

**AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2021 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM
CONDENSED FINANCIAL INFORMATION**

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021

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Report on review of interim financial information

To the shareholders of Al Sagr Cooperative Insurance Company:
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Sagr Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of September 30, 2021 and the related interim condensed statements of income and comprehensive income for the three-month 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 other explanatory notes. Management is responsible for the preparation and presentation of this 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 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.

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December 9, 2021
5 Jumada I 1443H



AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

		At September 30, 2021 (Unaudited)	At December 31, 2020 (Audited)
	Note		
ASSETS			
Cash and cash equivalents	5	245,250,579	343,337,078
Premiums and insurers' balances receivable - net	7	88,600,634	63,838,511
Reinsurers' share of unearned premiums	8	23,532,396	18,949,044
Reinsurers' share of outstanding claims	8	30,425,910	26,901,755
Reinsurers' share of claims incurred but not reported	8	8,912,368	12,002,373
Deferred policy acquisition costs		10,934,008	9,025,462
Investments:			
Financial assets at fair value through profit or loss	9	91,877,466	100,464,703
Available-for-sale investments	9	59,516,740	44,085,244
Prepaid expenses and other assets		35,376,792	22,213,192
Long-term deposits	6	86,250,000	86,250,000
Property and equipment		4,573,277	3,983,519
Intangible assets		4,933,146	1,862,987
Goodwill	10	25,513,750	25,513,750
Statutory deposit	11	40,000,000	40,000,000
Accrued commission income on statutory deposit	11	5,798,262	5,573,503
TOTAL ASSETS		761,495,328	804,001,121
LIABILITIES			
Accounts payable		5,656,629	7,791,663
Accrued and other liabilities		38,295,468	29,921,083
Reinsurers' balances payable		17,059,634	2,702,094
Unearned premiums	8	222,397,316	171,428,813
Unearned reinsurance commission		3,631,609	3,195,070
Outstanding claims	8	72,251,250	106,553,198
Claims incurred but not reported	8	58,064,840	76,121,056
Additional premium reserves	8	16,925,648	14,025,166
Other technical reserves	8	6,060,931	6,128,675
Due to a related party	12	1,123,750	1,123,750
Employee benefit obligations		10,080,216	9,207,307
Zakat payable	13	41,652,370	46,857,518
Accrued commission income payable to SAMA	11	5,798,262	5,573,503
Dividend payable		370,349	370,743
Surplus distribution payable		35,219,205	35,219,225
TOTAL LIABILITIES		534,587,477	516,218,864
EQUITY			
Share capital	14	400,000,000	400,000,000
Accumulated losses	1	(191,659,079)	(122,571,875)
Remeasurement reserve of employee benefit obligations		2,296,547	2,296,547
Fair value reserve on investments		16,270,383	8,057,585
NET EQUITY		226,907,851	287,782,257
TOTAL LIABILITIES AND EQUITY		761,495,328	804,001,121

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
REVENUES					
Gross premiums written	21	161,840,365	107,792,051	315,087,607	302,292,936
Reinsurance premiums ceded:					
- Foreign		(23,105,070)	(20,096,994)	(31,043,933)	(32,534,838)
- Local		(408,288)	(1,753,147)	(731,695)	(2,335,337)
Excess of loss premiums:					
- Foreign		(5,028,921)	(7,088,561)	(12,414,679)	(15,867,487)
- Local		(1,049,321)	(943,424)	(3,781,416)	(2,421,694)
Net premiums written		132,248,765	77,909,925	267,115,884	249,133,580
Changes in unearned premiums	8	(74,322,019)	2,332,340	(50,968,503)	32,005,964
Changes in reinsurers' share of unearned premiums	8	15,732,657	12,708,229	4,583,352	8,820,025
Net premiums earned		73,659,403	92,950,494	220,730,733	289,959,569
Reinsurance commissions		1,085,757	1,933,250	3,382,625	4,564,865
Total revenues		74,745,160	94,883,744	224,113,358	294,524,434
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	21	(83,286,727)	(117,637,492)	(282,126,619)	(340,925,170)
Reinsurers' share of claims paid		2,990,077	7,740,984	12,130,546	57,197,597
Claims handling expenses		(4,899,732)	(2,736,337)	(13,750,483)	(9,467,909)
Net claims and other benefits paid		(85,196,382)	(112,632,845)	(283,746,556)	(293,195,482)
Changes in outstanding claims	8	9,071,556	(12,647,308)	34,301,948	21,328,417
Changes in reinsurers' share of outstanding claims	8	(1,843,138)	6,323,543	3,524,155	(30,241,190)
Changes in claims incurred but not reported	8	8,601,761	6,476,570	18,056,216	(9,559,112)
Changes in reinsurers' share of claims incurred but not reported	8	(1,442,318)	1,693,682	(3,090,005)	664,357
Net claims and other benefits incurred		(70,808,521)	(110,786,358)	(230,954,242)	(311,003,010)

(continued)

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
	Note				
Policy acquisition costs		(4,898,848)	(5,837,978)	(14,790,714)	(17,874,454)
Changes in additional premium reserves	8	(1,930,189)	711,068	(2,900,482)	(1,841,338)
Changes in other technical reserves	8	160,391	384,924	67,744	(1,372,006)
Other underwriting expenses, net		(3,578,578)	(1,569,117)	(7,721,406)	(7,249,044)
Total underwriting costs and expenses, net		(81,055,745)	(117,097,461)	(256,299,100)	(339,339,852)
NET UNDERWRITING LOSS		(6,310,585)	(22,213,717)	(32,185,742)	(44,815,418)
OTHER OPERATING (EXPENSES) INCOME					
Reversal of allowance for (allowance for) doubtful debts	7	594,238	2,831,889	(1,992,370)	(1,752,467)
General and administrative expenses		(20,657,898)	(16,190,511)	(54,411,883)	(48,749,783)
Investment and commission income		1,634,944	1,784,945	5,098,024	10,365,913
Changes in fair value of financial assets at fair value through profit or loss - net	9	4,210,176	2,061,225	7,808,069	3,905,222
Realized gain on available- for-sale investments	9	1,597,313	912,146	7,049,837	353,892
Other income		10,000	1,279,004	316,923	5,005,767
Total other operating expenses, net		(12,611,227)	(7,321,302)	(36,131,400)	(30,871,456)
Total loss for the period before surplus attribution and zakat		(18,921,812)	(29,535,019)	(68,317,142)	(75,686,874)
Surplus attributed to the insurance operations		-	-	-	-
Total loss for the period before zakat		(18,921,812)	(29,535,019)	(68,317,142)	(75,686,874)
Zakat expense		1,729,938	(1,200,000)	(770,062)	(5,200,000)
Total loss for the period attributable to the shareholders		(17,191,874)	(30,735,019)	(69,087,204)	(80,886,874)

(continued)

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
	Note				
Weighted average number of outstanding shares	16	40,000,000	40,000,000	40,000,000	40,000,000
Loss per share (expressed in Saudi Riyals per share)					
Basic loss per share	16	(0.43)	(0.77)	(1.73)	(2.02)
Diluted loss per share	16	(0.43)	(0.77)	(1.73)	(2.02)

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2021 (Unaudited)	Three-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
	Note				
Total loss for the period attributable to the shareholders		(17,191,874)	(30,735,019)	(69,087,204)	(80,886,874)
Other comprehensive income:					
<i>Items that will be reclassified to the interim condensed statement of income in subsequent periods</i>					
Net change in fair value of available-for-sale investments	9	1,472,942	4,080,091	8,212,798	1,661,220
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(15,718,932)	(26,654,928)	(60,874,406)	(79,225,654)

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated losses (Note 1)	Remeasurement reserve of employee benefit obligations	Fair value reserve on investments	Total
At January 1, 2021 (Audited)		400,000,000	-	(122,571,875)	2,296,547	8,057,585	287,782,257
Total comprehensive (loss) income for the period							
Total loss for the period attributable to the shareholders		-	-	(69,087,204)	-	-	(69,087,204)
Net change in fair value of available-for-sale investments	9	-	-	-	-	8,212,798	8,212,798
Total comprehensive (loss) income for the period		-	-	(69,087,204)		8,212,798	(60,874,406)
At September 30, 2021 (Unaudited)		400,000,000	-	(191,659,079)	2,296,547	16,270,383	226,907,851
At January 1, 2020 (Audited)		400,000,000	47,342,202	(57,434,850)	471,446	5,068,735	395,447,533
Total comprehensive loss for the period							
Total loss for the period attributable to the shareholders		-	-	(80,886,874)	-	-	(80,886,874)
Net change in fair value of available-for-sale investments	9	-	-	-	-	1,661,220	1,661,220
Total comprehensive (loss) income for the period		-	-	(80,886,874)	-	1,661,220	(79,225,654)
At September 30, 2020 (Unaudited)		400,000,000	47,342,202	(138,321,724)	471,446	6,729,955	316,221,879

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period before surplus attribution and zakat		(68,317,142)	(75,686,874)
<u>Adjustments for non-cash items:</u>			
Depreciation of property and equipment		578,179	836,243
Amortization of intangible assets		462,360	470,436
Provision for employee benefit obligations		1,679,829	1,854,501
Changes in fair value on financial assets at fair value through profit or loss	9	(7,808,069)	(3,905,222)
Realized gain on available-for-sale investments	9	(7,049,837)	(353,892)
Allowance for doubtful debts	7	1,992,370	1,752,467
<u>Changes in operating assets and liabilities:</u>			
Unearned premiums		50,968,503	(32,005,964)
Premiums and insurance balances receivable - net	7	(26,754,493)	15,029,305
Reinsurers' share of unearned premiums	8	(4,583,352)	(8,820,025)
Reinsurers' share of outstanding claims	8	(3,524,155)	30,241,190
Reinsurers' share of claims incurred but not reported	8	3,090,005	(664,357)
Deferred policy acquisition costs		(1,908,546)	1,717,954
Prepaid expenses and other assets		(13,163,600)	(10,658,109)
Accounts payable		(2,135,034)	(393,324)
Accrued and other liabilities		8,374,385	(1,447,253)
Reinsurers' balances payable		14,357,540	(790,667)
Unearned reinsurance commission		436,539	2,399,964
Outstanding claims	8	(34,301,948)	(19,503,417)
Claims incurred but not reported	8	(18,056,216)	9,559,112
Additional premium reserves	8	2,900,482	1,841,338
Other technical reserves	8	(67,744)	1,372,006
Employee benefit obligations paid		(806,920)	(1,289,734)
Accrued commission income payable to SAMA		224,759	702,271
Zakat paid		(5,975,210)	-
Surplus paid to policy holders		(20)	-
Net cash utilized in operating activities		(109,387,335)	(87,742,051)
			(Continued)

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

		Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
	Note		
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in short-term deposits		-	(50,000,000)
Liquidation of short-term deposits		-	120,130,556
Accrued commission income on statutory deposit		(224,759)	(702,271)
Purchases of property and equipment		(1,167,937)	(426,697)
Purchases of intangible assets		(3,532,519)	(595,500)
Purchases of available-for-sale investments	9	(34,929,142)	(32,664,378)
Purchases of financial assets at fair value through profit or loss	9	(2,171,620)	(136,854)
Proceeds from disposal of financial assets at fair value through profit or loss	9	18,566,926	1,453,909
Proceeds from disposal of available-for-sale investments	9	34,760,281	31,513,767
Proceeds from disposal of held-to maturity investments		-	80,000,000
Net cash generated from investing activities		11,301,230	148,572,532
CASH FLOW FROM FINANCING ACTIVITY			
Dividend paid		(394)	-
Net change in cash and cash equivalents		(98,086,499)	60,830,481
Cash and cash equivalents, beginning of the period		343,337,078	255,104,408
Cash and cash equivalents, end of the period		245,250,579	315,934,889
<u>Supplemental non-cash information:</u>			
Net change in fair value reserve for available-for- sale investments		8,212,798	1,661,220
Surplus distribution payable adjusted against insurance premium receivable from policyholders		-	26,131
Settlement of premium receivable from a shareholder through rent due to the shareholder		-	582,600
Settlement of premium receivable from a shareholder through outstanding claims		-	1,825,000

The accompanying notes from 1 to 21 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General - Legal status and principal activities

Al Sagr Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Dammam, Kingdom of Saudi Arabia and incorporated on 26 Muharram 1429H (corresponding to February 4, 2008) under commercial registration ("CR") number 1010243765 which was later amended to 2051036871 dated 22 Rabi' I 1429H (corresponding to March 30, 2008). The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to October 9, 2006). The Company's registered address is P.O. Box 3501, Dammam 32241, Kingdom of Saudi Arabia.

The purpose of the Company is to transact in cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia (the "Law") and its implementing regulations. The Company obtained license from the Saudi Central Bank (formerly known as Saudi Arabian Monetary Authority) ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/13/20083, dated 23 Rabi' I 1429H (corresponding to March 31, 2008). The Company commenced insurance operations on 4 Muharram 1430H (corresponding to January 1, 2009). On 11 Ramadan 1436H (corresponding to June 28, 2015), the Company received approval from SAMA to cancel its reinsurance license.

The Company has incurred total losses attributable to the shareholders of Saudi Riyals 17.2 million and Saudi Riyals 69.1 million for the three-month and nine-month periods ended September 30, 2021, respectively, and as of that date, its accumulated losses amounted to Saudi Riyals 191.7 million which reached 47.9% of its paid-up share capital as of that date. Also, the Company had net operating cash outflows of Saudi Riyals 109.4 million for the nine-month period ended September 30, 2021, and its solvency margin had reduced to 102.9% as of that date (178.9% as at December 31, 2020). These conditions require the Company to take certain actions to address uncertainties pertaining to its ability to continue as a going concern.

The accumulated losses are mainly attributable to the adverse results of the Medical segment, until the first quarter of 2021, and due to the recent results of the Motor segment. Management has already formulated various performance improvement measures which, among others, include better pricing strategies for both these major business segments, diversification of insurance portfolio, introduction of new benefits and replacement of its medical third-party administrator. Further, the Medical policies written at lower prices in 2020 are nearing their maturity and are expected to expire by the end of 2021. Certain of such measures, including pricing revisions, new agreements with motor dealers and replacement of the medical third-party administrator, have been implemented close to the end of 2020 and during 2021 while the remaining are in progress. Management expects that results from such measures will gradually start reflecting positively in the Company's financial results and such trend, as evidenced by favorable underwriting results of the Medical segment (underwriting income of Saudi Riyals 8.6 million and Saudi Riyals 10.0 million for the second and third quarters of 2021, respectively, compared to an underwriting loss of Saudi Riyals 33.5 million in the first quarter of 2021) and significant improvement in loss ratios of the Medical segment for the second and third quarters of 2021, is expected to continue provided that the underlying projections of the business and economic conditions are realized. The net underwriting position and loss ratios of the Motor segment have deteriorated during the second and third quarter of 2021 and further, the gross written premiums have surged significantly during the third quarter of 2021. The underwriting losses from the Motor segment are considered to be a temporary situation which is expected to recover once the policies written at lower prices in 2020 expire and also through adjustment of insurance portfolio mix with gradual increase in gross written premiums from the Medical segment at revised prices. Also, management based on its plan expects the Company to remain in compliance with the solvency requirements at year-end. Management continues to monitor performance indicators of all lines of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General - Legal status and principal activities (continued)

Management has performed an assessment of its going concern assumption and based on the on-going business plan of the Company, management believes that the Company will be able to continue its operations and meet its obligations as they fall due within the next 12 months. Accordingly, management believes that the Company's operations shall continue for a foreseeable future under the normal course of business and the going concern basis used in the preparation of this interim condensed financial information remains appropriate.

The annual financial statements of the Company for the year ended December 31, 2020 were authorized for issue by the Board of Directors of the Company on 15 Shaaban 1442H (corresponding to March 28, 2021), however, such annual financial statements of the Company were not approved by the Company's shareholders in the ordinary general assembly meeting held on 7 Dhul Qada 1442H (corresponding to June 17, 2021) and have not yet been approved by the shareholders as of the date of approval of this interim condensed financial information. Management is in the process of obtaining such approval from the shareholders, which is expected to be obtained before the issuance of annual financial statements for the year ending December 31, 2021.

Subsequent to the period ended September 30, 2021, Al Sagr National Insurance Company, Dubai, one of the Company's shareholders, filed a lawsuit against the Company in the Commercial Circuit of the Jeddah Commercial Court (the "Court"). The plaintiff asked to compel the defendant to invalidate and nullify the resolutions of the Ordinary General Assembly meeting of the Company held on June 17, 2021. Management believes that matters between the plaintiff and the defendant will be resolved amicably and such lawsuit, which has been dismissed by the Court as of the date of approval of this interim condensed financial information, has no impact on the Company or its financial results for the three-month and nine-month periods ended September 30, 2021 or its financial position as of that date.

On 29 Dhul Qada 1442H (corresponding to July 20, 2020), the Board of Directors of the Company resolved to utilise the statutory reserve amounting to Saudi Riyals 47.3 million to absorb a portion of the accumulated losses of the Company. On 29 Muharram 1442H (corresponding to September 17, 2020), the Company received SAMA's approval in relation to the utilisation of statutory reserve to absorb the accumulated losses. The Company's shareholders, in an ordinary general assembly meeting held on 10 Rabi'I 1442H (corresponding to October 27, 2020), approved the Board of Directors' recommendation to utilise the statutory reserve to absorb a portion of the accumulated losses. The impact of such adjustment to the statutory reserve was reflected in the financial statements for the year ended December 31, 2020.

The Company operates through three main branches and various point of sale stores located in the Kingdom of Saudi Arabia. Following are the CR numbers of three main branches:

Branch type	Location	CR number
Regional branch	Dammam	2051036871
Regional branch	Jeddah	4030182618
Regional branch	Riyadh	1010243765

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021
(All amounts expressed in Saudi Riyals unless otherwise stated)

2. Basis of preparation

(a) Statement of compliance

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

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented on pages 45 to 58 of the interim condensed 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 clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, income, comprehensive income and cash flows prepared for the insurance operations and shareholders' operations, as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's financial information in compliance with IAS 34, as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by management of the Company and the Board of Directors.

In accordance with the requirements of Implementing Regulations for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per the by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full.

(b) Basis of measurement

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of employee benefit obligations, financial assets at fair value through profit or loss and available-for-sale investments.

(c) Basis of presentation

The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, premiums and insurers' balances receivable - net, prepaid expenses and other assets, available-for-sale investments, financial assets at fair value through profit or loss, accrued commission income on statutory deposit, accounts payable, accrued and other liabilities, reinsurers' balances payable, due to a related party, outstanding claims, claims incurred but not reported ("IBNR"), reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, additional premium reserves, other technical reserves, zakat payable, accrued commission income payable to SAMA, dividend payable and surplus distribution payable. The following balances would generally be classified as non-current: long-term deposits, property and equipment, intangible assets, goodwill, statutory deposit and employee benefit obligations. The balances which are of mixed in nature i.e. include both current and non-current portions include reinsurers' share of unearned premiums, deferred policy acquisition costs, unearned premiums and unearned reinsurance commission.

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2. Basis of preparation (continued)

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

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

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) 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 management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as of and for the year ended December 31, 2020.

On March 11, 2020, the World Health Organization ("WHO") declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread globally. 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 Covid-19. The Kingdom of Saudi Arabia also implemented closure of borders, released social distancing guidelines and enforced country-wide lockdowns and curfews.

In response to the spread of Covid-19 in the Kingdom of Saudi Arabia and its consequential disruption to social and economic activities, the Company's management has assessed its impact on the Company's operations and continues to take a series of proactive and preventive measures to ensure:

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

Following are the accounting judgments and estimates that are critical in preparation of this interim condensed financial information:

(i) Impact of Covid-19

Medical technical reserves

The Company's management believes that the Saudi Arabian government initiative of providing free healthcare to infected and suspected patients has helped in reducing any unfavorable impact. During the period of lockdowns and curfews as implemented by the Saudi Arabian government, the Company experienced a decline in medical reported claims (mainly elective and non-chronic treatment claims) which resulted in a decrease in claims experience which could have resulted from the deferral of certain medical treatments. Accordingly, the Company's management duly considered the impact of such deferral of medical claims in the current estimate of future contractual cashflows of the insurance contracts in force as at September 30, 2021 for its liability adequacy test. Based on the results, the management believes that no additional IBNR is required to be maintained as at September 30, 2021, for the issued medical policies to account for the above explained deferral (December 31, 2020: Nil).

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2. Basis of preparation (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 the insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing two months of additional coverage for all new retail motor insurance policies written within one month of the date of the Circular.

Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and the Company prospectively assessed the sufficiency of its unexpired risk reserves in relation to those existing retail Motor policies impacted by the Circular. For new retail motor policies issued as per the above Circular, the premium is earned over the period of twelve months as the impact of earnings over the period of coverage i.e. fourteen months is not considered significant by management for the period ended September 30, 2021 and subsequent periods. The Company’s management duly considered the impact of such existing and new retail motor policies impacted by the Circular on claims in the current estimate of future contractual cashflows of the insurance contracts in force as at September 30, 2021 for its liability adequacy test. Based on the results, the management believes that no additional premium deficiency reserve is required to be maintained on such policies as at September 30, 2021 (December 31, 2020: Saudi Riyals 6.3 million).

Financial assets - investments and loans and receivables

For held-to-maturity investments and financial assets designated as loans and receivables, the Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. 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. For available-for-sale investments and at fair value through profit or loss, the Company has performed an assessment to determine whether there is a significant decline in the fair value of these investments to below cost along with other qualitative factors such as prolonged decline in the value of investments for equity instruments and / or occurrence of a credit default event in case of debt instruments. Based on these assessments, the Company believes that the Covid-19 pandemic has had no material effect on the Company’s reported results for the three-month and nine-month periods ended September 30, 2021. The Company continues to monitor the situation closely.

(ii) Liability arising from claims under insurance contracts

Considerable judgement by management is required in the estimation of amounts due to policyholders arising from claims made under insurance policies. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management’s estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of IBNR claims at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions, if any, are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported, on a quarterly basis.

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

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2. Basis of preparation (continued)

(iii) Impairment of premiums and insurance balances receivable and goodwill

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

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

(iv) Impairment of investments

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

(f) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company. The interim results may not represent a proportionate share of the annual results due to cyclical variability in premiums and uncertainty of claims occurrences.

3. Significant Accounting Policies

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020.

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

-IFRS 9, 'Financial Instruments' (including amendments to IFRS 4, Insurance Contracts)

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized or at fair value through other comprehensive income, if certain conditions are met. Assets not meeting either of the above 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.

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3. Significant Accounting Policies (continued)

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

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 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. 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. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2023. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

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

For detailed impact assessment of IFRS 9 adoption, refer to Note 3.1 to the annual financial statements for the year ended December 31, 2020.

- IFRS 17, 'Insurance Contracts'

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

For detailed impact assessment of IFRS 17 adoption, reference to the annual financial statements for the year ended December 31, 2020 should be made as mentioned above.

3.2 Risk management

The Company's activities expose it to variety of financial risks: market risk (including commission rate risk, currency risk and price risk), credit risk and liquidity risk.

The interim condensed financial information does not include all the financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020. There have been no changes in any risk management policies since the year end except that 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.

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4. Segmental information

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

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 results do not include general and administration expenses, allowances for doubtful debts, investment and commission income, changes in fair value of financial assets at fair value through profit or loss - net, realized gain (loss) on available-for-sale investments and other income.

Segment assets do not include cash and cash equivalents, term deposits, premiums and insurers' balances receivable - net, investments, prepaid expenses and other assets, property and equipment, intangible assets, goodwill, statutory deposits, accrued commission income on statutory deposit and, accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payable, accrued and other liabilities, reinsurer's balances payable, due to a related party, employee benefit obligations, zakat payable, accrued commission income payable to SAMA, dividend payable and surplus distribution payable and, 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.

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

- Medical
- Motor
- Property and casualty and
- Protection and savings

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

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

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/loss for the three-month and nine-month periods ended September 30, 2021 and September 30, 2020, is as follows:

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
For the three-month period ended September 30, 2021 (Unaudited)						
REVENUES						
Gross premiums written	36,813,951	99,764,883	25,261,531	-	161,840,365	- 161,840,365
Reinsurance premiums ceded:						
- Foreign	(70,781)	-	(23,034,289)	-	(23,105,070)	- (23,105,070)
- Local	-	(68,539)	(339,749)	-	(408,288)	- (408,288)
Excess of loss premiums:						
- Foreign	(2,474,728)	(2,238,766)	(315,427)	-	(5,028,921)	- (5,028,921)
- Local	(468,734)	(588,609)	8,022	-	(1,049,321)	- (1,049,321)
Net premiums written	33,799,708	96,868,969	1,580,088	-	132,248,765	- 132,248,765
Changes in unearned premiums	54,124	(58,016,537)	(16,359,606)	-	(74,322,019)	- (74,322,019)
Changes in reinsurers' share of unearned premiums	24,977	5,665	15,702,015	-	15,732,657	- 15,732,657
Net premiums earned	33,878,809	38,858,097	922,497	-	73,659,403	- 73,659,403
Reinsurance commissions	7,558	12,575	1,065,624	-	1,085,757	- 1,085,757
Total revenues	33,886,367	38,870,672	1,988,121	-	74,745,160	- 74,745,160

(Continued)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(43,606,018)	(39,522,464)	(158,245)	-	(83,286,727)	- (83,286,727)
Reinsurers' share of claims paid	2,100,104	830,923	59,050	-	2,990,077	- 2,990,077
Claims handling expenses	-	(4,899,732)	-	-	(4,899,732)	- (4,899,732)
Net claims and other benefits paid	(41,505,914)	(43,591,273)	(99,195)	-	(85,196,382)	- (85,196,382)
Changes in outstanding claims	9,998,296	(1,443,740)	517,000	-	9,071,556	- 9,071,556
Changes in reinsurers' share of outstanding claims	(318,342)	(441,228)	(1,083,568)	-	(1,843,138)	- (1,843,138)
Changes in claims incurred but not reported	13,901,597	(3,209,944)	(2,089,892)	-	8,601,761	- 8,601,761
Changes in reinsurers' share of claims incurred but not reported	(3,774,383)	424,316	1,907,749	-	(1,442,318)	- (1,442,318)
Net claims and other benefits incurred	(21,698,746)	(48,261,869)	(847,906)	-	(70,808,521)	- (70,808,521)
Policy acquisition costs	(2,150,874)	(1,970,024)	(777,950)	-	(4,898,848)	- (4,898,848)
Changes in additional premium reserves	516,921	(2,096,456)	(350,654)	-	(1,930,189)	- (1,930,189)
Changes in other technical reserves	375,609	9,275	(224,493)	-	160,391	- 160,391
Other underwriting expenses, net	(896,181)	(2,587,358)	(95,039)	-	(3,578,578)	- (3,578,578)
Total underwriting costs and expenses, net	(23,853,271)	(54,906,432)	(2,296,042)	-	(81,055,745)	- (81,055,745)
NET UNDERWRITING INCOME (LOSS)	10,033,096	(16,035,760)	(307,921)	-	(6,310,585)	- (6,310,585)

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4. Segmental information (continued)

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and casualty and savings		
OTHER OPERATING (EXPENSES) INCOME					
Reversal of allowance for doubtful debts			594,238	-	594,238
General and administrative expenses			(20,143,054)	(514,844)	(20,657,898)
Investment and commission income			498,334	1,136,610	1,634,944
Changes in fair value of financial assets at fair value through profit or loss - net			(66,309)	4,276,485	4,210,176
Realized gain on available-for-sale investments			1,021,514	575,799	1,597,313
Other income			10,000	-	10,000
Total other operating (expenses) income, net			(18,085,277)	5,474,050	(12,611,227)
Total (loss) income for the period before surplus attribution and zakat			(24,395,862)	5,474,050	(18,921,812)
Surplus transferred to the insurance operations			-	-	-
Total (loss) income for the period before zakat			(24,395,862)	5,474,050	(18,921,812)
Zakat expense			-	1,729,938	1,729,938
Total (loss) income for the period attributed to the shareholders			(24,395,862)	7,203,988	(17,191,874)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
For the three-month period ended September 30, 2020 (Unaudited)						
REVENUES						
Gross premiums written	66,343,599	18,156,516	23,291,936	-	107,792,051	- 107,792,051
Reinsurance premiums ceded:						
- Foreign	(28,301)	-	(20,068,693)	-	(20,096,994)	- (20,096,994)
- Local	-	(75,099)	(1,678,048)	-	(1,753,147)	- (1,753,147)
Excess of loss premiums:						
- Foreign	(5,026,050)	(1,857,789)	(204,722)	-	(7,088,561)	- (7,088,561)
- Local	(655,305)	(226,407)	(61,712)	-	(943,424)	- (943,424)
Net premiums written	60,633,943	15,997,221	1,278,761	-	77,909,925	- 77,909,925
Changes in unearned premiums	2,386,933	12,762,772	(12,817,365)	-	2,332,340	- 2,332,340
Changes in reinsurers' share of unearned premiums	13,772	(19,458)	12,713,915	-	12,708,229	- 12,708,229
Net premiums earned	63,034,648	28,740,535	1,175,311	-	92,950,494	- 92,950,494
Reinsurance commissions	(4,761)	18,912	1,919,099	-	1,933,250	- 1,933,250
Total revenues	63,029,887	28,759,447	3,094,410	-	94,883,744	- 94,883,744

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(100,434,686)	(16,504,127)	(698,679)	-	(117,637,492)	(117,637,492)
Reinsurers' share of claims paid	7,097,142	100,200	543,642	-	7,740,984	7,740,984
Claims handling expenses	(2,729,712)	(6,625)	-	-	(2,736,337)	(2,736,337)
Net claims and other benefits paid	(96,067,256)	(16,410,552)	(155,037)	-	(112,632,845)	(112,632,845)
Changes in outstanding claims	(5,020,263)	(1,966,245)	(5,660,800)	-	(12,647,308)	(12,647,308)
Changes in reinsurers' share of outstanding claims	1,791,394	107,931	4,424,218	-	6,323,543	6,323,543
Changes in claims incurred but not reported	12,470,488	(2,855,758)	(3,138,160)	-	6,476,570	6,476,570
Changes in reinsurers' share of claims incurred but not reported	(1,028,816)	(28,882)	2,751,380	-	1,693,682	1,693,682
Net claims and other benefits incurred	(87,854,453)	(21,153,506)	(1,778,399)	-	(110,786,358)	(110,786,358)
Policy acquisition costs	(4,028,270)	(988,892)	(820,816)	-	(5,837,978)	(5,837,978)
Changes in additional premium reserves	(3,687,383)	4,407,921	(9,470)	-	711,068	711,068
Changes in other technical reserves	474,529	(65,618)	(23,987)	-	384,924	384,924
Other underwriting expenses, net	(1,258,917)	(260,471)	(49,729)	-	(1,569,117)	(1,569,117)
Total underwriting costs and expenses, net	(96,354,494)	(18,060,566)	(2,682,401)	-	(117,097,461)	(117,097,461)
NET UNDERWRITING (LOSS) INCOME	(33,324,607)	10,698,881	412,009	-	(22,213,717)	(22,213,717)

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4. Segmental information (continued)

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and Protection casualty and savings		
OTHER OPERATING (EXPENSES) INCOME					
Reversal of allowance for doubtful debts				-	2,831,889
General and administrative expenses				(783,916)	(16,190,511)
Investment and commission income				1,112,459	1,784,945
Changes in fair value of financial assets at fair value through profit or loss - net				1,733,100	2,061,225
Realized gain on available-for-sale investments				227,672	912,146
Other income				-	1,279,004
Total other operating (expenses) income, net				2,289,315	(7,321,302)
Total (loss) income for the period before surplus attribution and zakat				2,289,315	(29,535,019)
Surplus attributed to the insurance operations				-	-
Total (loss) income for the period before zakat				2,289,315	(29,535,019)
Zakat expense				(1,200,000)	(1,200,000)
Total (loss) income for the period attributable to the shareholders				1,089,315	(30,735,019)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
For the nine-month period ended September 30, 2021 (Unaudited)						
REVENUES						
Gross premiums written	84,613,999	194,705,425	35,768,183	-	315,087,607	- 315,087,607
Reinsurance premiums ceded:						
- Foreign	(203,358)	-	(30,840,575)	-	(31,043,933)	- (31,043,933)
- Local	-	(193,045)	(538,650)	-	(731,695)	- (731,695)
Excess of loss premiums:						
- Foreign	(8,092,131)	(3,518,075)	(804,473)	-	(12,414,679)	- (12,414,679)
- Local	(2,624,049)	(1,084,151)	(73,216)	-	(3,781,416)	- (3,781,416)
Net premiums written	73,694,461	189,910,154	3,511,269	-	267,115,884	- 267,115,884
Changes in unearned premiums	43,993,980	(89,751,275)	(5,211,208)	-	(50,968,503)	- (50,968,503)
Changes in reinsurers' share of unearned premiums	105,710	(4,898)	4,482,540	-	4,583,352	- 4,583,352
Net premiums earned	117,794,151	100,153,981	2,782,601	-	220,730,733	- 220,730,733
Reinsurance commissions	16,112	39,589	3,326,924	-	3,382,625	- 3,382,625
Total revenues	117,810,263	100,193,570	6,109,525	-	224,113,358	- 224,113,358

(Continued)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(193,100,008)	(87,812,527)	(1,214,084)	-	(282,126,619)	- (282,126,619)
Reinsurers' share of claims paid	10,414,145	885,118	831,283	-	12,130,546	- 12,130,546
Claims handling expenses	(3,675,380)	(10,075,103)	-	-	(13,750,483)	- (13,750,483)
Net claims and other benefits paid	(186,361,243)	(97,002,512)	(382,801)	-	(283,746,556)	- (283,746,556)
Changes in outstanding claims	46,158,360	(4,645,888)	(7,210,524)	-	34,301,948	- 34,301,948
Changes in reinsurers' share of outstanding claims	(3,107,194)	542,561	6,088,788	-	3,524,155	- 3,524,155
Changes in claims incurred but not reported	19,250,581	(936,358)	(258,007)	-	18,056,216	- 18,056,216
Changes in reinsurers' share of claims incurred but not reported	(2,025,503)	(1,182,496)	117,994	-	(3,090,005)	- (3,090,005)
Net claims and other benefits incurred	(126,084,999)	(103,224,693)	(1,644,550)	-	(230,954,242)	- (230,954,242)
Policy acquisition costs	(7,345,843)	(4,639,529)	(2,805,342)	-	(14,790,714)	- (14,790,714)
Changes in additional premium reserves	2,556,945	(4,914,656)	(542,771)	-	(2,900,482)	- (2,900,482)
Changes in other technical reserves	875,096	173,320	(980,672)	-	67,744	- 67,744
Other underwriting expenses, net	(2,634,696)	(4,829,767)	(256,943)	-	(7,721,406)	- (7,721,406)
Total underwriting costs and expenses, net	(132,633,497)	(117,435,325)	(6,230,278)	-	(256,299,100)	- (256,299,100)
NET UNDERWRITING LOSS	(14,823,234)	(17,241,755)	(120,753)	-	(32,185,742)	- (32,185,742)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
OTHER OPERATING (EXPENSES) INCOME						
Allowance for doubtful debts				(1,992,370)	-	(1,992,370)
General and administrative expenses				(52,901,222)	(1,510,661)	(54,411,883)
Investment and commission income				1,336,038	3,761,986	5,098,024
Changes in fair value of financial assets at fair value through profit or loss - net				(4,829,378)	12,637,447	7,808,069
Realized gain on available-for-sale investments				4,468,776	2,581,061	7,049,837
Other income				316,923	-	316,923
Total other operating (expenses) income, net				(53,601,233)	17,469,833	(36,131,400)
Total (loss) income for the period before surplus attribution and zakat				(85,786,975)	17,469,833	(68,317,142)
Surplus transferred to the insurance operations				-	-	-
Total (loss) income for the period before zakat				(85,786,975)	17,469,833	(68,317,142)
Zakat expense				-	(770,062)	(770,062)
Total (loss) income for the period attributed to the shareholders				(85,786,975)	16,699,771	(69,087,204)

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
For the nine-month period ended September 30, 2020 (Unaudited)						
REVENUES						
Gross premiums written	154,062,555	108,320,879	39,909,502	-	302,292,936	302,292,936
Reinsurance premiums ceded:					-	-
- Foreign	(77,388)	-	(32,457,450)	-	(32,534,838)	(32,534,838)
- Local	-	(202,338)	(2,132,999)	-	(2,335,337)	(2,335,337)
Excess of loss premiums:				-	-	-
- Foreign	(12,924,139)	(2,273,450)	(669,898)	-	(15,867,487)	(15,867,487)
- Local	(1,920,460)	(390,872)	(110,362)	-	(2,421,694)	(2,421,694)
Net premiums written	139,140,568	105,454,219	4,538,793	-	249,133,580	249,133,580
Changes in unearned premiums	81,588,485	(39,856,005)	(9,726,516)	-	32,005,964	32,005,964
Changes in reinsurers' share of unearned premiums	22,288	(149,730)	8,947,467	-	8,820,025	8,820,025
Net premiums earned	220,751,341	65,448,484	3,759,744	-	289,959,569	289,959,569
Reinsurance commissions	9,092	70,414	4,485,359	-	4,564,865	4,564,865
Total revenues	220,760,433	65,518,898	8,245,103	-	294,524,434	294,524,434

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(266,797,704)	(35,891,145)	(38,236,321)	-	(340,925,170)	(340,925,170)
Reinsurers' share of claims paid	19,233,568	229,792	37,734,237	-	57,197,597	57,197,597
Claims handling expenses	(9,416,292)	(51,617)	-	-	(9,467,909)	(9,467,909)
Net claims and other benefits paid	(256,980,428)	(35,712,970)	(502,084)	-	(293,195,482)	(293,195,482)
Changes in outstanding claims	(11,664,674)	2,343,954	30,649,137	-	21,328,417	21,328,417
Changes in reinsurers' share of outstanding claims	1,022,998	823,834	(32,088,022)	-	(30,241,190)	(30,241,190)
Changes in claims incurred but not reported	1,405,940	(9,491,306)	(1,473,746)	-	(9,559,112)	(9,559,112)
Changes in reinsurers' share of claims incurred but not reported	(115,990)	-	780,347	-	664,357	664,357
Net claims and other benefits incurred	(266,332,154)	(42,036,488)	(2,634,368)	-	(311,003,010)	(311,003,010)
Policy acquisition costs	(13,235,489)	(2,426,268)	(2,212,697)	-	(17,874,454)	(17,874,454)
Changes in additional premium reserves	2,308,073	(4,215,893)	66,482	-	(1,841,338)	(1,841,338)
Changes in other technical reserves	(341,937)	(754,231)	(275,838)	-	(1,372,006)	(1,372,006)
Other underwriting expenses, net	(5,356,312)	(1,620,415)	(272,317)	-	(7,249,044)	(7,249,044)
Total underwriting costs and expenses, net	(282,957,819)	(51,053,295)	(5,328,738)	-	(339,339,852)	(339,339,852)
NET UNDERWRITING (LOSS) INCOME	(62,197,386)	14,465,603	2,916,365	-	(44,815,418)	(44,815,418)

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4. Segmental information (continued)

	Insurance operations			Shareholders' operations	Total
	Medical	Motor	Property and Protection casualty and savings		
OTHER OPERATING (EXPENSES) INCOME					
Allowance for doubtful debts			(1,752,467)	-	(1,752,467)
General and administrative expenses			(47,021,566)	(1,728,217)	(48,749,783)
Investment and commission income			4,187,455	6,178,458	10,365,913
Changes in fair value of financial assets at fair value through profit or loss - net			900,000	3,005,222	3,905,222
Realized (loss) gain on available-for-sale investments			(538,341)	892,233	353,892
Other income			5,005,767	-	5,005,767
Total other operating (expenses) income, net			(39,219,152)	8,347,696	(30,871,456)
Total (loss) income for the period before surplus attribution and zakat			(84,034,570)	8,347,696	(75,686,874)
Surplus attributed to the insurance operations			-	-	-
Total (loss) income for the period before zakat			(84,034,570)	8,347,696	(75,686,874)
Zakat expense			-	(5,200,000)	(5,200,000)
Total (loss) income for the period attributable to the shareholders			(84,034,570)	3,147,696	(80,886,874)

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4. Segmental information (continued)

	Insurance operations				Shareholders'		Total
	Medical	Motor	Property and casualty	Protection and savings	Total	operations	
September 30, 2021 (Unaudited)							
Assets							
Reinsurers' share of unearned premiums	134,248	118,683	23,279,465	-	23,532,396	-	23,532,396
Reinsurers' share of outstanding claims	2,625,180	1,427,061	26,373,669	-	30,425,910	-	30,425,910
Reinsurers' share of claims incurred but not reported	1,114,558	(1,073,429)	8,871,239	-	8,912,368	-	8,912,368
Deferred policy acquisition costs	2,682,634	5,362,489	2,888,885	-	10,934,008	-	10,934,008
Segmental assets	6,556,620	5,834,804	61,413,258	-	73,804,682	-	73,804,682
Unallocated assets					326,166,673	361,523,973	687,690,646
Total assets					399,971,355	361,523,973	761,495,328
Total liabilities and equity							
Unearned premiums	54,474,580	141,833,342	26,089,394	-	222,397,316	-	222,397,316
Unearned reinsurance commission	22,151	23,737	3,585,721	-	3,631,609	-	3,631,609
Outstanding claims	31,178,675	8,340,801	32,731,774	-	72,251,250	-	72,251,250
Claims incurred but not reported	33,083,771	14,841,190	10,139,879	-	58,064,840	-	58,064,840
Additional premium reserves	4,318,794	11,230,693	1,376,161	-	16,925,648	-	16,925,648
Other technical reserves	936,094	3,026,874	2,097,963	-	6,060,931	-	6,060,931
Segmental liabilities	124,014,065	179,296,637	76,020,892	-	379,331,594	-	379,331,594
Unallocated liabilities and equity					110,549,928	271,613,806	382,163,734
Total liabilities and equity					489,881,522	271,613,806	761,495,328

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4. Segmental information (continued)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Protection and savings		
December 31, 2020 (Audited)						
Assets						
Reinsurers' share of unearned premiums	28,538	123,581	18,796,925	-	18,949,044	18,949,044
Reinsurers' share of outstanding claims	5,732,374	884,500	20,284,881	-	26,901,755	26,901,755
Reinsurers' share of claims incurred but not reported	3,140,061	109,067	8,753,245	-	12,002,373	12,002,373
Deferred policy acquisition costs	5,394,124	1,695,533	1,935,805	-	9,025,462	9,025,462
Segment assets	14,295,097	2,812,681	49,770,856	-	66,878,634	66,878,634
Unallocated assets					291,837,173	737,122,487
Total assets					358,715,807	804,001,121
Total liabilities and equity						
Unearned premiums	98,468,560	52,082,067	20,878,186	-	171,428,813	171,428,813
Unearned reinsurance commission	4,709	24,716	3,165,645	-	3,195,070	3,195,070
Outstanding claims	77,337,035	3,694,913	25,521,250	-	106,553,198	106,553,198
Claims incurred but not reported	52,334,352	13,904,832	9,881,872	-	76,121,056	76,121,056
Additional premium reserves	6,875,739	6,316,037	833,390	-	14,025,166	14,025,166
Other technical reserves	1,811,190	3,200,194	1,117,291	-	6,128,675	6,128,675
Segmental liabilities	236,831,585	79,222,759	61,397,634	-	377,451,978	377,451,978
Unallocated liabilities and equity					84,763,322	426,549,143
Total liabilities and equity					462,215,300	804,001,121

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4. Segmental information (continued)

4.1 Gross premiums written - categorization

Three-month period ended September 30, 2021 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	6,288,009	2,612,926	21,994,372	-	30,895,307
Medium corporates	6,328,216	2,146,697	2,653,074	-	11,127,987
Small enterprises	16,756,398	1,366,796	467,994	-	18,591,188
Micro enterprises	5,603,239	66,590	34,500	-	5,704,329
Retail	1,838,089	93,571,874	111,591	-	95,521,554
	36,813,951	99,764,883	25,261,531	-	161,840,365

Three-month period ended September 30, 2020 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	7,271,968	1,948,911	20,746,820	-	29,967,699
Medium corporates	24,744,535	2,224,707	636,374	-	27,605,616
Small enterprises	24,876,898	691,016	614,949	-	26,182,863
Micro enterprises	9,435,797	222,013	77,021	-	9,734,831
Retail	14,401	13,069,869	1,216,772	-	14,301,042
	66,343,599	18,156,516	23,291,936	-	107,792,051

Nine-month period ended September 30, 2021 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	14,424,838	12,974,579	26,450,709	-	53,850,126
Medium corporates	15,150,234	7,973,073	6,615,052	-	29,738,359
Small enterprises	36,329,178	5,472,839	2,114,139	-	43,916,156
Micro enterprises	16,159,796	353,246	48,698	-	16,561,740
Retail	2,549,953	167,931,688	539,585	-	171,021,226
	84,613,999	194,705,425	35,768,183	-	315,087,607

Nine-month period ended September 30, 2020 (Unaudited)					
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	17,016,396	8,081,110	32,791,063	-	57,888,569
Medium corporates	39,707,298	8,175,974	1,309,160	-	49,192,432
Small enterprises	61,802,780	3,883,010	2,721,939	-	68,407,729
Micro enterprises	33,437,698	577,196	418,118	-	34,433,012
Retail	2,098,383	87,603,589	2,669,222	-	92,371,194
	154,062,555	108,320,879	39,909,502	-	302,292,936

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5. Cash and cash equivalents

	Insurance operations		Shareholders' operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash in hand	42,000	31,930	-	-
Cash at banks - current accounts	35,869,547	26,468,936	148,821	333,635
Time deposits	-	-	-	48,750,000
Money market fund	112,747,252	123,029,039	96,442,959	144,723,538
	148,658,799	149,529,905	96,591,780	193,807,173

Cash at banks and units in money market funds are placed with counterparties that have investment grade credit ratings.

6. Long-term deposits

Long-term deposits represent deposits with maturity of more than one year from the date of placement and are placed with banks carrying commission income at an average rate of 2.85% to 2.90% (December 31, 2020: 2.70% to 2.90%) per annum.

7. Premiums and insurers' balances receivable - net

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Policyholders	115,729,504	68,918,023
Premiums receivable from related parties	10,312,902	11,480,291
Receivable from insurance and reinsurance companies	825,966	19,715,565
	126,868,372	100,113,879
Less: allowance for doubtful debts	(38,267,738)	(36,275,368)
	88,600,634	63,838,511

Movement in the allowance for doubtful debts is as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of period / year	36,275,368	36,192,110
Charge for the period / year	1,992,370	83,258
At the end of period / year	38,267,738	36,275,368

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8. Technical reserves

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Gross outstanding claims	72,251,250	106,553,198
Gross claims incurred but not reported	58,064,840	76,121,056
Less:		
Reinsurers' share of outstanding claims	(30,425,910)	(26,901,755)
Reinsurers' share of claims incurred but not reported	(8,912,368)	(12,002,373)
Net outstanding claims	90,977,812	143,770,126
Additional premium reserves:		
Premium deficiency reserve	16,925,648	14,025,166
Other technical reserves:		
Non-proportional reinsurance accrual reserve	156,158	524,909
Unallocated loss adjustment expense reserve	5,904,773	5,603,766
	6,060,931	6,128,675
Net outstanding claims and reserves	113,964,391	163,923,967

8.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

	Nine-month period ended September 30, 2021 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	171,428,813	(18,949,044)	152,479,769
Balance as at the end of the period	222,397,316	(23,532,396)	198,864,920
Changes in unearned premiums	(50,968,503)	4,583,352	(46,385,151)
Premium written during the period	315,087,607	(31,775,628)	283,311,979
Excess of loss premiums			
- Foreign	-	(12,414,679)	(12,414,679)
- Local	-	(3,781,416)	(3,781,416)
Net premiums earned	264,119,104	(43,388,371)	220,730,733

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8. Technical reserves (continued)

8.2 Movement in net unearned premiums (continued)

	Year ended December 31, 2020		
	(Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	230,733,866	(15,100,022)	215,633,844
Balance as at the end of the year	171,428,813	(18,949,044)	152,479,769
Changes in unearned premiums	59,305,053	3,849,022	63,154,075
Premium written during the year	379,113,658	(39,914,907)	339,198,751
Excess of loss premiums			
- Foreign	-	(21,292,607)	(21,292,607)
- Local	-	(3,738,264)	(3,738,264)
Net premium earned	438,418,711	(61,096,756)	377,321,955

9. Investments

(a) Investments are classified as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets at fair value through profit or loss	14,984,744	26,064,650	76,892,722	74,400,053
Available-for-sale investments	19,222,688	13,938,299	40,294,052	30,146,945
	34,207,432	40,002,949	117,186,774	104,546,998

(b) Category wise investment analysis is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Quoted	17,978,260	12,693,871	98,930,612	85,349,399
Unquoted	16,229,172	27,309,078	18,256,162	19,197,599
	34,207,432	40,002,949	117,186,774	104,546,998

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9. Investments (continued)

(c) The analysis of the composition of investments is as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Mutual funds	91,877,466	100,464,703
Ordinary shares	59,516,740	44,085,244
Total	151,394,206	144,549,947

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 impairment is required in respect of the available-for-sale investments.

All investments are denominated in Saudi Riyals and United States Dollars. As at the reporting date investments amounting to Saudi Riyals 91.9 million (December 31, 2020: Saudi Riyals 100.5 million) are denominated in United States Dollars.

(d) Movement in financial assets at fair value through profit or loss is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year	26,064,650	30,535,530	74,400,053	67,576,336
Acquisitions during the period / year	-	-	2,171,620	285,113
Disposals during the period / year	(6,250,528)	(5,198,676)	(12,316,398)	-
Changes in fair value - net	(4,829,378)	(381,612)	12,637,447	6,538,604
Realised gains (losses) on disposal	-	1,109,408	-	-
At the end of period / year	14,984,744	26,064,650	76,892,722	74,400,053

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

	Insurance operations		Shareholders' operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year	13,938,299	12,608,045	30,146,945	26,485,637
Acquisitions during the period / year	24,274,007	33,622,654	10,655,135	9,368,427
Disposals during the period / year	(24,246,054)	(33,633,515)	(10,514,227)	(9,774,328)
Unrealised gains	787,660	656,683	7,425,138	2,332,167
Realised gains on disposal	4,468,776	684,432	2,581,061	1,735,042
At the end of period / year	19,222,688	13,938,299	40,294,052	30,146,945

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9. Investments (continued)

(f) Geographical concentration:

The maximum exposure to credit and price risk for financial assets at fair value through profit or loss and available-for-sale investments at the reporting date by geographic region is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Kingdom of Saudi Arabia	31,112,065	30,411,589	40,294,052	30,146,945
Singapore	3,095,367	9,591,360	-	-
United States of America	-	-	18,256,162	19,197,599
United Arab Emirates	-	-	58,636,560	55,202,454
	34,207,432	40,002,949	117,186,774	104,546,998

10. Goodwill

The Company commenced its insurance operations on January 1, 2009. The Company's General Assembly approved on February 1, 2009 for the Company to enter into an agreement whereby it acquired the entire business (net identifiable assets) of Al Sagr Saudi Insurance Company with effect from January 1, 2009 at a goodwill of Saudi Riyals 39 million as set forth in SAMA's letter in this respect after completing the related procedures as required under SAMA's letter on November 10, 2008. The Company has later adjusted goodwill amount by reducing Saudi Riyals 13.5 million in line with SAMA correspondence in this respect bringing it to Saudi Riyals 25.5 million. The Company has paid Saudi Riyals 9.9 million during 2011 and Saudi Riyals 15.6 million in 2012 against goodwill to the shareholders of Al Sagr Saudi Insurance Company.

As at the reporting date, impairment assessment performed as at December 31, 2020, based on expected discounted cash flows, was updated by the management. The assumptions used involve a considerable degree of estimation on the part of management. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The most significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

- Weighted average cost of capital of 11%
- Gross premiums written at compound growth rate of 12%
- Long-term growth rate of 2%

Although management believes that the assumptions used to evaluate potential impairment are reasonable, however, such assumptions are inherently subjective.

Based on the assumptions made, the expected discounted future cash flows exceeded the carrying amount of goodwill and accordingly no impairment has been recognised.

A sensitivity analysis has been performed and an increase from 11% to 12% of the weighted average cost of capital and a decrease from 12% to 11%, and from 2% to 1% of the gross premiums written at compound growth rate and long-term growth rate, respectively, have no significant impact on the result of impairment assessment.

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11. Statutory deposit

The statutory deposit represents 10% of the paid-up share capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

12. Related party transactions and balances

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

- (a) The following are the details of major related party transactions during the period and year ended, and the related balances at the end of the period/year:

	Transactions for the three-month period ended		Transactions for the nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<u>Shareholders</u>				
Gross premiums written	849,862	6,528,465	5,182,214	11,182,207
Rent expense	(304,386)	(295,980)	(885,620)	(879,847)
Consultancy services	-	(110,456)	-	(552,278)
Reinsurance commission income	16,147	892	44,232	30,433
Reinsurance share of claims paid	12,830	5,206	83,624	177,610
Reinsurance premium ceded	(619,450)	(266,845)	(968,924)	(443,076)
Claims incurred	(1,719,672)	(1,717,063)	(4,956,006)	(4,740,084)

	Balances receivable (payable) as at	
	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
<u>Shareholders</u>		
Premiums receivable from related parties	10,312,902	11,480,291
Directors' remuneration and meeting fee payable	(307,500)	(3,836,667)
Gross outstanding claims	(2,400,993)	(1,550,137)
Reinsurance premium payable	(840,928)	(616,386)

- (b) The compensation of key management personnel during the period is as follows:

	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and benefits	2,577,414	2,421,614	7,774,575	7,732,831
Employee benefit obligations	154,769	133,915	457,015	384,928
	2,732,183	2,555,529	8,231,590	8,117,759

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12. Related party transactions and balances (continued)

(c) Due to a related party

Due to a related party represents amounts payable to Al Sagr Saudi Insurance Company (B.S.C).

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

13. Zakat

(a) Zakat charge for the period

The charge for the period for zakat is as follows:

	Nine-month period ended September 30, 2021 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)
Charge for the period	770,062	5,200,000

(b) Zakat base

The principal elements of zakat base are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Opening shareholders' equity	287,782,257	395,447,533
Non-current assets	141,554,685	137,670,009
Goodwill	25,513,750	25,513,750
Loss for the period / year before zakat	(68,317,142)	(105,979,227)

The difference between the financial results and adjusted net income is mainly due to adjustments for certain costs based on relevant regulations.

(c) Movement in the provision for zakat during the period / year

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
At the beginning of the period / year	46,857,518	45,730,348
Provision for the period / year	770,062	6,500,000
Paid during the period / year	(5,975,210)	(5,372,830)
At the end of the period / year	41,652,370	46,857,518

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13. Zakat (continued)

(d) Shareholding subject to zakat

The following is the shareholding percentage subject to zakat in the interim condensed financial information and financial statements as at the end of the period/year:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Shareholding subject to zakat	100%	100%

(e) Zakat assessments

During the year ended December 31, 2020, the Company received final zakat assessments for the years from 2012 to 2018. Total additional zakat liability as per the assessments amounted to Saudi Riyals 36.3 million for such years. The Company had filed an appeal with General Secretariat of Zakat Committees (high committees) against the assessments and in-parallel had submitted a settlement request with the Zakat, Tax and Customs Authority ("ZATCA")-Settlement committee. During the period ended September 30, 2021, the ZATCA-Settlement committee offered to decrease the zakat assessments to Saudi Riyals 36.2 million, which the Company did not accept and, accordingly, continued with the appeal filed with General Secretariat of Zakat Committees (high committees), which also issued the decision and the final additional zakat liability was assessed at Saudi Riyals 36.2 million. The Company is currently in the process of filing an appeal with the Appellate Committee for the resolution of tax disputes against the assessment. Management is of the view that ZATCA will reconsider the assessments and will allow for certain deductions from the zakat base, and believes that the level of the existing provision for zakat maintained by the Company is presently sufficient to cover such uncertain zakat position. Subsequent to the period ended September 30, 2021, the Company has received preliminary inquiries for the years 2019 and 2020, which are being responded to by the Company and management believes that no material additional liabilities will arise upon resolution of such preliminary inquiries.

14. Share capital

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

15. Statutory reserve

In accordance with the By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company. Also see Note 1.

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16. Basic and diluted loss per share

Basic and diluted loss per share for the three-month and nine-month periods ended September 30, 2021 and 2020 is calculated by dividing total loss for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

	For the three-month period ended September 30,	
	2021	2020
Total loss for the period attributable to the shareholders	(17,191,874)	(30,735,019)
Weighted average number of ordinary shares for basic and diluted loss per share	40,000,000	40,000,000
Basic and diluted loss per share	(0.43)	(0.77)
	For the nine-month period ended September 30,	
	2021	2020
Total loss for the period attributable to the shareholders	(69,087,204)	(50,151,855)
Weighted average number of ordinary shares for basic and diluted loss per share	40,000,000	40,000,000
Basic and diluted loss per share	(1.73)	(2.02)

17. Fair value of financial instruments

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

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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17. Fair value of financial instruments (continued)

September 30, 2021				
(Unaudited)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - financial assets at fair value through profit or loss	-	91,877,466	-	91,877,466
Ordinary shares - available-for-sale	58,272,312	-	1,244,428	59,516,740
	58,272,312	91,877,466	1,244,428	151,394,206
December 31, 2020				
(Audited)				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Mutual funds - financial assets at fair value through profit or loss	-	100,464,703	-	100,464,703
Ordinary shares - available-for-sale	42,840,816	-	1,244,428	44,085,244
	42,840,816	100,464,703	1,244,428	144,549,947

During the period, there have been no transfers between level 1, level 2 and level 3.

The valuation of publicly traded investments classified under level 1 is based upon the closing market price of that security as of the valuation date, less a discount if the security is restricted. Fair values of private mutual funds classified in Level 2 are determined based on the investees' latest reported net assets values as at the date of interim condensed statement of financial position taking into account the fair value of underlying investments by the fund. The fair value of Level 2 fixed income investments and funds are taken from the holding statements issued by the respective fund managers. Fair values of other investments classified in Level 3 are, where applicable, determined based on discounted cash flows, which incorporate assumptions regarding an appropriate credit spread. Level 3 available-for-sale investment also comprises equity investment of 4,444 shares of Najm for Insurance Services (Najm) (December 31, 2020: 4,444 shares) and 80,000 shares of Saudi NextCare (December 31, 2020: 80,000 shares), respectively. As at September 30, 2021 and December 31, 2020, such investment is carried at cost as management considers that the recent available information is insufficient to determine fair value and the cost represents the best estimate of fair value in the current circumstances. Cash and cash equivalents, short-term deposits, premiums and insurers' balances receivable - net, reinsurers' share of outstanding claims, statutory deposit, accrued commission income on statutory deposits and the financial liabilities except employee benefit obligations are measured at amortized cost.

18. Commitments and contingencies

(a) Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have material impact on the Company's results or financial position. Also see Note 1.

(b) Capital commitments

At September 30, 2021, the Company had outstanding commitment of Saudi Riyals 8.8 million in respect of purchase of investments relating to a mutual fund and costs towards implementation of new software (December 31, 2020: Saudi Riyals 3.3 million related to purchase of investments relating to a mutual fund).

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19. Capital risk 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.

The Company has fully complied with the externally imposed capital requirements during the reported financial period. The Company's management, through various scenario analyses as required by SAMA, has assessed the potential impact of Covid-19 on the Company's solvency margin by performing stress testing for various variables such as gross premium growth, increase in employee cost, year-to-date loss ratios, outstanding premium provisions, etc. and the related impact on the revenue, profitability, loss ratios and solvency ratios. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

Also see Note 1.

20. Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors on 18 Rabi' II 1443H (corresponding to November 23, 2021).

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21. Supplementary information

As required by the SAMA Implementing Regulations, the interim condensed statement of financial position, interim condensed statement of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS							
Cash and cash equivalents	5	148,658,799	96,591,780	245,250,579	149,529,905	193,807,173	343,337,078
Premiums and insurers' balances receivable - net	7	88,600,634	-	88,600,634	63,838,511	-	63,838,511
Reinsurers' share of unearned premiums	8	23,532,396	-	23,532,396	18,949,044	-	18,949,044
Reinsurers' share of outstanding claims	8	30,425,910	-	30,425,910	26,901,755	-	26,901,755
Reinsurers' share of claims incurred but not reported	8	8,912,368	-	8,912,368	12,002,373	-	12,002,373
Deferred policy acquisition costs		10,934,008	-	10,934,008	9,025,462	-	9,025,462
Financial assets at fair value through profit or loss	9	14,984,744	76,892,722	91,877,466	26,064,650	74,400,053	100,464,703
Available-for-sale investments	9	19,222,688	40,294,052	59,516,740	13,938,299	30,146,945	44,085,244
Prepaid expenses and other assets		33,943,385	1,433,407	35,376,792	21,369,302	843,890	22,213,192
Long-term deposits	6	11,250,000	75,000,000	86,250,000	11,250,000	75,000,000	86,250,000
Property and equipment		4,573,277	-	4,573,277	3,983,519	-	3,983,519
Intangible assets		4,933,146	-	4,933,146	1,862,987	-	1,862,987
Goodwill	10	-	25,513,750	25,513,750	-	25,513,750	25,513,750
Statutory deposit	11	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Accrued commission income on statutory deposit	11	-	5,798,262	5,798,262	-	-	-
Amounts due from shareholders		89,910,167	-	89,910,167	103,499,493	5,573,503	109,072,996
TOTAL ASSETS		489,881,522	361,523,973	851,405,495	462,215,300	445,285,314	907,500,614
Less: inter-operations elimination		(89,910,167)	-	(89,910,167)	(103,499,493)	-	(103,499,493)
TOTAL ASSETS		399,971,355	361,523,973	761,495,328	358,715,807	445,285,314	804,001,121

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)**

		September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>LIABILITIES</u>							
Accounts payable		5,656,629	-	5,656,629	7,791,663	-	7,791,663
Accrued and other liabilities		37,966,839	328,629	38,295,468	26,063,288	3,857,795	29,921,083
Reinsurers' balances payable		17,059,634	-	17,059,634	2,702,094	-	2,702,094
Unearned premiums	8	222,397,316	-	222,397,316	171,428,813	-	171,428,813
Unearned reinsurance commission		3,631,609	-	3,631,609	3,195,070	-	3,195,070
Outstanding claims	8	72,251,250	-	72,251,250	106,553,198	-	106,553,198
Claims incurred but not reported	8	58,064,840	-	58,064,840	76,121,056	-	76,121,056
Additional premium reserves	8	16,925,648	-	16,925,648	14,025,166	-	14,025,166
Other technical reserves	8	6,060,931	-	6,060,931	6,128,675	-	6,128,675
Due to a related party	12	-	1,123,750	1,123,750	-	1,123,750	1,123,750
Employee benefit obligations		10,080,216	-	10,080,216	9,207,307	-	9,207,307
Zakat payable	13	-	41,652,370	41,652,370	-	46,857,518	46,857,518
Accrued commission income payable to SAMA	11	-	5,798,262	5,798,262	-	5,573,503	5,573,503
Dividend payable		-	370,349	370,349	-	370,743	370,743
Amounts due to insurance operations		-	89,910,167	89,910,167	-	103,499,493	103,499,493
Surplus distribution payable		35,219,205	-	35,219,205	35,219,225	-	35,219,225
TOTAL LIABILITIES		485,314,117	139,183,527	624,497,644	458,435,555	161,282,802	619,718,357
Less: inter-operations elimination		-	(89,910,167)	(89,910,167)	-	(103,499,493)	(103,499,493)
TOTAL LIABILITIES		485,314,117	49,273,360	534,587,477	458,435,555	57,783,309	516,218,864

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)**

	Note	September 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
EQUITY							
Share capital	14	-	400,000,000	400,000,000	-	400,000,000	400,000,000
Accumulated losses		-	(191,659,079)	(191,659,079)	-	(122,571,875)	(122,571,875)
Remeasurement reserve of employee benefit obligations		2,296,547	-	2,296,547	2,296,547	-	2,296,547
Fair value reserve on investments		2,270,858	13,999,525	16,270,383	1,483,198	6,574,387	8,057,585
NET EQUITY		4,567,405	222,340,446	226,907,851	3,779,745	284,002,512	287,782,257
TOTAL LIABILITIES AND EQUITY		489,881,522	271,613,806	761,495,328	462,215,300	341,785,821	804,001,121

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,**

	Note	2021 (Unaudited)			2020 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES							
Gross written premiums		161,840,365	-	161,840,365	107,792,051	-	107,792,051
Reinsurance premiums ceded:							
- Foreign		(23,105,070)	-	(23,105,070)	(20,096,994)	-	(20,096,994)
- Local		(408,288)	-	(408,288)	(1,753,147)	-	(1,753,147)
Excess of loss premiums:							
- Foreign		(5,028,921)	-	(5,028,921)	(7,088,561)	-	(7,088,561)
- Local		(1,049,321)	-	(1,049,321)	(943,424)	-	(943,424)
Net premiums written		132,248,765	-	132,248,765	77,909,925	-	77,909,925
Changes in unearned premiums		(74,322,019)	-	(74,322,019)	2,332,340	-	2,332,340
Changes in reinsurers' share of unearned premiums		15,732,657	-	15,732,657	12,708,229	-	12,708,229
Net premiums earned	8	73,659,403	-	73,659,403	92,950,494	-	92,950,494
Reinsurance commissions		1,085,757	-	1,085,757	1,933,250	-	1,933,250
Total revenues		74,745,160	-	74,745,160	94,883,744	-	94,883,744
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		(83,286,727)	-	(83,286,727)	(117,637,492)	-	(117,637,492)
Reinsurers' share of claims paid		2,990,077	-	2,990,077	7,740,984	-	7,740,984
Claims handling expenses		(4,899,732)	-	(4,899,732)	(2,736,337)	-	(2,736,337)
Net claims and other benefits paid		(85,196,382)	-	(85,196,382)	(112,632,845)	-	(112,632,845)

(Continued)

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)**

	Note	2021 (Unaudited)			2020 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Changes in outstanding claims	8	9,071,556	-	9,071,556	(12,647,308)	-	(12,647,308)
Changes in reinsurers' share of outstanding claims	8	(1,843,138)	-	(1,843,138)	6,323,543	-	6,323,543
Changes in claims incurred but not reported	8	8,601,761	-	8,601,761	6,476,570	-	6,476,570
Changes in reinsurers' share of claims incurred but not reported	8	(1,442,318)	-	(1,442,318)	1,693,682	-	1,693,682
Net claims and other benefits incurred		(70,808,521)	-	(70,808,521)	(110,786,358)	-	(110,786,358)
Policy acquisition costs		(4,898,848)	-	(4,898,848)	(5,837,978)	-	(5,837,978)
Changes in additional premium reserves		(1,930,189)	-	(1,930,189)	711,068	-	711,068
Changes in other technical reserves		160,391	-	160,391	384,924	-	384,924
Other underwriting expenses, net		(3,578,578)	-	(3,578,578)	(1,569,117)	-	(1,569,117)
Total underwriting costs and expenses, net		(81,055,745)	-	(81,055,745)	(117,097,461)	-	(117,097,461)
NET UNDERWRITING LOSS		(6,310,585)	-	(6,310,585)	(22,213,717)	-	(22,213,717)
OTHER OPERATING (EXPENSES) INCOME							
Allowance for doubtful debts	7	594,238	-	594,238	2,831,889	-	2,831,889
General and administrative expenses		(20,143,054)	(514,844)	(20,657,898)	(15,406,595)	(783,916)	(16,190,511)
Investment and commission income		498,334	1,136,610	1,634,944	672,486	1,112,459	1,784,945
Changes in fair value of financial assets at fair value through profit or loss - net	9	(66,309)	4,276,485	4,210,176	328,125	1,733,100	2,061,225
Realized gain on available-for-sale investments	9	1,021,514	575,799	1,597,313	684,474	227,672	912,146
Other income		10,000	-	10,000	1,279,004	-	1,279,004

(Continued)

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)**

	Note	2021 (Unaudited)			2020 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total other operating expenses, net		(18,085,277)	5,474,050	(12,611,227)	(9,610,617)	2,289,315	(7,321,302)
Total (loss) income for the period before surplus attribution and zakat		(24,395,862)	5,474,050	(18,921,812)	(31,824,334)	2,289,315	(29,535,019)
Zakat expense		-	1,729,938	1,729,938	-	(1,200,000)	(1,200,000)
Total (loss) income for the period		(24,395,862)	7,203,988	(17,191,874)	(31,824,334)	1,089,315	(30,735,019)
Deficit transferred to the shareholders' operations		24,395,862	(24,395,862)	-	31,824,334	(31,824,334)	-
Total loss for the period after transfer of deficit		-	(17,191,874)	(17,191,874)	-	(30,735,019)	(30,735,019)
Weighted average number of outstanding shares	16	40,000,000			40,000,000		
Loss per share (expressed in Saudi Riyals per share)							
Basic loss per share	16	(0.43)			(0.77)		
Diluted loss per share	16	(0.43)			(0.77)		

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(All amounts expressed in Saudi Riyals unless otherwise stated)

21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,**
(continued)

	2021 (Unaudited)			2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total loss for the period attributable to the shareholders	-	(17,191,874)	(17,191,874)	-	(30,735,019)	(30,735,019)
Other comprehensive income						
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	(111,748)	1,584,690	1,472,942	1,164,739	2,915,352	4,080,091
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(111,748)	(15,607,184)	(15,718,932)	1,164,739	(27,819,667)	(26,654,928)

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(All amounts expressed in Saudi Riyals unless otherwise stated)

21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,**

		2021 (Unaudited)			2020 (Unaudited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES							
Gross written premiums		315,087,607	-	315,087,607	302,292,936	-	302,292,936
Reinsurance premiums ceded:							
- Foreign		(31,043,933)	-	(31,043,933)	(32,534,838)	-	(32,534,838)
- Local		(731,695)	-	(731,695)	(2,335,337)	-	(2,335,337)
Excess of loss premiums:							
- Foreign		(12,414,679)	-	(12,414,679)	(15,867,487)	-	(15,867,487)
- Local		(3,781,416)	-	(3,781,416)	(2,421,694)	-	(2,421,694)
Net premiums written		267,115,884	-	267,115,884	249,133,580	-	249,133,580
Changes in unearned premiums		(50,968,503)	-	(50,968,503)	32,005,964	-	32,005,964
Changes in reinsurers' share of unearned premiums		4,583,352	-	4,583,352	8,820,025	-	8,820,025
Net premiums earned	8	220,730,733	-	220,730,733	289,959,569	-	289,959,569
Reinsurance commissions		3,382,625	-	3,382,625	4,564,865	-	4,564,865
Total revenues		224,113,358	-	224,113,358	294,524,434	-	294,524,434
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		(282,126,619)	-	(282,126,619)	(340,925,170)	-	(340,925,170)
Reinsurers' share of claims paid		12,130,546	-	12,130,546	57,197,597	-	57,197,597
Claims handling expenses		(13,750,483)	-	(13,750,483)	(9,467,909)	-	(9,467,909)
Net claims and other benefits paid		(283,746,556)	-	(283,746,556)	(293,195,482)	-	(293,195,482)
(Continued)							

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

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

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21. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	Note	2021 (Unaudited)			2020 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Changes in outstanding claims	8	34,301,948	-	34,301,948	21,328,417	-	21,328,417
Changes in reinsurers' share of outstanding claims	8	3,524,155	-	3,524,155	(30,241,190)	-	(30,241,190)
Changes in claims incurred but not reported	8	18,056,216	-	18,056,216	(9,559,112)	-	(9,559,112)
Changes in reinsurers' share of claims incurred but not reported	8	(3,090,005)	-	(3,090,005)	664,357	-	664,357
Net claims and other benefits incurred		(230,954,242)	-	(230,954,242)	(311,003,010)	-	(311,003,010)
Policy acquisition costs		(14,790,714)	-	(14,790,714)	(17,874,454)	-	(17,874,454)
Changes in additional premium reserves		(2,900,482)	-	(2,900,482)	(1,841,338)	-	(1,841,338)
Changes in other technical reserves		67,744	-	67,744	(1,372,006)	-	(1,372,006)
Other underwriting expenses, net		(7,721,406)	-	(7,721,406)	(7,249,044)	-	(7,249,044)
Total underwriting costs and expenses, net		(256,299,100)	-	(256,299,100)	(339,339,852)	-	(339,339,852)
NET UNDERWRITING LOSS		(32,185,742)	-	(32,185,742)	(44,815,418)	-	(44,815,418)
OTHER OPERATING (EXPENSES) INCOME							
Allowance for doubtful debts	7	(1,992,370)	-	(1,992,370)	(1,752,467)	-	(1,752,467)
General and administrative expenses		(52,901,222)	(1,510,661)	(54,411,883)	(47,021,566)	(1,728,217)	(48,749,783)
Investment and commission income		1,336,038	3,761,986	5,098,024	4,187,455	6,178,458	10,365,913
Changes in fair value of financial assets at fair value through profit or loss - net	9	(4,829,378)	12,637,447	7,808,069	900,000	3,005,222	3,905,222
Realized gains (losses) on available-for-sale investments	9	4,468,776	2,581,061	7,049,837	(538,341)	892,233	353,892
Other income		316,923	-	316,923	5,005,767	-	5,005,767

(Continued)

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)**

	Note	2021 (Unaudited)			2020 (Unaudited)		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total other operating expenses, net		(53,601,233)	17,469,833	(36,131,400)	(39,219,152)	8,347,696	(30,871,456)
Total (loss) income for the period before surplus attribution and zakat		(85,786,975)	17,469,833	(68,317,142)	(84,034,570)	8,347,696	(75,686,874)
Zakat expense		-	(770,062)	(770,062)	-	(5,200,000)	(5,200,000)
Total (loss) income for the period		(85,786,975)	16,699,771	(69,087,204)	(84,034,570)	3,147,696	(80,886,874)
Deficit transferred to the shareholders' operations		85,786,975	(85,786,975)	-	84,034,570	(84,034,570)	-
Total loss for the period after transfer of deficit		-	(69,087,204)	(69,087,204)		(80,886,874)	(80,886,874)
Weighted average number of outstanding shares	16		40,000,000			40,000,000	
Loss per share (expressed in Saudi Riyals per share)							
Basic loss per share	16		(1.73)			(2.02)	
Diluted loss per share	16		(1.73)			(2.02)	

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021**

(All amounts expressed in Saudi Riyals unless otherwise stated)

21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,**
(continued)

	2021 (Unaudited)			2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total loss for the period attributable to the shareholders	-	(69,087,204)	(69,087,204)	-	(80,886,874)	(80,886,874)
Other comprehensive income						
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>						
Net change in fair value of available-for-sale investments	787,660	7,425,138	8,212,798	397,444	1,263,776	1,661,220
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	787,660	(61,662,066)	(60,874,406)	397,444	(79,623,098)	(79,225,654)

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,**

	2021 (Unaudited)			2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total loss for the period before surplus attribution and zakat	-	(68,317,142)	(68,317,142)	-	(75,686,874)	(75,686,874)
<u>Adjustments for non-cash items:</u>						
Depreciation of property and equipment	578,179	-	578,179	836,243	-	836,243
Amortization of intangible assets	462,360	-	462,360	470,436	-	470,436
Provision for employee benefit obligations	1,679,829	-	1,679,829	1,854,501	-	1,854,501
Changes in fair value of financial assets at fair value through profit or loss	4,829,378	(12,637,447)	(7,808,069)	(900,000)	(3,005,222)	(3,905,222)
Realized (gains) losses on available-for-sale investments	(4,468,776)	(2,581,061)	(7,049,837)	538,341	(892,233)	(353,892)
Allowance for doubtful debts	1,992,370	-	1,992,370	1,752,467	-	1,752,467
<u>Changes in operating assets and liabilities:</u>						
Unearned premiums	50,968,503	-	50,968,503	(32,005,964)	-	(32,005,964)
Premiums and insurers' balances receivable - net	(26,754,493)	-	(26,754,493)	15,029,305	-	15,029,305
Reinsurers' share of unearned premiums	(4,583,352)	-	(4,583,352)	(8,820,025)	-	(8,820,025)
Reinsurers' share of outstanding claims	(3,524,155)	-	(3,524,155)	30,241,190	-	30,241,190
Reinsurers' share of claims incurred but not reported	3,090,005	-	3,090,005	(664,357)	-	(664,357)
Deferred policy acquisition costs	(1,908,546)	-	(1,908,546)	1,717,954	-	1,717,954
Prepaid expenses and other assets	(12,574,083)	(589,517)	(13,163,600)	(8,637,555)	(2,020,554)	(10,658,109)
Accounts payable	(2,135,034)	-	(2,135,034)	(393,324)	-	(393,324)
Accrued and other liabilities	11,903,551	(3,529,166)	8,374,385	735,861	(2,183,114)	(1,447,253)
Reinsurers' balances payable	14,357,540	-	14,357,540	(790,667)	-	(790,667)
Unearned reinsurance commission	436,539	-	436,539	2,399,964	-	2,399,964
						(Continued)

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)**

	2021 (Unaudited)			2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Outstanding claims	(34,301,948)	-	(34,301,948)	(19,503,417)	-	(19,503,417)
Claims incurred but not reported	(18,056,216)	-	(18,056,216)	9,559,112	-	9,559,112
Additional premium reserves	2,900,482	-	2,900,482	1,841,338	-	1,841,338
Other technical reserves	(67,744)	-	(67,744)	1,372,006	-	1,372,006
Employee benefit obligations paid	(806,920)	-	(806,920)	(1,289,734)	-	(1,289,734)
Zakat paid	-	(5,975,210)	(5,975,210)	-	-	-
Surplus paid to policy holders	(20)	-	(20)	-	-	-
Accrued commission income payable to SAMA	-	224,759	224,759	-	702,271	702,271
Amounts due to (from) insurance operations	(85,786,975)	85,786,975	-	78,883,782	(78,883,782)	-
Amounts due (from) to shareholders' operations	99,376,301	(99,376,301)	-	(136,845,952)	136,845,952	-
Net cash utilized in operating activities	(2,393,225)	(106,994,110)	(109,387,335)	(62,618,495)	(25,123,556)	(87,742,051)
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in short-term deposits	-	-	-	(50,000,000)	-	(50,000,000)
Liquidation of short-term deposits	-	-	-	100,030,556	20,100,000	120,130,556
Accrued commission income on statutory deposit	-	(224,759)	(224,759)	-	(702,271)	(702,271)
Purchases of property and equipment	(1,167,937)	-	(1,167,937)	(426,697)	-	(426,697)
Purchases of intangible assets	(3,532,519)	-	(3,532,519)	(595,500)	-	(595,500)
Additions in financial assets at fair value through profit or loss	-	(2,171,620)	(2,171,620)	-	(136,854)	(136,854)
Proceeds from disposal of financial assets at fair value through profit or loss	6,250,528	12,316,398	18,566,926	1,453,909	-	1,453,909
Proceeds from disposal of available-for-sale investments	24,246,054	10,514,227	34,760,281	25,813,792	5,699,975	31,513,767
Proceeds from disposal of investments held to maturity	-	-	-	-	80,000,000	80,000,000
Purchase of available-for-sale investments	(24,274,007)	(10,655,135)	(34,929,142)	(26,718,889)	(5,945,489)	(32,664,378)
Net cash generated from investing activities	1,522,119	9,779,111	11,301,230	49,557,171	99,015,361	148,572,532

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21. Supplementary information (continued)**INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)**

	2021 (Unaudited)			2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOW FROM FINANCING ACTIVITY						
Dividend paid	-	(394)	(394)	-	-	-
Net change in cash and cash equivalents	(871,106)	(97,215,393)	(98,086,499)	(13,061,324)	73,891,805	60,830,481
Cash and cash equivalents, beginning of the period	149,529,905	193,807,173	343,337,078	144,629,779	110,474,629	255,104,408
Cash and cash equivalents, end of the period	148,658,799	96,591,780	245,250,579	131,568,455	184,366,434	315,934,889
Supplemental non-cash information:						
Net change in fair value reserve for available-for-sale investments	787,660	7,425,138	8,212,798	397,444	1,263,776	1,661,220
Surplus distribution payable adjusted against insurance premium receivable from policyholders	-	-	-	26,131	-	26,131
Settlement of premium receivable from a shareholder through rent due to shareholder	-	-	-	582,600	-	582,600
Settlement of premium receivable from a shareholder through outstanding claims	-	-	-	1,825,000	-	1,825,000