

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

**INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED)
AND AUDITORS' REVIEW REPORT
FOR THE THREE AND NINE MONTH PERIOD ENDED
30 SEPTEMBER 2019**

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

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

At 30 SEPTEMBER 2019

INDEX	PAGE
AUDITORS' REVIEW REPORT	1-2
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	3
INTERIM CONDENSED STATEMENT OF INCOME	4
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	5
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	6
INTERIM CONDENSED STATEMENT OF CASH FLOWS	7
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION	8-41

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The Shareholders:

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

Introduction:

We have reviewed the accompanying interim statement of financial position of MetLife, American International Group and Arab National Bank Cooperative Insurance Company (a Saudi Joint Stock Company) (the 'Company') as of 30 September 2019 and the related interim condensed statements of income and comprehensive income for the three and nine months period ended 30 September 2019, and the interim statements of changes in equity and cash flows for the Nine months period then ended and other explanatory notes ('interim condensed financial information'). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" 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 are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION (continued)

The Shareholders:

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

Riyadh

Kingdom of Saudi Arabia

Material Uncertainty:

We draw attention to Note 2(b) to the interim condensed financial information, which indicates, among other things, that on 28 May 2019, the Company announced on Tadawul indicating that its accumulated losses reached 21% of its share capital of SAR 180 million as of 30 April 2019. As of 30 September 2019, the accumulated losses represent 21.81% (31 December 2018: 14.65%) of the Company's share capital. These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, various strategic options were considered by management to ensure the going concern of the Company. Among such strategic options, on 29 September 2019, the Boards of Directors of the Company and of Walaa Cooperative Insurance Company ("Walaa") reached an agreement (the "Merger Agreement") for potential merger. Under the terms of the Merger Agreement, Walaa proposed to acquire all the shares issued by the Company by exchanging shares and without paying any cash payment to the shareholders of the Company. Pursuant to this Merger Agreement, Company will merge with Walaa and by law, all the rights, obligations, assets and liabilities of the Company will be transferred to Walaa in exchange of new shares issued in the capital of Walaa in favor of the shareholders of Company representing 18.32% of the shares of Walaa.

The proposed merger is subject to the approval of the respective regulatory authorities along with the extra ordinary general meetings of both the Companies. Meanwhile, the Company intends to continue to conduct business as usual until completion of the proposed merger. The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that the Company's operations shall continue for the foreseeable future under normal course of the business. Our conclusion is not qualified in respect of this matter.

For Al-Bassam & Co.
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Kingdom of Saudi Arabia

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7 November 2019



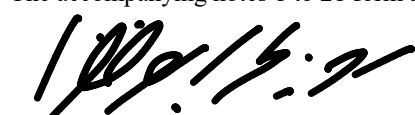
**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT SEPTEMBER 30, 2019

		SAR '000	
	Notes	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Cash and cash equivalents	5	70,916	56,305
Short term deposits	6	3,038	35,139
Premiums and re- insurance balances receivable	7	401	19,253
Re insurance share of unearned premiums	10.2	14,689	22,417
Re insurance share of outstanding claims	10.1	18,262	19,457
Re-insurers' share of claims incurred but not reported	10.1	20,171	24,042
Re-insurance share of mathematical reserves		161,779	176,787
Deferred policy acquisition costs	10.3	1,978	2,584
Investments	9	3,175	17,653
Due from related parties	15	346	133
Prepaid expenses and other assets		9,533	10,693
Long term deposits	6	89,000	89,000
Property and equipment		1,336	2,158
Intangible assets		800	763
Statutory deposit	8	35,000	35,000
Accrued commission on statutory deposit	8	2,653	1,935
TOTAL ASSETS		433,077	513,319
LIABILITIES			
Policyholder claims payable		6,719	5,148
Payable, accruals and other liabilities		15,340	15,528
Re-insurance balances payable		20,229	36,084
Gross unearned premiums	10.2	24,000	35,861
Unearned reinsurance commission income	10.4	2,655	3,928
Gross outstanding claims	10.1	22,711	27,605
Gross claims incurred but not reported	10.1	29,492	50,029
Gross mathematical reserves		161,779	176,787
Due to related parties	15	52	56
Provision for zakat and income tax	12	2,482	2,593
End of service indemnities		3,840	3,898
Accrued commission payable to SAMA	8	2,653	1,935
TOTAL LIABILITIES		291,952	359,452
EQUITY			
Share capital	13	180,000	180,000
Accumulated deficit		(39,250)	(26,382)
Remeasurement reserve for end of service indemnities		375	375
Fair value reserve - Available for sale investments	9	-	(126)
TOTAL EQUITY		141,125	153,867
TOTAL LIABILITIES AND EQUITY		433,077	513,319
COMMITMENTS AND CONTINGENCIES	11		

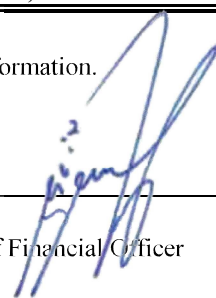
The accompanying notes 1 to 21 form an integral part of this interim condensed financial information.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

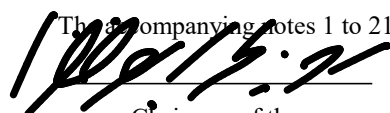
**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)

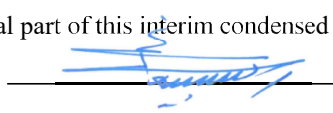
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

		SAR '000			
Notes		For the three month ended 30 September 2019	For the three month ended 30 September 2018	For the nine month ended 30 September 2019	For the nine month ended 30 September 2018
			(Restated)		(Restated)
REVENUES					
	10.2	8,046	15,720	53,640	142,069
	10.2	(6,575)	(16,743)	(35,530)	(50,404)
	10.2	(125)	(74)	(200)	(848)
	10.2	1,346	(1,097)	17,910	90,817
		3,687	37,975	4,133	78,621
		5,033	36,878	22,043	169,438
	10.4	2,791	3,001	7,861	9,406
		713	882	2,736	3,045
		8,537	40,761	32,640	181,889
UNDERWRITING COSTS AND EXPENSES					
		(9,472)	(56,585)	(47,425)	(183,746)
		(6,536)	(6,031)	(19,497)	(30,365)
		(262)	(1,063)	(1,022)	(4,628)
	10.1	11,424	10,399	34,989	40,758
		(4,846)	(53,280)	(32,955)	(177,981)
		748	3,696	3,699	788
		83	22,577	16,666	23,917
		(4,015)	(27,007)	(12,590)	(153,276)
		-	3,566	-	6,647
	10.3	(1,658)	(4,780)	(4,569)	(17,821)
		(202)	(610)	(626)	(2,557)
		(55)	(174)	(228)	(840)
		(5,930)	(29,005)	(18,013)	(167,847)
		2,607	11,756	14,627	14,042
OTHER OPERATING (EXPENSES)/ INCOME					
	7	3,730	1,851	5,968	3,596
		(12,420)	(12,744)	(36,087)	(37,571)
		1,063	1,890	3,685	5,810
		(8)	-	139	-
		(7,635)	(9,003)	(26,295)	(28,165)
		(5,028)	2,753	(11,668)	(14,123)
	12	(400)	(480)	(1,200)	(1,440)
		(5,428)	2,273	(12,868)	(15,563)
		-	-	-	-
		(5,428)	2,273	(12,868)	(15,563)
Earning / (loss) per share (expressed in SAR per share)					
	14	(0.30)	0.13	(0.71)	(0.86)

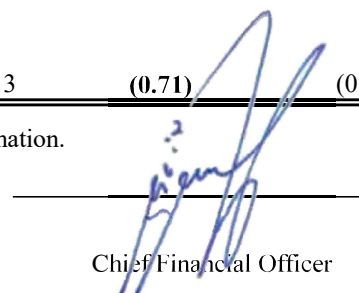
The accompanying notes 1 to 21 form an integral part of this interim condensed financial information.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

	Notes	SAR '000			
		For the three month ended 30 September 2019	For the three month ended 30 September 2018 (Restated)	For the nine month ended 30 September 2019	For the nine month ended 30 September 2018 (Restated)
Net profit / (loss) for the period after zakat		(5,428)	2,273	(12,868)	(15,563)
Other comprehensive (loss) / income					
Items that will be reclassified to statement of income in subsequent periods					
- Net fair value changes- Available for sale investments	9	-	-	126	-
<u>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</u>		(5,428)	2,273	(12,742)	(15,563)
Total comprehensive income attributed to insurance operations		-	-	-	-
Total comprehensive income / (loss) for the period attributable to the shareholders		(5,428)	2,273	(12,742)	(15,563)

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



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)


FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019

(SAR in '000')

	Notes	Share capital	Accumulated deficit	Remeasurement reserve for end of service indemnities	Fair value reserve - Available for sale investments	Total
Balance as at January 1, 2019 (Restated)	13	180,000	(26,382)	375	(126)	153,867
Total comprehensive loss:						
Net loss for the period after zakat		-	(12,868)	-	-	(12,868)
-Net fair value changes- Available for sale investments	9	-	-	-	126	126
Balance as at September 30, 2019		180,000	(39,250)	375	-	141,125

	Share capital	Accumulated deficit	Remeasurement reserve for end of service indemnities	Fair value reserve -Available for sale investments	Total
Balance as at January 1, 2018	350,000	(172,221)		-	177,779
Total comprehensive loss:					
Capital reduction	(170,000)	170,000	-	-	-
Transaction cost related to reduction in share capital		(210)	-	-	(210)
Net loss for the period after zakat (Restated)	-	(15,563)	-	-	(15,563)
Balance as at September 30, 2018	180,000	(17,994)	-	-	162,006

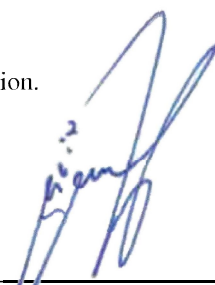
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Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019**

		SAR '000	
		September 30, 2019	September 30, 2018
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period before zakat		(11,668)	(14,123)
Adjustments for non-cash items:			
Depreciation of property and equipment		797	847
Amortization of intangible assets		240	200
Reversal of provision for doubtful debts	7	(5,968)	(3,596)
Amortization of discount / premium on investments		(32)	(55)
Capital gain on disposal of Sukuk		(138)	-
Provision for end of service indemnities		226	821
		(16,543)	(15,906)
Changes in operating assets and liabilities:			
Premiums and reinsurers' balances receivable		24,820	50,502
Reinsurers' share of unearned premiums		7,728	(962)
Reinsurers' share of mathematical reserves		15,008	30,040
Reinsurers' share of outstanding claims		1,195	(4,591)
Reinsurers' share of claims Incurred but not reported		3,871	(2,926)
Deferred policy acquisition costs		606	7,417
Due from related parties		(213)	(872)
Prepaid expenses and other assets		1,160	9,746
Policyholders claims payable		1,571	10,594
Payables, accruals and other liabilities		(188)	(8,495)
Reinsurance balances payable		(15,855)	13,321
Gross unearned premiums		(11,861)	(77,659)
Unearned reinsurance commission income		(1,273)	(1,243)
Gross outstanding claims		(4,894)	3,803
Gross claims incurred but not reported		(20,537)	(20,991)
Premium deficiency reserve		-	(6,647)
Gross mathematical reserves		(15,008)	(30,040)
Due to related parties		(4)	(242)
Cash used in operating activities		(30,417)	(45,151)
Zakat paid	12	(1,311)	-
End of service indemnities paid		(284)	-
Net cash used in operating activities		(32,012)	(45,151)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposals in short term deposits		49,330	145,204
Additions in short term deposits		(17,229)	(91,265)
Disposal of Sukuk		14,774	-
Disposal / (purchase) of property and equipment		25	(179)
Purchase of intangible assets		(277)	(189)
Net cash from investing activities		46,623	53,571
Net change in cash and cash equivalents		14,611	7,340
Cash and cash equivalents, beginning of the period		56,305	59,021
Cash and cash equivalents, end of the period	5	70,916	66,361
NON-CASH INFORMATION			
Unrealized gain / (loss) on available for sale investments	9	126	-

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

Chairman of the
Board of Directors

Chief Executive Officer

Chief Financial Officer

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

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

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

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
P.O. Box 56437
Riyadh 11554
Kingdom of Saudi Arabia.

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

On February 26, 2014, corresponding to Rabi al Akhar 26, 1424, the Saudi Arabian Monetary Authority ("SAMA"), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia. On April 20, 2004, corresponding to Rabi' al-awwal 1, 1425, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32).

The Company received the approval letters from the Saudi Arabian Monetary Agency and Ministry of Commerce and Investment regarding the amendment of the Company's by-laws to be in accordance with the new companies' regulations.

Based on the above, the Company's extraordinary general assembly was held on 12 April 2017 corresponding to 15 Rajab 1438 and accordingly the new by-laws were approved.

1.1 METLIFE ALICO PORTFOLIO TRANSFER

The Company entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO transferred its existing Saudi run-off portfolio to the Company effective 01 April 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife ALICO 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife ALICO has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company's books at book value with offsetting assets representing the reinsurance share of these liabilities. MetLife ALICO paid to the Company a reinsurance commission amounting to SR 1,316 thousand for the nine month period ended 30 September 2019 (SR 1,675 thousand for the nine month period ended 30 September 2018) to compensate the cost of capital for this portfolio in addition to reimbursing the Company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SR 1,058 thousand for the nine month period ended 30 September 2019 (SR 1,111 thousand for the nine month period ended 30 September 2018) which is recorded under "Other underwriting income".

Assets and liabilities of the transferred portfolio as at 30 September 2019 are shown as below:

Assets	SAR '000'		Liabilities	SAR '000'	
	30 September	31 December		30 September	31 December
	2019	2018		2019	2018
	(Unaudited)	(Audited)		(Unaudited)	(Audited)
Cash and Cash equivalents	3,268	3,835	Gross unearned premiums	4	53
Re-insurers' share of	4	53	Gross outstanding claims	8,466	8,641
unearned premiums					
Re-insurers' share of	161,779	176,787	Gross mathematical reserves	161,779	176,787
mathematical reserves					
Re-insurers' share of	8,466	8,641	Due to shareholders	3,308	2,627
outstanding claims			operations		
Re-insurers' balances	-	180	Payable and other liabilities	966	2,003
receivable					
Receivable & other assets	1,006	615			
Total	174,523	190,111		174,523	190,111

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INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED

1 ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

1.2 MANAFETH AGREEMENT WITH TAWUNIYA

The Company participated in the Manafeth agreement among Tawuniya and the majority of the insurance companies in Saudi Arabia effective 01 January 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with Al-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This agreement is set to continue for a period of three years expiring on 31 December 2017 and has been subsequently renewed for two consecutive periods on the same terms and the last one was for one year from 1 January 2019 to 31 December 2019 with other related insurance companies. The income related to this portfolio is included in the statement of income under "Other underwriting income" and is allocated to motor insurance in the segment reporting (Note 17).

2 BASIS OF PREPARATION

a) Basis of presentation and measurement

The interim condensed financial information of the Company as at and for the period ended 30 September 2019 has been prepared in accordance with "International Accounting Standard (IAS) 34 'Interim Financial Reporting', as endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements issued by Saudi Organization of Certified Public Accountants (SOCPA)."

On 23 July 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRSs and their interpretations as issued by the International Accounting Standards Board ("IASB").

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (as disclosed in note 4) and the effects of this change are disclosed in note 12 to the interim condensed financial information).

The interim condensed financial information is prepared under the going concern (Note 2b) basis and the historical cost convention, except for the measurement at fair value of available for sale investments and end of service benefits at present value. The Company's statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short term deposits, premiums and reinsurance balances receivable, reinsurance share of unearned premiums, reinsurance share of outstanding claims, reinsurance share of claims incurred but not reported, deferred policy acquisition costs, due from related parties, prepaid expenses and other assets, policyholders claims payable, accrued and other liabilities, reinsurers' balances payable, unearned premiums, premium deficiency reserve, outstanding claims, claims incurred but not reported, unearned reinsurance commission, due to related parties and zakat. The following balances would generally be classified as non-current: long term deposits, mathematical reserves, investments, statutory deposit, intangible assets, property and equipment and end of service indemnities.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED**

2 BASIS OF PREPARATION (Continued)

a) Basis of presentation and measurement (continued)

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

Shareholder's	90%
Policyholder's	10%
	<u>100%</u>

The interim condensed statement of financial position, interim condensed statements of income, interim condensed statement of comprehensive income and interim condensed cash flows of the insurance operations and shareholders operations which are presented on Note No. 17 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 the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statement of financial position, statement of income, statement of comprehensive income and statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED**

2 BASIS OF PREPARATION (Continued)

b) Going Concern

During 2018, the Company received a final warning letter from SAMA indicating various issues relating to medical claims processing, ineffective risk assessment and weaknesses in internal control environment. Furthermore, on 28 May 2019, the Company announced on Tadawul indicating that its accumulated losses reached 21% of its share capital of SAR 180 million as of 30 April 2019. As of 30 September 2019, the accumulated losses represent 21.81% of the Company's share capital.

The above events created uncertainty on the Company's ability to continue as a going concern. However, the Company has taken necessary actions to comply with SAMA's warning letter and based on the recommendations of the consultant, appointed on the instructions of SAMA, has addressed and completed majority of the points. Furthermore, the Company has prepared its future projections which reflected the Company's ability to continue as a going concern at least for the next twelve months from the current reporting date.

The Board of Directors of MetLife AIG ANB Cooperative Insurance Company ("Metlife AIG ANB") has considered various strategic options over the long term to ensure the going concern status of the Company. Among such strategic options, the Company signed on 18 June 2019 (corresponding to 15th Shawwal 1440H) a non-binding Memorandum of Understanding (MoU) with Walaa Cooperative Insurance Company ("Walaa") to evaluate a potential merger. Both companies have mutually agreed that the basis of the valuation of the shares shall be determined using equity book value (after any mutually agreed due diligence adjustments) and the exchange ratio between Walaa and the Company's shareholders shall be calculated using the respective reported book value per share of Walaa based on their most recent financial statements published on or before the date of signing of the merger agreement. The Company has appointed Saudi Kuwaiti Finance House as its financial advisor for the proposed merger.

On 29 September 2019, the Board of Directors of Metlife AIG ANB and the Board of Directors of Walaa have reached an agreement (the "Merger Agreement") regarding the terms under which Walaa proposed to acquire all the shares issued by Metlife AIG ANB by exchanging shares and without paying any cash payment to the shareholders of Metlife AIG ANB (the "Merger"). Pursuant to this Merger Agreement, Metlife AIG ANB will merge with Walaa and by law, all the rights, obligations, assets and liabilities of Metlife AIG ANB will be transferred to Walaa. New shares will be issued in the capital of Walaa at a value of SR 10 per share in favor of the shareholders of Metlife AIG ANB representing 18.32% of the shares of Walaa, in return for each share in Metlife AIG ANB (the "Exchange Ratio"). The number of new shares issued to Metlife AIG ANB shareholders will be 11,839,706 shares, the Exchange Ratio for each new share in Walaa is 1.520308021162010 and the Exchange Ratio for each share in Metlife AIG ANB is 0.657761444444440.

The Merger also requires the approval from SAMA, the CMA, the General Authority for Competition and Tadawul. The two companies expect to be able to meet all the requirements for regulatory approvals for the Merger.

After obtaining the necessary regulatory approvals, Walaa will publish the Shareholders' Circular which will be directed to Walaa's shareholders for the purpose of approving the capital increase for the Merger within the Walaa Extraordinary General Assembly that will be determined after Walaa announces its confirmed intention to submit an offer. This circular will include all the details of the Merger. Walaa will also publish the Offer Document, which will be addressed to the shareholders of Metlife AIG ANB. MetLife AIG ANB will publish the Board Circular, which will be directed to the shareholders of Metlife AIG ANB, which will mainly include the opinion of Metlife AIG ANB's Board regarding the Merger and their recommendation for the shareholders to vote in favor of the proposed decisions to approve the Merger within the Metlife AIG ANB Extraordinary General Meeting and the opinion of Metlife AIG ANB's Board of Directors on the Merger will be included in the announcement of the Extraordinary General Meeting of the shareholders of Metlife AIG ANB related to the Merger. These documents will contain all information related to the Merger and will be published later after obtaining the relevant regulatory approvals.

After the issuance of the resolutions of the Extraordinary General Meeting of the two companies approving the Merger and publishing these resolutions, a period of 30 days must be given to allow any of the creditors of Metlife AIG ANB to submit any objection they may have to the Merger before the final completion of the Merger. The two companies will not become a single company until the Merger is finalized and complete.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER**

2 BASIS OF PREPARATION (Continued)

b) Going Concern (Continued)

Meanwhile, the Company intends to continue to conduct business as usual until completion of the proposed merger.

Based on the above, the Company's management has made an assessment of its ability to continue as a going concern and is satisfied that the Company's operations shall continue for the foreseeable future under normal course of business. Accordingly, the financial statements have been prepared on the going concern basis and do not include any adjustments, which may be required, if the Company is not able to continue as a going concern.

c) Fiscal year

The Company follows a fiscal year ending December 31.

d) 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 these interim condensed financial information, the significant judgments made by management in applying the 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 at and for the year ended 31 December, 2018.

3 STANDARDS AND AMENDMENTS ISSUED

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

Standard/

Interpretation

Description

Effective date

IFRS 16

Leases

1 January 2019

The Company adopted IFRS 16 using the modified retrospective approach. The Company elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company elected to use the exemptions proposed by the standard regarding lease contracts for which the lease term ends within 12 months of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has performed an assessment of IFRS 16 and determined that the difference as compared to IAS 17 and IFRIC 4 is not material to the Company's financial statements as a whole.

The details of new significant accounting policy and the nature are set out below.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental commission rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER

3 STANDARDS AND AMENDMENTS ISSUED (CONTINUED)

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

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Standards issued but not yet effective

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. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

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 2022. 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.

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both statement of income and statement of financial position. The Company has decided not to early adopt this new standard.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER**

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the change in the accounting for zakat and income tax as explained below:

Change in the accounting for zakat and income tax:

As mentioned in note 2, the basis of preparation has been changed as a result of the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the latest instructions issued by SAMA dated 23 July 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively (see note 2) and the effects of the above change are disclosed in note 12 to the interim condensed financial information. The change has resulted in reduction of reported income of the Company for the period ended 30 September 2018 by SR 1,440 thousands. The change has had no impact on the statement of cash flows for the period ended 30 September 2018 and statement of financial position as at 31 December 2018.

Accounting Policy:

Income tax:

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the KSA where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER**

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (Continued)

The Company applies significant judgement in identifying uncertainties over income tax treatments. The Interpretation did not have an impact on the financial statements of the Company.

Deferred income tax:

Deferred income tax, if any, is provided using the liability method on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised

Due to losses and non availability of future taxable profits, the Company has not recognised deferred tax asset.

Zakat:

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30,

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following:

	Insurance operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Bank balances and cash	37,211	40,620
Deposits maturing within 3 months from the acquisition date	15,000	-
Cash and cash equivalents in the statement of cash flow	52,211	40,620
	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Bank balances and cash	8,705	1,685
Deposits maturing within 3 months from the acquisition date	10,000	14,000
Cash and cash equivalents in the statement of cash flow	18,705	15,685
Total	70,916	56,305

6 SHORT-TERM & LONG-TERM DEPOSITS

Short-term & long-term deposits include time deposits which represent deposits with local commercial banks with investment having credit ratings equivalent to ratings under Standard and Poor's, Fitch and Moody's rating methodology. These time deposits have an original maturity of more than three months from date of acquisition. Carrying amount of time deposits reasonably approximate the fair value at the statement of financial position. Time deposits invested for more than three months are set out below:

	Insurance operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Short term deposits	3,038	35,139
Average variable special commission rate	2.70%	2.79%
Long term deposits	-	-
Average variable special commission rate	-	-
	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Short term deposits	-	-
Average variable special commission rate	-	-
Long term deposits	89,000	89,000
Average variable special commission rate	3.56%	3.56%
Total short term deposits	3,038	35,139
Total long term deposits	89,000	89,000

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

7 PREMIUMS AND RE-INSURANCE BALANCES RECEIVABLE

Receivables comprise amounts due from the following:

SAR'000	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Policyholders	2,933	5,836
Brokers and agents	968	22,519
Related parties (note 15)	404	770
Receivables from re-insurers	-	-
	4,305	29,125
Provision for doubtful receivables	(3,904)	(9,872)
Premiums and re-insurance balances receivable – net	401	19,253
Movement in provision for doubtful debts:		
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	SAR'000	
Balance beginning of the period	9,872	10,618
Provision during the period	-	-
Reversal during the period	(5,968)	(746)
Balance at the end of period	3,904	9,872

8 STATUTORY DEPOSIT AND ACCRUED COMMISSION

Statutory deposit amounting to SR 35 million (December 2018: SR 35 million) kept with a local bank, represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Authority (“SAMA”). This statutory deposit cannot be withdrawn without the consent of SAMA. Accrued commission on statutory deposit amounted to SR 2,653 thousand as of 30 September 2019 (SR 1,935 thousand as of 31 December 2018) and was reported separately under Shareholders’ Assets and Shareholders’ Liabilities in accordance with SAMA instructions.

Following the Capital reduction from SAR 350 million to SAR 180 million (refer note 13), the Company has not reduced its Statutory deposit and the amount presented as of 30 September 2019 is still 10% of the paid-up share capital before Capital reduction.

9 INVESTMENTS

Investments are classified as follows:

SAR'000	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
- Available for Sale	3,175	17,653
Total	3,175	17,653

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

9 INVESTMENTS (continued)

9.1 Available for Sale (AFS)

SAR'000	Notes	Shareholders' operations	
		September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Type of Investments			
Equity	9.1 (a)	3,175	3,175
Sukuks unquoted	9.1 (b)	-	14,478
		<u>3,175</u>	<u>17,653</u>

9.1 (a) Equity unquoted

Movement during the period

Opening balance		3,175	3,175
Purchase during the period		-	-
Sold during the period		-	-
Net change in fair values during the period		-	-
Closing balance of equity shares portfolio		<u>3,175</u>	<u>3,175</u>

The above equity represents investment in Najm.

9.1 (b) Sukuks unquoted

Movement during the period

Opening balance		14,478	-
Transfer from HTM*	9.2	-	49,604
Sold during the period		(14,636)	(35,000)
Amortization of discount		32	-
Net change in fair values during the period		126	(126)
Closing balance of Sukuks unquoted		<u>-</u>	<u>14,478</u>

* During the year 2018, the management decided to dispose of Sukuks which were classified as Held to maturity, accordingly the investment has been reclassified to available for sale.

9.2 Held to Maturity (HTM)

SAR'000	Shareholders' operations	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Type of Investments		
Sukuk – Private – Floating rate	-	-
Sukuk – Governmental – Fixed rate	-	-
Amortization of discount on HTM	-	-
	<u>-</u>	<u>-</u>
Movement during the period		
Opening balance	-	49,529
Purchase during the period	-	-
Transfer to AFS*	-	(49,604)
Amortization of discount on HTM	-	75
Closing balance of equity shares portfolio	<u>-</u>	<u>-</u>

*During the year 2018, the management decided to dispose of Sukuks which were classified as held to maturity. Accordingly the investment has been reclassified to available for sale.

All investments above are within KSA.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

10 TECHNICAL RESERVES

10.1 Net outstanding claims and reserves

a) Net outstanding claims and reserves comprise the following:

SAR'000	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Outstanding claims	24,887	30,107
Less: Realizable value of salvage and subrogation	(2,176)	(2,502)
	22,711	27,605
Claims incurred but not reported	29,492	50,029
	52,203	77,634
Less:		
Re-insurance share of outstanding claims	18,262	19,457
Re-insurance share of claims incurred but not reported	20,171	24,042
	38,433	43,499
Net outstanding claims and reserves	13,770	34,135

b) Movement in outstanding claims and reserves:

	September 30, 2019 (Unaudited)			December 31, 2018 (Audited)		
SAR'000	Gross	Re-insurance share	Net	Gross	Re-insurance share	Net
<u>End of the period</u>						
Outstanding claims	22,711	(18,262)	4,449	27,605	(19,457)	8,148
Claims incurred but not reported	29,492	(20,171)	9,321	50,029	(24,042)	25,987
	52,203	(38,433)	13,770	77,634	(43,499)	34,135
Claims and other benefits paid during the period	67,944	(34,989)	32,955	262,309	(50,446)	211,863
<u>Beginning of the period</u>						
Outstanding claims	27,605	(19,457)	8,148	34,814	(21,496)	13,318
Claims incurred but not reported	50,029	(24,042)	25,987	81,981	(23,682)	58,299
	77,634	(43,499)	34,135	116,795	(45,178)	71,617
Claims incurred and other benefits	42,513	(29,923)	12,590	223,148	(48,767)	174,381

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

10 TECHNICAL RESERVES (Continued)

10.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

SAR'000	For the nine month period ended September 30, 2019 (Unaudited)		
	Gross	Re-insurance	Net
Balance at the beginning of the period	35,861	(22,417)	13,444
Premium written during the period	53,640	(35,730)	17,910
Premium earned during the period	(65,501)	43,458	(22,043)
Balance at the end of the period	24,000	(14,689)	9,311

SAR'000	Year ended Decemebr 31, 2018 (Audited)		
	Gross	Re-insurance	Net
Balance at the beginning of the year	128,277	(16,028)	112,249
Premium written during the year	168,803	(71,162)	97,641
Premium earned during the year	(261,219)	64,773	(196,446)
Balance at the end of the year	35,861	(22,417)	13,444

10.3 Movement in deferred policy acquisition costs

SAR'000	For the nine month period ended September 30, 2019 (Unaudited)	Year ended Decemebr 31, 2018 (Audited)
Balance at the beginning of the period	2,584	11,438
Incurred during the period	3,963	12,133
Amortized during the period	(4,569)	(20,987)
Balance at the end of the period	1,978	2,584

10.4 Movement in unearned reinsurance commission income

SAR'000	For the nine month period ended September 30, 2019 (Unaudited)	Year ended Decemebr 31, 2018 (Audited)
Balance at the beginning of the period	3,928	3,699
Incurred during the period	6,588	12,033
Amortized during the period	(7,861)	(11,804)
Balance at the end of the period	2,655	3,928

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

11 COMMITMENTS AND CONTINGENCIES

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

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Letters of guarantee	<u>3,710</u>	<u>3,539</u>

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

12 ZAKAT AND INCOME TAX

The zakat payable by the Company has been calculated based on the best estimate of management.

	September 30, 2019 (Unaudited) SR'000	December 31, 2018 (Audited) SR'000
At the beginning of the period	2,593	2,024
Provided during the period	1,200	1,649
Payments during the period	(1,311)	(1,080)
Balance at the end of the period	<u>2,482</u>	<u>2,593</u>

Status of assessments

a) Zakat Charge for the period:

The zakat charge for the nine month period ended 30 September 2019 consists of the current period provision amounting to SR 1,200 thousand (31 December 2018: SR 1,649 thousand). The zakat provision is based on Ultimate Parent Saudi Shareholders' share of capital at 48.02% (31 December 2018: 48.02%).

b) Income tax charge for the period:

There was no income tax charge for the period relating to the Non-Saudi shareholder due to the net adjusted loss (same for 31 December 2018). The Ultimate Parent Non- Saudi Shareholders' share of capital is 51.98% (31 December 2018: 51.98%).

c) Status of zakat and income tax assessments:

Tax/zakat return of the Company for the 12 months ending 31 December 2018 has been filed within the stipulated deadline.

Tax year 2013

During 2018 the Company received Preliminary Committee's letter No. 55/2/1139 dated 16-07-1439H regarding GAZT assessments for the year 2013 to pay Zakat differences of SR 1,470 thousand and the Company filed an appeal during the legal period.

Preliminary Committee has refused the company's objection and issued the decision no. 1439/2/153 dated 24/12/1439H which was delivered officially to the Company on 30 July 2019 and the company has filed another appeal through General Secretariat of Tax Committees on 21 August 2019 during the legal period.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

12 ZAKAT AND INCOME TAX (CONTINUED)

Status of assessments (Continued)

Tax year 2014

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

-GAZT letter No. 019000006784 dated 03 November 2016 requesting the Company to pay additional zakat of SR 351 thousand for the year 2014 and Company filed an appeal during the legal period.

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

During 2018, the Company received Preliminary Committee's decision No. 216/2/1139 dated 14-04-1439H (01 January 2018) regarding GAZT assessments for the year 2014, in which Preliminary Committee reduced the amount to SR 322 thousand and the Company filed an appeal with Higher Committee during the legal period.

Tax year 2015, 2016, 2017 and 2018

The Company has not received yet assessment for the tax years 2015, 2016, 2017 and 2018.

The Company's management expects the success in defending all items raised by GAZT.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

12 ZAKAT AND INCOME TAX (Continued)

The change in the accounting treatment for zakat and income tax (as explained in note 2) has the following impact on the line items of the statements of income, statement of financial position and changes in shareholders' equity:

As at and for the nine-month period ended 30 September 2018:

Financial statement impacted	Account	SAR'000		
		Before the restatement for the nine-month period ended 30 September 2018:	Effect of restatement	As restated as at and for the nine-month period ended 30 September 2018:
Statement of changes in Equity	Provision for zakat and income tax (accumulated deficit)	1,440	(1,440)	-
Statement of income	Zakat and income tax expenses	-	1,440	1,440
Statement of income	Earnings per share (expressed in SAR per share)	(0.78)	(0.08)	(0.86)
Statement of financial position	Deferred tax asset / liability	-	-	-

As at and for the three-month period ended 30 September 2018:

Financial statement impacted	Account	SAR'000		
		Before the restatement for the three-month period ended 30 September 2018:	Effect of restatement	As restated as at and for the three-month period ended 30 September 2018:
Statement of changes in Equity	Provision for zakat and income tax (accumulated deficit)	480	(480)	-
Statement of income	Zakat and income tax expenses	-	480	480
Statement of income	Earnings per share (expressed in SAR per share)	0.16	(0.03)	0.13
Statement of financial position	Deferred tax asset / liability	-	-	-

As at 31 December 2018

Financial statement impacted	Account	SAR'000		
		Before the restatement as at 31 December 2018:	Effect of restatement	As restated as at 31 December 2018:
Statement of financial position	Deferred tax asset / liability	-	-	-
Statement of financial position	Accumulated deficit	-	-	-

As at 1 January 2018

Financial statement impacted	Account	SAR'000		
		Before the restatement as at 1 January 2018:	Effect of restatement	As restated as at 1 January 2018:
Statement of financial position	Deferred tax asset / liability	-	-	-
Statement of financial position	Accumulated deficit	-	-	-

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30,**

13 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is SR 180 million divided into 18 million shares of SAR 10 each (31 December 2018: SR 180 million divided into 18 million shares of SR 10 each).

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

	September 30, 2019		
	(Unaudited)		
	Authorized and issued	Paid up	
	No. of shares	Amount	
		SAR'000	
American Life Insurance Company (MetLife)	5,400,000	54,000	54,000
Arab National Bank	5,389,200	53,892	53,892
American International Group ("AIG")	1,800,000	18,000	18,000
Public shares	5,410,800	54,108	54,108
	18,000,000	180,000	180,000
	December 31, 2018		
	(Audited)		
	Authorized and issued	Paid up	
	No. of Shares	Amount	
		SAR'000	
American Life Insurance Company (MetLife)	5,400,000	54,000	54,000
Arab National Bank	5,389,200	53,892	53,892
American International Group ("AIG")	1,800,000	18,000	18,000
Public shares	5,410,800	54,108	54,108
	18,000,000	180,000	180,000

The share capital represents foreign shareholders by 40% and Saudi shareholders 60% as at the period end.

The Company in its extra ordinary general meeting held on 18 April 2018 approved the reduction of share capital from Saudi Riyals 350 million to Saudi Riyals 180 million by reducing the number of share from 35 million to 18 million shares of SR 10 each to restructure the Company's capital to offset SAR 170,000,000 of the Company's accumulated losses in line with the new Companies Law.

This resulted in accumulated losses to decline below on half of Company's share capital. The reduction of capital has been approved by the regulatory authorities. During the year ended 31 December 2018 the Company incurred transaction cost of SAR 210 thousand in respect of reduction in share capital, which has been charged directly to the statement of changes in shareholders' equity. There is no effect of the capital reduction on the Company's obligations.

14 BASIC EARNING / (LOSS) PER SHARE

Basic loss per share for the period has been calculated by dividing the net profit / (loss) for the period by the weighted average number of outstanding shares at the end of the period. There is no diluted earning / (loss) per share as at 30 September 2019. The comparatives have been restated, please refer note 12.

The weighted average number of shares has been retrospectively adjusted for all prior years to reflect the capital reduction as required by IAS 33, "Earnings per share" as follows:

	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net profit / (loss) before zakat for the period	(5,428,000)	2,273,000	(12,868,000)	(15,563,000)
		(Restated)		(Restated)
Weighted average number of ordinary shares	18,000,000	18,000,000	18,000,000	18,000,000
Basic earning / (loss) per share	(0.30)	0.13	(0.71)	(0.86)

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

15 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel [Key Management Personnel includes all directors, executive and non-executive, and senior management] 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. The following are the details of the major related party transactions during the period and the related balances.

	Transactions for the nine month period ended		Balance receivable / (payable) as at	
	September 30, 2019	September 30, 2018	September 30, 2019	December 31, 2018
			Unaudited	Audited
<u>Major shareholders</u>				
<u>Arab National Bank ("ANB") (Shareholder)</u>				
Premiums receivable on policies sold through agency agreement with ANB agency	1,105	14,431	404	770
Commission payable on policies sold through agency agreement with ANB agency	(144)	(1,527)	(522)	(595)
Commitments and Contingencies (Letters of Guarantee)	197	-	1,960	1,763
Time Deposits	48,000	46,000	-	-
Commission income on deposits	255	1,584	-	-
Special commission income on held to maturity	-	279	-	-
<u>American International Group ("AIG")</u>				
Reinsurance premiums payable & XOL	14,808	14,396	(14,408)	(12,207)
Reinsurance commission	(3,243)	(3,404)	-	-
Reinsurance share of paid claims	(465)	(437)	-	-
General and administrative expenses paid on behalf of the Company and recharged to the Company	(4)	586	(52)	(56)
<u>MetLife (Shareholder)</u>				
General and administrative expenses paid on behalf of the Company and recharged to the Company	225	225	346	133
Administration Fees Income (portfolio transfer)	1,058	1,111	-	-
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
<u>Delaware American Life Insurance Company</u>				
Reinsurance premiums payable	2,259	5,887	(6,383)	(6,588)
Reinsurance commission	(1,420)	(866)	-	-
Reinsurance share of paid claims	(1,007)	(2,447)	-	-
<u>American Life Insurance Company "ALICO"</u>				
<u>(Owned 100% by MetLife)</u>				
Reinsurance premiums payable/ receivable	3,870	6,248	(242)	(2,176)
Reinsurance commission	(1,316)	(1,675)	-	-
Reinsurance share of paid claims	(19,497)	(30,365)	-	-

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

15 Related party transactions and balances (Continued)

The following table shows the annual salaries, remuneration and allowances pertaining to the Board members and top executives for the nine month period ended September 30, 2019 and 2018:

**Nine month period ended September 30, 2019
(Unaudited)**

	BOD members (Non-Executive)	Top Executives including the CEO and CFO
	SAR 000	
Salaries and compensation	-	3,238
Board of Directors and Committees' fees	737	-
	<u>737</u>	<u>3,238</u>

**Nine month period ended September 30, 2018
(Unaudited)**

	BOD members (Non-Executive)	Top Executives including the CEO and CFO
	SAR 000	
Salaries and compensation	-	4,478
Board of Directors and Committees' fees	715	-
	<u>715</u>	<u>4,478</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

16 FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

Level 3: valuation techniques for which any significant input is not based on observable market data.

a. Carrying amounts and fair value

The following table shows the carrying amount and 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.

SAR'000s	Level 1	Level 2	Level 3	Total
September 30, 2019 (Unaudited)				
Financial assets not measured at fair value (2) (3)				
- Available for sale	-	-	3,175	3,175
	-	-	3,175	3,175
SAR'000s	Level 1	Level 2	Level 3	Total
December 31, 2018 (Audited)				
Financial assets not measured at fair value (2) (3)				
- Available for sale	-	14,478	3,175	17,653
	-	14,478	3,175	17,653

The fair values of the financial assets not measured at fair value are not materially different from their carrying values.

17 SEGMENT INFORMATION

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

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

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

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

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

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

As at September 30, 2019

(Unaudited)

17 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Unallocated	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000							
Assets								
Cash and cash equivalents	-	-	-	-	52,211	52,211	18,705	70,916
Short term deposits	-	-	-	-	3,038	3,038	-	3,038
Premiums and re-insurance balances receivable	(56)	(2,519)	(38)	3,014	-	401	-	401
Re-insurance share of unearned Premiums	444	4,373	-	9,872	-	14,689	-	14,689
Re-insurance share of outstanding claims	14,423	9	-	3,830	-	18,262	-	18,262
Re-insurers' share of claims Incurred but not reported	508	4,056	-	15,607	-	20,171	-	20,171
Re-insurance share of mathematical reserve	161,779	-	-	-	-	161,779	-	161,779
Deferred policy acquisition costs	190	777	97	914	-	1,978	-	1,978
Investments	-	-	-	-	-	-	3,175	3,175
Due from related parties	194	-	-	-	152	346	-	346
Prepaid expenses and other assets	37	1,858	1,572	149	4,647	8,263	1,270	9,533
Long term/ fixed income deposits	-	-	-	-	-	-	89,000	89,000
Property and equipment	-	-	-	-	1,336	1,336	-	1,336
Intangible assets	-	-	-	-	800	800	-	800
Statutory deposit	-	-	-	-	-	-	35,000	35,000
Accrued commission on statutory deposit	-	-	-	-	-	-	2,653	2,653
Total assets	177,519	8,554	1,631	33,386	62,184	283,274	149,803	433,077
Liabilities								
Policyholders claims payable	-	6,639	80	-	-	6,719	-	6,719
Payables, accruals and others	1,692	-	3,454	6,286	397	11,829	3,511	15,340
Re-insurance balances payable	810	2,990	46	14,542	1,841	20,229	-	20,229
Gross unearned premiums	1,737	10,686	1,121	10,456	-	24,000	-	24,000
Unearned reinsurance commission income	80	462	-	2,113	-	2,655	-	2,655
Gross outstanding claims	16,864	90	1,268	4,489	-	22,711	-	22,711
Gross claims incurred but not reported	677	7,163	4,434	17,218	-	29,492	-	29,492
Gross mathematical reserves	161,779	-	-	-	-	161,779	-	161,779
Due to related parties	-	-	-	52	-	52	-	52
Provision for zakat and income tax	-	-	-	-	-	-	2,482	2,482
End of service indemnities	-	-	-	-	3,840	3,840	-	3,840
Accrued commission payable to SAMA	-	-	-	-	-	-	2,653	2,653
Total liabilities	183,639	28,030	10,403	55,156	6,078	283,306	8,646	291,952

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

As at December 31, 2018

(Audited)

17 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Unallocated	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000							
Assets								
Cash and cash equivalents	-	-	-	-	40,620	40,620	15,685	56,305
Short term deposits	-	-	-	-	35,139	35,139	-	35,139
Premiums and re-insurance balances receivable	(269)	5,018	1,925	12,579	-	19,253	-	19,253
Re-insurance share of unearned Premiums	161	9,408	-	12,848	-	22,417	-	22,417
Re-insurance share of outstanding claims	15,431	-	-	4,026	-	19,457	-	19,457
Re-insurers' share of claims Incurred but not reported	548	3,253	-	20,241	-	24,042	-	24,042
Re-insurance share of mathematical reserve	176,787	-	-	-	-	176,787	-	176,787
Deferred policy acquisition costs	108	931	349	1,196	-	2,584	-	2,584
Investments	-	-	-	-	-	-	17,653	17,653
Due from related parties	-	-	-	-	133	133	-	133
Prepaid expenses and other assets	38	1,274	2,090	207	6,255	9,864	829	10,693
Long term/ fixed income deposits	-	-	-	-	-	-	89,000	89,000
Property and equipment	-	-	-	-	2,158	2,158	-	2,158
Intangible assets	-	-	-	-	763	763	-	763
Statutory deposit	-	-	-	-	-	-	35,000	35,000
Accrued commission on statutory deposit	-	-	-	-	-	-	1,935	1,935
Total assets	192,804	19,884	4,364	51,097	85,068	353,217	160,102	513,319
Liabilities								
Policyholders claims payable	-	5,068	80	-	-	5,148	-	5,148
Payables, accruals and others	1,229	2,541	3,569	5,991	149	13,479	2,049	15,528
Re-insurance balances payable	6,152	13,353	15	16,564	-	36,084	-	36,084
Gross unearned premiums	928	17,033	2,781	15,119	-	35,861	-	35,861
Unearned reinsurance commission income	36	894	-	2,998	-	3,928	-	3,928
Gross outstanding claims	18,871	177	3,761	4,796	-	27,605	-	27,605
Gross claims incurred but not reported	1,186	20,948	5,241	22,654	-	50,029	-	50,029
Gross mathematical reserves	176,787	-	-	-	-	176,787	-	176,787
Due to related parties	-	-	-	-	56	56	-	56
Provision for zakat and income tax	-	-	-	-	-	-	2,593	2,593
End of service indemnities	-	-	-	-	3,898	3,898	-	3,898
Accrued commission payable to SAMA	-	-	-	-	-	-	1,935	1,935
Total liabilities	205,189	60,014	15,447	68,122	4,103	352,875	6,577	359,452

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

For the three month period ended September 30, 2019

(Unaudited)

17 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<u>REVENUES</u>							
Gross premiums written	1,112	2,161	49	4,724	8,046	-	8,046
Re-insurance premiums ceded - foreign	(1,663)	(336)	-	(4,576)	(6,575)	-	(6,575)
Excess of loss expenses - foreign	-	-	(16)	(109)	(125)	-	(125)
Net written premiums	(551)	1,825	33	39	1,346	-	1,346
Changes in unearned premiums, net	607	2,000	887	193	3,687	-	3,687
Net earned premiums	56	3,825	920	232	5,033	-	5,033
Re-insurance commissions	781	441	-	1,569	2,791	-	2,791
Other underwriting income	254	-	459	-	713	-	713
<u>TOTAL REVENUES</u>	1,091	4,266	1,379	1,801	8,537	-	8,537
<u>UNDERWRITING COSTS AND EXPENSES</u>							
Gross claims paid	(1,527)	(5,786)	(1,714)	(445)	(9,472)	-	(9,472)
Surrenders and maturities	(6,536)	-	-	-	(6,536)	-	(6,536)
Expenses incurred related to claims	-	(262)	-	-	(262)	-	(262)
Re-insurers' share of claims paid	7,720	3,347	-	357	11,424	-	11,424
Net claims paid	(343)	(2,701)	(1,714)	(88)	(4,846)	-	(4,846)
Changes in outstanding claims, net	311	(5)	355	87	748	-	748
Changes in incurred but not reported claims, net	43	(21)	(99)	160	83	-	83
Net claims incurred	11	(2,727)	(1,458)	159	(4,015)	-	(4,015)
Changes in premium deficiency reserves	-	-	-	-	-	-	-
Policy acquisition costs	(125)	(577)	(102)	(854)	(1,658)	-	(1,658)
Inspection and supervisory fees	(11)	(146)	(5)	(40)	(202)	-	(202)
Other underwriting expenses	-	(52)	(3)	-	(55)	-	(55)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(125)	(3,502)	(1,568)	(735)	(5,930)	-	(5,930)
NET UNDERWRITING INCOME	966	764	(189)	1,066	2,607	-	2,607
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>							
Reversal of / (Allowance for) doubtful debt	133	2,933	107	557	3,730	-	3,730
General and administrative expenses	-	-	-	-	(9,608)	(2,812)	(12,420)
Special commission income on deposits	-	-	-	-	209	854	1,063
Gain / (Loss) on Investments	-	-	-	-	-	(8)	(8)
<u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u>					(5,669)	(1,966)	(7,635)
<u>NET SURPLUS FOR THE PERIOD FROM INSURANCE OPERATIONS</u>					(3,062)	(1,966)	(5,028)
Shareholders' appropriation from deficit					3,062	(3,062)	-
<u>NET RESULT FOR THE PERIOD AFTER SHAREHOLDER'S ATTRIBUTION BEFORE ZAKAT</u>					-	(5,028)	(5,028)
Zakat expense for the period					-	(400)	(400)
<u>NET RESULT FOR THE PERIOD AFTER ZAKAT</u>					-	(5,428)	(5,428)

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

For the nine month period ended September 30, 2019

17 Operating segments	(Unaudited)						Total
	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations	Shareholders' Operations	
	SAR'000						
<u>REVENUES</u>							
Gross premiums written	7,721	20,142	2,048	23,729	53,640	-	53,640
Re-insurance premiums ceded - foreign	(5,439)	(7,736)	-	(22,355)	(35,530)	-	(35,530)
Excess of loss expenses - foreign	(15)	-	(31)	(154)	(200)	-	(200)
Net written premiums	2,267	12,406	2,017	1,220	17,910	-	17,910
Changes in unearned premiums, net	(526)	1,312	1,660	1,687	4,133	-	4,133
Net earned premiums	1,741	13,718	3,677	2,907	22,043	-	22,043
Re-insurance commissions	1,351	1,548	-	4,962	7,861	-	7,861
Other underwriting income	1,058	-	1,653	25	2,736	-	2,736
<u>TOTAL REVENUES</u>	4,150	15,266	5,330	7,894	32,640	-	32,640
<u>UNDERWRITING COSTS AND EXPENSES</u>							
Gross claims paid	(3,743)	(36,900)	(4,809)	(1,973)	(47,425)	-	(47,425)
Surrenders and maturities	(19,497)	-	-	-	(19,497)	-	(19,497)
Expenses incurred related to claims	-	(933)	(89)	-	(1,022)	-	(1,022)
Re-insurers' share of claims paid	22,469	10,732	-	1,788	34,989	-	34,989
Net claims paid	(771)	(27,101)	(4,898)	(185)	(32,955)	-	(32,955)
Changes in outstanding claims, net	999	97	2,492	111	3,699	-	3,699
Changes in incurred but not reported claims, net	469	14,586	807	804	16,666	-	16,666
Net claims incurred	697	(12,418)	(1,599)	730	(12,590)	-	(12,590)
Changes in premium deficiency reserves	-	-	-	-	-	-	-
Policy acquisition costs	(546)	(1,900)	(428)	(1,695)	(4,569)	-	(4,569)
Inspection and supervisory fees	(37)	(430)	(19)	(140)	(626)	-	(626)
Other underwriting expenses	-	(217)	(11)	-	(228)	-	(228)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	114	(14,965)	(2,057)	(1,105)	(18,013)	-	(18,013)
NET UNDERWRITING INCOME / (LOSS)	4,264	301	3,273	6,789	14,627	-	14,627
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>							
Reversal of / (Allowance for) doubtful debt	(20)	2,281	136	3,571	5,968	-	5,968
General and administrative expenses	-	-	-	-	(32,032)	(4,055)	(36,087)
Special commission income on deposits	-	-	-	-	754	2,931	3,685
Gain / (Loss) on Investments	-	-	-	-	-	139	139
<u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u>					(25,310)	(985)	(26,295)
<u>NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS</u>					(10,683)	(985)	(11,668)
Shareholders' appropriation from deficit					10,683	(10,683)	-
<u>NET RESULT FOR THE PERIOD AFTER SHAREHOLDER'S ATTRIBUTION BEFORE ZAKAT</u>					-	(11,668)	(11,668)
Zakat expense for the period						(1,200)	(1,200)
<u>NET RESULT FOR THE PERIOD AFTER ZAKAT</u>					-	(12,868)	(12,868)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

For the three month period ended September 30, 2018

17 Operating segments

	(Unaudited)					
	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations	Shareholders' operations
	(Restated)					
	SAR'000					
REVENUES						
Gross premiums written	4,941	1,190	1,619	7,970	15,720	-
Re-insurance premiums ceded - foreign	(3,082)	(6,267)	-	(7,394)	(16,743)	-
Excess of loss expenses - foreign	(18)	-	(12)	(44)	(74)	-
Net written premiums	1,841	(5,077)	1,607	532	(1,097)	-
Changes in unearned premiums, net	(206)	35,000	3,085	96	37,975	-
Net earned premiums	1,635	29,923	4,692	628	36,878	-
Re-insurance commissions	652	237	-	2,112	3,001	-
Other underwriting income	390	-	445	47	882	-
TOTAL REVENUES	2,677	30,160	5,137	2,787	40,761	-
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(3,364)	(47,113)	(4,288)	(1,820)	(56,585)	-
Surrenders and maturities	(6,031)	-	-	-	(6,031)	-
Expenses incurred related to claims	-	(1,063)	-	-	(1,063)	-
Re-insurers' share of claims paid	8,393	204	-	1,802	10,399	-
Net claims paid	(1,002)	(47,972)	(4,288)	(18)	(53,280)	-
Changes in outstanding claims, net	1,820	627	1,289	(40)	3,696	-
Changes in incurred but not reported claims, net	(497)	23,096	(308)	286	22,577	-
Net claims incurred	321	(24,249)	(3,307)	228	(27,007)	-
Changes in premium deficiency reserves	-	3,566	-	-	3,566	-
Policy acquisition costs	(470)	(2,747)	(488)	(1,075)	(4,780)	-
Inspection and supervisory fees	(27)	(513)	(24)	(46)	(610)	-
Other underwriting expenses	-	(156)	(18)	-	(174)	-
TOTAL UNDERWRITING COSTS AND EXPENSES	(176)	(24,099)	(3,837)	(893)	(29,005)	-
NET UNDERWRITING INCOME/ (LOSS)	2,501	6,061	1,300	1,894	11,756	-
OTHER OPERATING EXPENSES						
Reversal of / (Allowance for) doubtful debt	229	1,758	356	(492)	1,851	-
General and administrative expenses	-	-	-	-	(12,366)	(378)
Special commission income on deposits	-	-	-	-	955	935
TOTAL OTHER OPERATING (EXPENSES)/ INCOME					(9,560)	557
NET SURPLUS FOR THE PERIOD FROM INSURANCE OPERATIONS					2,196	557
Shareholders' appropriation from surplus					(2,196)	2,753
NET RESULT FOR THE PERIOD AFTER SHAREHOLDER's ATTRIBUTION BEFORE ZAKAT					-	-
Zakat expense for the period					-	(480)
NET RESULT FOR THE PERIOD AFTER ZAKAT					-	2,273

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

For the nine month period ended September 30, 2018

17 Operating segments

	(Unaudited)						
	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations	Shareholders' operations	Total
	(Restated)						
	SAR'000						
REVENUES							
Gross premiums written	20,787	80,113	11,046	30,123	142,069	-	142,069
Re-insurance premiums ceded - foreign	(12,854)	(11,641)	-	(25,909)	(50,404)	-	(50,404)
Excess of loss expenses - foreign	(18)	-	(388)	(442)	(848)	-	(848)
Net written premiums	7,915	68,472	10,658	3,772	90,817	-	90,817
Changes in unearned premiums, net	(982)	70,809	8,271	523	78,621	-	78,621
Net earned premiums	6,933	139,281	18,929	4,295	169,438	-	169,438
Re-insurance commissions	2,247	821	-	6,338	9,406	-	9,406
Other underwriting income	1,112	-	1,821	112	3,045	-	3,045
TOTAL REVENUES	10,292	140,102	20,750	10,745	181,889	-	181,889
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(11,207)	(155,451)	(15,108)	(1,980)	(183,746)	-	(183,746)
Surrenders and maturities	(30,365)	-	-	-	(30,365)	-	(30,365)
Expenses incurred related to claims	-	(4,628)	-	-	(4,628)	-	(4,628)
Re-insurers' share of claims paid	35,832	3,013	-	1,913	40,758	-	40,758
Net claims paid	(5,740)	(157,066)	(15,108)	(67)	(177,981)	-	(177,981)
Changes in outstanding claims, net	1,322	1,105	(1,509)	(130)	788	-	788
Changes in incurred but not reported claims, net	(385)	23,892	893	(483)	23,917	-	23,917
Net claims incurred	(4,803)	(132,069)	(15,724)	(680)	(153,276)	-	(153,276)
Changes in premium deficiency reserves	-	6,647	-	-	6,647	-	6,647
Policy acquisition costs	(1,379)	(11,396)	(2,009)	(3,037)	(17,821)	-	(17,821)
Inspection and supervisory fees	(100)	(2,195)	(97)	(165)	(2,557)	-	(2,557)
Other underwriting expenses	-	(763)	(77)	-	(840)	-	(840)
TOTAL UNDERWRITING COSTS AND EXPENSES	(6,282)	(139,776)	(17,907)	(3,882)	(167,847)	-	(167,847)
NET UNDERWRITING INCOME/ (LOSS)	4,010	326	2,843	6,863	14,042	-	14,042
OTHER OPERATING EXPENSES							
Reversal of / (Allowance for) doubtful debt	44	3,171	447	(66)	3,596	-	3,596
General and administrative expenses	-	-	-	-	(36,261)	(1,310)	(37,571)
Special commission income on deposits	-	-	-	-	2,620	3,190	5,810
TOTAL OTHER OPERATING (EXPENSES)/ INCOME					(30,045)	1,880	(28,165)
NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS					(16,003)	1,880	(14,123)
Shareholders' appropriation from deficit					16,003	(16,003)	-
NET RESULT FOR THE PERIOD AFTER SHAREHOLDER's ATTRIBUTION BEFORE ZAKAT					-	(14,123)	(14,123)
Zakat expense for the period					-	(1,440)	(1,440)
NET RESULT FOR THE PERIOD AFTER ZAKAT					-	(15,563)	(15,563)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

For the three month period ended September 30, 2019					
(Unaudited)					
17 Operating segments	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations
	SAR'000				
<u>Gross premiums written</u>					
Individual	788	-	(3)	1	786
Small	14	1,571	8	170	1,763
Extremely small	127	(5)	-	29	151
Medium	(71)	152	11	55	147
Corporate	254	443	33	4,469	5,199
<u>TOTAL GROSS PREMIUMS WRITTEN</u>	<u>1,112</u>	<u>2,161</u>	<u>49</u>	<u>4,724</u>	<u>8,046</u>

For the nine month period ended September 30, 2019					
(Unaudited)					
Operating segments	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations
	SAR'000				
<u>Gross premiums written</u>					
Individual	3,870		2	1	3,873
Small	74	2,884	170	216	3,344
Extremely small	127	(10)	3	29	149
Medium	583	5,457	270	63	6,373
Corporate	3,067	11,811	1,603	23,420	39,901
<u>TOTAL GROSS PREMIUMS WRITTEN</u>	<u>7,721</u>	<u>20,142</u>	<u>2,048</u>	<u>23,729</u>	<u>53,640</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

18 SUPPLEMENTARY INFORMATION

STATEMENT OF FINANCIAL POSITION

	SAR '000					
	September 30, 2019			December 31, 2018		
	(Unaudited)			(Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	52,211	18,705	70,916	40,620	15,685	56,305
Short term deposits	3,038	-	3,038	35,139	-	35,139
Premiums and re-insurance balances receivable	401	-	401	19,253	-	19,253
Re-insurance share of unearned premiums	14,689	-	14,689	22,417	-	22,417
Re-insurance share of outstanding claims	18,262	-	18,262	19,457	-	19,457
Re-insurers' share of claims Incurred but not reported	20,171	-	20,171	24,042	-	24,042
Re-insurance share of mathematical reserve	161,779	-	161,779	176,787	-	176,787
Deferred policy acquisition costs	1,978	-	1,978	2,584	-	2,584
Investments	-	3,175	3,175	-	17,653	17,653
Due (to)/ from shareholders'/ insurance operations	407	-	407	33	-	33
Due from related parties	346	-	346	133	-	133
Prepaid expenses and other assets	8,263	1,270	9,533	9,864	829	10,693
Long term/ fixed income deposits	-	89,000	89,000	-	89,000	89,000
Property and equipment	1,336	-	1,336	2,158	-	2,158
Intangible assets	800	-	800	763	-	763
Statutory deposit	-	35,000	35,000	-	35,000	35,000
Accrued commission on statutory deposit	-	2,653	2,653	-	1,935	1,935
TOTAL ASSETS	283,681	149,803	433,484	353,250	160,102	513,352
LIABILITIES						
Policyholders claims payable	6,719	-	6,719	5,148	-	5,148
Payables, accruals and others	11,829	3,511	15,340	13,479	2,049	15,528
Re-insurance balances payable	20,229	-	20,229	36,084	-	36,084
Gross unearned premiums	24,000	-	24,000	35,861	-	35,861
Unearned reinsurance commission income	2,655	-	2,655	3,928	-	3,928
Gross outstanding claims	22,711	-	22,711	27,605	-	27,605
Gross claims incurred but not reported	29,492	-	29,492	50,029	-	50,029
Gross mathematical reserves	161,779	-	161,779	176,787	-	176,787
Due to related parties	52	-	52	56	-	56
Due to/from insurance/shareholders operations	-	407	407	-	33	33
Provision for zakat and income tax	-	2,482	2,482	-	2,593	2,593
End of service indemnities	3,840	-	3,840	3,898	-	3,898
Accrued commission payable to SAMA	-	2,653	2,653	-	1,935	1,935
TOTAL LIABILITIES	283,306	9,053	292,359	352,875	6,610	359,485
EQUITY						
Share capital	-	180,000	180,000	-	180,000	180,000
Statutory reserve	-	-	-	-	-	-
Accumulated deficit	-	(39,250)	(39,250)	-	(26,382)	(26,382)
Remeasurement reserve for end of service indemnities	375	-	375	375	-	375
Fair value reserve -Available for investments	-	-	-	-	(126)	(126)
TOTAL EQUITY	375	140,750	141,125	375	153,492	153,867
TOTAL LIABILITIES AND EQUITY	283,681	149,803	433,484	353,250	160,102	513,352

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

18 SUPPLEMENTARY INFORMATION

STATEMENT OF INCOME

For the three month period ended September 30						
SAR '000						
2019			2018			
(Unaudited)			(Unaudited)			
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
REVENUES						
Gross written premiums				(Restated)		
8,046	-	8,046	15,720	-	15,720	
Re-insurance premiums ceded - foreign			(16,743)	-	(16,743)	
(6,575)	-	(6,575)	(74)	-	(74)	
Excess of loss expenses – foreign						
(125)	-	(125)				
Net written premiums			(1,097)	-	(1,097)	
1,346	-	1,346	37,975	-	37,975	
Changes in unearned premiums, net						
3,687	-	3,687				
Net premiums earned			36,878	-	36,878	
5,033	-	5,033	3,001	-	3,001	
Re-insurance commissions			882	-	882	
2,791	-	2,791				
Other underwriting income						
713	-	713				
TOTAL REVENUES			40,761	-	40,761	
8,537	-	8,537				
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid			(56,585)	-	(56,585)	
(9,472)	-	(9,472)	(6,031)	-	(6,031)	
Surrenders and maturities			(1,063)	-	(1,063)	
(6,536)	-	(6,536)	10,399	-	10,399	
Expenses incurred related to claims						
(262)	-	(262)	(53,280)	-	(53,280)	
Reinsurers' share of claims paid			3,696	-	3,696	
11,424	-	11,424	22,577	-	22,577	
Net claims and other benefits paid			(27,007)	-	(27,007)	
(4,846)	-	(4,846)	3,566	-	3,566	
Changes in outstanding claims, net			(4,780)	-	(4,780)	
748	-	748	(610)	-	(610)	
Changes in incurred but not reported claims, net			(174)	-	(174)	
83	-	83				
Net claims and other benefits incurred						
(4,015)	-	(4,015)				
Change in premium deficiency reserve						
-	-	-				
Policy acquisition costs						
(1,658)	-	(1,658)				
Inspection and supervisory fees						
(202)	-	(202)				
Other underwriting expenses						
(55)	-	(55)				
TOTAL UNDERWRITING COSTS AND EXPENSES			(29,005)	-	(29,005)	
(5,930)	-	(5,930)				
NET UNDERWRITING INCOME/ (LOSS)			11,756	-	11,756	
2,607	-	2,607				
OTHER OPERATING (EXPENSES)/ INCOME						
Reversal of / (Allowance for) doubtful debt			1,851	-	1,851	
3,730	-	3,730	(12,366)	(378)	(12,744)	
General and administrative expenses	(2,812)	(12,420)	955	935	1,890	
(9,608)	854	1,063	-	-	-	
Special commission income on deposits						
209	854	1,063				
Gain / (Loss) on Investments						
-	(8)	(8)				
TOTAL OTHER OPERATING (EXPENSES)/ INCOME			(9,560)	557	(9,003)	
(5,669)	(1,966)	(7,635)				
NET SURPLUS / (DEFICIT) FOR THE PERIOD FROM INSURANCE OPERATIONS						
(3,062)	(1,966)	(5,028)	2,196	557	2,753	
Shareholders' appropriation from deficit			(2,196)	2,196	-	
3,062	(3,062)	-				
NET RESULT FOR THE PERIOD AFTER SHAREHOLDER'S ATTRIBUTION BEFORE ZAKAT						
-	(5,028)	(5,028)	-	2,753	2,753	
Zakat expense for the period				(480)	(480)	
-	(400)	(400)				
NET RESULT FOR THE PERIOD AFTER ZAKAT			-	2,273	2,273	
-	(5,428)	(5,428)				

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

18 SUPPLEMENTARY INFORMATION

STATEMENT OF INCOME

For the nine month period ended September 30						
SAR '000						
2019			2018			
(Unaudited)			(Unaudited)			
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
REVENUES						
Gross written premiums				(Restated)		
53,640	-	53,640	142,069	-	142,069	
Re-insurance premiums ceded - foreign			(50,404)	-	(50,404)	
(35,530)	-	(35,530)	(848)	-	(848)	
Excess of loss expenses – foreign						
(200)	-	(200)				
Net written premiums			90,817	-	90,817	
17,910	-	17,910	78,621	-	78,621	
Changes in unearned premiums, net						
4,133	-	4,133	169,438	-	169,438	
Net premiums earned			9,406	-	9,406	
22,043	-	22,043	3,045	-	3,045	
Re-insurance commissions						
7,861	-	7,861				
Other underwriting income						
2,736	-	2,736				
TOTAL REVENUES			181,889	-	181,889	
32,640	-	32,640				
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid			(183,746)	-	(183,746)	
(47,425)	-	(47,425)	(30,365)	-	(30,365)	
Surrenders and maturities			(4,628)	-	(4,628)	
(19,497)	-	(19,497)	40,758	-	40,758	
Expenses incurred related to claims						
(1,022)	-	(1,022)	(177,981)	-	(177,981)	
Reinsurers' share of claims paid			788	-	788	
34,989	-	34,989	23,917	-	23,917	
Net claims and other benefits paid			(153,276)	-	(153,276)	
(32,955)	-	(32,955)	6,647	-	6,647	
Changes in outstanding claims, net			(17,821)	-	(17,821)	
3,699	-	3,699	(2,557)	-	(2,557)	
Changes in incurred but not reported claims, net			(840)	-	(840)	
16,666	-	16,666				
Net claims and other benefits incurred						
(12,590)	-	(12,590)				
Change in premium deficiency reserve						
-	-	-				
Policy acquisition costs						
(4,569)	-	(4,569)				
Inspection and supervisory fees						
(626)	-	(626)				
Other underwriting expenses						
(228)	-	(228)				
TOTAL UNDERWRITING COSTS AND EXPENSES			(167,847)	-	(167,847)	
(18,013)	-	(18,013)				
NET UNDERWRITING INCOME/ (LOSS)			14,042	-	14,042	
14,627	-	14,627				
OTHER OPERATING (EXPENSES)/ INCOME						
Reversal of / (Allowance for) doubtful debt			3,596	-	3,596	
5,968	-	5,968	(36,261)	(1,310)	(37,571)	
General and administrative expenses			2,620	3,190	5,810	
(32,032)	(4,055)	(36,087)	-	-	-	
Special commission income on deposits						
754	2,931	3,685				
Gain / (Loss) on Investments						
-	139	139				
TOTAL OTHER OPERATING (EXPENSES)/ INCOME			(30,045)	1,880	(28,165)	
(25,310)	(985)	(26,295)				
NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS						
(10,683)	(985)	(11,668)	(16,003)	1,880	(14,123)	
Shareholders' appropriation from deficit			16,003	(16,003)	-	
10,683	(10,683)	-				
NET RESULT FOR THE PERIOD AFTER SHAREHOLDER'S ATTRIBUTION BEFORE ZAKAT						
-	(11,668)	(11,668)	-	(14,123)	(14,123)	
Zakat expense for the period						
-	(1,200)	(1,200)	-	(1,440)	(1,440)	
NET RESULT FOR THE PERIOD AFTER ZAKAT						
-	(12,868)	(12,868)	-	(15,563)	(15,563)	

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

18 SUPPLEMENTARY INFORMATION

STATEMENT OF COMPREHENSIVE INCOME

	For the three month period ended September 30,					
	SAR '000					
	2019			2018		
	(Unaudited)			(Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net result for the period after zakat	-	(5,428)	(5,428)	-	(Restated) 2,273	2,273
Other comprehensive income / (loss)						
Items that will be reclassified to statement of income in subsequent periods						
- Net change in fair value- Available for sale investments	-	-	-	-	-	-
<u>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</u>	-	(5,428)	(5,428)	-	2,273	2,273

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

18 SUPPLEMENTARY INFORMATION

STATEMENT OF COMPREHENSIVE INCOME

	For the nine month period ended September 30,					
	SAR '000					
	2019			2018		
	(Unaudited)			(Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net result for the period after zakat	-	(12,868)	(12,868)	-	(15,563)	(15,563)
Other comprehensive income / (loss)						
Items that will be reclassified to statement of income in subsequent periods						
- Net change in fair value- Available for sale investments	-	126	126	-	-	-
<u>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</u>	-	(12,742)	(12,742)	-	(15,563)	(15,563)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019

18 SUPPLEMENTARY INFORMATION

STATEMENT OF CASH FLOWS

	For the nine month period ended September 30					
	SAR '000					
	2019			2018		
	(Unaudited)			(Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net result for the period before zakat	-	(11,668)	(11,668)	-	(14,123)	(14,123)
Adjustments for non-cash items:						
Shareholders' appropriation from deficit	(10,683)	10,683	-	(16,003)	16,003	-
Depreciation of property and equipment	797	-	797	847	-	847
Amortization of intangible assets	240	-	240	200	-	200
Provision for doubtful debts	(5,968)	-	(5,968)	(3,596)	-	(3,596)
Amortization of discount / premium on investments	-	(32)	(32)	-	(55)	(55)
Capital gain on disposal of Sukuk	-	(138)	(138)	-	-	-
Provision for end of service indemnities	226	-	226	821	-	821
	(15,388)	(1,155)	(16,543)	(17,731)	1,825	(15,906)
Changes in operating assets and liabilities:						
Premiums and reinsurers' balances receivable	24,820	-	24,820	50,502	-	50,502
Reinsurers' share of unearned premiums	7,728	-	7,728	(962)	-	(962)
Reinsurers' share of mathematical reserves	15,008	-	15,008	30,040	-	30,040
Reinsurers' share of outstanding claims	1,195	-	1,195	(4,591)	-	(4,591)
Reinsurers' share of claims Incurred but not reported	3,871	-	3,871	(2,926)	-	(2,926)
Deferred policy acquisition costs	606	-	606	7,417	-	7,417
Deferred excess of loss premiums	-	-	-	-	-	-
Due from related parties	(213)	-	(213)	(872)	-	(872)
Prepaid expenses and other assets	1,601	(441)	1,160	9,979	(233)	9,746
Due to/from insurance/shareholders operations	-	(10,309)	(10,309)	-	(17,873)	(17,873)
Policyholders claims payable	1,571	-	1,571	10,594	-	10,594
Payables, accruals and other liabilities	(1,650)	1,462	(188)	(9,774)	1,279	(8,495)
Reinsurance balances payable	(15,855)	-	(15,855)	13,321	-	13,321
Gross unearned premiums	(11,861)	-	(11,861)	(77,659)	-	(77,659)
Unearned reinsurance commission income	(1,273)	-	(1,273)	(1,243)	-	(1,243)
Gross outstanding claims	(4,894)	-	(4,894)	3,803	-	3,803
Gross claims incurred but not reported	(20,537)	-	(20,537)	(20,991)	-	(20,991)
Premium deficiency reserve	-	-	-	(6,647)	-	(6,647)
Gross mathematical reserves	(15,008)	-	(15,008)	(30,040)	-	(30,040)
Due to related parties	(4)	-	(4)	(242)	-	(242)
Due to/from shareholders' operations	10,309	-	10,309	17,873	(1,080)	16,793
Cash used in operating activities	(19,974)	(10,443)	(30,417)	(30,149)	(16,082)	(46,231)
Zakat paid	-	(1,311)	(1,311)	-	-	-
End of service indemnities paid	(284)	-	(284)	-	-	-
Net cash used in operating activities	(20,258)	(11,754)	(32,012)	(30,149)	(16,082)	(46,231)
CASH FLOWS FROM INVESTING ACTIVITIES						
Disposals in short term deposits	49,330	-	49,330	105,204	40,000	145,204
Additions in short term deposits	(17,229)	-	(17,229)	(79,265)	(12,000)	(91,265)
Disposal of Sukuk	-	14,774	14,774	-	-	-
Disposal / (purchase) of property and equipment	25	-	25	(179)	-	(179)
Purchase of intangible assets	(277)	-	(277)	(189)	-	(189)
Net cash generated / (used in) from investing activities	31,849	14,774	46,623	25,571	28,000	53,571
Net change in cash and cash equivalents	11,591	3,020	14,611	(4,578)	11,918	7,340
Cash and cash equivalents, beginning of the period	40,620	15,685	56,305	54,284	4,737	59,021
Cash and cash equivalents, end of the period	52,211	18,705	70,916	49,706	16,655	66,361
NON-CASH INFORMATION						
Unrealized gain / (loss) on available for sale investments	-	126	126	-	-	-

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**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2019**

19 CAPITAL MANAGEMENT

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

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

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

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

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

20 COMPARATIVE FIGURES

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

21 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Company, on 10 Rabi ul Awwal 1441 H, corresponding to 7 November 2019 G.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer