

	September 30,	September 30,
	2022	2021
	(Unaudited)	(Unaudited)
	SAR'000	
Salaries and other allowances	8,766	8,511
End of service indemnities	574	2,139

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15. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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 market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.
- 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.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table shows the carrying amount of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

	SAR'000			
	Level 1	Level 2	Level 3	Total
September 30, 2022 (Unaudited)				
Available-for-sale investments				
<u>Insurance Operations</u>				
Mutual funds	-	9,267	-	9,267
Fixed income investments	-	457,444	-	457,444
Discretionary portfolio management – equity shares	-	355,866	-	355,866
Private equity investment	-	-	90,714	90,714
Funds with portfolio manager	-	38,468	-	38,468
	-	861,045	90,714	951,759
<u>Shareholders' Operations</u>				
Mutual funds	-	7,500	-	7,500
Fixed income investments	-	5,000	-	5,000
Discretionary portfolio management – equity shares	-	56,700	-	56,700
Funds with portfolio manager	-	-	-	-
	-	69,200	-	69,200
Total	-	930,245	90,714	1,020,959
	SAR'000			
	Level 1	Level 2	Level 3	Total
December 31, 2021 (Audited)				
Available-for-sale investments				
<u>Insurance Operations</u>				
Mutual funds	-	97,316	-	97,316
Fixed income investments	-	988,328	-	988,328
Discretionary portfolio management – equity shares	-	275,414	-	275,414
Private equity investment	-	-	10,250	10,250
Funds with portfolio manager	-	168,054	-	168,054
	-	1,529,112	10,250	1,539,362
<u>Shareholders' Operations</u>				
Mutual funds	-	592,160	-	592,160
Fixed income investments	-	167,809	-	167,809
Discretionary portfolio management – equity shares	-	51,099	-	51,099
Funds with portfolio manager	-	20,513	-	20,513
	-	831,581	-	831,581
Total	-	2,360,693	10,250	2,370,943

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15. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

September 30, 2022 (Unaudited)	Balance January 1	Purchases	Disposals	SAR'000		Balance September 30
				Statement of income	Total gain or loss recognised in Other comprehensive income	
Insurance operations						
Private equity investment	10,250	80,464	-	-	-	90,714
Total	10,250	80,464	-	-	-	90,714

December 31, 2021 (Audited)	Balance January 1	Purchases	Disposals	SAR'000		Balance December 31
				Statement of income	Total gain or loss recognised in Other comprehensive income	
Insurance operations						
Private equity investment	10,250	-	-	-	-	10,250
Shareholders' operations						
Private equity investment	53,145	-	(53,145)	-	-	-
	53,145	-	(53,145)	-	-	-
Total	63,395	-	(53,145)	-	-	10,250

16. EARNINGS PER SHARE

Basic and diluted earnings per share for the three and nine month periods ended September 30, 2022 and September 30, 2021 have been calculated by dividing the net income for the period attributed to shareholders' by the weighted average number of ordinary shares issued and outstanding at the end of the period.

17. ZAKAT

Status of assessments

The Company has filed Zakat returns with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2014 to 2021. The ZATCA issued assessments for the years 2014 to 2018 and objection was lodged against those years by the Company. For 2014 to 2018, the ZATCA rejected the appeal and the Company filed their appeal case at the "General Secretariat of Zakat, Tax and Customs Committees ("GSZTCC") (formerly known as General Secretariat of Tax Committees ("GSTC"))". The Company also approached the Alternative Dispute Resolution Committee (ADRC) to discuss an amicable settlement of their contested appeal matters for the years 2014 to 2018. In February 2022, the Company agreed on a settlement with the ADRC amounting to SAR 221 million for the assessment years 2014 to 2018. Furthermore, ZATCA has started its review procedures for years 2019 and 2020 but has not raised any final assessment related to these years.

Management believes that appropriate and adequate provisions have been created and that the finalization of the above mentioned assessments is not expected to have a material impact on the interim condensed consolidated financial statements for the period ended September 30, 2022.

18. OPERATING SEGMENTS

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker.

Segment assets do not include insurance operations' Property, equipment and right-of-use assets, net, intangible assets, investment properties, available for sale investments, mudaraba / murabaha deposits, prepaid expenses and other assets, receivables, net, accrued investment income and cash and cash equivalents. Accordingly, they are included in unallocated assets. Segment liabilities do not include insurance operations' surplus distribution payable, defined benefits obligation, claims payable, accrued expenses and other liabilities and reinsurers' balances payable. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities (including the related charges for allowance for doubtful debts on premiums receivable and depreciation on the Property, equipment and right-of-use assets, net) are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

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18. OPERATING SEGMENTS (continued)

For the three months period ended September 30, 2022

(Unaudited)

Operating Segments	SAR'000										
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
REVENUES											
Gross premiums written											
- Retail	5,592	101,888	189,373	1,979	104,792	49,881	-	453,505	-	-	453,505
- Micro Enterprises	114,770	-	16,205	19,998	-	-	-	150,973	-	-	150,973
- Small Enterprises	73,239	-	6,311	8,699	-	-	17	88,266	-	-	88,266
- Medium Enterprises	102,637	-	4,581	11,094	-	-	392	118,704	-	-	118,704
- Corporates	1,344,235	-	7,201	740,711	-	-	16,955	2,109,102	-	-	2,109,102
	1,640,473	101,888	223,671	782,481	104,792	49,881	17,364	2,920,550	-	-	2,920,550
Reinsurance ceded – local	-	-	-	(2,897)	-	-	-	(2,897)	-	-	(2,897)
Reinsurance ceded – international	822	-	-	(722,624)	(7,236)	(1,933)	(15,664)	(746,635)	-	-	(746,635)
Excess of loss premiums – local	-	-	(661)	(2,021)	(3,478)	-	-	(6,160)	-	-	(6,160)
Excess of loss premiums – International	-	-	-	(2,027)	(4,337)	-	-	(6,364)	-	-	(6,364)
Fees income from takaful	-	-	-	-	-	-	1,557	1,557	-	-	1,557
Net premiums written	1,641,295	101,888	223,010	52,912	89,741	47,948	3,257	2,160,051	-	-	2,160,051
Changes in unearned premiums, net	569,579	(74,277)	(17,477)	(8,037)	(13,352)	9,130	128	465,694	-	-	465,694
Net premiums earned	2,210,874	27,611	205,533	44,875	76,389	57,078	3,385	2,625,745	-	-	2,625,745
Reinsurance commissions	788	-	-	32,431	-	-	-	33,219	-	-	33,219
Other underwriting income	(389)	-	36	2,233	-	-	-	1,880	-	-	1,880
TOTAL REVENUES	2,211,273	27,611	205,569	79,539	76,389	57,078	3,385	2,660,844	-	-	2,660,844
UNDERWRITING COSTS AND EXPENSES											
Gross claims paid and expenses incurred related to claims	1,292,414	38,545	142,792	147,537	7	529	3,735	1,625,559	-	-	1,625,559
Reinsurers' share of claims paid	(9,273)	-	(129)	(138,745)	-	(108)	(3,418)	(151,673)	-	-	(151,673)
Net claims and other benefits paid	1,283,141	38,545	142,663	8,792	7	421	317	1,473,886	-	-	1,473,886
Changes in outstanding claims, net	(19,023)	-	(11,559)	5,165	-	-	(154)	(25,571)	-	-	(25,571)
Changes in incurred but not reported claims reserve, net	635,077	(3,563)	12,518	(528)	11,837	(1,742)	-	653,599	-	-	653,599
Changes in premium deficiency reserves	-	-	(1,484)	6,079	-	-	-	4,595	-	-	4,595
Net claims and other benefits incurred	1,899,195	34,982	142,138	19,508	11,844	(1,321)	163	2,106,509	-	-	2,106,509
Changes in reserve for takaful activities	-	-	-	-	-	-	(466)	(466)	-	-	(466)
Policy acquisition costs	67,823	5,931	21,956	16,497	9,095	2,004	396	123,702	(2,707)	-	120,995
Other underwriting expenses	28,883	1,715	1,154	5,578	9,815	1,593	853	49,591	-	-	49,591
Insurance share distribution	-	(16,517)	715	-	41,820	37,538	-	63,556	-	-	63,556
TOTAL UNDERWRITING COSTS AND EXPENSES	1,995,901	26,111	165,963	41,583	72,574	39,814	946	2,342,892	(2,707)	-	2,340,185

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 1,636 million.

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18. OPERATING SEGMENTS (continued)

Operating Segments	For the three months period ended September 30, 2022										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
Net underwriting income	215,372	1,500	39,606	37,956	3,815	17,264	2,439	317,952	2,707	-	320,659
Unallocated (expense) / income											
General and administrative expenses								(255,050)	(115)	(1,764)	(256,929)
Allowance for doubtful debts								-	-	-	-
Investment income, net								46,487	-	22,364	68,851
Share of profit from equity accounted investments, net								-	-	4,552	4,552
Other income / expenses, net								16,031	(2,583)	-	13,448
Net income before attribution and zakat								125,420	9	25,152	150,581

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

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

18. OPERATING SEGMENTS (continued)

For the three months period ended September 30, 2021

(Unaudited)

Operating Segments	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
REVENUES											
Gross premiums written											
- Retail	3,903	2,031	121,375	4,825	1,754	36,511	-	170,399	-	-	170,399
- Micro Enterprises	80,073	-	4,977	1,824	-	-	-	86,874	-	-	86,874
- Small Enterprises	55,839	-	2,094	2,415	-	-	10	60,358	-	-	60,358
- Medium Enterprises	83,062	-	2,327	4,553	-	-	401	90,343	-	-	90,343
- Corporates	1,022,028	-	10,044	421,625	-	-	3,034	1,456,731	-	-	1,456,731
	1,244,905	2,031	140,817	435,242	1,754	36,511	3,445	1,864,705	-	-	1,864,705
Reinsurance ceded – local	-	-	-	(7,949)	-	-	(1,075)	(9,024)	-	-	(9,024)
Reinsurance ceded – international	347	-	-	(389,967)	(52)	(1,074)	(1,812)	(392,558)	-	-	(392,558)
Excess of loss premiums – local	-	-	(866)	(2,090)	-	-	-	(2,956)	-	-	(2,956)
Excess of loss premiums – International	-	-	(158)	(1,735)	-	-	-	(1,893)	-	-	(1,893)
Fees income from takaful	-	-	-	-	-	-	517	517	-	-	517
Net premiums written	1,245,252	2,031	139,793	33,501	1,702	35,437	1,075	1,458,791	-	-	1,458,791
Changes in unearned premiums, net	553,700	(1,015)	11,338	(4,094)	(850)	4,145	126	563,350	-	-	563,350
Net premiums earned	1,798,952	1,016	151,131	29,407	852	39,582	1,201	2,022,141	-	-	2,022,141
Reinsurance commissions	521	-	-	33,506	-	-	-	34,027	-	-	34,027
Other underwriting income	(5)	-	270	912	-	-	-	1,177	-	-	1,177
TOTAL REVENUES	1,799,468	1,016	151,401	63,825	852	39,582	1,201	2,057,345	-	-	2,057,345
UNDERWRITING COSTS AND EXPENSES											
Gross claims paid and expenses incurred related to claims	1,469,333	756	102,568	165,753	-	1,362	10,150	1,749,922	-	-	1,749,922
Reinsurers' share of claims paid	(16,875)	-	(1,034)	(159,789)	-	-	(9,285)	(186,983)	-	-	(186,983)
Net claims and other benefits paid	1,452,458	756	101,534	5,964	-	1,362	865	1,562,939	-	-	1,562,939
Changes in outstanding claims, net	61,418	-	(8,377)	(750)	-	-	117	52,408	-	-	52,408
Changes in incurred but not reported claims reserve, net	51,958	1	(333)	1,654	128	10,039	211	63,658	-	-	63,658
Changes in premium deficiency reserves	(3,065)	-	-	(3,444)	-	-	-	(6,509)	-	-	(6,509)
Net claims and other benefits incurred	1,562,769	757	92,824	3,424	128	11,401	1,193	1,672,496	-	-	1,672,496
Changes in reserve for takaful activities	-	-	-	-	-	-	45	45	-	-	45
Policy acquisition costs	56,886	78	19,445	12,325	68	91	149	89,042	(5,487)	-	83,555
Other underwriting expenses	18,657	72	1,056	3,444	32	1,094	213	24,568	-	-	24,568
Insurance share distribution	-	(348)	1,452	-	67	18,653	-	19,824	-	-	19,824
TOTAL UNDERWRITING COSTS AND EXPENSES	1,638,312	559	114,777	19,193	295	31,239	1,600	1,805,975	(5,487)	-	1,800,488

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 1,317 million.

THE COMPANY FOR COOPERATIVE INSURANCE

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

18. OPERATING SEGMENTS (continued)

Operating Segments	For the three months period ended September 30, 2021										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
Net underwriting income	161,156	457	36,624	44,632	557	8,343	(399)	251,370	5,487	-	256,857
Unallocated (expense) / income											
General and administrative expenses								(211,883)	(17)	(2,357)	(214,257)
Reversal of doubtful debts								(11,599)	-	-	(11,599)
Investment income, net								22,554	-	41,494	64,048
Share of profit from investments in equity accounted investments, net								-	-	3,536	3,536
Other income / expenses, net								2,603	(5,975)	-	(3,372)
Net income before attribution and zakat								<u>53,045</u>	<u>(505)</u>	<u>42,673</u>	<u>95,213</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

18. OPERATING SEGMENTS (continued)

Operating Segments	For the nine months period ended September 30, 2022 (Unaudited)										
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
SAR'000											
REVENUES											
Gross premiums written											
- Retail	23,638	275,778	529,339	16,415	312,240	125,358	-	1,282,768	-	-	1,282,768
- Micro Enterprises	353,524	-	44,805	40,565	-	-	-	438,894	-	-	438,894
- Small Enterprises	266,459	-	17,825	23,696	-	-	159	308,139	-	-	308,139
- Medium Enterprises	263,843	-	59,953	25,028	-	-	734	349,558	-	-	349,558
- Corporates	5,669,671	-	35,123	1,540,870	-	-	25,475	7,271,139	-	-	7,271,139
	6,577,135	275,778	687,045	1,646,574	312,240	125,358	26,368	9,650,498	-	-	9,650,498
Reinsurance ceded – local	-	-	-	(29,152)	-	-	-	(29,152)	-	-	(29,152)
Reinsurance ceded – international	(125,744)	-	-	(1,479,642)	(21,561)	(4,361)	(23,197)	(1,654,505)	-	-	(1,654,505)
Excess of loss premiums – local	-	-	(2,093)	(6,117)	(6,008)	-	-	(14,218)	-	-	(14,218)
Excess of loss premiums – International	-	-	-	(4,704)	(7,492)	-	-	(12,196)	-	-	(12,196)
Fees income from takaful	-	-	-	-	-	-	4,175	4,175	-	-	4,175
Net premiums written	6,451,391	275,778	684,952	126,959	277,179	120,997	7,346	7,944,602	-	-	7,944,602
Changes in unearned premiums, net	(254,403)	(70,739)	(133,003)	(14,217)	(56,883)	3,921	17	(525,307)	-	-	(525,307)
Net premiums earned	6,196,988	205,039	551,949	112,742	220,296	124,918	7,363	7,419,295	-	-	7,419,295
Reinsurance commissions	1,667	-	-	94,836	-	-	-	96,503	-	-	96,503
Other underwriting income	1,099	-	36	5,886	-	-	-	7,021	-	-	7,021
TOTAL REVENUES	6,199,754	205,039	551,985	213,464	220,296	124,918	7,363	7,522,819	-	-	7,522,819
UNDERWRITING COSTS AND EXPENSES											
Gross claims paid and expenses incurred related to claims	4,485,355	103,385	400,443	427,633	177	2,623	13,462	5,433,078	-	-	5,433,078
Reinsurers' share of claims paid	(33,813)	-	(4,974)	(404,864)	(49)	(108)	(12,387)	(456,195)	-	-	(456,195)
Net claims and other benefits paid	4,451,542	103,385	395,469	22,769	128	2,515	1,075	4,976,883	-	-	4,976,883
Changes in outstanding claims, net	47,785	-	(19,545)	9,052	-	-	275	37,567	-	-	37,567
Changes in incurred but not reported claims reserve, net	903,159	10,373	23,006	1,049	41,623	5,703	13	984,926	-	-	984,926
Changes in premium deficiency reserves	(20,096)	-	740	4,396	-	-	-	(14,960)	-	-	(14,960)
Net claims and other benefits incurred	5,382,390	113,758	399,670	37,266	41,751	8,218	1,363	5,984,416	-	-	5,984,416
Changes in reserve for takaful activities	-	-	-	-	-	-	(584)	(584)	-	-	(584)
Policy acquisition costs	194,818	19,245	65,285	44,126	21,150	4,536	820	349,980	(11,635)	-	338,345
Other underwriting expenses	72,205	16,618	1,678	8,961	28,128	3,978	1,650	133,218	-	-	133,218
Insurance share distribution	-	46,580	198	-	116,694	74,401	-	237,873	-	-	237,873
TOTAL UNDERWRITING COSTS AND EXPENSES	5,649,413	196,201	466,831	90,353	207,723	91,133	3,249	6,704,903	(11,635)	-	6,693,268

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 5,643 million.

THE COMPANY FOR COOPERATIVE INSURANCE

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

18. OPERATING SEGMENTS (continued)

For the nine months period ended September 30, 2022

(Unaudited)

Operating Segments	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
Net underwriting income	550,341	8,838	85,154	123,111	12,573	33,785	4,114	817,916	11,635	-	829,551
Unallocated (expense) / income											
General and administrative expenses								(631,072)	(681)	(5,005)	(636,758)
Allowance for doubtful debts								(23,298)	-	-	(23,298)
Investment income, net								163,358	-	47,692	211,050
Share of profit from equity accounted investments, net								-	-	16,398	16,398
Other income / expenses, net								40,916	(10,847)	-	30,069
Net income before attribution and zakat								367,820	107	59,085	427,012

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

18. OPERATING SEGMENTS (continued)

Operating Segments	For the nine months period ended September 30, 2021 (Unaudited)										
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
REVENUES											
Gross premiums written											
- Retail	8,258	3,299	378,527	12,358	2,705	60,815	-	465,962	-	-	465,962
- Micro Enterprises	251,142	-	12,936	8,522	-	-	-	272,600	-	-	272,600
- Small Enterprises	179,921	-	6,114	14,172	-	-	164	200,371	-	-	200,371
- Medium Enterprises	227,401	-	16,113	23,447	-	-	647	267,608	-	-	267,608
- Corporates	4,641,475	-	27,138	1,155,905	-	-	19,419	5,843,937	-	-	5,843,937
	5,308,197	3,299	440,828	1,214,404	2,705	60,815	20,230	7,050,478	-	-	7,050,478
Reinsurance ceded – local	-	-	-	(62,324)	-	-	(2,282)	(64,606)	-	-	(64,606)
Reinsurance ceded – international	(83,831)	-	-	(1,051,189)	(68)	(1,719)	(16,052)	(1,152,859)	-	-	(1,152,859)
Excess of loss premiums – local	-	-	(2,231)	(5,884)	-	-	-	(8,115)	-	-	(8,115)
Excess of loss premiums – International	-	-	(472)	(3,237)	(1,218)	-	-	(4,927)	-	-	(4,927)
Fees income from takaful	-	-	-	-	-	-	3,174	3,174	-	-	3,174
Net premiums written	5,224,366	3,299	438,125	91,770	1,419	59,096	5,070	5,823,145	-	-	5,823,145
Changes in unearned premiums, net	(5,656)	(993)	19,053	(17,021)	(836)	(4,823)	323	(9,953)	-	-	(9,953)
Net premiums earned	5,218,710	2,306	457,178	74,749	583	54,273	5,393	5,813,192	-	-	5,813,192
Reinsurance commissions	1,130	-	-	96,123	-	-	-	97,253	-	-	97,253
Other underwriting income	-	-	1,913	2,806	-	-	-	4,719	-	-	4,719
TOTAL REVENUES	5,219,840	2,306	459,091	173,678	583	54,273	5,393	5,915,164	-	-	5,915,164
UNDERWRITING COSTS AND EXPENSES											
Gross claims paid and expenses incurred related to claims	4,358,311	1,229	307,556	250,380	-	1,362	28,387	4,947,225	-	-	4,947,225
Reinsurers' share of claims paid	(29,512)	-	(4,418)	(234,086)	-	-	(26,195)	(294,211)	-	-	(294,211)
Net claims and other benefits paid	4,328,799	1,229	303,138	16,294	-	1,362	2,192	4,653,014	-	-	4,653,014
Changes in outstanding claims, net	(58,469)	-	(20,661)	722	-	-	53	(78,355)	-	-	(78,355)
Changes in incurred but not reported claims reserve, net	304,182	(84)	(15,495)	(24)	280	13,534	209	302,602	-	-	302,602
Changes in premium deficiency reserves	(12,537)	-	-	(5,206)	-	-	-	(17,743)	-	-	(17,743)
Net claims and other benefits incurred	4,561,975	1,145	266,982	11,786	280	14,896	2,454	4,859,518	-	-	4,859,518
Changes in reserve for takaful activities	-	-	-	-	-	-	420	420	-	-	420
Policy acquisition costs	172,411	173	53,147	33,483	139	149	414	259,916	(9,957)	-	249,959
Other underwriting expenses	71,815	153	4,199	9,739	60	1,824	2,004	89,794	-	-	89,794
Insurance share distribution	-	(149)	10,406	-	(702)	25,836	-	35,391	-	-	35,391
TOTAL UNDERWRITING COSTS AND EXPENSES	4,806,201	1,322	334,734	55,008	(223)	42,705	5,292	5,245,039	(9,957)	-	5,235,082

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 4,554 million.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

18. OPERATING SEGMENTS (continued)

Operating Segments	For the nine months period ended September 30, 2021										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
Net underwriting income	413,639	984	124,357	118,670	806	11,568	101	670,125	9,957	-	680,082
Unallocated (expense) / income											
General and administrative expenses								(539,233)	(314)	(4,923)	(544,470)
Allowance for doubtful debts								(7,815)	-	-	(7,815)
Investment income, net								108,783	-	114,969	223,752
Share of profit from investments in equity accounted investments, net								-	-	10,174	10,174
Other income / expenses, net								7,908	(8,998)	-	(1,090)
Net income before attribution and zakat								239,768	645	120,220	360,633

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

18. OPERATING SEGMENTS (continued)

Operating Segments	As at September 30, 2022 (Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID- 19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
Assets											
Deferred excess of loss premiums	-	-	661	3,907	4,571	-	-	9,139	-	-	9,139
Deferred policy acquisition costs	105,292	1,711	24,228	22,361	2,501	-	414	156,507	-	-	156,507
Reinsurer's share of gross outstanding claims	537	-	24,691	2,001,982	-	-	22,547	2,049,757	-	-	2,049,757
Reinsurer's share of incurred but not reported claims	19,415	-	3,990	321,727	3,179	1,022	14,183	363,516	-	-	363,516
Reinsurers' share of gross unearned premiums	71,366	-	-	1,043,295	4,431	12	7,683	1,126,787	-	-	1,126,787
Unallocated assets:											
Investments (includes investment properties, investments in equity accounted investments, available for sale investments, mudaraba / murabaha deposits and accrued investment income)								4,893,327	-	2,252,177	7,145,504
Receivables, net								4,892,518	-	-	4,892,518
Cash and cash equivalents								1,285,931	3,976	107,186	1,397,093
Other unallocated assets								842,999	-	134,221	977,220
Total assets								15,620,481	3,976	2,493,584	18,118,041
Liabilities											
Reserve for takaful activities	-	-	-	-	-	-	2,788	2,788	-	-	2,788
Gross outstanding claims	394,943	-	164,703	2,141,857	-	-	24,226	2,725,729	-	-	2,725,729
Incurred but not reported claims reserve	2,203,634	11,768	158,720	325,832	47,200	26,833	15,453	2,789,440	-	-	2,789,440
Premium deficiency reserve	-	-	740	14,484	-	-	93	15,317	-	-	15,317
Unearned commission income	1,909	-	-	58,646	-	-	1,608	62,163	-	-	62,163
Gross unearned premiums	4,225,161	74,281	462,234	1,131,314	64,163	255	8,569	5,965,977	-	-	5,965,977
Unallocated liabilities:											
Reinsurers' balances payable								1,345,211	-	-	1,345,211
Other unallocated liabilities								1,703,134	8,361	270,474	1,981,969
Total liabilities								14,609,759	8,361	270,474	14,888,594

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

18. OPERATING SEGMENTS (continued)

Operating Segments	As at December 31, 2021 (Audited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
Assets											
Deferred excess of loss premiums	-	-	1,316	6,185	-	-	-	7,501	-	-	7,501
Deferred policy acquisition costs	87,302	272	22,666	17,206	233	6	266	127,951	-	-	127,951
Reinsurer's share of gross outstanding claims	214	-	24,053	1,718,172	-	-	19,885	1,762,324	-	-	1,762,324
Reinsurer's share of incurred but not reported claims	24,571	-	4,250	285,544	73	622	14,183	329,243	-	-	329,243
Reinsurers' share of gross unearned premiums	13,512	-	2	695,698	211	122	7,837	717,382	-	-	717,382
Unallocated assets:											
Investments (includes investment properties, investments in equity accounted investments, available for sale investments, mudaraba / murabaha deposits and accrued investment income)								3,307,728	-	3,005,248	6,312,976
Receivables, net								3,222,001	-	-	3,222,001
Cash and cash equivalents								1,161,102	10,100	17,064	1,188,266
Other unallocated assets								921,112	-	129,497	1,050,609
Total assets								11,556,344	10,100	3,151,809	14,718,253
Liabilities											
Reserve for takaful activities	-	-	-	-	-	-	3,372	3,372	-	-	3,372
Gross outstanding claims	346,835	-	183,610	1,848,995	-	-	21,289	2,400,729	-	-	2,400,729
Incurred but not reported claims reserve	1,305,631	1,395	135,974	288,600	2,471	20,730	15,440	1,770,241	-	-	1,770,241
Premium deficiency reserve	20,096	-	-	10,088	-	-	93	30,277	-	-	30,277
Unearned commission income	452	-	-	40,616	-	-	1,221	42,289	-	-	42,289
Gross unearned premiums	3,912,904	3,542	329,233	769,500	3,060	4,286	8,740	5,031,265	-	-	5,031,265
Unallocated liabilities:											
Reinsurers' balances payable								503,409	-	-	503,409
Other unallocated liabilities								1,461,500	3,918	432,189	1,897,607
Total liabilities								11,243,082	3,918	432,189	11,679,189

THE COMPANY FOR COOPERATIVE INSURANCE
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

19. SUPPLEMENTARY INFORMATION

i) Interim condensed consolidated statement of financial position

	As at September 30, 2022 (Unaudited)			As at December 31, 2021 (Audited)		
	Insurance operations	Shareholders' & Subsidiaries operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
ASSETS						
Statutory deposit	-	125,000	125,000	-	125,000	125,000
Accrued income on statutory deposit	-	4,325	4,325	-	3,050	3,050
Property, equipment and right-of-use assets, net	248,568	-	248,568	236,970	-	236,970
Intangible assets	19,278	-	19,278	16,627	-	16,627
Investment properties	59,886	-	59,886	60,850	-	60,850
Investments in equity accounted investments	-	89,702	89,702	-	89,556	89,556
Available-for-sale investments	951,759	69,200	1,020,959	1,539,362	831,581	2,370,943
Mudaraba / murabaha deposits	3,839,574	2,059,425	5,898,999	1,700,623	2,079,975	3,780,598
Due from / to Shareholder's operations	(1,023,656)	1,023,656	-	(227,129)	227,129	-
Prepaid expenses and other assets	575,153	4,896	580,049	667,515	1,447	668,962
Deferred excess of loss premiums	9,139	-	9,139	7,501	-	7,501
Deferred policy acquisition costs	156,507	-	156,507	127,951	-	127,951
Reinsurers' share of gross outstanding claims	2,049,757	-	2,049,757	1,762,324	-	1,762,324
Reinsurers' share of incurred but not reported claims	363,516	-	363,516	329,243	-	329,243
Reinsurers' share of gross unearned premiums	1,126,787	-	1,126,787	717,382	-	717,382
Receivables, net	4,892,518	-	4,892,518	3,222,001	-	3,222,001
Accrued investment income	42,108	33,850	75,958	6,893	4,136	11,029
Cash and cash equivalents	1,285,931	111,162	1,397,093	1,161,102	27,164	1,188,266
TOTAL ASSETS	14,596,825	3,521,216	18,118,041	11,329,215	3,389,038	14,718,253
LIABILITIES						
Surplus distribution payable	290,696	-	290,696	258,163	-	258,163
Defined benefits obligation	135,835	-	135,835	142,110	-	142,110
Return payable on statutory deposit	-	4,325	4,325	-	3,050	3,050
Claims payable, accrued expenses and other liabilities	1,276,603	15,212	1,291,815	1,061,227	9,404	1,070,631
Reserve for takaful activities	2,788	-	2,788	3,372	-	3,372
Gross outstanding claims	2,725,729	-	2,725,729	2,400,729	-	2,400,729
Incurred but not reported claims reserve	2,789,440	-	2,789,440	1,770,241	-	1,770,241
Premium deficiency reserve	15,317	-	15,317	30,277	-	30,277
Unearned commission income	62,163	-	62,163	42,289	-	42,289
Gross unearned premiums	5,965,977	-	5,965,977	5,031,265	-	5,031,265
Reinsurers' balances payable	1,345,211	-	1,345,211	503,409	-	503,409
Dividends payable	-	8,602	8,602	-	8,630	8,630
Zakat payable	-	250,696	250,696	-	415,023	415,023
TOTAL LIABILITIES	14,609,759	278,835	14,888,594	11,243,082	436,107	11,679,189
EQUITY						
Share capital	-	1,250,000	1,250,000	-	1,250,000	1,250,000
Statutory reserve	-	1,197,495	1,197,495	-	1,197,495	1,197,495
Fair value reserve for investments	7,162	13,418	20,580	106,229	46,284	152,513
Remeasurement of defined benefits obligation	(20,096)	-	(20,096)	(20,096)	-	(20,096)
Retained earnings	-	781,468	781,468	-	459,152	459,152
TOTAL EQUITY	(12,934)	3,242,381	3,229,447	86,133	2,952,931	3,039,064
TOTAL LIABILITIES AND EQUITY	14,596,825	3,521,216	18,118,041	11,329,215	3,389,038	14,718,253

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

19. SUPPLEMENTARY INFORMATION (continued)

ii) Interim condensed consolidated statement of income

	For the three months period ended September 30, 2022			For the three months period ended September 30, 2021		
	(Unaudited)			(Unaudited)		
	Insurance operations	Shareholders' & Subsidiaries operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
REVENUES						
Gross premiums written	2,920,550	-	2,920,550	1,864,705	-	1,864,705
Reinsurance premium ceded	(749,532)	-	(749,532)	(401,582)	-	(401,582)
Excess of loss premiums	(12,524)	-	(12,524)	(4,849)	-	(4,849)
Fees income from takaful	1,557	-	1,557	517	-	517
Net premiums written	2,160,051	-	2,160,051	1,458,791	-	1,458,791
Changes in unearned premiums, net	465,694	-	465,694	563,350	-	563,350
Net premiums earned	2,625,745	-	2,625,745	2,022,141	-	2,022,141
Reinsurance commissions	33,219	-	33,219	34,027	-	34,027
Other underwriting income	1,880	-	1,880	1,177	-	1,177
Total revenues	2,660,844	-	2,660,844	2,057,345	-	2,057,345
UNDERWRITING COST AND EXPENSES						
Gross claims paid	1,577,579	-	1,577,579	1,746,885	-	1,746,885
Expenses incurred related to claims	47,980	-	47,980	3,037	-	3,037
Reinsurers' share of claims paid	(151,673)	-	(151,673)	(186,983)	-	(186,983)
Net claims and other benefits paid	1,473,886	-	1,473,886	1,562,939	-	1,562,939
Changes in outstanding claims, net	(25,571)	-	(25,571)	52,408	-	52,408
Changes in incurred but not reported claims, net	653,599	-	653,599	63,658	-	63,658
Changes in premium deficiency reserves	4,595	-	4,595	(6,509)	-	(6,509)
Net claims and other benefits incurred	2,106,509	-	2,106,509	1,672,496	-	1,672,496
Changes in reserves for takaful activities	(466)	-	(466)	45	-	45
Policy acquisition costs	123,702	(2,707)	120,995	89,042	(5,487)	83,555
Other underwriting expenses	49,591	-	49,591	24,568	-	24,568
Insurance share distribution	63,556	-	63,556	19,824	-	19,824
Total underwriting costs and expenses	2,342,892	(2,707)	2,340,185	1,805,975	(5,487)	1,800,488
Net underwriting income	317,952	2,707	320,659	251,370	5,487	256,857
General and administrative expenses	(255,050)	(1,879)	(256,929)	(211,883)	(2,374)	(214,257)
Allowance for doubtful debts	-	-	-	(11,599)	-	(11,599)
Investment income, net	46,487	22,364	68,851	22,554	41,494	64,048
Share of profit from equity accounted investments, net	-	4,552	4,552	-	3,536	3,536
Other income, net	16,032	(2,584)	13,448	2,603	(5,975)	(3,372)
Net income before attribution and zakat	125,421	25,160	150,581	53,045	42,168	95,213
Surplus transferred to Shareholders' operations	(112,879)	112,879	-	(47,740)	47,740	-
Net income after Shareholders' appropriations before zakat	12,542	138,039	150,581	5,305	89,908	95,213
Zakat charge	-	(22,484)	(22,484)	-	(25,539)	(25,539)
Net income after zakat	-	115,555	115,555	-	64,369	69,674

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

19. SUPPLEMENTARY INFORMATION (continued)

ii) Interim condensed consolidated statement of income (continued)

	For the nine months period ended September 30, 2022			For the nine months period ended September 30, 2021		
	(Unaudited)			(Unaudited)		
	Insurance operations	Shareholders' & Subsidiaries operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
REVENUES						
Gross premiums written	9,650,498	-	9,650,498	7,050,478	-	7,050,478
Reinsurance premium ceded	(1,683,657)	-	(1,683,657)	(1,217,465)	-	(1,217,465)
Excess of loss premiums	(26,414)	-	(26,414)	(13,042)	-	(13,042)
Fees income from takaful	4,175	-	4,175	3,174	-	3,174
Net premiums written	7,944,602	-	7,944,602	5,823,145	-	5,823,145
Changes in unearned premiums, net	(525,307)	-	(525,307)	(9,953)	-	(9,953)
Net premiums earned	7,419,295	-	7,419,295	5,813,192	-	5,813,192
Reinsurance commissions	96,503	-	96,503	97,253	-	97,253
Other underwriting income	7,021	-	7,021	4,719	-	4,719
Total revenues	7,522,819	-	7,522,819	5,915,164	-	5,915,164
UNDERWRITING COST AND EXPENSES						
Gross claims paid	5,315,171	-	5,315,171	4,941,889	-	4,941,889
Expenses incurred related to claims	117,907	-	117,907	5,336	-	5,336
Reinsurers' share of claims paid	(456,195)	-	(456,195)	(294,211)	-	(294,211)
Net claims and other benefits paid	4,976,883	-	4,976,883	4,653,014	-	4,653,014
Changes in outstanding claims, net	37,567	-	37,567	(78,355)	-	(78,355)
Changes in incurred but not reported claims, net	984,926	-	984,926	302,602	-	302,602
Changes in premium deficiency reserves	(14,960)	-	(14,960)	(17,743)	-	(17,743)
Net claims and other benefits incurred	5,984,416	-	5,984,416	4,859,518	-	4,859,518
Changes in reserves for takaful activities	(584)	-	(584)	420	-	420
Policy acquisition costs	349,980	(11,635)	338,345	259,916	(9,957)	249,959
Other underwriting expenses	133,218	-	133,218	89,794	-	89,794
Insurance share distribution	237,873	-	237,873	35,391	-	35,391
Total underwriting costs and expenses	6,704,903	(11,635)	6,693,268	5,245,039	(9,957)	5,235,082
Net underwriting income	817,916	11,635	829,551	670,125	9,957	680,082
General and administrative expenses	(631,072)	(5,686)	(636,758)	(539,233)	(5,237)	(544,470)
Allowance for doubtful debts	(23,298)	-	(23,298)	(7,815)	-	(7,815)
Investment income, net	163,358	47,692	211,050	108,783	114,969	223,752
Share of profit from equity accounted investments, net	-	16,398	16,398	-	10,174	10,174
Other income / (expenses), net	40,917	(10,848)	30,069	7,908	(8,998)	(1,090)
Net income before attribution and zakat	367,821	59,191	427,012	239,768	120,865	360,633
Surplus transferred to Shareholders' operations	(331,039)	331,039	-	(215,791)	215,791	-
Net income after Shareholders' appropriations before zakat	36,782	390,230	427,012	23,977	336,656	360,633
Zakat charge	-	(67,914)	(67,914)	-	(69,487)	(69,487)
Net income after zakat	-	322,316	322,316	23,977	267,169	267,169

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19. SUPPLEMENTARY INFORMATION (continued)

iii) Interim condensed consolidated statement of comprehensive income

	For the three months period ended September 30, 2022 (Unaudited)			For the three months period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiaries operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
Net income after Zakat	12,542	115,555	128,097	5,305	64,369	69,674
Other comprehensive income:						
<i>To be reclassified back to interim condensed consolidated statement of income in subsequent periods:</i>						
<u>Available-for-sale investments</u>						
- Net change in fair value	22,249	(13,076)	9,173	(19,308)	(71,481)	(90,789)
- Net amounts reclassified to interim condensed consolidated statement of income	2,044	-	2,044	13,311	(5,185)	8,126
Share of other comprehensive loss of investments in equity accounted investments	-	(1,978)	(1,978)	-	(144)	(144)
Total comprehensive (loss) / income for the period	36,835	100,501	137,336	(692)	(12,441)	(13,133)
Reconciliation:						
Less: Net income attributable to insurance operations transferred to surplus distribution payable			(12,542)			(5,305)
Total comprehensive income for the period			124,794			(18,438)

	For the nine months period ended September 30, 2022 (Unaudited)			For the nine months period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiaries operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
Net income after Zakat	36,782	322,316	359,098	23,977	267,169	291,146
Other comprehensive income:						
<i>To be reclassified back to interim condensed consolidated statement of income in subsequent periods:</i>						
<u>Available-for-sale investments</u>						
- Net change in fair value	(31,820)	(38,406)	(70,226)	121,275	(4,915)	116,360
- Net amounts reclassified to interim condensed consolidated statement of income	(67,247)	8,531	(58,716)	(17,814)	(52,147)	(69,961)
Share of other comprehensive loss of investments in equity accounted investments	-	(2,991)	(2,991)	-	(1,157)	(1,157)
Total comprehensive (loss) / income for the period	(62,285)	289,450	227,165	127,438	208,950	336,388
Reconciliation:						
Less: Net income attributable to insurance operations transferred to surplus distribution payable			(36,782)			(23,977)
Total comprehensive income for the period			190,383			312,411

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

19. SUPPLEMENTARY INFORMATION (continued)

iv) Interim condensed consolidated statement of cash flows

	For the nine months period ended September 30, 2022			For the nine months period ended September 30, 2021		
	(Unaudited)			(Unaudited)		
	Insurance operations	Shareholders' & Subsidiaries operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
Operating activities:						
Net income before attribution and zakat	36,782	390,230	427,012	23,977	336,656	360,633
Adjustments for non-cash items:						
Depreciation	21,489	-	21,489	11,411	-	11,411
Amortisation of intangible assets	5,993	-	5,993	3,767	-	3,767
Allowance for doubtful debts	23,298	-	23,298	7,815	-	7,815
Dividend and commission income	(90,602)	(57,662)	(148,264)	(90,969)	(61,566)	(152,535)
(Gain) / loss on sale of available-for-sale investments	(67,247)	8,531	(58,716)	(17,814)	(52,147)	(69,961)
Finance cost	224	-	224	3,748	-	3,748
Share of profit in equity accounted investments, net	-	(16,398)	(16,398)	-	(10,174)	(10,174)
Provision for defined benefits obligation	10,810	-	10,810	21,096	-	21,096
	(59,253)	324,701	265,448	(36,969)	212,769	175,800
Changes in operating assets and liabilities:						
Prepaid expenses and others assets	92,362	(3,449)	88,913	(112,536)	(2,140)	(114,676)
Deferred excess of loss premiums	(1,638)	-	(1,638)	(2,659)	-	(2,659)
Deferred policy acquisition costs	(28,556)	-	(28,556)	9,437	-	9,437
Reinsurers' share of gross outstanding claims	(287,433)	-	(287,433)	217,796	-	217,796
Reinsurers' share of incurred but not reported claims reserve	(34,273)	-	(34,273)	(34,084)	-	(34,084)
Reinsurers' share of gross unearned Premiums	(409,405)	-	(409,405)	(79,029)	-	(79,029)
Receivables, net	(1,693,815)	-	(1,693,815)	515,573	-	515,573
Reinsurers' balances payable	841,802	-	841,802	281,854	-	281,854
Gross unearned premiums	934,712	-	934,712	88,982	-	88,982
Unearned commission income	19,874	-	19,874	6,379	-	6,379
Gross outstanding claims	325,000	-	325,000	(296,151)	-	(296,151)
Incurred but not reported claims reserve	1,019,199	-	1,019,199	336,686	-	336,686
Premium deficiency reserve	(14,960)	-	(14,960)	(17,743)	-	(17,743)
Reserve for takaful activities	(584)	-	(584)	420	-	420
Claims payable, accrued expenses and other liabilities	218,659	5,808	224,467	(826,928)	2,314	(824,614)
	921,691	327,060	1,248,751	51,028	212,943	263,971
Finance cost paid	-	-	-	(5,746)	-	(5,746)
Surplus paid to policyholders	(4,249)	-	(4,249)	(2,621)	-	(2,621)
Zakat paid	-	(232,241)	(232,241)	-	(14,779)	(14,779)
Defined benefits obligation paid	(17,085)	-	(17,085)	(14,287)	-	(14,287)
Net cash flows generated from / (used in) operating activities	900,357	94,819	995,176	28,374	198,164	226,538
Investing activities:						
Proceeds from sale of available-for-sale Investments	990,205	1,506,275	2,496,480	999,461	551,778	1,551,239
Purchase of available-for-sale investments	(434,422)	(782,300)	(1,216,722)	(384,515)	(462,937)	(847,452)
Proceeds from maturity of mudaraba / murabaha deposits	3,636,756	2,435,028	6,071,784	1,827,523	2,187,533	4,015,056
Placement in mudaraba / murabaha deposits	(5,775,707)	(2,414,478)	(8,190,185)	(1,935,858)	(2,435,880)	(4,371,738)
Dividend and commission income received	55,387	27,948	83,335	55,093	36,871	91,964
Dividends received from equity accounted Investments	-	13,261	13,261	-	13,690	13,690
Purchase of property, equipment and right of-use assets, net	(32,123)	-	(32,123)	(3,729)	-	(3,729)
Purchase of intangible assets	(8,644)	-	(8,644)	(11,866)	-	(11,866)
Net cash flows (used in) / generated from investing activities	(1,568,548)	785,734	(782,814)	546,109	(108,945)	437,164

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19. SUPPLEMENTARY INFORMATION (continued)

iv) Interim condensed consolidated statement of cash flows (continued)

	For the nine months period ended September 30, 2022 (Unaudited)			For the nine months period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiaries operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
Financing activities:						
Repayment of lease liabilities	(3,507)	-	(3,507)	(400,000)	-	(400,000)
Dividends paid	-	(28)	(28)	-	(97,704)	(97,704)
Due to shareholders	796,527	(796,527)	-	(21,902)	21,902	-
Net cash flows used in financing activities	793,020	(796,555)	(3,535)	(421,902)	(75,802)	(497,704)
Net change in cash and cash equivalents during the period	124,829	83,998	208,827	152,581	13,417	165,998
Cash and cash equivalents, beginning of the period	1,161,102	27,164	1,188,266	337,359	108,435	445,794
Cash and cash equivalents, end of the period	1,285,931	111,162	1,397,093	489,940	121,852	611,792
Non-cash supplemental information:						
Net changes in fair value for available-for-sale-investments	(99,067)	(29,875)	(128,942)	103,461	(57,062)	46,399
Share of other comprehensive loss of equity accounted investments	-	(2,991)	(2,991)	-	(1,157)	(1,157)

20. RISK MANAGEMENT

The risk management policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2021.

21. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform to the presentation in the current period. These changes were made for better presentation of balances and transactions in the interim condensed consolidated financial statements of the Company. No material reclassifications were made during the period.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors, on October 31, 2022G, corresponding to Rabi' Al-Thani 6, 1444H.