

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED
SEPTEMBER 30, 2021
WITH INDEPENDENT AUDITORS' REVIEW REPORT

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021
WITH INDEPENDENT AUDITORS' REVIEW REPORT

INDEX	PAGE
Independent auditors' review report	1
Interim condensed statement of financial position	2 – 3
Interim condensed statement of income	4 – 5
Interim condensed statement of other comprehensive income	6
Interim condensed statement of changes in equity	7
Interim condensed statement of cash flows	8
Notes to the interim condensed financial information	9 – 44

INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION

The Shareholders of
Al-Etihad Cooperative Insurance Company
(A Saudi Joint Stock Company)
Al Khobar
Kingdom of Saudi Arabia

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Al-Etihad Cooperative Insurance Company, (A Saudi Joint Stock Company) (the "Company") as at September 30, 2021 and the related interim condensed statements of income and other comprehensive income for the three and nine month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine month period then ended, and the related notes which form an integral part of these interim condensed financial information.

Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

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

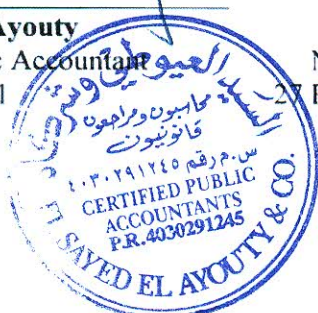
CONCLUSION

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

For Moore
El Sayed El Ayouty & Co.

P.O. Box 200
Al Khobar 31952,
Kingdom of Saudi Arabia

Mohamed El Ayouty
Certified Public Accountant
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November 2, 2021
Rabi AlAwal 1443H

For AlKharashi & Co.
Certified Accountants and Auditors

P.O. Box 8306
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AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

		SAR	
		September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS	Note		
Cash and cash equivalents	4	456,591,633	451,715,851
Premiums and reinsurance receivable, net	5	146,806,602	197,769,252
Reinsurers' share of unearned premiums	7,10	21,335,368	19,655,533
Reinsurers' share of outstanding claims	7,10	78,024,633	87,201,069
Reinsurers' share of claims incurred but not reported	7,10	13,735,137	16,094,687
Deferred policy acquisition costs	10	30,899,618	23,520,274
Investments	6,9	243,289,546	229,956,255
Prepaid expenses and other assets		50,379,993	52,788,755
Long term/fixed income deposits		407,269,878	311,269,878
Property and equipment		17,305,144	15,358,692
Right of use assets		4,020,200	4,898,768
Goodwill		4,496,500	4,496,500
Statutory deposit		40,000,000	40,000,000
Accrued income on statutory deposit		5,430,484	5,261,879
TOTAL ASSETS		1,519,584,736	1,459,987,393

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT SEPTEMBER 30, 2021

		SAR	
		September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Note			
LIABILITIES			
		41,876,441	32,582,419
		105,002,037	84,658,698
		3,107,534	3,657,651
		8,190,819	7,389,868
7, 10		429,361,837	428,144,746
10		4,334,751	4,530,774
7, 10		194,954,038	213,140,126
7, 10		105,281,209	97,426,129
7, 10		9,576,601	10,939,707
7, 10		6,980,697	7,761,773
		18,438,027	18,690,982
12		23,360,860	25,325,408
		5,430,484	5,261,879
TOTAL LIABILITIES		955,895,335	939,510,160
ACCUMULATED SURPLUS AND RESERVES			
		3,208,543	11,572,732
		(3,299,229)	(3,651,355)
TOTAL ACCUMULATED SURPLUS AND RESERVES		(90,686)	7,921,377
SHAREHOLDERS' EQUITY			
1,13		400,000,000	400,000,000
		29,611,653	29,611,653
		106,765,851	73,732,195
6		27,402,583	9,212,008
TOTAL SHAREHOLDERS' EQUITY		563,780,087	512,555,856
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND RESERVES AND SHAREHOLDERS' EQUITY		1,519,584,736	1,459,987,393
COMMITMENTS AND CONTINGENCIES			

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

		SAR			
	Note	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
REVENUES					
Gross premiums written	10	251,252,241	202,314,043	594,304,728	510,438,143
Reinsurance premiums ceded – local	10	(378,408)	(318,023)	(1,627,605)	(809,197)
Reinsurance premiums ceded – foreign	10	(8,709,314)	(13,179,049)	(38,195,297)	(35,276,759)
Excess of loss premium	10	(7,215,098)	(2,657,524)	(14,022,586)	(10,716,846)
Net premiums written		234,949,421	186,159,447	540,459,240	463,635,341
Changes in unearned premiums, net		(48,188,133)	(9,141,253)	462,744	90,655,764
Net premiums earned		186,761,288	177,018,194	540,921,984	554,291,105
Reinsurance commissions income		2,571,162	1,783,210	8,145,871	7,781,102
Other underwriting income		3,171,890	3,373,470	6,633,351	11,923,274
TOTAL REVENUES		192,504,340	182,174,874	555,701,206	573,995,481
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	10	(136,800,033)	(139,704,155)	(411,687,988)	(402,106,964)
Reinsurers' share of claims paid	10	4,488,354	5,326,405	12,880,857	12,827,117
Net claims and other benefits paid		(132,311,679)	(134,377,750)	(398,807,131)	(389,279,847)
Changes in outstanding claims, net	10	4,460,438	3,613,437	9,009,651	(553,771)
Changes in claims incurred but not reported, net	10	(10,527,467)	11,960,971	(10,214,630)	28,188,300
Change in other technical reserves movement	10	34,368	499,916	781,076	671,467
Net claims and other benefits incurred		(138,344,340)	(118,303,426)	(399,231,034)	(360,973,851)
Additional premium reserves		(912,754)	11,418,542	1,363,106	(5,671,402)
Policy acquisition costs		(13,998,195)	(9,207,368)	(37,421,582)	(30,125,776)
Other underwriting expenses		(16,931,926)	(11,388,590)	(35,120,791)	(20,543,856)
TOTAL UNDERWRITING COSTS AND EXPENSES		(170,187,215)	(127,480,842)	(470,410,301)	(417,314,885)
NET UNDERWRITING INCOME		22,317,125	54,694,032	85,290,905	156,680,596

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited) (Continued)**FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021**

		SAR			
	Note	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
OTHER OPERATING (EXPENSES)/ INCOME					
Reversal / (Allowance) for doubtful debts		2,206,024	(1,337,162)	5,324,361	(11,506,503)
General and administrative expenses		(22,207,161)	(17,517,347)	(64,538,462)	(68,160,191)
Murabaha income on deposits		1,133,418	3,321,415	3,799,790	11,646,763
Realized gain / (loss) on investments, net		4,550,556	(6,734,691)	11,537,191	(5,461,863)
Dividend and investments income		2,435,821	1,443,941	6,074,046	6,517,796
Investment expenses		(247,946)	(172,050)	(645,749)	(427,240)
Finance cost		(41,122)	(13,921)	(99,883)	(41,157)
TOTAL OTHER OPERATING EXPENSES, NET		(12,170,410)	(21,009,815)	(38,548,706)	(67,432,395)
Total income for the period before surplus attribution and zakat and income tax					
Surplus attributed to the insurance operations	16	10,146,715 (416,844)	33,684,217 (3,767,255)	46,742,199 (3,208,543)	89,248,201 (8,494,741)
Total income for the period before zakat and income tax		9,729,871	29,916,962	43,533,656	80,753,460
Zakat and income tax expense	12	(3,500,000)	(3,500,000)	(10,500,000)	(9,000,000)
Total income for the period attributable to the shareholders					
		6,229,871	26,416,962	33,033,656	71,753,460
Total income for the period attributable to the shareholders and insurance operations					
		6,646,715	30,184,217	36,242,199	80,248,201
Earnings per share					
Weighted average number of outstanding shares	15	40,000,000	40,000,000	40,000,000	40,000,000
Basic and diluted earnings per share					
		0.16	0.66	0.83	1.79



The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME (Unaudited)**FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021**

<u>Note</u>	SAR			
	Three-month period ended September 30, 2021	Three-month period ended September 30, 2020	Nine-month period ended September 30, 2021	Nine-month period ended September 30, 2020
Total income for the period attributable to the shareholders and insurance operations	6,646,715	30,184,217	36,242,199	80,248,201
Other comprehensive income				
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent</i>				
- Realization of (gain) / loss on disposal of available-for-sale investments	(3,443,151)	792,420	(9,799,411)	(531,149)
- Unrealised fair value changes in available-for-sale investments	10,006,828	6,021,449	27,989,986	(21,585)
<i>Items that will not be reclassified to interim statements of income in subsequent periods</i>				
Actuarial gain on end of service indemnities	-	-	352,126	109,062
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,210,392	36,998,086	54,784,900	79,804,529
Total comprehensive income attributable to the insurance operations	(416,844)	(3,767,255)	(3,560,669)	(8,603,803)
Total comprehensive income attributable to the shareholders	12,793,548	33,230,831	51,224,231	71,200,726

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

<u>2021</u>	Note	SAR				Total
		Share capital	Statutory reserve	Retained earnings	Fair value reserve gain/(loss) on investments	
Balance at the beginning of the period		400,000,000	29,611,653	73,732,195	9,212,008	512,555,856
Net income for the period attributable to shareholders		-	-	33,033,656	-	33,033,656
Realization of gain on disposal of available-for-sale investments	6	-	-	-	(9,799,411)	(9,799,411)
Unrealized fair value changes in available-for-sale investments	6	-	-	-	27,989,986	27,989,986
Balance at the end of the period		400,000,000	29,611,653	106,765,851	27,402,583	563,780,087

<u>2020</u>	Note	SAR				Total
		Share capital	Statutory reserve	Retained earnings	Fair value reserve gain on investments	
Balance at the beginning of the period		400,000,000	24,088,829	51,640,901	4,560,037	480,289,767
Net income for the period attributable to shareholders		-	-	71,753,460	-	71,753,460
Realization of gain on disposal of available-for-sale investments	6	-	-	-	(531,149)	(531,149)
Unrealized fair value changes in available-for-sale investments	6	-	-	-	(21,585)	(21,585)
Balance at the end of the period		400,000,000	24,088,829	123,394,361	4,007,303	551,490,493



The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

	SAR	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Total income for the period before surplus attribution and zakat and income tax	46,742,199	89,248,201
<u>Adjustments for non-cash items:</u>		
Depreciation on property and equipment	2,606,931	2,184,247
Depreciation charge on right to use assets	878,568	458,169
Loss on disposal of property and equipment	1,135	-
(Reverse) / Allowance for doubtful debts	(5,324,361)	11,506,503
Realized gain on investments	(11,537,191)	5,461,863
Dividend reinvested	(14,869)	(273,473)
Finance cost	99,883	41,157
Provision for end-of-service indemnities	2,731,430	1,652,161
<u>Changes in operating assets and liabilities:</u>		
Premiums and reinsurers' receivable	49,574,752	(649,391)
Reinsurers' share of unearned premiums	(1,679,835)	(1,713,613)
Reinsurers' share of outstanding claims	9,176,436	(13,643,281)
Reinsurers' share of claims incurred but not reported	2,359,550	(518,214)
Deferred policy acquisition costs	(7,379,344)	3,267,685
Prepaid expenses and other assets	2,408,762	(15,909,509)
Accounts payables	9,294,022	(3,098,174)
Accrued and other liabilities	15,483,680	2,969,432
Reinsurers' balances payable	800,951	713,290
Unearned premiums	1,217,091	(88,942,151)
Unearned reinsurance commission	(196,023)	537,571
Outstanding claims	(18,186,088)	14,197,052
Claims incurred but not reported	7,855,080	(27,670,086)
Additional premium reserves	(1,363,106)	5,671,402
Other technical reserves	(781,076)	(671,467)
	104,768,577	(15,180,626)
End-of-service indemnities paid	(2,632,259)	(517,648)
Zakat and income tax paid	(12,464,548)	(13,849,796)
Surplus paid to policy holders	(814)	-
Net cash generated / (used in) operating activities	89,670,956	(29,548,070)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investments	16,409,344	8,033,778
Net movement in long term/fixed income deposits	(96,000,000)	46,537,742
Lease payment under IFRS 16	(650,000)	(650,000)
Additions in property and equipment	(4,554,518)	(3,465,624)
Net cash generated from investing activities	(84,795,174)	50,455,896
Net change in cash and cash equivalents	4,875,782	20,907,826
Cash and cash equivalents at beginning of the period	451,715,851	383,064,299
Cash and cash equivalents at end of the period	456,591,633	403,972,125
NON-CASH INFORMATION:		
Realization of gain on disposal of AFS investments	(9,799,411)	(531,149)
Unrealized fair value changes in available-for-sale investments	27,989,986	(21,585)
Surplus transferred to undistributed surplus account (liability)	4,859,659	2,405,199
Surplus transferred to customers' accounts	6,712,259	3,044,417

The accompanying notes form an integral part of these interim condensed financial information.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

1. GENERAL

Al-EtiHAD Cooperative Insurance Company, (a Saudi Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. M/25 dated 15 Rabea I 1428H corresponding to 3 April 2007. The Company operates under Commercial Registration no. 2051036304 dated 21 Muharram 1429H corresponding to January 30, 2008. The registered address of the Company's head office is as follows:

Al-EtiHAD Cooperative Insurance Company
Head Office
King Fahad Road
P.O. Box 1022
Khobar 31952, Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies (the “Law”) and its implementing regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, property, engineering, general accident and others.

On July 31, 2003, corresponding to 2 Jumada II 1424 H, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 23 Rabea I 1429H, corresponding to March 31, 2008, the Saudi Central Bank (“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 the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial information of the Company as at and for the period ended September 30, 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investments available for sale and defined benefit obligation which is recognized at the present value of future obligation using the projected unit credit method. The Company’s statement of financial position is not presented using a current/non-current classification. Except for property and equipment, right of use assets, statutory deposit, goodwill, end-of-service indemnities, lease liabilities, accrued income on statutory deposit and engineering related unearned premiums, unearned reinsurance commission, deferred policy acquisition cost, outstanding claims, claims incurred but not reported and technical reserves, all other assets and liabilities are of short-term nature, unless, stated otherwise.

The Company presents its interim statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders’ Operations and presents the financial information accordingly under Note 16. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

2. BASIS OF PREPARATION (Continued)

(a) Basis of presentation (continued)

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholder's operations which are presented in Note 16 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholder's operations. Accordingly, the interim statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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

The interim condensed financial information does not include all of the information required for full annual financial information and should be read in conjunction with the annual financial information as of and for the year ended December 31, 2020.

This interim condensed financial information is expressed in Saudi Arabian Riyals (SR).

(b) Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, 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 financial statements for the year ended December 31, 2020. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. For further details, please see below. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

2. BASIS OF PREPARATION (Continued)

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

Impact of COVID-19 on the medical technical reserves, the motor technical reserves and the financial assets

On March 11, 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the Covid-19 virus in the Country and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company’s management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. 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

Based on the management’s assessment, the management believes that the Government’s decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavorable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since September 21, 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company’s management. The Company’s management has duly considered the impact of surge in claims in the current estimate of future contractual cash flows of the insurance contracts in force as at September 30, 2021 for its liability adequacy test. Based on the results, the Company has booked an amount of SR Nil as at September 30, 2021 (June 30, 2021: Nil; March 31, 2021: Nil; December 31, 2020: SR 1.6 million; September 30, 2020: SR 1.83 million; June 30, 2020: SR 3.57 million;) as a premium deficiency reserve.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

2. BASIS OF PREPARATION (Continued)

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

Impact of Covid-19 on the medical technical reserves and financial assets (Continued)

Motor technical reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the “circular”) dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

The Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and concluded, that the Company considers the extension of two months in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended 2 months’ period.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at an aggregated (or “segmented”) level for motor line of business and recorded a Premium deficiency reserve amounting to SR 9.1 million as at September 30, 2021 (June 30, 2021 SR 8.30 million; March 31, 2021: 1.79 million; December 31, 2020 SR 5.62 million; September 30, 2020 SR 18.19 million; June 30, 2020 SR 25.88 million).

"For new retail motor policies issued as per above circular, the premium is earned over the period of 12 months as the impact of earnings over the period of coverage. i.e. 14 months are not considered significant by the management for the period ended September 30, 2021 and subsequent periods. "

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 nine month period ended September 30, 2021. The Company’s management continues to monitor the situation closely.

Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required. Based on the review, the Company has identified certain sector like construction, education, hospitality industry, etc. being impacted significantly by the Covid-19 pandemic and lower oil prices.

(c) Seasonality of operations

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

There are no new standards issued, however there are a number of amendments to standards which are effective from January 1, 2021, however, management anticipates that these amendments will not have any material effect on the Company's interim condensed financial information.

3.2 New standards ,amendments and revised IFRS issued but not yet effective

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

<i>Amendments to standard</i>	<i>Description</i>	<i>Effective for annual years beginning on or after the following date</i>
IFRS 16, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022
IFRS3	Reference to the Conceptual Framework	January 1, 2022
IAS1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS9	Financial Instruments	January 1, 2023
IFRS 17	Insurance Contracts	January 1, 2023
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A

Management anticipates that these new standards interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application expect for IFRS 17 and IFRS 9.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 17 – Insurance Contracts

Overview

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

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

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

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

Measurement

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

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

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

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

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

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 17 – Insurance Contracts (Continued)

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 under GMM, the CSM is also adjusted for:

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

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

Effective date

The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4 is currently January 1, 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after January 1, 2023. This is a deferral of 1 year compared to the previous date of January 1, 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the standard on its effective date.

Transition

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

Presentation and Disclosures

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 17 – Insurance Contracts (continued)

Impact

The Company has completed and submitted phase 3 of IFRS 17 “Design and implementation plan” which requires developing and designing new processes and procedures for the business including any system developments required under IFRS 17 and detailed assessment of business requirements. Following are the main areas under design phase:

Major areas of design phase	Summary of progress
Governance and control framework	The Company has put in place a comprehensive IFRS 17 governance program which includes establishing oversight steering committee for monitoring the progress of implementation and assigning roles and responsibilities to various stakeholders.
Operational area	The Company has completed the operational aspects of the design phase which includes establishing comprehensive data policy and data dictionary. Also, the Company is finalizing architectural designs for various sub-systems. The Company has progressed through assessment of business requirements and currently working with system provider to finalize various process needed for transition and assessment of new resources needed.
Technical and financial area	The Company has completed various policy papers encompassing various technical and financial matters after concluding on policy decisions required under the IFRS 17 standard. The policy decisions are taken after due deliberations among various stakeholders.
Assurance plan	The Company has completed and submitted the assurance plan for transitional and post-implementation periods.

During the period, the company has received SAMA’s instructions for Phase 4 of the project which is “Implementation and Dry Runs”. The instructions clarify the scope of work required in this phase and the time intervals of dry runs to be completed. The company is currently working with stakeholders to perform the requirements of this phase according to the instructions received.

As of the date of these financial information, the company is working with its IFRS 17 working group to plan and implement the first dry run dedicated to the year ended 31 December 2020. The deadline to submit this dry run to SAMA according to phase 4 instructions is 20 November 2021. The company is satisfied that the dry run will be completed and delivered on time.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 9 – Financial Instruments

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

a) Classification and measurement:

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

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

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

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

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

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

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

b) Impairment:

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New standards ,amendments and revised IFRS issued but not yet effective (Continued)

IFRS 9 – Financial Instruments (Continued)

c) Hedge accounting:

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

Effective date

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

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

The Company has performed a detailed assessment beginning January 01, 2017:

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 New Standards, amendments and interpretations not yet applied by the Company (Continued)

IFRS 9 – Financial Instruments (Continued)

Impact assessment

As at September 30, 2021, the Company has total financial assets and insurance related assets amounting to SR 1,323 million (December 31, 2020 SR 1,265 million) and SR 144 million (December 31, 2020 SR 146 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 1,126 million (December 2020: SR 1,081 million). The Company does not have any unit linked investments held at fair value through statement of income as at September 30, 2021 and December 31, 2020 respectively. The Company expect to use the FVOCI classification of these 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 classified under available for sale investments will be at FVSI under IFRS 9. Credit risk exposure, concentration of credit risk and credit quality of these financial assets are as disclosed in the financial statements for the year ended December 31, 2020. The Company financial assets have low credit risk as at September 30, 2021 and December 31, 2020. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

4. CASH AND CASH EQUIVALENTS

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash at banks				
- Current accounts	179,047,427	91,019,603	4,900,105	10,102,653
- Money market fund	239,491,726	237,210,762	33,152,375	22,918,276
- Short term deposits	-	45,000,000	-	45,464,557
	<u>418,539,153</u>	<u>373,230,365</u>	<u>38,052,480</u>	<u>78,485,486</u>

Cash at bank and units in money market funds are placed with counterparties that have high credit reliability.

Short-term deposits are placed with local and foreign banks with an original maturity of less than three months from the date of placement and earn commission income at an average rate of NIL (2020: 1.55% to 1.57%) per annum.

5. PREMIUMS AND REINSURANCE RECEIVABLE, NET

	September 30, 2021 (Unaudited) SR	December 31, 2020 (Audited) SR
Policyholders	251,441,430	313,773,432
Brokers and agents	27,425,288	19,080,862
Receivables from insurance and reinsurance companies	6,973,264	9,222,691
Premiums and reinsurance receivables from related parties (note 11)	962	50,970
Premiums and reinsurers' receivable – gross	285,840,944	342,127,955
Less: allowance for doubtful debts, net	(139,034,342)	(144,358,703)
Premiums and reinsurers' receivable – net	<u>146,806,602</u>	<u>197,769,252</u>

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

6. INVESTMENTS

	Shareholders' operations	
	<i>September 30, 2021</i>	<i>December 31, 2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	SR	SR
Available-for-sale investments (A)	196,470,762	183,120,371
Held to maturity	19,687,500	19,687,500
Other investments at amortized cost (B)	27,131,284	27,148,384
Total	243,289,546	229,956,255

(A) Available-for-sale investments

Movement in investments available-for-sale (AFS) is as follows:

	Shareholders' operations	
	<i>September 30, 2021</i>	<i>December 31, 2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	SR	SR
Opening balance	183,120,371	124,910,549
Purchases	37,163,908	99,816,444
Disposals	(53,556,152)	(42,246,609)
Realization of gain on disposal of available for sale investments	(9,799,411)	(1,707,556)
Unrealized fair value changes in available for sale investments	27,989,986	6,359,527
Realized gain	11,537,191	3,520,553
Impairment recognized during the period/year	-	(7,806,010)
Dividends re-invested	14,869	273,473
Closing balance	196,470,762	183,120,371

Management has performed a review of the available-for-sale investments to assess whether impairment has occurred in the value of these investments. Based on specific information, management is of the view that no further impairment is required in respect of the available-for-sale investments other than disclosed above.

(B) Other investments at amortized cost

	<i>September 30, 2021</i>	<i>December 31, 2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	SR	SR
As at January 1	27,148,384	95,411,250
Impairment	-	(68,262,866)
Disposal	(17,100)	-
As at December 31	27,131,284	27,148,384

The Company has "Other investment held at amortized cost" amounting to SR 95.4 million as at January 1, 2020 with a CMA licensed financial institution registered in KSA with fixed maturity term of 1 year with option to further renew. Till year 2019, the management of the Company regularly renewed its deposit maturity with additional term of 1 year. At the end of year 2020, on maturity of the term, the Company decided not to renew and call back the position, however it was informed by the respective financial institution that the position holds within illiquid underlying investments and cannot be liquidated currently at the agreed upon maturity term of the contract. As on December 31, 2020, despite receiving confirmation of such investment balances, the management of the Company has performed a detailed assessment of the investments and due to uncertainty of the recoverability concluded to book impairment loss amounting to SR 68.3 million until otherwise can be evident. The Company is still exploring possible means to recover the investment position and shall reverse the impairment loss recognised in future periods in the event of positive development. No further update during the current period.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

6. INVESTMENTS (Continued)

Investments include the following:

	September 30, 2021 (Unaudited)		
	Quoted	Unquoted	Total
Available for sale investment	128,326,007	68,144,755	196,470,762
Held to maturity	19,687,500	-	19,687,500
Other investments at amortized cost	-	27,131,284	27,131,284
Total	148,013,507	95,276,039	243,289,546

	December 31, 2020 (Audited)		
	Quoted	Unquoted	Total
Available for sale investment	118,295,888	64,824,483	183,120,371
Held to maturity	19,687,500	-	19,687,500
Other investments at amortized cost	-	27,148,384	27,148,384
Total	137,983,388	91,972,867	229,956,255

7. TECHNICAL RESERVES

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	September 30, 2021 (Unaudited) SR	December 31, 2020 (Audited) SR
Outstanding claims	230,007,290	249,186,571
Less: Realizable value of salvage and subrogation	(35,053,252)	(36,046,445)
	194,954,038	213,140,126
Claims incurred but not reported	105,281,209	97,426,129
Additional premium reserves	9,576,601	10,939,707
Other technical reserves	6,980,697	7,761,773
	316,792,545	329,267,735
Less:		
- Reinsurers' share of outstanding claims	(78,024,633)	(87,201,069)
- Reinsurers' share of claims incurred but not reported	(13,735,137)	(16,094,687)
	(91,759,770)	(103,295,756)
Net outstanding claims and reserves	225,032,775	225,971,979

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Nine month ended September 30, 2021 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	428,144,746	(19,655,533)	408,489,213
Premium written during the period	594,304,728	(53,845,488)	540,459,240
Premium earned during the period	(593,087,637)	52,165,653	(540,921,984)
Balance as at the end of the period	429,361,837	(21,335,368)	408,026,469

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

7. TECHNICAL RESERVES (Continued)

7.2 Movement in unearned premiums (Continued)

	Year ended December 31, 2020 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	474,721,686	(22,133,245)	452,588,441
Premium written during the year	741,665,407	(60,249,682)	681,415,725
Premium earned during the year	(788,242,347)	62,727,394	(725,514,953)
Balance as at the end of the year	428,144,746	(19,655,533)	408,489,213

8. COMMITMENTS AND CONTINGENCIES

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

	<i>September 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SR</i>
Letters of guarantee	15,240,660	16,190,660
Total	15,240,660	16,190,660

b) The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at December 31, 2020.

9. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Determination of fair value and fair value hierarchy

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

- Level 1 – quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
- Level 2 – quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
- Level 3 – valuation techniques for which any significant input is not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
SHAREHOLDERS OPERATIONS:					
September 30, 2021 (Unaudited)					
Financial assets measured at fair value					
Investments available for sale	196,470,762	128,326,007	56,771,830	11,372,925	196,470,762
	196,470,762	128,326,007	56,771,830	11,372,925	196,470,762

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

9. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

SHAREHOLDERS OPERATIONS:	Carrying value	Level 1	Level 2	Level 3	Total
December 31, 2020 (Audited)					
Financial assets measured at fair value					
- Investments available for sale	183,120,371	118,295,888	53,451,558	11,372,925	183,120,371
	183,120,371	118,295,888	53,451,558	11,372,925	183,120,371

During the period, there has been no transfer between level 1, level 2 and level 3.

Investments available for sale amounting to SR. 11,372,925 (December 2020: SR. 11,372,925) are carried at cost because the investments are not quoted in any active market nor there is any level of input directly or indirectly observable and there are no other significant observable inputs available. The management does not have any intention to dispose of this available for sale investment in the foreseeable future.

10. OPERATING SEGMENTS

Consistent with the Company's internal reporting process, operating segment has been approved by Board of Directors in their function as Chief Operating Decision Maker ("CODM") in order to allocate resources to the segments and to assess its performance.

For management purposes, the Company is organized into business segments classified as: Medical, Motor and Property and casualty. Property and casualty include property, engineering, general accident, marine and other general insurance. These segments are the basis on which the Company reports its primary segment information.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2020.

Segment assets do not include cash and cash equivalents, investments held for trading, available for sale and held to maturity, premiums and insurance balances receivable, prepayments and other assets, amounts due from related parties, amounts due from shareholders' operations, time deposits, property and equipment, intangible assets and goodwill and shareholders' operations assets. Accordingly, they are included in unallocated assets.

Segment liabilities and accumulated surplus do not include accounts payables, reinsurance balances payable, accrued expenses and other liabilities, amounts due to shareholders' operations and end-of-service indemnities and shareholders' liabilities. Accordingly, they are included in unallocated liabilities.

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at September 30, 2021 and December 31, 2020, its total revenues, expenses, and net income for the the three month and nine month periods ended September 30, 2021 and September 30, 2020, are as follows:

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

10. OPERATING SEGMENTS (Continued)

Interim statement of financial position

	As at September 30, 2021 (Unaudited)					
	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Total insurance operations		
	SR	SR	SR	SR	SR	SR
Assets						
Reinsurers' share of unearned premiums	-	2,607,372	18,727,996	21,335,368	-	21,335,368
Reinsurers' share of outstanding claims	3,751,956	540,959	73,731,718	78,024,633	-	78,024,633
Reinsurers' share of claims incurred but not reported	-	648,642	13,086,495	13,735,137	-	13,735,137
Deferred policy acquisition costs	18,084,509	9,904,284	2,910,825	30,899,618	-	30,899,618
Unallocated assets	-	-	-	911,351,359	464,238,621	1,375,589,980
Total assets	21,836,465	13,701,257	108,457,034	1,055,346,115	464,238,621	1,519,584,736
Liabilities						
Unearned premiums	209,078,558	194,587,059	25,696,220	429,361,837	-	429,361,837
Unearned reinsurance commission	-	743,101	3,591,650	4,334,751	-	4,334,751
Outstanding claim	61,364,750	16,675,110	116,914,178	194,954,038	-	194,954,038
Claims incurred but not reported	6,972,039	82,902,296	15,406,874	105,281,209	-	105,281,209
Additional premium reserves	-	9,101,532	475,069	9,576,601	-	9,576,601
Other technical reserves	376,544	3,649,595	2,954,558	6,980,697	-	6,980,697
Unallocated liabilities	-	-	-	174,801,334	30,514,182	205,315,516
Total liabilities	277,791,891	307,658,693	165,038,549	925,290,467	30,514,182	955,804,649

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

10. OPERATING SEGMENTS (Continued)

Interim statement of financial position (Continued)

	As at December 31, 2020 (Audited)					
	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Total insurance operations		
	SR	SR	SR	SR	SR	SR
Assets						
Reinsurers' share of unearned premiums	-	2,971,583	16,683,950	19,655,533	-	19,655,533
Reinsurers' share of outstanding claims	4,288,989	20,404,777	62,507,303	87,201,069	-	87,201,069
Reinsurers' share of claims incurred but not reported	-	661,961	15,432,726	16,094,687	-	16,094,687
Deferred policy acquisition costs	10,251,504	10,583,571	2,685,199	23,520,274	-	23,520,274
Unallocated assets				872,336,934	441,178,896	1,313,515,830
Total assets	14,540,493	34,621,892	97,309,178	1,018,808,497	441,178,896	1,459,987,393
Liabilities						
Unearned premiums	132,045,005	271,606,408	24,493,333	428,144,746	-	428,144,746
Unearned reinsurance commission	-	846,910	3,683,864	4,530,774	-	4,530,774
Outstanding claims	41,383,600	69,761,898	101,994,628	213,140,126	-	213,140,126
Claims incurred but not reported	6,937,155	70,515,462	19,973,512	97,426,129	-	97,426,129
Additional premium reserves	-	10,299,035	640,672	10,939,707	-	10,939,707
Other technical reserves	707,084	4,215,856	2,838,833	7,761,773	-	7,761,773
Unallocated liabilities				152,710,657	32,777,625	185,488,282
Total liabilities	181,072,844	427,245,569	153,624,842	914,653,912	32,777,625	947,431,537

Geographical segments

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain investments held in countries domiciled in the Gulf Cooperation Council ("GCC").

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021****10. OPERATING SEGMENTS (Continued)****Interim statement of income**

	For the three month ended September 30, 2021 (Unaudited)			
Operating segments	Medical	Motor	Property and casualty	Total
	SAR			
REVENUES				
Gross premiums written				
Individual	47,270	25,061,924	160,518	25,269,712
Micro Entities	119,287,212	160,188	133,313	119,580,713
Small Entities	2,446,381	1,472,634	1,264,551	5,183,566
Medium Entities	11,165,339	2,249,227	3,689,025	17,103,591
Large Organizations	20,803,790	57,408,063	5,902,806	84,114,659
	153,749,992	86,352,036	11,150,213	251,252,241
Reinsurance premiums ceded – local	-	(139,672)	(238,736)	(378,408)
Reinsurance premiums ceded – foreign	-	(1,053,751)	(7,655,563)	(8,709,314)
Excess of loss premium	(5,176,354)	(1,652,744)	(386,000)	(7,215,098)
Net premiums written	148,573,638	83,505,869	2,869,914	234,949,421
Changes in unearned premiums, net	(66,899,464)	18,242,270	469,061	(48,188,133)
Net premiums earned	81,674,174	101,748,139	3,338,975	186,761,288
Reinsurance commissions income	-	384,719	2,186,443	2,571,162
Other underwriting income	537,604	2,304,272	330,014	3,171,890
TOTAL REVENUES	82,211,778	104,437,130	5,855,432	192,504,340
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(46,427,116)	(86,499,483)	(3,873,434)	(136,800,033)
Reinsurers’ share of claims paid	1,576,370	500,000	2,411,984	4,488,354
Net claims and other benefits paid	(44,850,746)	(85,999,483)	(1,461,450)	(132,311,679)
Changes in outstanding claims, net	(14,388,391)	20,911,779	(2,062,950)	4,460,438
Changes in claims incurred but not reported, net	1,659,580	(12,587,209)	400,162	(10,527,467)
Change in other technical reserves movement	(63,928)	152,459	(54,163)	34,368
Net claims and other benefits incurred	(57,643,485)	(77,522,454)	(3,178,401)	(138,344,340)
Additional premium reserves	-	(718,535)	(194,219)	(912,754)
Policy acquisition costs	(7,372,341)	(4,917,504)	(1,708,350)	(13,998,195)
Other underwriting expenses	(3,671,215)	(13,186,724)	(73,987)	(16,931,926)
TOTAL UNDERWRITING COSTS AND EXPENSES	(68,687,041)	(96,345,217)	(5,154,957)	(170,187,215)
NET UNDERWRITING INCOME	13,524,737	8,091,913	700,475	22,317,125
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(22,207,161)
Reversal / (Allowance) for doubtful debts				2,206,024
Murabaha income on deposits				1,133,418
Realized gain on investments, net				4,550,556
Dividend and investments income, net				2,435,821
Investment expenses				(247,946)
Finance cost				(41,122)
TOTAL OTHER OPERATING EXPENSES, NET				(12,170,410)
Total income for the period before surplus attribution and zakat and income tax				10,146,715
Surplus attributed to the insurance operations				(416,844)
Total income for the period before zakat and income tax				9,729,871
Zakat and income tax expense				(3,500,000)
Total income for the period attributable to the shareholders				6,229,871

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021****10. OPERATING SEGMENTS (Continued)****Interim statement of income (Continued)**

Operating segments	For the three month ended September 30, 2020 (Unaudited)			
	Medical	Motor	Property and casualty	Total
	SAR			
REVENUES				
Gross premiums written				
Individual	588,861	30,167,390	185,254	30,941,505
Micro Entities	35,017,203	633,112	167,219	35,817,534
Small Entities	3,631,249	735,867	1,135,077	5,502,193
Medium Entities	8,032,137	5,846,566	6,962,586	20,841,289
Large Organizations	23,232,634	79,766,624	6,212,264	109,211,522
	70,502,084	117,149,559	14,662,400	202,314,043
Reinsurance premiums ceded – local	-	(45,614)	(272,409)	(318,023)
Reinsurance premiums ceded – foreign	-	(1,779,407)	(11,399,642)	(13,179,049)
Excess of loss premium	(373,356)	(1,871,668)	(412,500)	(2,657,524)
Net premiums written	70,128,728	113,452,870	2,577,849	186,159,447
Changes in unearned premiums, net	(19,938,173)	11,413,848	(616,928)	(9,141,253)
Net premiums earned	50,190,555	124,866,718	1,960,921	177,018,194
Reinsurance commissions income	-	447,827	1,335,383	1,783,210
Other underwriting income	779,950	2,411,665	181,855	3,373,470
TOTAL REVENUES	50,970,505	127,726,210	3,478,159	182,174,874
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(42,042,980)	(96,091,995)	(1,569,180)	(139,704,155)
Reinsurers' share of claims paid	4,131,639	679,776	514,990	5,326,405
Net claims and other benefits paid	(37,911,341)	(95,412,219)	(1,054,190)	(134,377,750)
Changes in outstanding claims, net	(4,262,099)	5,063,040	2,812,496	3,613,437
Changes in claims incurred but not reported, net	6,319,665	5,620,696	20,610	11,960,971
Change in other technical reserves movement	44,930	235,688	219,298	499,916
Net claims and other benefits incurred	(35,808,845)	(84,492,795)	1,998,214	(118,303,426)
Additional premium reserves	1,535,853	9,631,598	251,091	11,418,542
Policy acquisition costs	(3,672,545)	(4,673,945)	(860,878)	(9,207,368)
Other underwriting expenses	(2,479,589)	(8,855,950)	(53,051)	(11,388,590)
TOTAL UNDERWRITING COSTS AND EXPENSES	(40,425,126)	(88,391,092)	1,335,376	(127,480,842)
NET UNDERWRITING INCOME	10,545,379	39,335,118	4,813,535	54,694,032
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(17,517,347)
Allowance for doubtful debts				(1,337,162)
Murabaha income on deposits				3,321,415
Realized gain on investments, net				(6,734,691)
Dividend and investments income, net				1,443,941
Investment expense				(172,050)
Finance cost				(13,921)
TOTAL OTHER OPERATING EXPENSES, NET				(21,009,815)
Total income for the period before surplus attribution and zakat and income tax				33,684,217
Surplus attributed to the insurance operations				(3,767,255)
Total income for the period before zakat and income tax				29,916,962
Zakat and income tax expense				(3,500,000)
Total income for the period attributable to the shareholders				26,416,962

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020****10. OPERATING SEGMENTS (Continued)****Interim statement of income (Continued)**

	For the nine month ended September 30, 2021 (Unaudited)			
Operating segments	Medical	Motor	Property	Total
			and casualty	
	SAR			
REVENUES				
Gross premiums written				
Individual	180,806	58,205,241	831,040	59,217,087
Micro Entities	226,637,911	749,887	724,456	228,112,254
Small Entities	9,010,499	4,418,363	4,954,139	18,383,001
Medium Entities	15,203,604	12,922,435	20,626,274	48,752,313
Large Organizations	46,719,144	175,119,930	18,000,999	239,840,073
	297,751,964	251,415,856	45,136,908	594,304,728
Reinsurance premiums ceded – local	-	(439,162)	(1,188,443)	(1,627,605)
Reinsurance premiums ceded – foreign	-	(3,548,630)	(34,646,667)	(38,195,297)
Excess of loss premium	(7,722,608)	(5,141,978)	(1,158,000)	(14,022,586)
Net premiums written	290,029,356	242,286,086	8,143,798	540,459,240
Changes in unearned premiums, net	(77,033,553)	76,655,138	841,159	462,744
Net premiums earned	212,995,803	318,941,224	8,984,957	540,921,984
Reinsurance commissions income	-	1,240,330	6,905,541	8,145,871
Other underwriting income	909,946	5,216,316	507,089	6,633,351
TOTAL REVENUES	213,905,749	325,397,870	16,397,587	555,701,206
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(136,312,643)	(267,077,133)	(8,298,212)	(411,687,988)
Reinsurers’ share of claims paid	6,661,158	1,927,879	4,291,820	12,880,857
Net claims and other benefits paid	(129,651,485)	(265,149,254)	(4,006,392)	(398,807,131)
Changes in outstanding claims, net	(20,518,183)	33,222,969	(3,695,135)	9,009,651
Changes in claims incurred but not reported, net	(34,884)	(12,400,153)	2,220,407	(10,214,630)
Change in other technical reserves movement	330,540	566,261	(115,725)	781,076
Net claims and other benefits incurred	(149,874,012)	(243,760,177)	(5,596,845)	(399,231,034)
Additional premium reserves	-	1,197,503	165,603	1,363,106
Policy acquisition costs	(18,122,757)	(14,248,295)	(5,050,530)	(37,421,582)
Other underwriting expenses	(12,401,476)	(22,452,282)	(267,033)	(35,120,791)
TOTAL UNDERWRITING COSTS AND EXPENSES	(180,398,245)	(279,263,251)	(10,748,805)	(470,410,301)
NET UNDERWRITING INCOME	33,507,504	46,134,619	5,648,782	85,290,905
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(64,538,462)
Allowance for doubtful debts				5,324,361
Murabaha income on deposits				3,799,790
Realized gain on investments				11,537,191
Dividend and investments income, net				6,074,046
Investment expense				(645,749)
Finance cost				(99,883)
TOTAL OTHER OPERATING EXPENSES, NET				(38,548,706)
Total income for the period before surplus attribution and zakat and income tax				46,742,199
Surplus attributed to the insurance operations				(3,208,543)
Total income for the period before zakat and income tax				43,533,656
Zakat and income tax expense				(10,500,000)
Total income for the period attributable to the shareholders				33,033,656

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020****10. OPERATING SEGMENTS (Continued)****Interim statement of income (Continued)**

	For the nine month ended September 30, 2020 (Unaudited)			
Operating segments	Medical	Motor	Property	Total
			and casualty	
			SAR	
REVENUES				
Gross premiums written				
Individual	588,861	83,355,442	786,183	84,730,486
Micro Entities	74,024,541	1,307,791	649,847	75,982,179
Small Entities	14,084,286	1,095,523	1,730,997	16,910,806
Medium Entities	12,173,191	19,113,734	22,101,445	53,388,370
Large Organizations	35,436,514	232,156,991	11,832,797	279,426,302
	136,307,393	337,029,481	37,101,269	510,438,143
Reinsurance premiums ceded – local	-	(128,339)	(680,858)	(809,197)
Reinsurance premiums ceded – foreign	-	(4,993,084)	(30,283,675)	(35,276,759)
Excess of loss premium	(3,723,356)	(5,755,990)	(1,237,500)	(10,716,846)
Net premiums written	132,584,037	326,152,068	4,899,236	463,635,341
Changes in unearned premiums, net	20,224,161	67,884,389	2,547,214	90,655,764
Net premiums earned	152,808,198	394,036,457	7,446,450	554,291,105
Reinsurance commissions income	-	1,597,073	6,184,029	7,781,102
Other underwriting income	2,655,850	7,066,024	2,201,400	11,923,274
TOTAL REVENUES	155,464,048	402,699,554	15,831,879	573,995,481
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(128,621,512)	(268,108,914)	(5,376,538)	(402,106,964)
Reinsurers’ share of claims paid	9,339,071	1,460,844	2,027,202	12,827,117
Net claims and other benefits paid	(119,282,441)	(266,648,070)	(3,349,336)	(389,279,847)
Changes in outstanding claims, net	(3,473,323)	6,379,845	(3,460,293)	(553,771)
Changes in claims incurred but not reported, net	(1,246,870)	29,138,590	296,580	28,188,300
Change in other technical reserves movement	(27,159)	959,069	(260,443)	671,467
Net claims and other benefits incurred	(124,029,793)	(230,170,566)	(6,773,492)	(360,973,851)
Additional premium reserves	2,999,518	(10,285,376)	1,614,456	(5,671,402)
Policy acquisition costs	(11,509,515)	(14,892,987)	(3,723,274)	(30,125,776)
Other underwriting expenses	(8,458,354)	(11,895,993)	(189,509)	(20,543,856)
TOTAL UNDERWRITING COSTS AND EXPENSES	(140,998,144)	(267,244,922)	(9,071,819)	(417,314,885)
NET UNDERWRITING INCOME	14,465,904	135,454,632	6,760,060	156,680,596
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(68,160,191)
Allowance for doubtful debts				(11,506,503)
Murabaha income on deposits				11,646,763
Realized gain on investments				(5,461,863)
Dividend and investments income, net				6,517,796
Investment expense				(427,240)
Finance cost				(41,157)
TOTAL OTHER OPERATING EXPENSES, NET				(67,432,395)
Total income for the period before surplus attribution and zakat and income tax				89,248,201
Surplus attributed to the insurance operations				(8,494,741)
Total income for the period before zakat and income tax				80,753,460
Zakat and income tax expense				(9,000,000)
Total income for the period attributable to the shareholders				71,753,460

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020****11. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent shareholders, companies related to shareholders (“affiliates”) and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company’s management and Board of Directors.

The following are the details of major related parties’ transactions during the year and the related balances:

<i>Related parties</i>	<i>Nature of transactions</i>	<i>September 30, 2021 (Unaudited) SR</i>	<i>September 30, 2020 (Unaudited) SR</i>
Major Shareholder	Gross premium written from Directors and their related parties	296,287	162,958
	Reinsurance premium ceded	1,012,995	73,872
	Reinsurers’ share of claims paid	223,554	-

Balances due from/(to) related parties are comprised of the followings:

<i>Related parties</i>	<i>Balances due from / (to) related parties</i>	
	<i>September 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SR</i>
Affiliates		
Trade Activities Company	(2,441,251)	(2,441,251)

<i>Related parties</i>	<i>Premiums and reinsurance receivables</i>		<i>Reinsurance payables</i>	
	<i>September 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SR</i>	<i>September 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SAR</i>
Board members	962	50,970	(465,065)	(368,848)
Total	962	50,970	(465,065)	(368,848)

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

	<i>September 30, 2021 (Unaudited) SR</i>	<i>September 30, 2020 (Unaudited) SR</i>
Salaries and other allowances	4,877,320	4,671,452
End of service indemnities	493,302	465,172
	5,370,622	5,136,624

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021****12. ZAKAT AND INCOME TAX****Provision for Zakat and income tax**

Provision for zakat has been made at 2.5% of approximate Zakat base attributable to the Saudi shareholders of the Company.

Provision for income tax has been made at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

The movement in zakat and income tax provision is as follows:

	<i>September 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SR</i>
At January 1	25,325,408	26,675,204
Provision for the period / year	10,500,000	12,500,000
Paid during the period / year	(12,464,548)	(13,849,796)
At period / year end	23,360,860	25,325,408

Status of zakat and income tax certificate

The Company has submitted its zakat and tax returns up to the year ended December 31, 2020.

The Company has received final clearance certificate from ZATCA till the year 2015. In 2020, the Company received assessment for the year 2016, 2017 and 2018 with an additional demand of zakat and income tax amounting to SR 2.7 million, SR 3.9 million and SR 3.8 million respectively. Management has made the payment amounting to SR 3.8 million against 2018 assessment and concluded the assessment. With respect to assessment for the year 2016 and 2017 management has filed an objection.

The assessment received for the year 2016 and 2017 includes additional withholding tax liability of SR 2.3 million and SR 2.8 million respectively. In 2020, the Company has paid the amount, however management has filed an objection. Charge for the withholding tax liability is accounted for under general and administrative expenses in the year 2020.

In 2020, the Company has received VAT assessment order with additional liability of SR 4.1 million. The Company has paid the amount, however management has filed an objection. Charge for the additional VAT liability is accounted for under general and administrative expenses in the year 2020.

Additionally, the zakat assessments of Trade Union Insurance Company (B.S.C.) (closed) have been finalized by the ZATCA for the years 2000 to 2008 claiming zakat and income tax liability amounting to SR 10.6 million and withholding tax dues amounting to SR 8.9 million. Management has filed an objection against these assessments and the primary objection committee concluded the same in favor of ZATCA. However, the management filed an objection to the Appeal Committee of Zakat and Income Tax following the regulatory procedures.

In 2015, the ZATCA has issued an adjusted assessment for the same years 2000-2008 claiming the same amount as per the Preliminary Committee's decision. The Company has appealed against these assessments and management expects to receive a favourable ruling. Subsequently, the Company paid an additional amount of SR 8.8 million and submitted a letter of guarantee for SR 10.19 million for zakat. During to current period the Company received the revised order with additional zakat liability of SR 9.2 million and for withholding tax of SR 0.5 million net of payment.

Payment has been made with the provision of continuation of the appeals, keeping the right to refund or reconcile the excess payment when the company receives a favourable ruling for the cases.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020****13. SHARE CAPITAL**

The authorized, issued and paid-up share capital is SR 400 million at September 30, 2021 consisting of 40 million shares (December 31, 2020: SR 400 million consisting of 40 million shares) of SR 10 each.

	September 30, 2021		
	Authorized and issued		Paid up
	No. of Shares	SR	
Trade Union Holding Co. – Bahrain	8,944,000	89,440,000	89,440,000
Al Ahleia Insurance Co. – Kuwait	4,000,000	40,000,000	40,000,000
Others	27,056,000	270,560,000	270,560,000
	40,000,000	400,000,000	400,000,000

	December 31, 2020		
	Authorized and issued		Paid up
	No. of Shares	SR	
Trade Union Holding Co. – Bahrain	8,944,000	89,440,000	89,440,000
Al Ahleia Insurance Co. – Kuwait	4,000,000	40,000,000	40,000,000
Others	27,056,000	270,560,000	270,560,000
	40,000,000	400,000,000	400,000,000

14. CAPITAL MANAGEMENT

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

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

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

15. EARNINGS PER SHARE ("EPS")

Basic and diluted income per share from shareholders' income is calculated by dividing net income from shareholders' operations for the period by weighted average number of ordinary shares outstanding during the year, unless there is a dilution effect.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

16. SUPPLEMENTARY INFORMATION
Interim condensed financial position

	SR					
	As at September 30, 2021 - (Unaudited)			As at December 31, 2020 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	418,539,153	38,052,480	456,591,633	373,230,365	78,485,486	451,715,851
Premiums and reinsurance receivable, net	146,806,602	-	146,806,602	197,769,252	-	197,769,252
Reinsurers' share of unearned premiums	21,335,368	-	21,335,368	19,655,533	-	19,655,533
Reinsurers' share of outstanding claims	78,024,633	-	78,024,633	87,201,069	-	87,201,069
Reinsurers' share of claims incurred but not reported	13,735,137	-	13,735,137	16,094,687	-	16,094,687
Deferred policy acquisition costs	30,899,618	-	30,899,618	23,520,274	-	23,520,274
Investments	-	243,289,546	243,289,546	-	229,956,255	229,956,255
Due from insurance operations	-	133,031,468	133,031,468	-	104,154,585	104,154,585
Due from shareholders operations	2,975,820	-	2,975,820	-	-	-
Prepaid expenses and other assets	49,680,260	699,733	50,379,993	51,079,857	1,708,898	52,788,755
Long term/fixed income deposits	275,000,000	132,269,878	407,269,878	230,000,000	81,269,878	311,269,878
Property and equipment	17,305,144	-	17,305,144	15,358,692	-	15,358,692
Right of use assets	4,020,200	-	4,020,200	4,898,768	-	4,898,768
Goodwill	-	4,496,500	4,496,500	-	4,496,500	4,496,500
Statutory deposit	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Accrued income on statutory deposit	-	5,430,484	5,430,484	-	5,261,879	5,261,879
TOTAL ASSETS	1,058,321,935	597,270,089	1,655,592,024	1,018,808,497	545,333,481	1,564,141,978
Less: inter-operations elimination	(2,975,820)	(133,031,468)	(136,007,288)	-	(104,154,585)	(104,154,585)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	1,055,346,115	464,238,621	1,519,584,736	1,018,808,497	441,178,896	1,459,987,393

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

16. SUPPLEMENTARY INFORMATION – (Continued)

	SR					
	As at September 30, 2021 - (Unaudited)			As at December 31, 2020 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>LIABILITIES</u>						
Accounts payable	41,876,441	-	41,876,441	32,582,419	-	32,582,419
Accrued and other liabilities	103,279,199	1,722,838	105,002,037	82,468,360	2,190,338	84,658,698
Lease liability	3,107,534	-	3,107,534	3,657,651	-	3,657,651
Reinsurers' balances payable	8,190,819	-	8,190,819	7,389,868	-	7,389,868
Unearned premiums	429,361,837	-	429,361,837	428,144,746	-	428,144,746
Unearned reinsurance commission	4,334,751	-	4,334,751	4,530,774	-	4,530,774
Outstanding claims	194,954,038	-	194,954,038	213,140,126	-	213,140,126
Claims incurred but not reported	105,281,209	-	105,281,209	97,426,129	-	97,426,129
Additional premium reserves	9,576,601	-	9,576,601	10,939,707	-	10,939,707
Other technical reserves	6,980,697	-	6,980,697	7,761,773	-	7,761,773
Due to shareholders' operations	133,031,468	-	133,031,468	104,154,585	-	104,154,585
Due to policyholders' operations	-	2,975,820	2,975,820	-	-	-
End-of-service indemnities	18,438,027	-	18,438,027	18,690,982	-	18,690,982
Zakat and income tax	-	23,360,860	23,360,860	-	25,325,408	25,325,408
Accrued commission income payable to SAMA	-	5,430,484	5,430,484	-	5,261,879	5,261,879
TOTAL LIABILITIES	1,058,412,621	33,490,002	1,091,902,623	1,010,887,120	32,777,625	1,043,664,745
Less: Interoperations elimination	(133,031,468)	(2,975,820)	(136,007,288)	(104,154,585)	-	(104,154,585)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	925,381,153	30,514,182	955,895,335	906,732,535	32,777,625	939,510,160
Accumulated surplus payable	3,208,543	-	3,208,543	11,572,732	-	11,572,732
Re-measurement actuarial loss on end of service indemnities	(3,299,229)	-	(3,299,229)	(3,651,355)	-	(3,651,355)
TOTAL ACCUMULATED SURPLUS AND RESERVES	(90,686)	-	(90,686)	7,921,377	-	7,921,377
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	400,000,000	400,000,000	-	400,000,000	400,000,000
Statutory reserve	-	29,611,653	29,611,653	-	29,611,653	29,611,653
Retained earnings	-	106,765,851	106,765,851	-	73,732,195	73,732,195
Fair value reserve gain on investments	-	27,402,583	27,402,583	-	9,212,008	9,212,008
TOTAL EQUITY	-	563,780,087	563,780,087	-	512,555,856	512,555,856
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	925,290,467	594,294,269	1,519,584,736	914,653,912	545,333,481	1,459,987,393

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021
16. SUPPLEMENTARY INFORMATION (Continued)
Interim condensed statement of income

	SAR					
	For the three months period ended September 30, 2021 (Unaudited)			For the three months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	251,252,241	-	251,252,241	202,314,043	-	202,314,043
Reinsurance premiums ceded-local	(378,408)	-	(378,408)	(318,023)	-	(318,023)
Reinsurance premiums ceded-foreign	(8,709,314)	-	(8,709,314)	(13,179,049)	-	(13,179,049)
Excess of loss premium	(7,215,098)	-	(7,215,098)	(2,657,524)	-	(2,657,524)
Net premiums written	234,949,421	-	234,949,421	186,159,447	-	186,159,447
Changes in unearned premiums, net	(48,188,133)	-	(48,188,133)	(9,141,253)	-	(9,141,253)
Net premiums earned	186,761,288	-	186,761,288	177,018,194	-	177,018,194
Reinsurance commissions	2,571,162	-	2,571,162	1,783,210	-	1,783,210
Other underwriting income	3,171,890	-	3,171,890	3,373,470	-	3,373,470
TOTAL REVENUES	192,504,340	-	192,504,340	182,174,874	-	182,174,874
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(136,800,033)	-	(136,800,033)	(139,704,155)	-	(139,704,155)
Reinsurers' share of claims paid	4,488,354	-	4,488,354	5,326,405	-	5,326,405
Net claims and other benefits paid	(132,311,679)	-	(132,311,679)	(134,377,750)	-	(134,377,750)
Changes in outstanding claims, net	4,460,438	-	4,460,438	3,613,437	-	3,613,437
Changes in incurred but not reported, net	(10,527,467)	-	(10,527,467)	11,960,971	-	11,960,971
Changes in other technical reserves movement	34,368	-	34,368	499,916	-	499,916
Net claims and other benefits incurred	(138,344,340)	-	(138,344,340)	(118,303,426)	-	(118,303,426)
Additional premium reserves	(912,754)	-	(912,754)	11,418,542	-	11,418,542
Policy acquisition costs	(13,998,195)	-	(13,998,195)	(9,207,368)	-	(9,207,368)
Other underwriting expenses	(16,931,926)	-	(16,931,926)	(11,388,590)	-	(11,388,590)
TOTAL UNDERWRITING COSTS AND EXPENSES	(170,187,215)	-	(170,187,215)	(127,480,842)	-	(127,480,842)
NET UNDERWRITING INCOME	22,317,125	-	22,317,125	54,694,032	-	54,694,032

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

16. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed statement of income (Continued)

	SAR					
	For the three months period ended September 30, 2021 (Unaudited)			For the three months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	2,206,024	-	2,206,024	(1,337,162)	-	(1,337,162)
General and administrative expenses	(21,700,351)	(506,810)	(22,207,161)	(17,462,644)	(54,703)	(17,517,347)
Murabaha income on deposits	501,678	631,740	1,133,418	754,009	2,567,406	3,321,415
Realized gain on investments	-	4,550,556	4,550,556	-	(6,734,691)	(6,734,691)
Dividend and investments income	885,085	1,550,736	2,435,821	1,038,237	405,704	1,443,941
Investment expense	-	(247,946)	(247,946)	-	(172,050)	(172,050)
Finance cost	(41,122)	-	(41,122)	(13,921)	-	(13,921)
TOTAL OTHER OPERATING EXPENSES, NET	(18,148,686)	5,978,276	(12,170,410)	(17,021,481)	(3,988,334)	(21,009,815)
Total income for the period before surplus attribution and zakat and income tax	4,168,439	5,978,276	10,146,715	37,672,551	(3,988,334)	33,684,217
Surplus attributed to the insurance operations	(3,751,595)	3,751,595	-	(33,905,296)	33,905,296	-
Total income for the period before zakat and income tax	416,844	9,729,871	10,146,715	3,767,255	29,916,962	33,684,217
Zakat and income tax expense	-	(3,500,000)	(3,500,000)	-	(3,500,000)	(3,500,000)
Total income for the period	416,844	6,229,871	6,646,715	3,767,255	26,416,962	30,184,217
Earnings per share						
Basic and diluted earnings per share		<u>0.16</u>			<u>0.66</u>	

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021****16. SUPPLEMENTARY INFORMATION** (Continued)**Interim condensed statement of comprehensive income** (Continued)

	SAR					
	For the three months period ended September 30, 2021 (Unaudited)			For the three months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholder s' operations	Total
Total income for the period	416,844	6,229,871	6,646,715	3,767,255	26,416,962	30,184,217
Other comprehensive income						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
Realization of (Gains) losses on disposal of available-for-sale investments		(3,443,151)	(3,443,151)	-	792,420	792,420
Unrealized fair value changes in available for sale investments		10,006,828	10,006,828	-	6,021,449	6,021,449
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
Actuarial gain on end of service obligations	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	416,844	12,793,548	13,210,392	3,767,255	33,230,831	36,998,086

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021****16. SUPPLEMENTARY INFORMATION (Continued)****Interim condensed statement of income (Continued)**

	SAR					
	For the nine months period ended September 30, 2021 (Unaudited)			For the nine months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	594,304,728	-	594,304,728	510,438,143	-	510,438,143
Reinsurance premiums ceded-local	(1,627,605)	-	(1,627,605)	(809,197)	-	(809,197)
Reinsurance premiums ceded-foreign	(38,195,297)	-	(38,195,297)	(35,276,759)	-	(35,276,759)
Excess of loss premium	(14,022,586)	-	(14,022,586)	(10,716,846)	-	(10,716,846)
Net premiums written	540,459,240	-	540,459,240	463,635,341	-	463,635,341
Changes in unearned premiums, net	462,744	-	462,744	90,655,764	-	90,655,764
Net premiums earned	540,921,984	-	540,921,984	554,291,105	-	554,291,105
Reinsurance commissions	8,145,871	-	8,145,871	7,781,102	-	7,781,102
Other underwriting income	6,633,351	-	6,633,351	11,923,274	-	11,923,274
TOTAL REVENUES	555,701,206	-	555,701,206	573,995,481	-	573,995,481
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(411,687,988)	-	(411,687,988)	(402,106,964)	-	(402,106,964)
Reinsurers' share of claims paid	12,880,857	-	12,880,857	12,827,117	-	12,827,117
Net claims and other benefits paid	(398,807,131)	-	(398,807,131)	(389,279,847)	-	(389,279,847)
Changes in outstanding claims, net	9,009,651	-	9,009,651	(553,771)	-	(553,771)
Changes in incurred but not reported, net	(10,214,630)	-	(10,214,630)	28,188,300	-	28,188,300
Changes in other technical reserves movement	781,076	-	781,076	671,467	-	671,467
Net claims and other benefits incurred	(399,231,034)	-	(399,231,034)	(360,973,851)	-	(360,973,851)
Additional premium reserves	1,363,106	-	1,363,106	(5,671,402)	-	(5,671,402)
Policy acquisition costs	(37,421,582)	-	(37,421,582)	(30,125,776)	-	(30,125,776)
Other underwriting expenses	(35,120,791)	-	(35,120,791)	(20,543,856)	-	(20,543,856)
TOTAL UNDERWRITING COSTS AND EXPENSES	(470,410,301)	-	(470,410,301)	(417,314,885)	-	(417,314,885)
NET UNDERWRITING INCOME	85,290,905	-	85,290,905	156,680,596	-	156,680,596

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

16. SUPPLEMENTARY INFORMATION (Continued)

Interim condensed statement of income (Continued)

	SAR					
	For the nine months period ended September 30, 2021 (Unaudited)			For the nine months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	5,324,361	-	5,324,361	(11,506,503)	-	(11,506,503)
General and administrative expenses	(63,003,141)	(1,535,321)	(64,538,462)	(67,987,043)	(173,148)	(68,160,191)
Murabaha income on deposits	2,058,475	1,741,315	3,799,790	3,603,692	8,043,071	11,646,763
Unrealized loss on investments	-	-	-	-	-	-
Realized gain on investments	-	11,537,191	11,537,191	-	(5,461,863)	(5,461,863)
Dividend and investments income	2,514,709	3,559,337	6,074,046	4,197,824	2,319,972	6,517,796
Investment expenses	-	(645,749)	(645,749)	-	(427,240)	(427,240)
Finance cost	(99,883)	-	(99,883)	(41,157)	-	(41,157)
TOTAL OTHER OPERATING EXPENSES, NET	(53,205,479)	14,656,773	(38,548,706)	(71,733,187)	4,300,792	(67,432,395)
Total income for the period before surplus attribution and zakat and income tax	32,085,426	14,656,773	46,742,199	84,947,409	4,300,792	89,248,201
Surplus attributed to the insurance operations	(28,876,883)	28,876,883	-	(76,452,668)	76,452,668	-
Total income for the period before zakat and income tax	3,208,543	43,533,656	46,742,199	8,494,741	80,753,460	89,248,201
Zakat and income tax expense	-	(10,500,000)	(10,500,000)	-	(9,000,000)	(9,000,000)
Total income for the period	3,208,543	33,033,656	36,242,199	8,494,741	71,753,460	80,248,201
Earnings per share						

Basic and diluted earnings per share

0.83

1.79

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021****16. SUPPLEMENTARY INFORMATION** (Continued)**Interim condensed statement of other comprehensive income**

	SAR					
	For the nine months period ended September 30, 2021 (Unaudited)			For the nine months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	3,208,543	33,033,656	36,242,199	8,494,741	71,753,460	80,248,201
Other comprehensive income						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
Realization of gain on disposal of available- for-sale investments	-	(9,799,411)	(9,799,411)	-	(531,149)	(531,149)
Unrealized fair value changes in available for sale investments	-	27,989,986	27,989,986	-	(21,585)	(21,585)
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
Actuarial gain on end of service indemnities	352,126	-	352,126	109,062	-	109,062
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,560,669	51,224,231	54,784,900	8,603,803	71,200,726	79,804,529

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021****16. SUPPLEMENTARY INFORMATION (Continued)****Interim condensed statement of cash flows**

	SAR					
	For the nine months period ended September 30, 2021 (Unaudited)			For the nine months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total income for the period before zakat and income tax	3,208,543	43,533,656	46,742,199	8,494,741	80,753,460	89,248,201
Adjustments for non-cash items:						
Depreciation of property and equipment	2,606,931	-	2,606,931	2,184,247	-	2,184,247
Depreciation charge on right to use assets	878,568	-	878,568	458,169	-	458,169
(Gain)/loss on disposal of property and equipment	1,135	-	1,135	-	-	-
Allowance / (Reversal) for doubtful debts	(5,324,361)	-	(5,324,361)	11,506,503	-	11,506,503
Realized gain on investments	-	(11,537,191)	(11,537,191)	-	5,461,863	5,461,863
Dividend reinvested	-	(14,869)	(14,869)	-	(273,473)	(273,473)
Finance cost	99,883	-	99,883	41,157	-	41,157
Provision for end-of- service indemnities	2,731,430	-	2,731,430	1,652,161	-	1,652,161
<u>Changes in operating assets and liabilities:</u>						
Premiums and reinsurers' receivable	49,574,752	-	49,574,752	(649,391)	-	(649,391)
Reinsurers' share of unearned premiums	(1,679,835)	-	(1,679,835)	(1,713,613)	-	(1,713,613)
Reinsurers' share of outstanding claims	9,176,436	-	9,176,436	(13,643,281)	-	(13,643,281)
Reinsurers' share of claims incurred but not reported	2,359,550	-	2,359,550	(518,214)	-	(518,214)
Deferred policy acquisition costs	(7,379,344)	-	(7,379,344)	3,267,685	-	3,267,685
Prepaid expenses and other assets	1,399,597	1,009,165	2,408,762	(9,898,442)	(6,011,067)	(15,909,509)
Accounts payables	9,294,022	-	9,294,022	(3,098,174)	-	(3,098,174)
Accrued and other liabilities	15,951,180	(467,500)	15,483,680	4,518,356	(1,548,924)	2,969,432
Reinsurers' balances payable	800,951	-	800,951	713,290	-	713,290
Unearned premiums	1,217,091	-	1,217,091	(88,942,151)	-	(88,942,151)
Unearned reinsurance commission	(196,023)	-	(196,023)	537,571	-	537,571
Outstanding claims	(18,186,088)	-	(18,186,088)	14,197,052	-	14,197,052
Claims incurred but not reported	7,855,080	-	7,855,080	(27,670,086)	-	(27,670,086)

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021
16. SUPPLEMENTARY INFORMATION (Continued)
Interim condensed statement of cash flows (continued)

	SAR					
	For the nine months period ended September 30, 2021 (Unaudited)			For the nine months period ended September 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Additional premium reserves	(1,363,106)	-	(1,363,106)	5,671,402	-	5,671,402
Other technical reserves	(781,076)	-	(781,076)	(671,467)	-	(671,467)
Due from insurance operations	-	(28,876,883)	(28,876,883)	-	(27,406,120)	(27,406,120)
Due to insurance' operations	-	2,975,820	2,975,820	-	11,298,944	11,298,944
Due from shareholders' operations	(2,975,820)	-	(2,975,820)	(11,298,944)	-	(11,298,944)
Due to shareholders' operations	28,876,883	-	28,876,883	27,406,120	-	27,406,120
End-of-service indemnities paid	(2,632,259)	-	(2,632,259)	(517,648)	-	(517,648)
Surplus paid to policy holders	(814)	-	(814)	-	-	-
Zakat and income tax paid	-	(12,464,548)	(12,464,548)	-	(13,849,796)	(13,849,796)
Net cash (used in)/ generated from operating activities	95,513,306	(5,842,350)	89,670,956	(77,972,957)	48,424,887	(29,548,070)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions/disposals in investments	-	16,409,344	16,409,344	-	8,033,778	8,033,778
Additions/disposals in long term/fixed income deposits	(45,000,000)	(51,000,000)	(96,000,000)	107,140,745	(60,603,003)	46,537,742
Lease payment under IFRS 16	(650,000)	-	(650,000)	(650,000)	-	(650,000)
Additions/disposals in property and equipment	(4,554,518)	-	(4,554,518)	(3,465,624)	-	(3,465,624)
Net cash from generated from/(used in) investing activities	(50,204,518)	(34,590,656)	(84,795,174)	103,025,121	(52,569,225)	50,455,896
Net change in cash and cash equivalents	45,308,788	(40,433,006)	4,875,782.00	25,052,164	(4,144,338)	20,907,826
Cash and cash equivalents, beginning of the period	373,230,365	78,485,486	451,715,851	334,358,597	48,705,702	383,064,299
Cash and cash equivalents, end of the period	418,539,153	38,052,480	456,591,633	359,410,761	44,561,364	403,972,125
NON-CASH INFORMATION						
Realization of gain on disposal of AFS investments	-	(9,799,411)	(9,799,411)	-	(531,149)	(531,149)
Unrealized fair value changes in available-for-sale investments	-	27,989,986	27,989,986	-	(21,585)	(21,585)
Surplus transferred to undistributed surplus account (liability)	4,859,659	-	4,859,659	2,405,199	-	2,405,199
Surplus transferred to customers' accounts	6,712,259	-	6,712,259	3,044,417	-	3,044,417

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

17. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation.

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information has been approved by the Board, on October 31, 2021, corresponding to 25 Rabi-Alawal, 1443H.