

ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY

A SAUDI JOINT STOCK COMPANY

INDEPENDENT AUDITORS' REVIEW REPORT

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022



INDEX	PAGE
Company Details	2
Independent Auditors' Report on Review of Interim Condensed Financial Statements	3
Unaudited Interim Condensed Financial Statements	
Statement of Financial Position	4
Statement of Income	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8 – 9
Notes to the Unaudited Interim Condensed Financial Statements	10 – 36

COMPANY DETAILS

Chairman

HH Prince Naif Bin Sultan Bin Saud Al Kabeer

Vice Chairman

Mr. Sameer Al Wazzan

Board of Directors

HH Prince Naif Bin Sultan Bin Saud Al Kabeer

Mr. Sameer Al Wazzan

Mr. Abdallah Al Obeikan

Mr. Turki Al Mutawa

Mr. Mohammed Bin Ali

Mr. Raed Al Saif

Mr. Mohammed Alkinani

Mr. Saud Bajbair

Chief Executive Officer

Mr. Bassel Al Abdulkarim

Board Secretary

Mr. Abdulaziz Bin Saeed

Head Office

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Commercial Registration

CR No. 1010234323

Principal Bankers

The Saudi British Bank (SABB)

Riyadh, Saudi Arabia

Auditors

Al Azem, Al Sudairy, Al Shaikh & Partners For Professional Consulting

Member Crowe Global

Riyadh, Saudi Arabia

Al Kharashi & Co.

Certified Accountants and Auditors

Riyadh, Saudi Arabia



Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
For Professional Consulting
Member Crowe Global



AlKharashi & Co.
Certified Accountants And Auditors

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF ARABIAN SHIELD COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Arabian Shield Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as at 30 September 2022 and the related interim condensed statements of income and comprehensive income for the three and nine month periods then ended and changes in equity and cash flows for the nine month period then ended and other explanatory notes (the "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" (IAS 34) as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

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09 November 2022
15 Rabi' al Thani 1444H



UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	30 Sep 2022	Audited 31 Dec 2021
ASSETS			
Cash and cash equivalents	6	55,319	365,555
Short term fixed income deposits		414,525	0
Premiums and reinsurers' receivable – net	8	123,087	149,465
Reinsurers' share of unearned gross premiums	11	53,051	41,373
Reinsurers' share of outstanding gross claims	12	153,030	57,553
Reinsurers' share of gross claims incurred but not reported	12	64,829	41,599
Deferred excess of loss expenses		919	0
Deferred policy acquisition costs		11,375	10,126
Deferred third party administrator expenses		4,378	5,849
Deferred withholding tax		1,838	1,973
Deferred regulators' levies		0	2,199
Unit-linked investments	9	572,732	0
Investments	10	608,509	325,638
Due from related parties – net	8 & 18	53,411	12,949
Prepaid expenses and other assets		84,967	31,035
Property and equipment – net		5,961	2,713
Intangible assets – net		10,662	10,667
Goodwill	5 & 21	399,192	46,794
Statutory deposit	7	63,852	40,000
Accrued income on statutory deposit	7	6,227	3,134
TOTAL ASSETS		2,687,864	1,148,622
LIABILITIES			
Accrued and other liabilities		84,805	72,385
Reinsurers' balances payable		61,485	13,874
Unearned gross premiums	11	250,575	189,910
Unearned reinsurance commission		10,714	8,792
Outstanding gross claims	12	232,169	87,531
Gross claims incurred but not reported	12	210,377	160,342
Premium deficiency reserve	12	10,950	11,250
Unit reserves	12	567,076	0
Other technical reserves	12	9,076	6,700
Due to related parties	18	492	566
Accounts payable		46,421	43,864
Withholding tax provision		1,950	3,863
Regulators' levies provision		0	1,655
End-of-service indemnities		13,557	10,207
Policyholders' surplus distribution payable		29,490	5,120
Zakat	13	47,277	39,216
Income tax	13	941	1,500
Accrued commission income payable to SAMA	7	6,227	3,134
TOTAL LIABILITIES		1,583,582	659,909
EQUITY			
Share capital	14	638,525	400,000
Share premium	5	355,879	0
Statutory reserve		26,097	26,097
Retained earnings		83,394	64,386
Fair value reserve gain on investments	10	3,147	990
TOTAL SHAREHOLDERS' EQUITY		1,107,042	491,473
Re-measurement reserve for end-of-service indemnities		(2,760)	(2,760)
TOTAL EQUITY		1,104,282	488,713
TOTAL LIABILITIES AND EQUITY		2,687,864	1,148,622

COMMITMENTS AND CONTINGENCIES

20

The accompanying Notes 1 to 24 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF INCOME

	Notes	Three months to		Year to date to	
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
REVENUES					
Gross premiums written	11	221,867	95,624	807,254	424,968
Reinsurance premiums ceded – local		(26,686)	(2,883)	(83,686)	(17,182)
Reinsurance premiums ceded – foreign		(35,090)	(14,185)	(180,939)	(126,142)
Excess of loss expenses		(927)	(714)	(3,130)	(2,835)
Net premiums written		159,164	77,842	539,499	278,809
Change in unearned gross premiums	11	39,893	45,750	(58,580)	(13,584)
Change in reinsurers' share of unearned gross premiums	11	(26,516)	(28,612)	10,294	(5,115)
Net premiums earned	11	172,541	94,980	491,213	260,110
Reinsurance commissions		8,379	7,941	25,608	27,442
Other underwriting income		11,832	400	21,181	14,067
TOTAL REVENUES		192,752	103,321	538,002	301,619
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(152,235)	(89,140)	(390,403)	(277,807)
Reinsurers' share of claims paid		49,288	24,064	103,093	70,434
Net claims paid		(102,947)	(65,076)	(287,310)	(207,373)
Change in outstanding gross claims		(11,127)	(2,847)	(60,666)	30,070
Change in reinsurers' share of outstanding gross claims		(867)	2,060	37,676	(29,934)
Change in gross IBNR		(17,793)	(4,574)	(17,317)	6,000
Change in reinsurers' share of gross IBNR		13,967	24	(2,521)	(6,738)
Net claims incurred		(118,767)	(70,413)	(330,138)	(207,975)
Investible contributions, net		(29,776)	0	(87,927)	0
Premium deficiency reserve		0	3,100	300	8,300
Other technical reserves		0	(422)	(1,939)	2,330
Policy acquisition costs		(6,045)	(4,073)	(18,202)	(10,710)
Third party administrator expenses		(2,730)	(1,898)	(7,388)	(5,141)
Withholding tax		(2,350)	(2,119)	(6,103)	(6,255)
Regulators' levies		561	(1,411)	(2,199)	(3,906)
Other underwriting expenses		(3,111)	(1,732)	(8,622)	(5,053)
TOTAL UNDERWRITING COSTS AND EXPENSES		(162,218)	(78,968)	(462,218)	(228,410)
NET UNDERWRITING INCOME		30,534	24,353	75,784	73,209
OTHER OPERATING INCOME / (EXPENSE)					
Reversal of / (Allowance for) doubtful debts		600	4,350	(2,584)	(4,840)
General and administrative expenses		(20,858)	(19,587)	(62,066)	(45,745)
Depreciation and amortisation		(1,530)	(935)	(4,451)	(3,227)
Commission income on deposits		3,389	1,193	6,286	3,966
Commission income on sukuk		1,839	1,229	4,840	3,321
Dividend income		1,927	583	8,799	1,620
Unrealised gain on FVIS investments		2,202	0	3,965	0
Realised gain on FVIS investments		0	0	80	0
Realised gain on available for sale investments	10	0	1,932	4,290	9,704
TOTAL OTHER OPERATING EXPENSES		(12,431)	(11,235)	(40,841)	(35,201)
INCOME BEFORE ZAKAT AND INCOME TAX		18,103	13,118	34,943	38,008
Attributable to Insurance Operations		(1,393)	(1,572)	(1,800)	(3,144)
SHAREHOLDERS' INCOME BEFORE ZAKAT AND INCOME TAX		16,710	11,546	33,143	34,864
Zakat charge		(4,383)	(2,918)	(13,874)	(9,331)
Income tax charge		(77)	(112)	(261)	(540)
SHAREHOLDERS' INCOME AFTER ZAKAT AND INCOME TAX		12,250	8,516	19,008	24,993
Basic and diluted SAR earnings per share	16	0.19	0.21	0.30	0.62

The accompanying Notes 1 to 24 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Three months to		Year to date to	
		30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Shareholders' income after zakat and income tax		12,250	8,516	19,008	24,993
Other comprehensive income / (loss)					
<i>Items that will not be reclassified to statements of income in subsequent periods:</i>					
Actuarial loss on end of service indemnities		0	(1,000)	0	(1,000)
<i>Items that are or may be reclassified to statements of income in subsequent periods:</i>					
Available for sale investments:					
Net change in fair value of investments		(3,525)	2,260	6,447	15,732
Realised gains transferred to statement of income	10	0	(1,932)	(4,290)	(9,704)
Net change in unrealised fair value of investments		(3,525)	328	2,157	6,028
COMPREHENSIVE INCOME FOR THE PERIOD		8,725	7,844	21,165	30,021

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Period to Date to 30 Sep 2022	Notes	Share Capital	Share Premium	Statutory Reserve	Retained Earnings	Fair Value Reserve gain/(loss) on investments	Total Shareholder Equity	Re- measurement for end-of service indemnities	Total Equity
Balance at start of the period		400,000	0	26,097	64,386	990	491,473	(2,760)	488,713
Shareholders' income after zakat and income tax					19,008		19,008		19,008
Net change in fair value of investments	10					6,447	6,447		6,447
Realised gain transferred to statement of income	10					(4,290)	(4,290)		(4,290)
Net change in unrealised fair value of investments						2,157	2,157		2,157
Comprehensive income for the period					19,008	2,157	21,165		21,165
Issuance of share capital	5	238,525					238,525		238,525
Share premium	5		355,879				355,879		355,879
Balance at end of the period		638,525	355,879	26,097	83,394	3,147	1,107,042	(2,760)	1,104,282

UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Period to Date to 30 Sep 2021	Notes	Share Capital	Share Premium	Statutory Reserve	Retained Earnings	Fair Value Reserve gain/(loss) on investments	Total Shareholder Equity	Re- measurement for end-of service indemnities	Total Equity
Balance at start of the period		300,000	0	40,866	123,464	(2,426)	461,904	0	461,904
Shareholders' income after zakat and income tax					24,993		24,993		24,993
Actuarial loss on end of service indemnities								(1,000)	(1,000)
Net change in fair value of investments						15,732	15,732		15,732
Realised gain transferred to statement of income	10					(9,704)	(9,704)		(9,704)
Net change in unrealised fair value of investments						6,028	6,028		6,028
Comprehensive income for the period					24,993	6,028	31,021	(1,000)	30,021
Issuance of bonus shares	14	100,000		(20,000)	(80,000)		0		0
Balance at end of the period		400,000	0	20,866	68,457	3,602	492,925	(1,000)	491,925

The accompanying Notes 1 to 24 form an integral part of these unaudited interim condensed financial statements.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS

	Notes	Period to date to 30 Sep 2022	30 Sep 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Shareholders' income before zakat and income tax		33,143	34,864
Adjustments for non-cash items:			
Depreciation of property and equipment		1,773	1,158
Amortisation of intangible assets		2,678	2,069
Gain on disposal of property and equipment		(82)	(2)
Allowance for doubtful debts		2,584	4,840
Provision for withholding tax		5,968	5,930
Provision for regulators' levies		0	4,194
Provision for end-of-service indemnities		2,128	1,823
Realised gain on FVIS investments		(80)	0
Unrealised gain on FVIS investments		(3,965)	0
Realised gain on disposal of investments	10	(4,290)	(9,704)
Changes in operating assets and liabilities:			
Premiums and reinsurers' receivable		63,375	(44,091)
Reinsurers' share of unearned gross premiums	11	(10,294)	5,115
Reinsurers' share of outstanding gross claims		(37,676)	29,934
Reinsurers' share of gross claims incurred but not reported		2,521	6,738
Deferred excess of loss expenses		(919)	(945)
Deferred policy acquisition costs		(1,249)	(181)
Deferred third party administrator expenses		1,471	(816)
Deferred withholding tax		135	325
Deferred regulators' levies		2,199	(288)
Unit-linked investments		103,400	0
Due from related parties		(48,472)	(15,968)
Prepaid expenses and other assets		(40,515)	2,705
Accounts payable		3,314	(12,006)
Third party administrator payable		(1,203)	9
Policyholders' surplus		1,800	3,144
Accrued and other liabilities		(17,396)	(8,397)
Reinsurers' balances payable		10,322	(4,019)
Unearned gross premiums	11	58,580	13,584
Unearned reinsurance commission		1,922	(1,950)
Outstanding gross claims		60,666	(30,070)
Gross claims incurred but not reported		17,317	(6,000)
Premium deficiency reserve		(300)	(8,300)
Unit reserves		(124,262)	0
Other technical reserves		1,940	(2,330)
Due to related parties		(303)	(28,582)
Payments:			
End-of-service indemnities paid		(2,240)	(1,398)
Withholding tax paid		(10,660)	(5,856)
Regulators' levies paid		(1,655)	(4,424)
Zakat paid		(17,741)	(6,980)
Income tax paid		(820)	(993)
Net cash from / (used in) operating activities		53,114	(76,868)

The accompanying Notes 1 to 24 form an integral part of these unaudited interim condensed Financial Statements.

UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS (Continued)

	Notes	Period to date to 30 Sep 2022	30 Sep 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions of short term fixed income deposits		(414,525)	0
Additions of investments		(54,534)	(200,000)
Proceeds from disposal of investments		69,512	142,954
Additions of property and equipment		(1,669)	(371)
Proceeds from disposal of property and equipment		85	2
Additions of intangible assets		(1,843)	(2,113)
Cash & cash equivalent acquired through business combination		63,476	0
Increase in statutory deposit		(23,852)	(10,000)
Net cash used in investing activities		(363,350)	(69,528)
Net change in cash and cash equivalents		(310,236)	(146,396)
Cash and cash equivalents at start of the period		365,555	517,745
Cash and cash equivalents at end of the period		55,319	371,349

NON-CASH INFORMATION

Net change in unrealised fair value of investments	2,157	6,028
Issuance of bonus shares	0	100,000

1. GENERAL

The insurance industry in Saudi Arabia is regulated by the Law on Supervision of Cooperative Insurance Companies ("Cooperative Insurance Law") together with the Implementing Regulations ("Implementing Regulations") promulgated by Royal Decree No. M32 dated 22 Jumad Thani 1424 corresponding to 21 August 2003. Supervision is under the auspices of the Saudi Central Bank ("SAMA" or "Regulator").

Arabian Shield Cooperative Insurance Company ("Company") is a Saudi Joint Stock Company incorporated in Riyadh, Saudi Arabia through Ministerial Resolution issued on 19 May 2007 with Commercial Registration No. 1010234323 issued on 13 June 2007 following on from Royal Decree No. M60 dated 18 Ramadan 1427 corresponding to 11 October 2006. The Commercial Registration Certificate was amended with effect from 12 August 2021 to reflect the increase in share capital following the bonus share issue. The Company was listed on the Saudi Stock Exchange (Tadawul) on 26 June 2007. The registered address of the head office is as follows: 5th Floor, Cercon Building No. 15, Olaya Street, PO Box 61352, Riyadh 11565, Saudi Arabia.

The principal activities for which the Company was licensed were the conducting of insurance and reinsurance business in general and medical classes in Saudi Arabia in accordance with License No. TMN/6/20079 issued on 11 September 2007 by SAMA and the License was renewed for three year periods on 10 August 2010, 07 July 2013, 03 June 2016 and 28 January 2020. SAMA gave approval to the Company to conduct business in the protection and savings class on 26 April 2018. At the Company's request, SAMA approved an amendment to the License to exclude reinsurance business with effect from 30 September 2013.

As per the Articles of Association ("Articles"), the Company may undertake all activities required to transact cooperative insurance operations and related activities and to invest its funds. Its principal lines of business include motor, medical, marine, property, engineering, casualty and protection and savings.

In accordance with the Implementing Regulations, within six months from the date of publication of the annual financial statements each year, the Board of Directors approve the distribution of the surplus from insurance operations as follows:

- The shareholders of the Company receive 90% of the surplus from insurance operations including any surplus from investment activities of the policyholders' invested funds and the policyholders retain the remaining 10%.
- Any deficit arising on insurance operations is transferred to shareholders' operations in full.

The Company and its shareholders own and retain custody of all net assets related to both insurance operations and shareholders' operations and funds are allocated to insurance operations as required.

The fiscal year of the Company runs from 1 January to 31 December.

Cooperative insurance operations commenced with effect from 1 January 2009 following acquisition of the insurance portfolio and related business, assets and liabilities from Arabian Shield Insurance Company EC.

During the period, the share capital increased from 400,000 to 638,525 by issuing of 23,852,462 new shares to acquire Al Ahli Takaful Company (refer to Note 5).

The interim condensed financial statements of the period have been prepared by combining the portfolios after the merger and the numbers are consolidated accordingly (refer Note 5).

The formalities to update the legal documents are under process.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements for the three and nine month periods ended 30 September 2022 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, therefore, these should be read in conjunction with the Company's annual audited financial statements as at and for the year ended 31 December 2021.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and risk management policy used in the preparation of the interim condensed financial statements for the period ended 30 September 2022 are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2021.

4. SIGNIFICANT ACCOUNTING POLICIES**a) Basis of Preparation**

The accounting policies, estimates and assumptions used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 and no new or amended accounting policies or accounting standards were adopted by the Company during 2022 to date.

Interim condensed financial statements are prepared under the going concern convention using the accrual basis of accounting. The historical cost convention is followed except for the measurement at fair value of available for sale investments.

Financial assets and financial liabilities are offset and the net amount reported only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset unless required or permitted by an accounting standard or interpretation as specifically disclosed in the accounting policies.

Presentation is in Saudi Arabian Riyals (SAR), the functional currency of the Company. All amounts are derived from Arabic and English computerised accounting records and except where otherwise indicated are rounded to thousands using the standard rounding convention.

As required by the Implementing Regulations, the Company maintains separate books of account for insurance operations and shareholders' operations and presents the financial information accordingly. Assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined by management and approved by the Board of Directors.

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

The interim condensed statement of financial position and interim condensed statements of income, comprehensive income and cash flows of insurance operations and shareholders' operations presented in Note 24 of the interim condensed financial statements have been provided as supplementary financial information to comply with the Implementing Regulations which require the clear segregation of the assets, liabilities, income and expenses of insurance operations and shareholders' operations.

Accordingly, the interim condensed statement of financial position and interim condensed statements of income, comprehensive income and cash flows of insurance operations and shareholders' operations presented in Note 24 of the interim condensed financial statements reflect the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

The inclusion of separate information of insurance operations and shareholders' operations in the interim condensed statement of financial position and interim condensed statements of income, comprehensive income and cash flows as well as certain relevant notes to the interim condensed financial statements represent supplementary information required by the Implementing Regulations but not required by IFRS.

b) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amount of assets and liabilities, contingent assets and liabilities, resultant provisions, changes in fair value and the reported amounts of income and expense.

These judgements and estimates are based on the Company's best knowledge of current events and actions and are continually evaluated and updated, however future events could result in outcomes requiring material adjustments to the reported amounts.

In preparing the interim condensed financial statements significant judgments made by management in applying accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied for the year ended 31 December 2021.

The following judgments and estimates have the most significant effect on the amounts recognised.

Impairment losses on receivables

The Company assesses impairment for receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. This assessment of impairment requires judgment. In making this judgment, the Company establishes if there is objective evidence that all amounts due may not be collectible in accordance with the original terms of the contract and evaluates credit risk characteristics that consider past-due status being indicative of the ability to pay all amounts due as per contractual terms.

Insurance contract liabilities

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies IBNR claims form a significant part of the liability. The primary technique adopted by the Company in estimating the cost of reported and IBNR claims is that of using past claims settlement trends to predict future claims settlement trends.

Historical claims development is analyzed by underwriting year, accident year and further analyzed by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected to reflect their future expected development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or other factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking into account all the uncertainties involved.

In addition a range of technical methods are used by the Company's actuaries to independently assess and critically review the estimates made by the Company.

Prior claims estimates are continually reviewed and adjusted as claims develop.

Insurance contract liabilities are not discounted for the time value of money as substantially all claims are expected to be paid within one year of the reporting date. The liabilities are derecognised when the obligation to pay a claim expires is discharged or is cancelled.

Impairment of financial instruments

Financial instruments are considered impaired when it is determined there has been a significant or prolonged decline in fair value relative to cost. This determination requires judgement. In making this judgement factors are considered such as normal share price volatility, financial status of the investee including cash flow and sector and technology status and development.

c) Seasonality of operations

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

d) Segmental reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

5. BUSINESS COMBINATION

The Company entered into a Memorandum of Understanding ("MoU") on 11 April 2021 (corresponding to 29 Sha'ban 1442) with Al Ahli Takaful Company ("ATC") to begin a reciprocal due diligence process and to negotiate the final terms and conditions of the potential Merger ("Merger" or "Transaction") between ATC and the Company.

Later on 12 July 2021 (corresponding to 02 Dhul Hijjah 1442), the Company announced its entry into a binding merger agreement with ATC ("Merger Agreement") in an effort to acquire all shares held by the shareholders of ATC through the submission of an offer to exchange shares without any cash considerations, such exchange to be effected by way of increasing the capital of the Company through the issuance of new ordinary shares to all shareholders in ATC. Accordingly, the Company received a no-objection from SAMA and other regulatory authorities on the merger transaction on 29 October 2021 (corresponding to 23 Rabi Al Awwal 1443).

The shareholders in the Extraordinary General Assembly meeting ("EGAM") held on 09 December 2021 (corresponding to 05 Jumada Al Oula 1443) approved the proposed merger of the Company and ATC to be effected by way of a merger pursuant to Article 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 10 November 2015 (corresponding to 28 Muharram 1437), through the issuance of 1.43114769137705 new shares in the Company for each share in ATC subject to the terms and conditions of the Merger Agreement.

The Company has announced the effectiveness of the merger of ATC into the Company on 12 January 2022 (corresponding to 09 Jumada Al-Thani 1443) after satisfying the Merger conditions agreed between the two companies in the Merger agreement and set out in the Shareholder Circular and the Offer Document issued by the Company with respect to the Merger, including the expiry of the creditors' objection period with no outstanding or unsettled objections. The merger resulted in the increase of the paid-up capital from 400,000 to 638,525.

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

ALL AMOUNTS IN SAR '000

The formalities to update the legal documents are under process.

The merger has been accounted for using the acquisition method under IFRS 3 – Business Combinations (the “Standard”) with the Company being the acquirer and ATC being the acquiree. The Company has accounted for the acquisition based on provisional fair values of the acquired assets and assumed liabilities as at 12 January 2022 “acquisition date”. Adjustment to the provisional values and their impact on the goodwill and acquired net assets of the Company will be finalised within twelve months of the date of acquisition as allowed by the Standard.

Purchase consideration

The purchase consideration was determined to be 594,404 which consisted of the issue of 23,852,462 new shares to the shareholders of ATC.

The fair value of the new issued shares of the Company was determined on the basis of the closing market price of the ordinary shares of SAR 24.92 per share on the Tadawul on the last trading date prior to the acquisition date of 12 January 2022. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium of 238,525 and 355,879, respectively.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of assets acquired and liabilities assumed as at 12 January 2022.

	Amount
ASSETS	
Cash and cash equivalents	63,476
Premiums and reinsurers' receivable – net	31,571
Reinsurers' share of unearned gross premiums	1,384
Reinsurers' share of outstanding gross claims	57,801
Reinsurers' share of gross claims incurred but not reported	25,751
Unit-linked investments	676,132
Investments	270,688
Prepaid expenses and other assets	13,417
Property and equipment – net	3,354
Intangible assets – net	830
Statutory deposit	16,667
Accrued income on statutory deposit	2,295
TOTAL ASSETS	1,163,366
LIABILITIES	
Accrued and other liabilities	29,813
Reinsurers' balances payable	37,289
Unearned gross premiums	2,085
Outstanding gross claims	83,972
Gross claims incurred but not reported	32,718
Unit reserves	691,338
Other technical reserves	436
Due to related parties	229
Accounts payable	446
Withholding tax provision	2,779
End-of-service indemnities	3,462
Policyholders' surplus distribution payable	22,570
Zakat	11,928
Accrued commission income payable to SAMA	2,295
TOTAL LIABILITIES	921,360
ATC's net assets as at acquisition date	242,006
Goodwill arising from the acquisition	352,398
Purchase consideration	594,404

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

ALL AMOUNTS IN SAR '000

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	30 Sep 2022	Audited 31 Dec 2021
Insurance operations		
Bank balances and cash	54,655	50,146
Deposits maturing within 3 months from the acquisition date	0	180,916
Total	54,655	231,062
Shareholders' operations		
Bank balances and cash	664	326
Deposits maturing within 3 months from the acquisition date	0	134,167
Total	664	134,493
Combined balances		
Bank balances and cash	55,319	50,472
Deposits maturing within 3 months from the acquisition date	0	315,083
Total	55,319	365,555

All bank balances and deposits are placed with SAMA regulated local banks with sound credit ratings under Standard and Poor's and Moody's rating methodology. The deposits earn commission at an average rate of 2.66% per annum as at 30 September 2022 (31 December 2021: 2.81%).

7. STATUTORY DEPOSIT

In compliance with the Insurance Implementation Regulation of SAMA, the Company maintains a deposit of 63,852 (31 December 2021: 40,000) in a deposit account at The Saudi British Bank. During the period, the Company has increased its statutory deposit from 40,000 to 63,852 to comply with SAMA regulation due to increase in share capital (please refer to Note 14). This deposit cannot be withdrawn without SAMA's consent and the Company does not earn commission from the deposit.

The accrued income on the deposit as at 30 September 2022 is 6,227 (31 December 2021: 3,134) and has been disclosed as "Accrued income on statutory deposit" and the corresponding commission is shown in liabilities as "Accrued commission income payable to SAMA".

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

ALL AMOUNTS IN SAR '000

8. PREMIUMS AND REINSURERS' RECEIVABLE – NET

Receivable comprise amounts due from the following:

	30 Sep 2022	Audited 31 Dec 2021
Non related parties		
Policyholders	47,578	40,954
Brokers and agents	65,124	85,658
Receivables from reinsurers	19,720	36,486
Premiums and reinsurers' receivable – gross	132,422	163,098
Provision for doubtful receivables	(9,335)	(13,633)
Premiums and reinsurers' receivable – net	123,087	149,465
Related parties		
Policyholders	62,026	13,554
Provision for doubtful receivables	(8,615)	(605)
Due from related parties – net	53,411	12,949

9. UNIT-LINKED INVESTMENTS**Insurance Operations**

Unit-linked investments comprise units of funds, denominated in United States Dollars, which are managed by Saudi National Bank Capital and are based in the Kingdom of Saudi Arabia.

	30 Sep 2022	Audited 31 Dec 2021
Investments held to cover unit-linked liabilities		
AlAhli Multi-Asset Conservative Fund	295,162	0
AlAhli Multi-Asset Moderate Fund	155,668	0
AlAhli Multi-Asset Growth Fund	121,902	0
Total	572,732	0

	30 Sep 2022	Audited 31 Dec 2021
The movement in unit-linked investments during the period is as follows:		
Balance at start of the period	0	0
Acquired through business combination	676,132	0
Redemption during the period	(48,669)	0
Change in fair value during the period	(54,731)	0
Balance at end of the period	572,732	0

Carrying amounts and fair values

All Unit-linked investments are classified under Level 2 fair value hierarchy.

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

ALL AMOUNTS IN SAR '000

10. INVESTMENTS

Investments are classified as follows:

	30 Sep 2022	Audited 31 Dec 2021
Insurance operations		
Fair value through income statement (FVIS)	0	0
Shareholders' operations		
Fair value through income statement	269,430	0
Available for sale	339,079	325,638
Total	608,509	325,638

10.1 Insurance operations

	30 Sep 2022	Audited 31 Dec 2021
Movement in FVIS investments		
Balance at start of the period	0	0
Acquired through business combination	21,891	0
Purchases	0	0
Disposals	(21,891)	0
Unrealised gain during the period	0	0
Balance at end of the period	0	0

10.2 Shareholders' operations

	30 Sep 2022	Audited 31 Dec 2021
Movement in FVIS investments		
Balance at start of the period	0	0
Acquired through business combination	248,798	0
Purchases	16,667	0
Disposals	0	0
Unrealised gain during the period	3,965	0
Balance at end of the period	269,430	0

	30 Sep 2022	Audited 31 Dec 2021
Movement in Available for Sale investments		
Investments at cost	324,648	248,981
Cumulative unrealised gain / (losses)	990	(2,426)
Total balance at start of the period	325,638	246,555
Purchases at cost	54,534	215,000
Disposals at cost	(43,250)	(139,333)
Net movement at cost	11,284	75,667
Net change in fair value of investments	6,447	16,596
Net realised amounts transferred to statement of income	(4,290)	(13,180)
Net change in unrealised fair value of investments	2,157	3,416
Investments at cost	335,932	324,648
Cumulative unrealised gain	3,147	990
Total balance at end of the period	339,079	325,638

	Three Months to 30 Sep 2022	Year to Date to 30 Sep 2022	Three Months to 30 Sep 2021	Year to Date to 30 Sep 2021	Audited Full Year to 31 Dec 2021
Realised gains to statement of income					
Proceeds from disposal of investments	1,083	47,540	38,015	142,954	152,513
Costs of investments sold	(1,083)	(43,250)	(36,083)	(133,250)	(139,333)
Realised gains	0	4,290	1,932	9,704	13,180

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

ALL AMOUNTS IN SAR '000

10.3 Fair Values of Financial Instruments

Determination of fair value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable and willing market participants at the measurement date.

Underlying the definition of fair value is a presumption that the enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms and 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 advantageous accessible market for the asset or liability.

The fair value of financial instruments is based where possible on quoted prices for marketable securities. The fair value of commission bearing items is estimated based on discounted cash flows using commission rates for items with similar terms and risk characteristics.

For financial instruments where there is no active market, fair value is determined by reference to the market value of similar financial instruments or where this cannot be determined, they are calculated using a variety of valuation techniques. The assumptions are taken from observable market data where possible and where this is not possible judgment is relied upon to establish fair values.

Fair value hierarchy

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

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

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

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and 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 liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

	Level 1	Level 2	Level 3	Carrying Value
Available for Sale	12,720	324,436	1,923	339,079
Fair Value Through Income Statement	19,556	249,874	0	269,430
Total 30 September 2022	32,276	574,310	1,923	608,509
Available for Sale	12,702	311,013	1,923	325,638
Fair Value Through Income Statement	0	0	0	0
Total 31 Dec 2021 – Audited	12,702	311,013	1,923	325,638

There were no transfers or reclassifications between or within levels during the nine month period ended 30 September 2022 (31 December 2021: None).

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

ALL AMOUNTS IN SAR '000

11. MOVEMENT IN UNEARNED PREMIUMS

	Gross	Reinsurance	Net
Three Months to 30 Sep 2022			
Balance at start of period	290,468	(79,567)	210,901
Acquired through business combination	0	0	0
Premium written during period	221,867	(62,703)	159,164
Premium earned during period	(261,760)	89,219	(172,541)
Balance at end of period	250,575	(53,051)	197,524
Change in unearned premiums	(39,893)	26,516	(13,377)
Year to Date to 30 Sep 2022			
Balance at start of period	189,910	(41,373)	148,537
Acquired through business combination	2,085	(1,384)	701
Premium written during period	807,254	(267,755)	539,499
Premium earned during period	(748,674)	257,461	(491,213)
Balance at end of period	250,575	(53,051)	197,524
Change in unearned premiums	58,580	(10,294)	48,286
Three Months to 30 Sep 2021			
Balance at start of period	249,787	(95,029)	154,758
Premium written during period	95,624	(17,782)	77,842
Premium earned during period	(141,374)	46,394	(94,980)
Balance at end of period	204,037	(66,417)	137,620
Change in unearned premiums	(45,750)	28,612	(17,138)
Year to Date to 30 Sep 2021			
Balance at start of period	190,453	(71,532)	118,921
Premium written during period	424,968	(146,159)	278,809
Premium earned during period	(411,384)	151,274	(260,110)
Balance at end of period	204,037	(66,417)	137,620
Change in unearned premiums	13,584	5,115	18,699
Full Year ended 31 Dec 2021 – Audited			
Balance at start of year	190,453	(71,532)	118,921
Premium written during year	558,166	(167,356)	390,810
Premium earned during year	(558,709)	197,515	(361,194)
Balance at end of year	189,910	(41,373)	148,537
Change in unearned premiums	(543)	30,159	29,616

12. NET OUTSTANDING CLAIMS AND TECHNICAL RESERVES

	30 Sep 2022	Audited 31 Dec 2021
Outstanding gross claims	232,169	87,531
Gross claims incurred but not reported	210,377	160,342
Premium deficiency reserve	10,950	11,250
Unit reserves	567,076	0
Other technical reserves	9,076	6,700
Outstanding gross claims and technical reserves	1,029,648	265,823
Less reinsurers' share of outstanding gross claims	(153,030)	(57,553)
Less reinsurers' share of gross claims incurred but not reported	(64,829)	(41,599)
Outstanding claims and technical reserves, net	811,789	166,671

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

ALL AMOUNTS IN SAR '000

13. PROVISION FOR ZAKAT AND INCOME TAX

Zakat and income tax have been provided in accordance with regulations currently in force in Saudi Arabia.

The temporary and permanent differences between financial and adjusted taxable results are mainly due to adjustments to depreciation, provisions and other items in accordance with the income tax regulations. Deferred tax arising out of these differences is not significant and accordingly was not provided for.

Zakat is calculated on Saudi shareholders' share of adjusted equity subject to a minimum base equal to the relevant share of adjusted net profit. Foreign shareholders are subject to income tax calculated on the relevant share of adjusted net profit.

	30 Sep 2022	31 Dec 2021
<u>Percentages applicable to zakat and income tax</u>		
Shareholding percentage subject to zakat	97%	94%
Shareholding percentage subject to income tax	3%	6%
<u>Movement on zakat account</u>	30 Sep 2022	Audited 31 Dec 2021
Balance at start of period	39,216	36,483
Acquired through business combination	11,928	0
Provided	13,874	9,713
Paid	(17,741)	(6,980)
Balance at end of period	47,277	39,216
<u>Movement on income tax account</u>		
Balance at start of period	1,500	1,752
Provided	261	741
Paid	(820)	(993)
Balance at end of period	941	1,500

Status of assessments

The Company has filed zakat and income tax returns for the period from incorporation to 31 December 2008 and for each of the years ended 31 December 2009 to 31 December 2021.

The returns filed covering periods to 31 December 2014 have been agreed and finalised with Zakat, Tax and Customs Authority (ZATCA) and zakat and income tax liabilities arising thereon have been discharged in full. Final assessments are awaited for the remaining outstanding years.

14. SHARE CAPITAL

The Board of Directors resolved in their meeting held on 12 January 2021 to increase the share capital subject to receiving the required approvals of the relevant authorities and thereafter the approval of shareholders.

The resolution provided for a share capital increase from 300,000 to 400,000 by issuing one bonus share for every three shares held thereby increasing the number of shares in issue from 30,000,000 shares to 40,000,000 shares with the additional 100,000 share capital generated by capitalising 80,000 from retained earnings and 20,000 from statutory reserve.

Approval was received from the Saudi Central Bank (SAMA) and the Capital Market Authority (CMA) on 08 April 2021 and 06 May 2021, respectively. Approval from shareholders was obtained in the general assembly meeting held on 09 June 2021 and the bonus shares were issued on 10 June 2021. The total transaction costs relating to the bonus share issue amounted to 35.

The shareholders of the Company in their Extraordinary General Assembly meeting ("EGAM") held on 09 December 2021 (corresponding to 05 Jumada Al Oula 1443) approved increasing share capital to acquire Al Ahli Takaful Company. The Company has announced the effectiveness of the merger of ATC into the Company on 12 January 2022 (corresponding to 09 Jumada Al-Thani 1443) after satisfying the Merger conditions agreed between the two companies in the Merger agreement and set out in the Shareholder Circular and the Offer Document issued by the Company with respect to the Merger, including the expiry of the creditors' objection period with no outstanding or unsettled objections. The merger resulted in the increase of the paid-up capital from 400,000 to 638,525.

15. STATUTORY RESERVE

In compliance with the Cooperative Insurance Law, the Implementing Regulations and the By-Laws, 20% of shareholders' net profit (as defined below) is transferred to statutory reserve at the end of each financial year until the statutory reserve amounts to 100% of the paid capital.

In calculating Statutory Reserve, shareholders' net profit is stated after deducting zakat and income tax charges and excludes unrealised investment gain.

The Statutory Reserve is not available for distribution but it may be converted to share capital in funding a bonus share issue.

16. EARNINGS PER SHARE

Earnings per share is calculated by dividing shareholders' net profit (as defined below) by the weighted average number of issued shares during the period.

In calculating earnings per share, shareholders' net profit is stated after deducting zakat and income tax charges and excludes unrealised investment gains.

Earnings per share is calculated based on the revised number of shares following the business combination share issue on 12 January 2022. The weighted average number of issued shares in 30 September 2022 is 63,852,462 (30 September 2021: 40,000,000).

As there are no dilutive effects, basic and diluted SAR earnings per share are the same.

17. CAPITAL MANAGEMENT

Objectives are set by the Company to optimise the structure and sources of capital and maintain healthy capital ratios to support its business objectives and consistently maximise returns to shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity shareholders' funds. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximising the return to stakeholders. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, statutory reserves, retained earnings and fair value reserve on investments.

The Implementing Regulations detail a minimum solvency margin requirement calculated as the highest of the following:

- Minimum net assets of 100,000 – calculated after adjusting for admissibility factors
- Premium solvency margin calculation
- Claims solvency margin calculation

The Company is in compliance with all externally imposed capital requirements. The capital structure of the Company as shown in the statement of interim condensed financial position as at 30 September 2022 totals 1,104,282 consisting of paid-up share capital 638,525, share premium 355,879, statutory reserves 26,097, retained earnings 83,394, fair value reserve gain on investments 3,147 and re-measurement reserve for end of service indemnities (2,760), 31 December 2021 totals 488,713 consisting of paid-up share capital 400,000, statutory reserves 26,097, retained earnings 64,386, fair value reserve loss on investments 990 and re-measurement reserve for end of service indemnities (2,760).

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

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

ALL AMOUNTS IN SAR '000

18. RELATED PARTY TRANSACTIONS AND BALANCES**Definitions and explanations**

Related parties represent shareholders, both individual and corporate, directors, members of the audit, executive, investment, risk and nomination and remuneration committees, the board secretary, key executives and entities controlled (including jointly controlled) or significantly influenced by such parties. The immediate families of the above are related parties.

All transactions with related parties are made on an arm's length basis and no conflicts or potential conflicts of interest were identified during the nine month period ended 30 September 2022 and 2021. Amounts due to related parties do not include amounts provided for outstanding claims under processing or IBNR. Balances due to or from related parties are unsecured, interest free and are settled in cash and no guarantees have been made or received in relation to any related party transaction or balance.

The following are the details of the major related party transactions during the period and the related balances.

Salaries and Allowances of Key Executives and Board Secretary

Salaries and Allowances encompass all elements of compensation including provision for end of service benefit.

Salaries and Allowances	Three Months to		Year to Date to	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Provided and paid for key executives	1,547	1,588	5,462	5,677

Transactions with and amounts due to and from related parties

Transactions with related parties	Three Months to		Year to Date to	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Gross written premiums from related parties				
Shareholders	81	0	5,020	231
Committees, board secretary and key executives	0	0	11	24
Entities controlled or significantly influenced	69,343	5,212	384,223	211,884
Ceded written premiums to related parties				
Entities controlled or significantly influenced	23	30	128	87
Commissions from related parties				
Entities controlled or significantly influenced	3	4	13	17
Commissions to related parties				
Entities controlled or significantly influenced	0	0	0	0
Gross claims paid by related parties				
Shareholders	23	0	70	35
Entities controlled or significantly influenced	31,211	25,284	99,432	86,960

Amounts due to and from related parties	Audited	
	30 Sep 2022	31 Dec 2021
Amounts due from related parties		
Shareholders	0	0
Entities controlled or significantly influenced	62,026	13,554
Provision	(8,615)	(605)
Total due from related parties, net	53,411	12,949
Amounts due to related parties		
Entities controlled or significantly influenced	492	566
Total due to related parties	492	566

19. SEGMENT REPORTING

Segment reporting is not undertaken for shareholders' operations, assets and liabilities.

Insurance operations - geographic segments:

The Company has since incorporation operated primarily in Saudi Arabia.

Insurance operations - operating segments:

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

Transactions between operating segments are on normal commercial terms and conditions.

The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of income.

There have been no changes to the basis of segmentation or the measurement basis for segment profits or losses since 31 December 2021.

Unallocated assets not subject to segmentation are cash and cash equivalents, short term fixed income deposits, premiums and reinsurers' receivable – net, investments, due from related parties – net, prepaid expenses and other assets, property and equipment – net, intangible assets – net, goodwill, statutory deposits and accrued income on statutory deposits.

Unallocated liabilities not subject to segmentation are accrued and other liabilities, due to related parties, accounts payable, withholding tax provision, regulators' levies provision, end-of-service indemnities, policyholders' surplus distribution payable, zakat, income tax and accrued commission income payable to SAMA.

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

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

ALL AMOUNTS IN SAR '000

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 September 2022 and 31 December 2021 and for its total revenues, expenses and net income for the three and nine month periods then ended are as follows:

Operating segments 30 Sep 2022	Motor	Medical	Property & Casualty	Protection & Savings	Total Insurance Operations	Total Shareholders' Operations	Total
ASSETS							
Allocated assets:							
Reinsurers' share of unearned gross premiums	17,001	0	29,052	6,998	53,051	0	53,051
Reinsurers' share of outstanding gross claims	28,272	0	15,965	108,793	153,030	0	153,030
Reinsurers' share of gross claims incurred but not reported	27,500	0	3,852	33,477	64,829	0	64,829
Deferred excess of loss expenses	340	0	493	86	919	0	919
Deferred policy acquisition costs	2,334	7,874	663	504	11,375	0	11,375
Deferred third party administrator expenses	0	4,378	0	0	4,378	0	4,378
Deferred withholding tax	640	0	1,114	84	1,838	0	1,838
Unit-linked investments	0	0	0	572,732	572,732	0	572,732
Total allocated assets	76,087	12,252	51,139	722,674	862,152	0	862,152
Unallocated assets:							
Cash and cash equivalents					54,655	664	55,319
Short term fixed income deposits					299,114	115,411	414,525
Premiums and reinsurers' receivable – net					123,087	0	123,087
Investments					0	608,509	608,509
Due from related parties – net					53,411	0	53,411
Prepaid expenses and other assets					72,425	12,542	84,967
Property and equipment – net					5,961	0	5,961
Intangible assets – net					10,662	0	10,662
Goodwill					0	399,192	399,192
Statutory deposit					0	63,852	63,852
Accrued income and statutory deposit					0	6,227	6,227
Total unallocated assets					619,315	1,206,397	1,825,712
TOTAL ASSETS					1,481,467	1,206,397	2,687,864
LIABILITIES							
Allocated liabilities:							
Reinsurers' balances payable	700	0	12,021	48,764	61,485	0	61,485
Unearned gross premiums	42,173	166,287	32,582	9,533	250,575	0	250,575
Unearned reinsurance commission	3,360	0	6,079	1,275	10,714	0	10,714
Outstanding gross claims	48,881	13,293	23,416	146,579	232,169	0	232,169
Gross claims incurred but not reported	55,000	107,500	5,610	42,267	210,377	0	210,377
Premium deficiency reserve	5,750	5,000	200		10,950	0	10,950
Unit reserves	0	0	0	567,076	567,076	0	567,076
Other technical reserves	2,750	2,575	750	3,001	9,076	0	9,076
Total allocated liabilities	158,614	294,655	80,658	818,495	1,352,422	0	1,352,422
Unallocated liabilities:							
Accrued and other liabilities					81,130	3,675	84,805
Due to related parties					492	0	492
Accounts payable					46,421	0	46,421
Withholding tax provision					1,950	0	1,950
End-of-service indemnities					13,557	0	13,557
Policyholders' surplus distribution payable					29,490	0	29,490
Zakat					0	47,277	47,277
Income tax					0	941	941
Accrued commission income payable to SAMA					0	6,227	6,227
Total unallocated liabilities					173,040	58,120	231,160
TOTAL LIABILITIES					1,525,462	58,120	1,583,582

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

ALL AMOUNTS IN SAR '000

Operating segments 31 Dec 2021 – Audited	Motor	Medical	Property & Casualty	Protection & Savings	Total Insurance Operations	Total Shareholders' Operations	Total
ASSETS							
Allocated assets:							
Reinsurers' share of unearned gross premiums	18,871	0	17,273	5,229	41,373	0	41,373
Reinsurers' share of outstanding gross claims	23,140	0	30,054	4,359	57,553	0	57,553
Reinsurers' share of gross claims incurred but not reported	35,001	0	5,726	872	41,599	0	41,599
Deferred policy acquisition costs	2,095	6,830	733	468	10,126	0	10,126
Deferred third party administrator expenses	0	5,849	0	0	5,849	0	5,849
Deferred withholding tax	945	0	767	261	1,973	0	1,973
Deferred regulators' levies	191	1,888	86	34	2,199	0	2,199
Total allocated assets	80,243	14,567	54,639	11,223	160,672	0	160,672
Unallocated assets:							
Cash and cash equivalents					231,062	134,493	365,555
Premiums and reinsurers' receivable – net					149,465	0	149,465
Investments					0	325,638	325,638
Due from related parties – net					12,949	0	12,949
Prepaid expenses and other assets					28,669	2,366	31,035
Property and equipment – net					2,713	0	2,713
Intangible assets – net					10,667	0	10,667
Goodwill					0	46,794	46,794
Statutory deposit					0	40,000	40,000
Accrued income and statutory deposit					0	3,134	3,134
Total unallocated assets					435,525	552,425	987,950
TOTAL ASSETS					596,197	552,425	1,148,622
LIABILITIES							
Allocated liabilities:							
Reinsurers' balances payable	412	0	8,971	4,491	13,874	0	13,874
Unearned gross premiums	38,049	125,854	19,194	6,813	189,910	0	189,910
Unearned reinsurance commission	3,774	0	3,870	1,148	8,792	0	8,792
Outstanding gross claims	40,660	4,420	37,678	4,773	87,531	0	87,531
Gross claims incurred but not reported	70,000	81,750	7,401	1,191	160,342	0	160,342
Premium deficiency reserve	1,600	9,650	0	0	11,250	0	11,250
Other technical reserves	3,000	2,600	920	180	6,700	0	6,700
Total allocated liabilities	157,495	224,274	78,034	18,596	478,399	0	478,399
Unallocated liabilities:							
Accrued and other liabilities					69,873	2,512	72,385
Due to related parties					566	0	566
Accounts payable					43,864	0	43,864
Withholding tax provision					3,863	0	3,863
Regulators' levies provision					1,655	0	1,655
End-of-service indemnities					10,207	0	10,207
Policyholders' surplus distribution payable					5,120	0	5,120
Zakat					0	39,216	39,216
Income tax					0	1,500	1,500
Accrued commission income payable to SAMA					0	3,134	3,134
Total unallocated liabilities					135,148	46,362	181,510
TOTAL LIABILITIES					613,547	46,362	659,909

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

ALL AMOUNTS IN SAR '000

Operating segments For the three month period ended 30 Sep 2022	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	10,324	9,166	1,990	35,954	57,434
• Very small corporate entities	417	17,498	8	0	17,923
• Small corporate entities	1,941	3,644	328	(20)	5,893
• Medium corporate entities	1,568	22,809	2,019	1	26,397
• Large corporate entities	1,777	44,292	2,613	65,538	114,220
Gross premiums written – total	16,027	97,409	6,958	101,473	221,867
Reinsurance premiums ceded – local	(1,763)	0	(712)	(24,211)	(26,686)
Reinsurance premiums ceded – foreign	(4,621)	0	(4,353)	(26,116)	(35,090)
Excess of loss expenses	(340)	0	(493)	(94)	(927)
Net premiums written	9,303	97,409	1,400	51,052	159,164
Change in unearned gross premiums	8,808	6,078	20,836	4,171	39,893
Change in reinsurers' share of unearned gross premiums	(4,147)	0	(19,479)	(2,890)	(26,516)
Net premiums earned	13,964	103,487	2,757	52,333	172,541
Reinsurance commissions	2,087	0	5,218	1,074	8,379
Other underwriting income	504	12,200	(1,880)	1,008	11,832
TOTAL REVENUES	16,555	115,687	6,095	54,415	192,752
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(21,551)	(80,204)	(453)	(50,027)	(152,235)
Reinsurers' share of gross claims paid	9,393	0	362	39,533	49,288
Net claims paid	(12,158)	(80,204)	(91)	(10,494)	(102,947)
Change in outstanding gross claims	(3,399)	(10,294)	(705)	3,271	(11,127)
Change in reinsurers' share of outstanding gross claims	1,306	0	252	(2,425)	(867)
Change in gross IBNR	0	0	347	(18,140)	(17,793)
Change in reinsurers' share of gross IBNR	0	0	(513)	14,480	13,967
Net claims incurred	(14,251)	(90,498)	(710)	(13,308)	(118,767)
Investible Contribution, net	0	0	0	(29,776)	(29,776)
Policy acquisition costs	(1,335)	(4,128)	(316)	(266)	(6,045)
Third party administrator expenses	0	(2,730)	0	0	(2,730)
Withholding tax	(416)	0	(1,292)	(642)	(2,350)
Regulators' levies	0	562	(1)	0	561
Other underwriting expenses	(620)	(439)	(655)	(1,397)	(3,111)
TOTAL UNDERWRITING COSTS AND EXPENSES	(16,622)	(97,233)	(2,974)	(45,389)	(162,218)
NET UNDERWRITING INCOME	(67)	18,454	3,121	9,026	30,534
OTHER OPERATING INCOME / (EXPENSES)					
Reversal of doubtful debts					600
General and administrative expenses					(18,554)
Depreciation and amortisation					(1,530)
Commission income on deposits					2,880
TOTAL OTHER OPERATING EXPENSES					(16,604)
NET SURPLUS FROM INSURANCE OPERATIONS					13,930
Transfer of surplus to Shareholders' Operations					(12,537)
NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS					1,393

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

ALL AMOUNTS IN SAR '000

Operating segments For the period to date 30 Sep 2022	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	35,371	35,059	4,704	111,466	186,600
• Very small corporate entities	1,177	35,052	145	0	36,374
• Small corporate entities	9,273	9,968	1,423	(39)	20,625
• Medium corporate entities	11,794	39,362	6,061	9	57,226
• Large corporate entities	22,742	206,594	77,725	199,368	506,429
Gross premiums written – total	80,357	326,035	90,058	310,804	807,254
Reinsurance premiums ceded – local	(8,219)	0	(6,670)	(68,797)	(83,686)
Reinsurance premiums ceded – foreign	(23,875)	0	(74,489)	(82,575)	(180,939)
Excess of loss expenses	(1,019)	0	(1,480)	(631)	(3,130)
Net premiums written	47,244	326,035	7,419	158,801	539,499
Change in unearned gross premiums	(4,124)	(40,432)	(13,388)	(636)	(58,580)
Change in reinsurers' share of unearned gross premiums	(1,872)	0	11,780	386	10,294
Net premiums earned	41,248	285,603	5,811	158,551	491,213
Reinsurance commissions	6,753	0	15,723	3,132	25,608
Other underwriting income	504	17,284	71	3,322	21,181
TOTAL REVENUES	48,505	302,887	21,605	165,005	538,002
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(72,701)	(229,563)	(2,432)	(85,707)	(390,403)
Reinsurers' share of gross claims paid	33,796	0	1,951	67,346	103,093
Net claims paid	(38,905)	(229,563)	(481)	(18,361)	(287,310)
Change in outstanding gross claims	(8,220)	(8,874)	14,261	(57,833)	(60,666)
Change in reinsurers' share of outstanding gross claims	5,132	0	(14,089)	46,633	37,676
Change in gross IBNR	15,000	(25,750)	1,791	(8,358)	(17,317)
Change in reinsurers' share of gross IBNR	(7,500)	0	(1,874)	6,853	(2,521)
Net claims incurred	(34,493)	(264,187)	(392)	(31,066)	(330,138)
Investible Contribution, net	0	0	0	(87,927)	(87,927)
Premium deficiency reserve	(4,150)	4,650	(200)	0	300
Other technical reserves	250	25	170	(2,384)	(1,939)
Policy acquisition costs	(3,752)	(10,355)	(781)	(3,314)	(18,202)
Third party administrator expenses	0	(7,388)	0	0	(7,388)
Withholding tax	(1,548)	0	(2,776)	(1,779)	(6,103)
Regulators' levies	(190)	(1,888)	(87)	(34)	(2,199)
Other underwriting expenses	(2,299)	(1,969)	(2,343)	(2,011)	(8,622)
TOTAL UNDERWRITING COSTS AND EXPENSES	(46,182)	(281,112)	(6,409)	(128,515)	(462,218)
NET UNDERWRITING INCOME	2,323	21,775	15,196	36,490	75,784
OTHER OPERATING INCOME / (EXPENSES)					
Allowance for doubtful debts					(2,584)
General and administrative expenses					(56,137)
Depreciation and amortisation					(4,451)
Commission income on deposits					5,308
Realised gain on FVIS investments					80
TOTAL OTHER OPERATING EXPENSES					(57,784)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS					18,000
Absorption of deficit by / transfer of surplus to Shareholders' Operations					(16,200)
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS					1,800

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

ALL AMOUNTS IN SAR '000

Operating segments For the three month period ended 30 Sep 2021	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	15,386	6,960	(1,525)	0	20,821
• Very small corporate entities	255	1,586	52	0	1,893
• Small corporate entities	413	3,337	1,325	0	5,075
• Medium corporate entities	1,639	2,120	1,693	0	5,452
• Large corporate entities	1,913	52,054	2,780	5,636	62,383
Gross premiums written – total	19,606	66,057	4,325	5,636	95,624
Reinsurance premiums ceded – local	(1,966)	0	(861)	(56)	(2,883)
Reinsurance premiums ceded – foreign	(7,793)	0	(2,120)	(4,272)	(14,185)
Excess of loss expenses	(160)	0	(413)	(141)	(714)
Net premiums written	9,687	66,057	931	1,167	77,842
Change in unearned gross premiums	19,089	6,210	19,443	1,008	45,750
Change in reinsurers' share of unearned gross premiums	(11,049)	0	(16,789)	(774)	(28,612)
Net premiums earned	17,727	72,267	3,585	1,401	94,980
Reinsurance commissions	4,079	0	2,726	1,136	7,941
Other underwriting income	42	358	0	0	400
TOTAL REVENUES	21,848	72,625	6,311	2,537	103,321
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(35,689)	(48,282)	(713)	(4,456)	(89,140)
Reinsurers' share of gross claims paid	19,672	0	439	3,953	24,064
Net claims paid	(16,017)	(48,282)	(274)	(503)	(65,076)
Change in outstanding gross claims	(3,645)	1,038	(1,373)	1,133	(2,847)
Change in reinsurers' share of outstanding gross claims	2,015	0	1,070	(1,025)	2,060
Change in gross IBNR	0	(4,500)	(268)	194	(4,574)
Change in reinsurers' share of gross IBNR	1	0	228	(205)	24
Net claims incurred	(17,646)	(51,744)	(617)	(406)	(70,413)
Premium deficiency reserve	(200)	3,300	0	0	3,100
Other technical reserves	(103)	(251)	(91)	23	(422)
Policy acquisition costs	(1,186)	(2,059)	(253)	(575)	(4,073)
Third party administrator expenses	(86)	(1,812)	0	0	(1,898)
Withholding tax	(950)	0	(910)	(259)	(2,119)
Regulators' levies	(183)	(1,084)	(111)	(33)	(1,411)
Other underwriting expenses	(452)	(486)	(557)	(237)	(1,732)
TOTAL UNDERWRITING COSTS AND EXPENSES	(20,806)	(54,136)	(2,539)	(1,487)	(78,968)
NET UNDERWRITING INCOME	1,042	18,489	3,772	1,050	24,353
OTHER OPERATING INCOME / (EXPENSES)					
Reversal of doubtful debts					4,350
General and administrative expenses					(12,748)
Depreciation and amortisation					(935)
Commission income on deposits					693
TOTAL OTHER OPERATING EXPENSES					(8,640)
NET SURPLUS FROM INSURANCE OPERATIONS					15,713
Transfer of surplus to Shareholders' Operations					(14,141)
NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS					1,572

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

ALL AMOUNTS IN SAR '000

Operating segments For the period to date 30 Sep 2021	Motor	Medical	Property & Casualty	Protection & Savings	Insurance Operations
REVENUES					
Gross premiums written:					
• Individuals	55,894	13,194	2,603	0	71,691
• Very small corporate entities	6,072	3,736	1,027	0	10,835
• Small corporate entities	5,183	4,619	9,083	0	18,885
• Medium corporate entities	3,652	3,224	2,597	0	9,473
• Large corporate entities	21,880	190,688	80,066	21,450	314,084
Gross premiums written – total	92,681	215,461	95,376	21,450	424,968
Reinsurance premiums ceded – local	(9,257)	0	(7,755)	(170)	(17,182)
Reinsurance premiums ceded – foreign	(36,669)	0	(73,613)	(15,860)	(126,142)
Excess of loss expenses	(1,078)	0	(1,334)	(423)	(2,835)
Net premiums written	45,677	215,461	12,674	4,997	278,809
Change in unearned gross premiums	29,869	(22,642)	(18,447)	(2,364)	(13,584)
Change in reinsurers' share of unearned gross premiums	(22,174)	0	16,177	882	(5,115)
Net premiums earned	53,372	192,819	10,404	3,515	260,110
Reinsurance commissions	13,248	0	10,950	3,244	27,442
Other underwriting income	5,752	8,315	0	0	14,067
TOTAL REVENUES	72,372	201,134	21,354	6,759	301,619
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	(106,073)	(159,311)	(2,434)	(9,989)	(277,807)
Reinsurers' share of gross claims paid	60,344	0	1,949	8,141	70,434
Net claims paid	(45,729)	(159,311)	(485)	(1,848)	(207,373)
Change in outstanding gross claims	(2,965)	(27)	5,823	27,239	30,070
Change in reinsurers' share of outstanding gross claims	1,518	0	(5,550)	(25,902)	(29,934)
Change in gross IBNR	1,200	(1,500)	1,025	5,275	6,000
Change in reinsurers' share of gross IBNR	(597)	0	(961)	(5,180)	(6,738)
Net claims incurred	(46,573)	(160,838)	(148)	(416)	(207,975)
Premium deficiency reserve	1,050	7,250	0	0	8,300
Other technical reserves	1,995	990	(1,470)	815	2,330
Policy acquisition costs	(3,487)	(4,502)	(1,057)	(1,664)	(10,710)
Third party administrator expenses	(183)	(4,958)	0	0	(5,141)
Withholding tax	(2,988)	0	(2,497)	(770)	(6,255)
Regulators' levies	(566)	(2,892)	(353)	(95)	(3,906)
Other underwriting expenses	(2,166)	(1,136)	(1,250)	(501)	(5,053)
TOTAL UNDERWRITING COSTS AND EXPENSES	(52,918)	(166,086)	(6,775)	(2,631)	(228,410)
NET UNDERWRITING INCOME	19,454	35,048	14,579	4,128	73,209
OTHER OPERATING INCOME / (EXPENSES)					
Allowance for doubtful debts					(4,840)
General and administrative expenses					(36,344)
Depreciation and amortisation					(3,227)
Commission income on deposits					2,638
TOTAL OTHER OPERATING EXPENSES					(41,773)
NET SURPLUS / (DEFICIT) FROM INSURANCE OPERATIONS					31,436
Absorption of deficit by / transfer of surplus to Shareholders' Operations					(28,292)
NET RESULT FROM INSURANCE OPERATIONS AFTER ABSORPTION OF DEFICIT BY / TRANSFER OF SURPLUS TO SHAREHOLDERS					3,144

20. COMMITMENTS AND CONTINGENCIES

At 30 September 2022 Letters of Guarantee were outstanding in favour of various beneficiaries as follows:

	30 Sep 2022	Audited 31 Dec 2021
Medical provider	801	1,000
Capital commitments for systems software	1,557	1,884
Total	2,358	2,884

The Company is subject to legal proceedings in the ordinary course of business.

At 30 September 2022 there were no other commitments, contingencies or outstanding legal proceedings or disputes of a material nature.

21. PURCHASE OF INSURANCE PORTFOLIO AND RELATED BUSINESS, ASSETS AND LIABILITIES OF ARABIAN SHIELD INSURANCE COMPANY EC

The insurance portfolio and related business of Arabian Shield Insurance Company EC was acquired by the Company effective 1 January 2009 at a purchase consideration approved by SAMA resulting in a Goodwill amount of 49,100.

The related assets and liabilities of Arabian Shield Insurance Company EC were also acquired at book value amounting to 20,826 as per the audited financial statements of Arabian Shield Insurance Company EC at 31 December 2008.

The combined sum due to Arabian Shield Insurance Company EC in consideration for goodwill and net assets acquired amounted to 69,926.

Based on criteria related to the Company's earnings up to 31 December 2015 the Goodwill amount was subsequently reduced by 2,306 to 46,794. This in turn resulted in a reduction in the combined sum due to Arabian Shield Insurance Company EC from 69,926 to 67,619 which has been fully paid with no further amounts owing.

The company carried out an assessment of impairment, annually concluding the fair value less cost to sell approach to determine the reasonable value, based on the assessment the goodwill is not consider to be impaired.

22. COMPARATIVE FIGURES

Certain prior period amounts or balances may have been reclassified to conform with the current presentation.

23. BOARD OF DIRECTORS' APPROVAL

The interim condensed financial statements were approved by the Company's Board of Directors on 02 November 2022 (corresponding to 08 Rabi Al-Thani 1444).

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

ALL AMOUNTS IN SAR '000

24. SUPPLEMENTARY INFORMATION

UNAUDITED INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION	30 Sep 2022			Audited 31 Dec 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
ASSETS						
Cash and cash equivalents	54,655	664	55,319	231,062	134,493	365,555
Short term fixed income deposits	299,114	115,411	414,525	0	0	0
Premiums and reinsurers' receivable – net	123,087	0	123,087	149,465	0	149,465
Reinsurers' share of unearned gross premiums	53,051	0	53,051	41,373	0	41,373
Reinsurers' share of outstanding gross claims	153,030	0	153,030	57,553	0	57,553
Reinsurers' share of gross claims incurred but not reported	64,829	0	64,829	41,599	0	41,599
Deferred excess of loss expenses	919	0	919	0	0	0
Deferred policy acquisition costs	11,375	0	11,375	10,126	0	10,126
Deferred third party administrator expenses	4,378	0	4,378	5,849	0	5,849
Deferred withholding tax	1,838	0	1,838	1,973	0	1,973
Deferred regulators' levies	0	0	0	2,199	0	2,199
Unit-linked investments	572,732	0	572,732	0	0	0
Investments	0	608,509	608,509	0	325,638	325,638
Due to / from shareholders / insurance operations	41,235	(41,235)	0	14,590	(14,590)	0
Due from related parties – net	53,411	0	53,411	12,949	0	12,949
Prepaid expenses and other assets	72,425	12,542	84,967	28,669	2,366	31,035
Property and equipment – net	5,961	0	5,961	2,713	0	2,713
Intangible assets – net	10,662	0	10,662	10,667	0	10,667
Goodwill	0	399,192	399,192	0	46,794	46,794
Statutory deposit	0	63,852	63,852	0	40,000	40,000
Accrued income on statutory deposit	0	6,227	6,227	0	3,134	3,134
TOTAL ASSETS	1,522,702	1,165,162	2,687,864	610,787	537,835	1,148,622
LIABILITIES						
Accrued and other liabilities	81,130	3,675	84,805	69,873	2,512	72,385
Reinsurers' balances payable	61,485	0	61,485	13,874	0	13,874
Unearned gross premiums	250,575	0	250,575	189,910	0	189,910
Unearned reinsurance commission	10,714	0	10,714	8,792	0	8,792
Outstanding gross claims	232,169	0	232,169	87,531	0	87,531
Gross claims incurred but not reported	210,377	0	210,377	160,342	0	160,342
Premium deficiency reserve	10,950	0	10,950	11,250	0	11,250
Unit reserves	567,076	0	567,076	0	0	0
Other technical reserves	9,076	0	9,076	6,700	0	6,700
Due to related parties	492	0	492	566	0	566
Accounts payable	46,421	0	46,421	43,864	0	43,864
Withholding tax provision	1,950	0	1,950	3,863	0	3,863
Regulators' levies provision	0	0	0	1,655	0	1,655
End-of-service indemnities	13,557	0	13,557	10,207	0	10,207
Policyholders' surplus distribution payable	29,490	0	29,490	5,120	0	5,120
Zakat	0	47,277	47,277	0	39,216	39,216
Income tax	0	941	941	0	1,500	1,500
Accrued commission income payable to SAMA	0	6,227	6,227	0	3,134	3,134
TOTAL LIABILITIES	1,525,462	58,120	1,583,582	613,547	46,362	659,909
EQUITY						
Share capital	0	638,525	638,525	0	400,000	400,000
Share premium	0	355,879	355,879	0	0	0
Statutory reserve	0	26,097	26,097	0	26,097	26,097
Retained earnings	0	83,394	83,394	0	64,386	64,386
Fair value reserve gain on investments	0	3,147	3,147	0	990	990
TOTAL SHAREHOLDERS' EQUITY	0	1,107,042	1,107,042	0	491,473	491,473
Re-measurement reserve for end of service indemnities	(2,760)	0	(2,760)	(2,760)	0	(2,760)
TOTAL EQUITY	(2,760)	1,107,042	1,104,282	(2,760)	491,473	488,713
TOTAL LIABILITIES AND EQUITY	1,522,702	1,165,162	2,687,864	610,787	537,835	1,148,622

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

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME	Three Months to 30 Sep 2022			Three Months to 30 Sep 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
REVENUES						
Gross premiums written	221,867	0	221,867	95,624	0	95,624
Reinsurance premiums ceded – local	(26,686)	0	(26,686)	(2,883)	0	(2,883)
Reinsurance premiums ceded – foreign	(35,090)	0	(35,090)	(14,185)	0	(14,185)
Excess of loss expenses	(927)	0	(927)	(714)	0	(714)
Net premiums written	159,164	0	159,164	77,842	0	77,842
Change in unearned gross premiums	39,893	0	39,893	45,750	0	45,750
Change in reinsurers' share of unearned gross premiums	(26,516)	0	(26,516)	(28,612)	0	(28,612)
Net premiums earned	172,541	0	172,541	94,980	0	94,980
Reinsurance commissions	8,379	0	8,379	7,941	0	7,941
Other underwriting income	11,832	0	11,832	400	0	400
TOTAL REVENUES	192,752	0	192,752	103,321	0	103,321
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(152,235)	0	(152,235)	(89,140)	0	(89,140)
Reinsurers' share of gross claims paid	49,288	0	49,288	24,064	0	24,064
Net claims paid	(102,947)	0	(102,947)	(65,076)	0	(65,076)
Change in outstanding gross claims	(11,127)	0	(11,127)	(2,847)	0	(2,847)
Change in reinsurers' share of outstanding gross claims	(867)	0	(867)	2,060	0	2,060
Change in gross IBNR	(17,793)	0	(17,793)	(4,574)	0	(4,574)
Change in reinsurers' share of gross IBNR	13,967	0	13,967	24	0	24
Net claims incurred	(118,767)	0	(118,767)	(70,413)	0	(70,413)
Investible contribution, net	(29,776)	0	(29,776)	0	0	0
Premium deficiency reserve	0	0	0	3,100	0	3,100
Other technical reserves	0	0	0	(422)	0	(422)
Policy acquisition costs	(6,045)	0	(6,045)	(4,073)	0	(4,073)
Third party administrator expenses	(2,730)	0	(2,730)	(1,898)	0	(1,898)
Withholding tax	(2,350)	0	(2,350)	(2,119)	0	(2,119)
Regulators' levies	561	0	561	(1,411)	0	(1,411)
Other underwriting expenses	(3,111)	0	(3,111)	(1,732)	0	(1,732)
TOTAL UNDERWRITING COSTS AND EXPENSES	(162,218)	0	(162,218)	(78,968)	0	(78,968)
NET UNDERWRITING INCOME	30,534	0	30,534	24,353	0	24,353
OTHER OPERATING INCOME / (EXPENSES)						
Reversal of doubtful debts	600	0	600	4,350	0	4,350
General and administrative expenses	(18,554)	(2,304)	(20,858)	(12,748)	(6,839)	(19,587)
Depreciation and amortisation	(1,530)	0	(1,530)	(935)	0	(935)
Commission income on deposits	2,880	509	3,389	693	500	1,193
Commission income on sukuk	0	1,839	1,839	0	1,229	1,229
Dividend income	0	1,927	1,927	0	583	583
Unrealised gain on FVIS investment	0	2,202	2,202	0	0	0
Realised gain on FVIS investment	0	0	0	0	0	0
Realised gain on available for sale investments	0	0	0	0	1,932	1,932
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(16,604)	4,173	(12,431)	(8,640)	(2,595)	(11,235)
INCOME BEFORE SURPLUS, ZAKAT AND INCOME TAX	13,930	4,173	18,103	15,713	(2,595)	13,118
Absorption of deficit by / transfer of surplus to Shareholders	(12,537)	12,537	0	(14,141)	14,141	0
INCOME BEFORE ZAKAT AND INCOME TAX	1,393	16,710	18,103	1,572	11,546	13,118
Zakat charge	0	(4,383)	(4,383)	0	(2,918)	(2,918)
Income tax charge	0	(77)	(77)	0	(112)	(112)
INCOME AFTER ZAKAT AND INCOME TAX	1,393	12,250	13,643	1,572	8,516	10,088

Basic and diluted SAR earnings per share

0.91

0.21

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

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	Three Months to 30 Sep 2022			Three Months to 30 Sep 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Income after zakat and income tax	1,393	12,250	13,643	1,572	8,516	10,088
Other comprehensive income / (loss)						
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Actuarial loss on end of service indemnities	0	0	0	(1,000)	0	(1,000)
<i>Items that are or may be reclassified to statement of income in subsequent periods:</i>						
Available for sale investments:						
Net change in fair value of investments	0	(3,525)	(3,525)		2,260	2,260
Realised gain transferred to statement of income	0	0	0		(1,932)	(1,932)
Net change in unrealised fair value of investments	0	(3,525)	(3,525)	0	328	328
COMPREHENSIVE INCOME FOR THE PERIOD	1,393	8,725	10,118	572	8,844	9,416

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

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF INCOME	Period to date to 30 Sep 2022			Period to date to 30 Sep 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
REVENUES						
Gross premiums written	807,254	0	807,254	424,968	0	424,968
Reinsurance premiums ceded – local	(83,686)	0	(83,686)	(17,182)	0	(17,182)
Reinsurance premiums ceded – foreign	(180,939)	0	(180,939)	(126,142)	0	(126,142)
Excess of loss expenses	(3,130)	0	(3,130)	(2,835)	0	(2,835)
Net premiums written	539,499	0	539,499	278,809	0	278,809
Change in unearned gross premiums	(58,580)	0	(58,580)	(13,584)	0	(13,584)
Change in reinsurers' share of unearned gross premiums	10,294	0	10,294	(5,115)	0	(5,115)
Net premiums earned	491,213	0	491,213	260,110	0	260,110
Reinsurance commissions	25,608	0	25,608	27,442	0	27,442
Other underwriting income	21,181	0	21,181	14,067	0	14,067
TOTAL REVENUES	538,002	0	538,002	301,619	0	301,619
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(390,403)	0	(390,403)	(277,807)	0	(277,807)
Reinsurers' share of gross claims paid	103,093	0	103,093	70,434	0	70,434
Net claims paid	(287,310)	0	(287,310)	(207,373)	0	(207,373)
Change in outstanding gross claims	(60,666)	0	(60,666)	30,070	0	30,070
Change in reinsurers' share of outstanding gross claims	37,676	0	37,676	(29,934)	0	(29,934)
Change in gross IBNR	(17,317)	0	(17,317)	6,000	0	6,000
Change in reinsurers' share of gross IBNR	(2,521)	0	(2,521)	(6,738)	0	(6,738)
Net claims incurred	(330,138)	0	(330,138)	(207,975)	0	(207,975)
Investible contribution, net	(87,927)	0	(87,927)	0	0	0
Premium deficiency reserve	300	0	300	8,300	0	8,300
Other technical reserves	(1,939)	0	(1,939)	2,330	0	2,330
Policy acquisition costs	(18,202)	0	(18,202)	(10,710)	0	(10,710)
Third party administrator expenses	(7,388)	0	(7,388)	(5,141)	0	(5,141)
Withholding tax	(6,103)	0	(6,103)	(6,255)	0	(6,255)
Regulators' levies	(2,199)	0	(2,199)	(3,906)	0	(3,906)
Other underwriting expenses	(8,622)	0	(8,622)	(5,053)	0	(5,053)
TOTAL UNDERWRITING COSTS AND EXPENSES	(462,218)	0	(462,218)	(228,410)	0	(228,410)
NET UNDERWRITING INCOME	75,784	0	75,784	73,209	0	73,209
OTHER OPERATING INCOME / (EXPENSES)						
Allowance for doubtful debts	(2,584)	0	(2,584)	(4,840)	0	(4,840)
General and administrative expenses	(56,137)	(5,929)	(62,066)	(36,344)	(9,401)	(45,745)
Depreciation and amortisation	(4,451)	0	(4,451)	(3,227)	0	(3,227)
Commission income on deposits	5,308	978	6,286	2,638	1,328	3,966
Commission income on sukuk	0	4,840	4,840	0	3,321	3,321
Dividend income	0	8,799	8,799	0	1,620	1,620
Unrealised gain on FVIS investment	0	3,965	3,965	0	0	0
Realised gain on FVIS investment	80	0	80	0	0	0
Realised gain on available for sale investments	0	4,290	4,290	0	9,704	9,704
TOTAL OTHER OPERATING INCOME / (EXPENSES)	(57,784)	16,943	(40,841)	(41,773)	6,572	(35,201)
INCOME BEFORE SURPLUS, ZAKAT AND INCOME TAX	18,000	16,943	34,943	31,436	6,572	38,008
Absorption of deficit by / transfer of surplus to Shareholders	(16,200)	16,200	0	(28,292)	28,292	0
INCOME BEFORE ZAKAT AND INCOME TAX	1,800	33,143	34,943	3,144	34,864	38,008
Zakat charge	0	(13,874)	(13,874)	0	(9,331)	(9,331)
Income tax charge	0	(261)	(261)	0	(540)	(540)
INCOME AFTER ZAKAT AND INCOME TAX	1,800	19,008	20,808	3,144	24,993	28,137
Basic and diluted SAR earnings per share		0.30			0.62	

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

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE INCOME	Period to date to 30 Sep 2022			Period to date to 30 Sep 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
Income after zakat and income tax	1,800	19,008	20,808	3,144	24,993	28,137
Other comprehensive income / (loss)						
<i>Items that will not be reclassified to statement of income in subsequent periods:</i>						
Actuarial loss on end of service indemnities	0	0	0	(1,000)	0	(1,000)
<i>Items that are or may be reclassified to statement of income in subsequent periods:</i>						
Available for sale investments:						
Net change in fair value of investments	0	6,447	6,447	0	15,732	15,732
Realised gain transferred to statement of income	0	(4,290)	(4,290)	0	(9,704)	(9,704)
Net change in unrealised fair value of investments	0	2,157	2,157	0	6,028	6,028
COMPREHENSIVE INCOME FOR THE PERIOD	1,800	21,165	22,965	2,144	31,021	33,165

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022**

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS	30 Sep 2022			30 Sep 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before zakat and income tax	1,800	33,143	34,943	3,144	34,864	38,008
Adjustments for non-cash items:						
Depreciation of property and equipment	1,773	0	1,773	1,158	0	1,158
Amortisation of intangible assets	2,678	0	2,678	2,069	0	2,069
Gain on disposal of property and equipment	(82)	0	(82)	(2)	0	(2)
Allowance for doubtful debts	2,584	0	2,584	4,840	0	4,840
Provisions for withholding tax	5,968	0	5,968	5,930	0	5,930
Provisions for regulatory levies	0	0	0	4,194	0	4,194
Provision for end-of-service indemnities	2,128	0	2,128	1,823	0	1,823
Realised gain on FVIS investment	(80)	0	(80)	0	0	0
Unrealised gain on FVIS investment	0	(3,965)	(3,965)	0	0	0
Realised gain on disposal of investments	0	(4,290)	(4,290)	0	(9,704)	(9,704)
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	63,375	0	63,375	(44,091)	0	(44,091)
Reinsurers' share of gross unearned premiums	(10,294)	0	(10,294)	5,115	0	5,115
Reinsurers' share of outstanding gross claims	(37,676)	0	(37,676)	29,934	0	29,934
Reinsurers' share of gross claims incurred but not reported	2,521	0	2,521	6,738	0	6,738
Deferred excess of loss expenses	(919)	0	(919)	(945)	0	(945)
Deferred policy acquisition costs	(1,249)	0	(1,249)	(181)	0	(181)
Deferred third party administrator expenses	1,471	0	1,471	(816)	0	(816)
Deferred withholding tax	135	0	135	325	0	325
Deferred regulators' levies	2,199	0	2,199	(288)	0	(288)
Unit-linked investments	103,400	0	103,400	0	0	0
Due from related parties	(48,472)	0	(48,472)	(15,968)	0	(15,968)
Prepaid expenses and other assets	(34,889)	(5,626)	(40,515)	1,768	937	2,705
Accounts payable	3,314	0	3,314	(12,006)	0	(12,006)
Third party administrator payable	(1,203)	0	(1,203)	9	0	9
Accrued and other liabilities	(16,994)	(402)	(17,396)	(7,398)	(999)	(8,397)
Reinsurers' balances payable	10,322	0	10,322	(4,019)	0	(4,019)
Unearned gross premiums	58,580	0	58,580	13,584	0	13,584
Unearned reinsurance commission	1,922	0	1,922	(1,950)	0	(1,950)
Outstanding gross claims	60,666	0	60,666	(30,070)	0	(30,070)
Gross claims incurred but not reported	17,317	0	17,317	(6,000)	0	(6,000)
Premium deficiency reserve	(300)	0	(300)	(8,300)	0	(8,300)
Unit reserves	(124,262)	0	(124,262)	0	0	0
Other technical reserves	1,940	0	1,940	(2,330)	0	(2,330)
Due to shareholders' operations	(12,116)	12,116	0	(24,564)	24,564	0
Due to related parties	(303)	0	(303)	(28,582)	0	(28,582)
Payments:						
End-of-service indemnities paid	(2,240)	0	(2,240)	(1,398)	0	(1,398)
Withholding tax paid	(10,660)	0	(10,660)	(5,856)	0	(5,856)
Regulators' levies paid	(1,655)	0	(1,655)	(4,424)	0	(4,424)
Zakat paid	0	(17,741)	(17,741)	0	(6,980)	(6,980)
Income tax paid	0	(820)	(820)	0	(993)	(993)
Net cash from / (used in) operating activities	40,699	12,415	53,114	(118,557)	41,689	(76,868)

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

ALL AMOUNTS IN SAR '000

UNAUDITED INTERIM CONDENSED STATEMENTS OF CASH FLOWS (continued)	Period to date to 30 Sep 2022			Period to date to 30 Sep 2021		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions of short term fixed income deposits	(299,114)	(115,411)	(414,525)	0	0	0
Additions of investments	0	(54,534)	(54,534)	0	(200,000)	(200,000)
Proceeds from disposal of investments	21,972	47,540	69,512	0	142,954	142,954
Additions of property and equipment	(1,669)	0	(1,669)	(371)	0	(371)
Proceeds from disposal of property and equipment	85	0	85	2	0	2
Additions of intangible assets	(1,843)	0	(1,843)	(2,113)	0	(2,113)
Cash and cash equivalent acquired through business combination	63,463	13	63,476	0	0	0
Increase in statutory deposit	0	(23,852)	(23,852)	0	(10,000)	(10,000)
Net cash used in investing activities	(217,106)	(146,244)	(363,350)	(2,482)	(67,046)	(69,528)
Net change in cash and cash equivalents	(176,407)	(133,829)	(310,236)	(121,039)	(25,357)	(146,396)
Cash and cash equivalents at start of the period	231,062	134,493	365,555	358,503	159,242	517,745
Cash and cash equivalents at end of the period	54,655	664	55,319	237,464	133,885	371,349
NON-CASH INFORMATION						
Net change in unrealised fair value of investments	0	2,157	2,157	0	6,028	6,028
Issuance of bonus shares	0	0	0	0	100,000	100,000