

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

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

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

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



El Sayed El Ayouty & Co.
Certified Public Accountants



AlKharashi & Co.
Certified Accountants And Auditors

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The Shareholders

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

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of Al-Etihad Cooperative Insurance Company, (A Saudi Joint Stock Company) (the "Company") as at June 30, 2021 and the related interim statements of income and other comprehensive income for the three month and six month periods then ended and the interim statements of changes in equity and cash flows for the six month period then ended and the related notes which form an integral part of these interim condensed financial information. Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

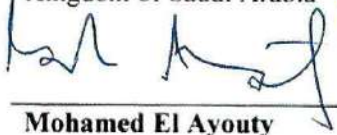
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial information consists of making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

CONCLUSION

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

For Moore
El Sayed El Ayouty & Co.

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




Mohamed El Ayouty
Certified Public Accountant
License No. 211



August 09, 2021
1 Muharram 1443H

AlKharashi & Co.
Certified Accountants and Auditors

P.O. Box 8306
Riyadh 11482,
Kingdom of Saudi Arabia


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

INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

		SAR	
		June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	Note		
ASSETS			
Cash and cash equivalents	4	502,540,398	451,715,851
Premiums and reinsurance receivable, net	5	138,469,626	197,769,252
Reinsurers' share of unearned premiums	7,10	24,713,621	19,655,533
Reinsurers' share of outstanding claims	7,10	83,560,616	87,201,069
Reinsurers' share of claims incurred but not reported	7,10	15,329,043	16,094,687
Deferred policy acquisition costs	10	26,223,237	23,520,274
Investments	6,9	234,621,953	229,956,255
Prepaid expenses and other assets		45,158,426	52,788,755
Long term/fixed income deposits		307,269,878	311,269,878
Property and equipment		15,914,658	15,358,692
Right of use assets		4,366,953	4,898,768
Goodwill		4,496,500	4,496,500
Statutory deposit		40,000,000	40,000,000
Accrued income on statutory deposit		5,427,991	5,261,879
TOTAL ASSETS		1,448,092,900	1,459,987,393





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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (Continued)**AS AT JUNE 30, 2021**

		SAR	
		June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
LIABILITIES	Note		
Accounts payable		32,258,955	32,582,419
Accrued and other liabilities		86,126,211	84,658,698
Lease liability		3,716,412	3,657,651
Reinsurers' balances payable		13,035,203	7,389,868
Unearned premiums	7, 10	384,551,957	428,144,746
Unearned reinsurance commission	10	4,926,566	4,530,774
Outstanding claims	7, 10	204,950,460	213,140,126
Claims incurred but not reported	7, 10	96,347,648	97,426,129
Additional premium reserves	7, 10	8,663,847	10,939,707
Other technical reserves	7, 10	7,015,065	7,761,773
End-of-service indemnities		19,159,984	18,690,982
Zakat and income tax	12	19,860,860	25,325,408
Accrued commission income payable to SAMA		5,427,991	5,261,879
TOTAL LIABILITIES		886,041,159	939,510,160
ACCUMULATED SURPLUS AND RESERVES			
Accumulated surplus payable		14,364,431	11,572,732
Re-measurement actuarial loss on end of service indemnities		(3,299,229)	(3,651,355)
TOTAL ACCUMULATED SURPLUS AND RESERVES		11,065,202	7,921,377
SHAREHOLDERS' EQUITY			
Share capital	1,13	400,000,000	400,000,000
Statutory reserve		29,611,653	29,611,653
Retained earnings		100,535,980	73,732,195
Fair value reserve (loss)/gain on investments	6	20,838,906	9,212,008
TOTAL SHAREHOLDERS' EQUITY		550,986,539	512,555,856
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND RESERVES AND SHAREHOLDERS' EQUITY		1,448,092,900	1,459,987,393
COMMITMENTS AND CONTINGENCIES	8		





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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME (Unaudited)**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021**

		SAR			
	Note	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
REVENUES					
Gross premiums written	10	157,426,122	155,015,547	343,052,487	308,124,100
Reinsurance premiums ceded – local	10	(459,593)	(132,168)	(1,249,197)	(491,174)
Reinsurance premiums ceded – foreign	10	(8,572,154)	(7,121,372)	(29,485,983)	(22,097,710)
Excess of loss premium	10	(4,237,349)	(4,098,107)	(6,807,488)	(8,059,322)
Net premiums written		144,157,026	143,663,900	305,509,819	277,475,894
Changes in unearned premiums, net		35,659,171	43,609,335	48,650,877	99,797,017
Net premiums earned		179,816,197	187,273,235	354,160,696	377,272,911
Reinsurance commissions income		2,670,048	2,915,018	5,574,709	5,997,892
Other underwriting income		2,367,915	6,327,849	3,461,461	8,549,804
TOTAL REVENUES		184,854,160	196,516,102	363,196,866	391,820,607
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	10	(142,110,155)	(84,969,640)	(274,887,955)	(262,402,809)
Reinsurers’ share of claims paid	10	2,953,808	2,158,885	8,392,503	7,500,712
Net claims and other benefits paid		(139,156,347)	(82,810,755)	(266,495,452)	(254,902,097)
Changes in outstanding claims, net	10	17,434,020	(10,030,799)	4,549,213	(4,167,208)
Changes in claims incurred but not reported, net	10	(7,494,883)	9,562,177	312,837	16,227,329
Change in other technical reserves movement	10	1,831,313	235,157	746,708	171,551
Net claims and other benefits incurred		(127,385,897)	(83,044,220)	(260,886,694)	(242,670,425)
Additional premium reserves		793,021	(32,411,888)	2,275,860	(17,089,944)
Policy acquisition costs		(12,266,050)	(10,318,294)	(23,423,387)	(20,918,408)
Other underwriting expenses		(8,701,165)	(4,659,145)	(18,188,865)	(9,155,266)
TOTAL UNDERWRITING COSTS AND EXPENSES		(147,560,091)	(130,433,547)	(300,223,086)	(289,834,043)
NET UNDERWRITING INCOME		37,294,069	66,082,555	62,973,780	101,986,564





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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME (Unaudited) (Continued)**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021**

		SAR			
		Three-month period ended June 30, 2021	Three-month period ended June 30, 2020	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Note					
OTHER OPERATING (EXPENSES)/ INCOME					
		(775,101)	(3,720,315)	3,118,337	(10,169,341)
		(21,152,749)	(31,788,365)	(42,331,301)	(50,642,844)
		1,294,076	3,577,959	2,666,372	8,325,348
		2,936,750	17,250	6,986,635	1,272,828
		1,649,248	2,609,364	3,638,225	5,073,855
		(214,079)	(128,021)	(397,803)	(255,190)
		(40,672)	(13,618)	(58,761)	(27,236)
TOTAL OTHER OPERATING EXPENSES, NET		(16,302,527)	(29,445,746)	(26,378,296)	(46,422,580)
Total income for the period before surplus attribution and zakat and income tax					
	16	20,991,542	36,636,809	36,595,484	55,563,984
		(1,738,722)	(3,302,034)	(2,791,699)	(4,727,486)
Total income for the period before zakat and income tax		19,252,820	33,334,775	33,803,785	50,836,498
	12	(3,500,000)	(3,000,000)	(7,000,000)	(5,500,000)
Total income for the period attributable to the shareholders		15,752,820	30,334,775	26,803,785	45,336,498
Total income for the period attributable to the shareholders and insurance operations		17,491,542	33,636,809	29,595,484	50,063,984
Earnings per share					
	15	40,000,000	40,000,000	40,000,000	40,000,000
Weighted average number of outstanding shares		40,000,000	40,000,000	40,000,000	40,000,000
Basic and diluted earnings per share		0.39	0.76	0.67	1.13





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

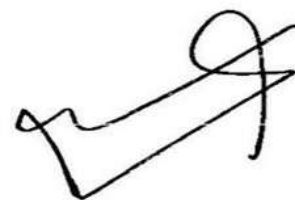
AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	SAR			
	Three-month period ended June 30, 2021	Three-month period ended June 30, 2020	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
Total income for the period attributable to the shareholders and insurance operations	17,491,542	33,636,809	29,595,484	50,063,984
Other comprehensive income				
<i>Items that are or may be reclassified to interim statements of income in subsequent periods</i>				
- Realization of gain on disposal of available-for-sale investments	(2,312,570)	(227,385)	(6,356,260)	(1,323,569)
- Unrealised fair value changes in available-for-sale investments	7,442,523	5,218,769	17,983,158	(6,043,034)
<i>Items that will not be reclassified to interim statements of income in subsequent periods</i>				
Actuarial gain on end of service indemnities	352,126	109,062	352,126	109,062
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	22,973,621	38,737,255	41,574,508	42,806,443
Total comprehensive income attributable to the insurance operations	(2,090,848)	(3,411,096)	(3,143,825)	(4,836,548)
Total comprehensive income attributable to the shareholders	20,882,773	35,326,159	38,430,683	37,969,895





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

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

		SAR			
				Fair value reserve gain/(loss) on investments	
<u>2021</u>	Note	Share capital	Statutory reserve	Retained earnings	Total
Balance at the beginning of the period		400,000,000	29,611,653	73,732,195	512,555,856
Net income for the period attributable to shareholders		-	-	26,803,785	26,803,785
Realization of gain on disposal of available-for-sale investments	6	-	-	-	(6,356,260)
Unrealized fair value changes in available-for-sale investments	6	-	-	-	17,983,158
Balance at the end of the period		400,000,000	29,611,653	100,535,980	550,986,539

		SAR			
				Fair value reserve gain on investments	
<u>2020</u>	Note	Share capital	Statutory reserve	Retained earnings	Total
Balance at the beginning of the period		400,000,000	24,088,829	51,640,901	480,289,767
Net income for the period attributable to shareholders		-	-	45,336,498	45,336,498
Realization of gain on disposal of available-for-sale investments	6	-	-	-	(1,323,569)
Unrealized fair value changes in available-for-sale investments	6	-	-	-	(6,043,034)
Balance at the end of the period		400,000,000	24,088,829	96,977,399	518,259,662

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM STATEMENT OF CASH FLOWS (Unaudited)
FOR THE SIX MONTH PERIOD ENDED JUNE 30,2021

	SAR	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Total income for the period before surplus attribution and zakat and income tax	36,595,484	55,563,984
Adjustments for non-cash items:		
Depreciation on property and equipment	1,748,787	1,416,509
Depreciation charge on right to use assets	531,815	305,446
Loss on disposal of property and equipment	1,135	-
Allowance for doubtful debts	(3,118,337)	10,169,341
Realized gain on investments	(6,986,635)	(1,272,828)
Dividend reinvested	(14,869)	(273,473)
Finance cost	58,761	27,236
Provision for end-of-service indemnities	908,620	1,652,161
Changes in operating assets and liabilities:		
Premiums and reinsurers' receivable	62,417,963	1,893,092
Reinsurers' share of unearned premiums	(5,058,088)	3,506,773
Reinsurers' share of outstanding claims	3,640,453	(27,087,236)
Reinsurers' share of claims incurred but not reported	765,644	312,372
Deferred policy acquisition costs	(2,702,963)	4,824,666
Prepaid expenses and other assets	7,630,329	(5,630,254)
Accounts payables	(323,464)	(5,039,212)
Accrued and other liabilities	1,467,513	(560,712)
Reinsurers' balances payable	5,645,335	5,199,101
Unearned premiums	(43,592,789)	(103,303,790)
Unearned reinsurance commission	395,792	(870,745)
Outstanding claims	(8,189,666)	31,254,444
Claims incurred but not reported	(1,078,481)	(16,539,701)
Additional premium reserves	(2,275,860)	17,089,944
Other technical reserves	(746,708)	(171,551)
	47,719,771	(27,534,433)
End-of-service indemnities paid	(87,492)	(381,637)
Zakat and income tax paid	(12,464,548)	(13,829,888)
Net cash generated / (used in) operating activities	35,167,731	(41,745,958)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investments	13,962,704	10,598,202
Net movement in long term/fixed income deposits	4,000,000	146,537,742
Additions in property and equipment	(2,305,888)	(2,989,098)
Net cash generated from investing activities	15,656,816	154,146,846
Net change in cash and cash equivalents	50,824,547	112,400,888
Cash and cash equivalents at beginning of the period	451,715,851	383,064,299
Cash and cash equivalents at end of the period	502,540,398	495,465,187
NON-CASH INFORMATION :		
Realization of gain on disposal of AFS investments	(6,356,260)	(1,323,569)
Unrealized fair value changes in available-for-sale investments	17,983,158	(6,043,034)
Impact on adoption of IFRS 16	-	-
Prepaid rent transferred to right of use assets	-	-

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

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

1. GENERAL

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

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

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

On July 31, 2003, corresponding to 2 Jumada II 1424 H, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 23 Rabea I 1429H, corresponding to March 31, 2008, the Saudi Central Bank (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

(a) Basis of presentation

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

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

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (Continued)

(a) Basis of presentation (continued)

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

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

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

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

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

(b) Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2020. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. For further details, please see below. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (Continued)

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

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

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

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

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

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected. The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

Medical technical reserves

Based on the management’s assessment, the management believes that the Government’s decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavorable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since June 21, 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company’s management. The Company’s management has duly considered the impact of surge in claims in the current estimate of future contractual cash flows of the insurance contracts in force as at June 30, 2021 for its liability adequacy test. Based on the results, the Company has booked an amount of SR NIL (December 31, 2019: Nil; March 31, 2020: Nil; June 30, 2020: SR 3.57 million; September 30, 2020: SR 1.83 million ; December 31, 2020: SR 1.6 million) as a premium deficiency reserve.

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

2. BASIS OF PREPARATION (Continued)

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

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

Motor technical reserves

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

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

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

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

Financial assets

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

Based on these assessments, the Company’s management believes that the Covid-19 pandemic has had no material effects on Company’s reported results for the six month period ended June 30, 2021. The Company’s management continues to monitor the situation closely.

Credit risk management

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

(c) Seasonality of operations

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 17 – Insurance Contracts

Overview

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

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

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

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

Measurement

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

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

- a) the fulfilment cash flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
 - and a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 17 – Insurance Contracts (Continued)

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

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

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

Effective date

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

Transition

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

Presentation and Disclosures

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 17 – Insurance Contracts (continued)

Impact

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

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

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 9 – Financial Instruments

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

a) Classification and measurement:

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

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

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

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

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

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

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

b) Impairment:

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (CONTINUED)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 9 – Financial Instruments (Continued)

c) Hedge accounting:

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

Effective date

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 9 – Financial Instruments (Continued)

Impact assessment

As at June 30, 2021, the Company has total financial assets and insurance related assets amounting to SR 1,249 million (December 31, 2020 SR 1,265 million) and SR 150 million (December 31, 2020 SR 146 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 1,061 million (December 2020: SR 1,081 million). The Company does not have any unit linked investments held at fair value through statement of income as at June 30, 2021 and December 31, 2020 respectively. The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Investment in funds classified under available for sale investments will be at FVSI under IFRS 9. Credit risk exposure, concentration of credit risk and credit quality of these financial assets are as disclosed in the financial statements for the year ended December 31, 2020. The Company financial assets have low credit risk as at June 30, 2021 and December 31, 2020. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

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

4. CASH AND CASH EQUIVALENTS

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash at banks				
- Current accounts	220,109,860	91,019,603	10,684,349	10,102,653
- Money market fund	238,679,152	237,210,762	33,067,037	22,918,276
- Short term deposits	-	45,000,000	-	45,464,557
	<u>458,789,012</u>	<u>373,230,365</u>	<u>43,751,386</u>	<u>78,485,486</u>

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

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

5. PREMIUMS AND REINSURANCE RECEIVABLE, NET

	<i>June 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SR</i>
Policyholders	249,531,319	313,773,432
Brokers and agents	22,722,026	19,080,862
Receivables from insurance and reinsurance companies	7,434,305	9,222,691
Premiums and reinsurance receivables from related parties (note 11)	22,342	50,970
Premiums and reinsurers' receivable – gross	<u>279,709,992</u>	<u>342,127,955</u>
Less: allowance for doubtful debts, net	(141,240,366)	(144,358,703)
Premiums and reinsurers' receivable – net	<u>138,469,626</u>	<u>197,769,252</u>

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

6. INVESTMENTS

	Shareholders' operations	
	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SR	SR
Available-for-sale investments (A)	187,786,069	183,120,371
Held to maturity	19,687,500	19,687,500
Other investments at amortized cost (B)	27,148,384	27,148,384
Total	234,621,953	229,956,255

(A) Available-for-sale investments

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

	Shareholders' operations	
	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SR	SR
Opening balance	183,120,371	124,910,549
Purchases	24,129,573	99,816,444
Disposals	(38,092,277)	(42,246,609)
Realization of gain on disposal of available for sale investments	(6,356,260)	(1,707,556)
Unrealized fair value changes in available for sale investments	17,983,158	6,359,527
Realized gain	6,986,635	3,520,553
Impairment recognized during the period/year	-	(7,806,010)
Dividends re-invested	14,869	273,473
Closing balance	187,786,069	183,120,371

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

(B) Other investments at amortized cost

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SR	SR
As at January 1	27,148,384	95,411,250
Impairment	-	(68,262,866)
As at December 31	27,148,384	27,148,384

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

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

6. INVESTMENTS (Continued)

Investments include the following:

	June 30, 2021 (Unaudited)		
	Quoted	Unquoted	Total
Available for sale investment	120,784,780	67,001,289	187,786,069
Held to maturity	19,687,500	-	19,687,500
Other investments at amortized cost	-	27,148,384	27,148,384
Total	140,472,280	94,149,673	234,621,953

	December 31, 2020 (Audited)		
	Quoted	Unquoted	Total
Available for sale investment	118,295,894	64,824,477	183,120,371
Held to maturity	19,687,500	-	19,687,500
Other investments at amortized cost	-	27,148,384	27,148,384
Total	137,983,394	91,972,861	229,956,255

7. TECHNICAL RESERVES

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	June 30, 2021 (Unaudited) SR	December 31, 2020 (Audited) SR
Outstanding claims	237,019,596	249,186,571
Less: Realizable value of salvage and subrogation	(32,069,136)	(36,046,445)
	204,950,460	213,140,126
Claims incurred but not reported	96,347,648	97,426,129
Additional premium reserves	8,663,847	10,939,707
Other technical reserves	7,015,065	7,761,773
	316,977,020	329,267,735
Less:		
- Reinsurers' share of outstanding claims	(83,560,616)	(87,201,069)
- Reinsurers' share of claims incurred but not reported	(15,329,043)	(16,094,687)
	(98,889,659)	(103,295,756)
Net outstanding claims and reserves	218,087,361	225,971,979

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Six month ended June 30, 2021 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	428,144,746	(19,655,533)	408,489,213
Premium written during the period	343,052,487	(37,542,668)	305,509,819
Premium earned during the period	(386,645,276)	32,484,580	(354,160,696)
Balance as at the end of the period	384,551,957	(24,713,621)	359,838,336

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

7. TECHNICAL RESERVES (Continued)

7.2 Movement in unearned premiums (Continued)

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

8. COMMITMENTS AND CONTINGENCIES

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

	June 30, 2021 (Unaudited) SR	December 31, 2020 (Audited) SR
Letters of guarantee	15,240,660	16,190,660
Total	15,240,660	16,190,660

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

9. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

SHAREHOLDERS OPERATIONS:	Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total
June 30, 2021 (Unaudited)					
Financial assets measured at fair value					
- Investments available for sale	187,786,069	120,784,780	55,628,364	11,372,925	187,786,069
	187,786,069	120,784,780	55,628,364	11,372,925	187,786,069

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

9. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

SHAREHOLDERS OPERATIONS:	Carrying value	Level 1	Level 2	Level 3	Total
December 31, 2020 (Audited)					
Financial assets measured at fair value					
- Investments available for sale	183,120,371	118,295,894	53,451,552	11,372,925	183,120,371
	<u>183,120,371</u>	<u>118,295,894</u>	<u>53,451,552</u>	<u>11,372,925</u>	<u>183,120,371</u>

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

Investments available for sale amounting to SR. 27,148,384 (December 2020: SR. 11,372,925) are carried at cost because the investments are not quoted in any active market nor there is any level of input directly or indirectly observable and there are no other significant observable inputs available. The management does not have any intention to dispose of this available for sale investment in the foreseeable future.

10. OPERATING SEGMENTS

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

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

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

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

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

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

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

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

10. OPERATING SEGMENTS (Continued)

Interim statement of financial position

	As at June 30, 2021 (Unaudited)					
	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Total insurance operations		
	SR	SR	SR	SR	SR	SR
Assets						
Reinsurers' share of unearned premiums	-	2,763,818	21,949,803	24,713,621	-	24,713,621
Reinsurers' share of outstanding claims	2,035,685	12,513,174	69,011,757	83,560,616	-	83,560,616
Reinsurers' share of claims incurred but not reported	-	605,345	14,723,698	15,329,043	-	15,329,043
Deferred policy acquisition costs	12,273,477	10,614,609	3,335,151	26,223,237	-	26,223,237
Unallocated assets				837,310,432	460,955,951	1,298,266,383
Total assets	14,309,162	26,496,946	109,020,409	987,136,949	460,955,951	1,448,092,900
Liabilities						
Unearned premiums	142,179,094	212,985,775	29,387,088	384,551,957	-	384,551,957
Unearned reinsurance commission	-	787,694	4,138,872	4,926,566	-	4,926,566
Outstanding claim	45,260,088	49,559,105	110,131,267	204,950,460	-	204,950,460
Claims incurred but not reported	8,631,619	70,271,790	17,444,239	96,347,648	-	96,347,648
Additional premium reserves	-	8,382,997	280,850	8,663,847	-	8,663,847
Other technical reserves	312,616	3,802,054	2,900,395	7,015,065	-	7,015,065
Unallocated liabilities				164,076,629	26,574,189	190,650,818
Total liabilities	196,383,417	345,789,415	164,282,711	870,532,172	26,574,189	897,106,361

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

10. OPERATING SEGMENTS (Continued)

Interim statement of financial position (Continued)

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

Geographical segments

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

Operating segments	For the three month ended June 30, 2021 (Unaudited)			
	Medical	Motor	Property and casualty	Total
	SAR			
REVENUES				
Gross premiums written				
Individual	83,789	11,457,326	104,600	11,645,715
Micro Entities	49,128,039	107,042	94,593	49,329,674
Small Entities	3,683,241	1,133,566	1,215,365	6,032,172
Medium Entities	1,671,886	5,457,675	5,303,254	12,432,815
Large Organizations	9,501,057	64,172,432	4,312,257	77,985,746
	64,068,012	82,328,041	11,030,069	157,426,122
Reinsurance premiums ceded – local	-	(140,712)	(318,881)	(459,593)
Reinsurance premiums ceded – foreign	-	(1,073,800)	(7,498,354)	(8,572,154)
Excess of loss premium	(1,962,115)	(1,889,234)	(386,000)	(4,237,349)
Net premiums written	62,105,897	79,224,295	2,826,834	144,157,026
Changes in unearned premiums, net	7,187,518	27,875,638	596,015	35,659,171
Net premiums earned	69,293,415	107,099,933	3,422,849	179,816,197
Reinsurance commissions income	-	426,858	2,243,190	2,670,048
Other underwriting income	155,645	2,219,774	(7,504)	2,367,915
TOTAL REVENUES	69,449,060	109,746,565	5,658,535	184,854,160
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(50,798,785)	(89,377,158)	(1,934,212)	(142,110,155)
Reinsurers' share of claims paid	2,205,617	225,000	523,191	2,953,808
Net claims and other benefits paid	(48,593,168)	(89,152,158)	(1,411,021)	(139,156,347)
Changes in outstanding claims, net	6,287,705	12,300,051	(1,153,736)	17,434,020
Changes in claims incurred but not reported, net	(6,061,818)	(2,391,878)	958,813	(7,494,883)
Change in other technical reserves movement	1,641,290	236,502	(46,479)	1,831,313
Net claims and other benefits incurred	(46,725,991)	(79,007,483)	(1,652,423)	(127,385,897)
Additional premium reserves	-	1,027,565	(234,544)	793,021
Policy acquisition costs	(5,769,596)	(4,819,728)	(1,676,726)	(12,266,050)
Other underwriting expenses	(4,457,337)	(4,130,040)	(113,788)	(8,701,165)
TOTAL UNDERWRITING COSTS AND EXPENSES	(56,952,924)	(86,929,686)	(3,677,481)	(147,560,091)
NET UNDERWRITING INCOME	12,496,136	22,816,879	1,981,054	37,294,069
OTHER OPERATING (EXPENSES)/ INCOME				
Allowance for doubtful debts				(775,101)
General and administrative expenses				(21,152,749)
Murabaha income on deposits				1,294,076
Realized gain on investments, net				2,936,750
Dividend and investments income, net				1,649,248
Investment expenses				(214,079)
Finance cost				(40,672)
TOTAL OTHER OPERATING EXPENSES, NET				(16,302,527)
Total income for the period before surplus attribution and zakat and income tax				20,991,542
Surplus attributed to the insurance operations				(1,738,722)
Total income for the period before zakat and income tax				19,252,820
Zakat and income tax expense				(3,500,000)
Total income for the period attributable to the shareholders				15,752,820

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	For the three month ended June 30, 2020 (Unaudited)			
Operating segments	Medical	Motor	Property and casualty	Total
	SAR			
REVENUES				
Gross premiums written				
Individual	-	19,150,834	166,237	19,317,071
Micro Entities	13,203,324	133,705	124,817	13,461,846
Small Entities	6,318,105	283,285	514,437	7,115,827
Medium Entities	2,624,888	5,999,026	6,139,894	14,763,808
Large Organizations	9,945,173	90,727,082	(315,260)	100,356,995
	32,091,490	116,293,932	6,630,125	155,015,547
Reinsurance premiums ceded – local	-	(43,497)	(88,671)	(132,168)
Reinsurance premiums ceded – foreign	-	(1,696,067)	(5,425,305)	(7,121,372)
Excess of loss premium	(1,675,000)	(2,010,607)	(412,500)	(4,098,107)
Net premiums written	30,416,490	112,543,761	703,649	143,663,900
Changes in unearned premiums, net	19,603,403	21,460,702	2,545,230	43,609,335
Net premiums earned	50,019,893	134,004,463	3,248,879	187,273,235
Reinsurance commissions income	-	566,307	2,348,711	2,915,018
Other underwriting income	1,574,750	2,725,545	2,027,554	6,327,849
TOTAL REVENUES	51,594,643	137,296,315	7,625,144	196,516,102
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(30,519,550)	(53,138,645)	(1,311,445)	(84,969,640)
Reinsurers’ share of claims paid	1,691,812	-	467,073	2,158,885
Net claims and other benefits paid	(28,827,738)	(53,138,645)	(844,372)	(82,810,755)
Changes in outstanding claims, net	629,089	(10,518,331)	(141,557)	(10,030,799)
Changes in claims incurred but not reported, net	(5,888,617)	15,418,978	31,816	9,562,177
Change in other technical reserves movement	(57,992)	312,294	(19,145)	235,157
Net claims and other benefits incurred	(34,145,258)	(47,925,704)	(973,258)	(83,044,220)
Additional premium reserves	(4,503,380)	(28,366,932)	458,424	(32,411,888)
Policy acquisition costs	(3,808,319)	(5,008,730)	(1,501,245)	(10,318,294)
Other underwriting expenses	(3,149,159)	(1,440,815)	(69,171)	(4,659,145)
TOTAL UNDERWRITING COSTS AND EXPENSES	(45,606,116)	(82,742,181)	(2,085,250)	(130,433,547)
NET UNDERWRITING INCOME	5,988,527	54,554,134	5,539,894	66,082,555
OTHER OPERATING (EXPENSES)/ INCOME				
Allowance for doubtful debts				(3,720,315)
General and administrative expenses				(31,788,365)
Murabaha income on deposits				3,577,959
Realized gain on investments, net				17,250
Dividend and investments income, net				2,609,364
Investment expense				(128,021)
Finance cost				(13,618)
TOTAL OTHER OPERATING EXPENSES, NET				(29,445,746)
Total income for the period before surplus attribution and zakat and income tax				36,636,809
Surplus attributed to the insurance operations				(3,302,034)
Total income for the period before zakat and income tax				33,334,775
Zakat and income tax expense				(3,000,000)
Total income for the period attributable to the shareholders				30,334,775

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	For the six month ended June 30, 2021 (Unaudited)			
Operating segments	Medical	Motor	Property	Total
			and casualty	
	SAR			
REVENUES				
Gross premiums written				
Individual	133,536	33,143,317	670,522	33,947,375
Micro Entities	107,350,699	589,699	591,143	108,531,541
Small Entities	6,564,118	2,945,729	3,689,588	13,199,435
Medium Entities	4,038,265	10,673,208	16,937,249	31,648,722
Large Organizations	25,915,354	117,711,867	12,098,193	155,725,414
	144,001,972	165,063,820	33,986,695	343,052,487
Reinsurance premiums ceded – local	-	(299,490)	(949,707)	(1,249,197)
Reinsurance premiums ceded – foreign	-	(2,494,879)	(26,991,104)	(29,485,983)
Excess of loss premium	(2,546,254)	(3,489,234)	(772,000)	(6,807,488)
Net premiums written	141,455,718	158,780,217	5,273,884	305,509,819
Changes in unearned premiums, net	(10,134,089)	58,412,868	372,098	48,650,877
Net premiums earned	131,321,629	217,193,085	5,645,982	354,160,696
Reinsurance commissions income	-	855,611	4,719,098	5,574,709
Other underwriting income	372,342	2,912,044	177,075	3,461,461
TOTAL REVENUES	131,693,971	220,960,740	10,542,155	363,196,866
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(89,885,527)	(180,577,650)	(4,424,778)	(274,887,955)
Reinsurers’ share of claims paid	5,084,788	1,427,879	1,879,836	8,392,503
Net claims and other benefits paid	(84,800,739)	(179,149,771)	(2,544,942)	(266,495,452)
Changes in outstanding claims, net	(6,129,792)	12,311,190	(1,632,185)	4,549,213
Changes in claims incurred but not reported, net	(1,694,464)	187,056	1,820,245	312,837
Change in other technical reserves movement	394,468	413,802	(61,562)	746,708
Net claims and other benefits incurred	(92,230,527)	(166,237,723)	(2,418,444)	(260,886,694)
Additional premium reserves	-	1,916,038	359,822	2,275,860
Policy acquisition costs	(10,750,416)	(9,330,791)	(3,342,180)	(23,423,387)
Other underwriting expenses	(8,730,261)	(9,265,558)	(193,046)	(18,188,865)
TOTAL UNDERWRITING COSTS AND EXPENSES	(111,711,204)	(182,918,034)	(5,593,848)	(300,223,086)
NET UNDERWRITING INCOME	19,982,767	38,042,706	4,948,307	62,973,780
OTHER OPERATING (EXPENSES)/ INCOME				
Allowance for doubtful debts				3,118,337
General and administrative expenses				(42,331,301)
Murabaha income on deposits				2,666,372
Realized gain on investments				6,986,635
Dividend and investments income, net				3,638,225
Investment expense				(397,803)
Finance cost				(58,761)
TOTAL OTHER OPERATING EXPENSES, NET				(26,378,296)
Total income for the period before surplus attribution and zakat and income tax				36,595,484
Surplus attributed to the insurance operations				(2,791,699)
Total income for the period before zakat and income tax				33,803,785
Zakat and income tax expense				(7,000,000)
Total income for the period attributable to the shareholders				26,803,785

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

Operating segments	For the six month ended June 30, 2020 (Unaudited)			
	Medical	Motor	Property and casualty	Total
			SAR	
REVENUES				
Gross premiums written				
Individual	-	53,188,052	600,929	53,788,981
Micro Entities	39,007,338	674,679	482,628	40,164,645
Small Entities	10,453,037	359,656	595,920	11,408,613
Medium Entities	4,141,054	13,267,168	15,138,859	32,547,081
Large Organizations	12,203,880	152,390,367	5,620,533	170,214,780
	65,805,309	219,879,922	22,438,869	308,124,100
Reinsurance premiums ceded – local	-	(82,725)	(408,449)	(491,174)
Reinsurance premiums ceded – foreign	-	(3,213,677)	(18,884,033)	(22,097,710)
Excess of loss premium	(3,350,000)	(3,884,322)	(825,000)	(8,059,322)
Net premiums written	62,455,309	212,699,198	2,321,387	277,475,894
Changes in unearned premiums, net	40,162,334	56,470,541	3,164,142	99,797,017
Net premiums earned	102,617,643	269,169,739	5,485,529	377,272,911
Reinsurance commissions income	-	1,149,246	4,848,646	5,997,892
Other underwriting income	1,875,900	4,654,359	2,019,545	8,549,804
TOTAL REVENUES	104,493,543	274,973,344	12,353,720	391,820,607
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(86,578,532)	(172,016,919)	(3,807,358)	(262,402,809)
Reinsurers' share of claims paid	5,207,432	781,068	1,512,212	7,500,712
Net claims and other benefits paid	(81,371,100)	(171,235,851)	(2,295,146)	(254,902,097)
Changes in outstanding claims, net	788,776	1,316,805	(6,272,789)	(4,167,208)
Changes in claims incurred but not reported, net	(7,566,535)	23,517,894	275,970	16,227,329
Change in other technical reserves movement	(72,089)	723,381	(479,741)	171,551
Net claims and other benefits incurred	(88,220,948)	(145,677,771)	(8,771,706)	(242,670,425)
Additional premium reserves	1,463,665	(19,916,974)	1,363,365	(17,089,944)
Policy acquisition costs	(7,836,970)	(10,219,042)	(2,862,396)	(20,918,408)
Other underwriting expenses	(5,978,765)	(3,040,043)	(136,458)	(9,155,266)
TOTAL UNDERWRITING COSTS AND EXPENSES	(100,573,018)	(178,853,830)	(10,407,195)	(289,834,043)
NET UNDERWRITING INCOME	3,920,525	96,119,514	1,946,525	101,986,564
OTHER OPERATING (EXPENSES)/ INCOME				
Allowance for doubtful debts				(10,169,341)
General and administrative expenses				(50,642,844)
Murabaha income on deposits				8,325,348
Realized gain on investments				1,272,828
Dividend and investments income, net				5,073,855
Investment expense				(255,190)
Finance cost				(27,236)
TOTAL OTHER OPERATING EXPENSES, NET				(46,422,580)
Total income for the period before surplus attribution and zakat and income tax				55,563,984
Surplus attributed to the insurance operations				(4,727,486)
Total income for the period before zakat and income tax				50,836,498
Zakat and income tax expense				(5,500,000)
Total income for the period attributable to the shareholders				45,336,498

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021****11. RELATED PARTY TRANSACTIONS AND BALANCES**

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

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

<i>Related parties</i>	<i>Nature of transactions</i>	<i>June 30, 2021 (Unaudited) SR</i>	<i>June 30, 2020 (Unaudited) SR</i>
Major Shareholder	Gross premium written from Directors and their related parties	294,740	164,053
	Reinsurance premium ceded	824,286	68,991
	Reinsurers' share of claims paid	103,826	-

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

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

<i>Related parties</i>	<i>Premiums and reinsurance receivables</i>		<i>Reinsurance payables</i>	
	<i>June 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SR</i>	<i>June 30, 2021 (Unaudited) SR</i>	<i>December 31, 2020 (Audited) SAR</i>
Board members	22,342	50,970	(971,328)	(368,848)
Total	22,342	50,970	(971,328)	(368,848)

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

	<i>June 30, 2021 (Unaudited) SR</i>	<i>June 30, 2020 (Unaudited) SR</i>
Salaries and other allowances	3,141,250	3,106,952
End of service indemnities	277,689	346,549
	3,418,939	3,453,501

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

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

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

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

	<i>June 30, 2021</i> <i>(Unaudited)</i> <i>SR</i>	<i>December 31, 2020</i> <i>(Audited)</i> <i>SR</i>
At January 1	25,325,408	26,675,204
Provision for the period / year	7,000,000	12,500,000
Paid during the period / year	(12,464,548)	(13,849,796)
At period / year end	19,860,860	25,325,408

Status of zakat and income tax certificate

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

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

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

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

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

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

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

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

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

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

14. CAPITAL MANAGEMENT

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

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

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

15. EARNINGS PER SHARE ("EPS")

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

16. SUPPLEMENTARY INFORMATION
Interim financial position

	SR					
	As at June 30, 2021 - (Unaudited)			As at December 31, 2020 (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	458,789,012	43,751,386	502,540,398	373,230,365	78,485,486	451,715,851
Premiums and reinsurance receivable, net	138,469,626	-	138,469,626	197,769,252	-	197,769,252
Reinsurers' share of unearned premiums	24,713,621	-	24,713,621	19,655,533	-	19,655,533
Reinsurers' share of outstanding claims	83,560,616	-	83,560,616	87,201,069	-	87,201,069
Reinsurers' share of claims incurred but not reported	15,329,043	-	15,329,043	16,094,687	-	16,094,687
Deferred policy acquisition costs	26,223,237	-	26,223,237	23,520,274	-	23,520,274
Investments	-	234,621,953	234,621,953	-	229,956,255	229,956,255
Due from insurance operations	-	129,279,873	129,279,873	-	104,154,585	104,154,585
Due from shareholders operations	12,675,096	-	12,675,096	-	-	-
Prepaid expenses and other assets	44,770,183	388,243	45,158,426	51,079,857	1,708,898	52,788,755
Long term/fixed income deposits	175,000,000	132,269,878	307,269,878	230,000,000	81,269,878	311,269,878
Property and equipment	15,914,658	-	15,914,658	15,358,692	-	15,358,692
Right of use assets	4,366,953	-	4,366,953	4,898,768	-	4,898,768
Goodwill	-	4,496,500	4,496,500	-	4,496,500	4,496,500
Statutory deposit	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Accrued income on statutory deposit	-	5,427,991	5,427,991	-	5,261,879	5,261,879
TOTAL ASSETS	999,812,045	590,235,824	1,590,047,869	1,018,808,497	545,333,481	1,564,141,978
Less: inter-operations elimination	(12,675,096)	(129,279,873)	(141,954,969)	-	(104,154,585)	(104,154,585)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	987,136,949	460,955,951	1,448,092,900	1,018,808,497	441,178,896	1,459,987,393

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

16. SUPPLEMENTARY INFORMATION – (Continued)

SR

	As at June 30, 2021 - (Unaudited)			As at December 31, 2020 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>LIABILITIES</u>						
Accounts payable	32,258,955	-	32,258,955	32,582,419	-	32,582,419
Accrued and other liabilities	84,840,873	1,285,338	86,126,211	82,468,360	2,190,338	84,658,698
Lease liability	3,716,412	-	3,716,412	3,657,651	-	3,657,651
Reinsurers' balances payable	13,035,203	-	13,035,203	7,389,868	-	7,389,868
Unearned premiums	384,551,957	-	384,551,957	428,144,746	-	428,144,746
Unearned reinsurance commission	4,926,566	-	4,926,566	4,530,774	-	4,530,774
Outstanding claims	204,950,460	-	204,950,460	213,140,126	-	213,140,126
Claims incurred but not reported	96,347,648	-	96,347,648	97,426,129	-	97,426,129
Additional premium reserves	8,663,847	-	8,663,847	10,939,707	-	10,939,707
Other technical reserves	7,015,065	-	7,015,065	7,761,773	-	7,761,773
Due to shareholders' operations	129,279,873	-	129,279,873	104,154,585	-	104,154,585
Due to policyholders' operations	-	12,675,096	12,675,096	-	-	-
End-of-service indemnities	19,159,984	-	19,159,984	18,690,982	-	18,690,982
Zakat and income tax	-	19,860,860	19,860,860	-	25,325,408	25,325,408
Accrued commission income payable to SAMA	-	5,427,991	5,427,991	-	5,261,879	5,261,879
TOTAL LIABILITIES	988,746,843	39,249,285	1,027,996,128	1,010,887,120	32,777,625	1,043,664,745
Less: Interoperations elimination	(129,279,873)	(12,675,096)	(141,954,969)	(104,154,585)	-	(104,154,585)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	859,466,970	26,574,189	886,041,159	906,732,535	32,777,625	939,510,160
Accumulated surplus payable	14,364,431	-	14,364,431	11,572,732	-	11,572,732
Re-measurement actuarial loss on end of service indemnities	(3,299,229)	-	(3,299,229)	(3,651,355)	-	(3,651,355)
TOTAL ACCUMULATED SURPLUS AND RESERVES	11,065,202	-	11,065,202	7,921,377	-	7,921,377
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	400,000,000	400,000,000	-	400,000,000	400,000,000
Statutory reserve	-	29,611,653	29,611,653	-	29,611,653	29,611,653
Retained earnings	-	100,535,980	100,535,980	-	73,732,195	73,732,195
Fair value reserve gain on investments	-	20,838,906	20,838,906	-	9,212,008	9,212,008
TOTAL EQUITY	-	550,986,539	550,986,539	-	512,555,856	512,555,856
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	870,532,172	577,560,728	1,448,092,900	914,653,912	545,333,481	1,459,987,393

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

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

16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of income

	SAR					
	For the three months period ended June 30, 2021 (Unaudited)			For the three months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	157,426,122	-	157,426,122	155,015,547	-	155,015,547
Reinsurance premiums ceded-local	(459,593)	-	(459,593)	(132,168)	-	(132,168)
Reinsurance premiums ceded-foreign	(8,572,154)	-	(8,572,154)	(7,121,372)	-	(7,121,372)
Excess of loss premium	(4,237,349)	-	(4,237,349)	(4,098,107)	-	(4,098,107)
Net premiums written	144,157,026	-	144,157,026	143,663,900	-	143,663,900
Changes in unearned premiums, net	35,659,171	-	35,659,171	43,609,335	-	43,609,335
Net premiums earned	179,816,197	-	179,816,197	187,273,235	-	187,273,235
Reinsurance commissions	2,670,048	-	2,670,048	2,915,018	-	2,915,018
Other underwriting income	2,367,915	-	2,367,915	6,327,849	-	6,327,849
TOTAL REVENUES	184,854,160	-	184,854,160	196,516,102	-	196,516,102
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(142,110,155)	-	(142,110,155)	(84,969,640)	-	(84,969,640)
Reinsurers' share of claims paid	2,953,808	-	2,953,808	2,158,885	-	2,158,885
Net claims and other benefits paid	(139,156,347)	-	(139,156,347)	(82,810,755)	-	(82,810,755)
Changes in outstanding claims, net	17,434,020	-	17,434,020	(10,030,799)	-	(10,030,799)
Changes in incurred but not reported, net	(7,494,883)	-	(7,494,883)	9,562,177	-	9,562,177
Changes in other technical reserves movement	1,831,313	-	1,831,313	235,157	-	235,157
Net claims and other benefits incurred	(127,385,897)	-	(127,385,897)	(83,044,220)	-	(83,044,220)
Additional premium reserves	793,021	-	793,021	(32,411,888)	-	(32,411,888)
Policy acquisition costs	(12,266,050)	-	(12,266,050)	(10,318,294)	-	(10,318,294)
Other underwriting expenses	(8,701,165)	-	(8,701,165)	(4,659,145)	-	(4,659,145)
TOTAL UNDERWRITING COSTS AND EXPENSES	(147,560,091)	-	(147,560,091)	(130,433,547)	-	(130,433,547)
NET UNDERWRITING INCOME	37,294,069	-	37,294,069	66,082,555	-	66,082,555

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	SAR					
	For the three months period ended June 30, 2021 (Unaudited)			For the three months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	(775,101)	-	(775,101)	(3,720,315)	-	(3,720,315)
General and administrative expenses	(20,654,629)	(498,120)	(21,152,749)	(31,721,020)	(67,345)	(31,788,365)
Murabaha income on deposits	740,764	553,312	1,294,076	1,004,906	2,573,053	3,577,959
Realized gain on investments	-	2,936,750	2,936,750	-	17,250	17,250
Dividend and investments income	822,782	826,466	1,649,248	1,387,832	1,221,532	2,609,364
Investment expense	-	(214,079)	(214,079)	-	(128,021)	(128,021)
Finance cost	(40,672)	-	(40,672)	(13,618)	-	(13,618)
TOTAL OTHER OPERATING EXPENSES, NET	(19,906,856)	3,604,329	(16,302,527)	(33,062,215)	3,616,469	(29,445,746)
Total income for the period before surplus attribution and zakat and income tax	17,387,213	3,604,329	20,991,542	33,020,340	3,616,469	36,636,809
Surplus attributed to the insurance operations	(15,648,491)	15,648,491	-	(29,718,306)	29,718,306	-
Total income for the period before zakat and income tax	1,738,722	19,252,820	20,991,542	3,302,034	33,334,775	36,636,809
Zakat and income tax expense	-	(3,500,000)	(3,500,000)	-	(3,000,000)	(3,000,000)
Total income for the period	1,738,722	15,752,820	17,491,542	3,302,034	30,334,775	33,636,809
Earnings per share						
Basic and diluted earnings per share		<u>0.39</u>			<u>0.76</u>	

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	SAR					
	For the three months period ended			For the three months period ended		
	June 30, 2021 (Unaudited)			June 30, 2020 (Unaudited)		
	Insurance operations	Shareholder s' operations	Total	Insurance operations	Shareholder s' operations	Total
Total income for the period	1,738,722	15,752,820	17,491,542	3,302,034	30,334,775	33,636,809
Other comprehensive income						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
Realization of losses on disposal of available-for-sale investments		(2,312,570)	(2,312,570)	-	(227,385)	(227,385)
Unrealized fair value changes in available for sale investments		7,442,523	7,442,523	-	5,218,769	5,218,769
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
Actuarial gain on end of service obligations	352,126	-	352,126	109,062	-	109,062
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,090,848	20,882,773	22,973,621	3,411,096	35,326,159	38,737,255

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	SAR					
	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	343,052,487	-	343,052,487	308,124,100	-	308,124,100
Reinsurance premiums ceded-local	(1,249,197)	-	(1,249,197)	(491,174)	-	(491,174)
Reinsurance premiums ceded-foreign	(29,485,983)	-	(29,485,983)	(22,097,710)	-	(22,097,710)
Excess of loss premium	(6,807,488)	-	(6,807,488)	(8,059,322)	-	(8,059,322)
Net premiums written	305,509,819	-	305,509,819	277,475,894	-	277,475,894
Changes in unearned premiums, net	48,650,877	-	48,650,877	99,797,017	-	99,797,017
Net premiums earned	354,160,696	-	354,160,696	377,272,911	-	377,272,911
Reinsurance commissions	5,574,709	-	5,574,709	5,997,892	-	5,997,892
Other underwriting income	3,461,461	-	3,461,461	8,549,804	-	8,549,804
TOTAL REVENUES	363,196,866	-	363,196,866	391,820,607	-	391,820,607
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(274,887,955)	-	(274,887,955)	(262,402,809)	-	(262,402,809)
Reinsurers' share of claims paid	8,392,503	-	8,392,503	7,500,712	-	7,500,712
Net claims and other benefits paid	(266,495,452)	-	(266,495,452)	(254,902,097)	-	(254,902,097)
Changes in outstanding claims, net	4,549,213	-	4,549,213	(4,167,208)	-	(4,167,208)
Changes in incurred but not reported, net	312,837	-	312,837	16,227,329	-	16,227,329
Changes in other technical reserves movement	746,708	-	746,708	171,551	-	171,551
Net claims and other benefits incurred	(260,886,694)	-	(260,886,694)	(242,670,425)	-	(242,670,425)
Additional premium reserves	2,275,860	-	2,275,860	(17,089,944)	-	(17,089,944)
Policy acquisition costs	(23,423,387)	-	(23,423,387)	(20,918,408)	-	(20,918,408)
Other underwriting expenses	(18,188,865)	-	(18,188,865)	(9,155,266)	-	(9,155,266)
TOTAL UNDERWRITING COSTS AND EXPENSES	(300,223,086)	-	(300,223,086)	(289,834,043)	-	(289,834,043)
NET UNDERWRITING INCOME	62,973,780	-	62,973,780	101,986,564	-	101,986,564

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	SAR					
	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	3,118,337	-	3,118,337	(10,169,341)	-	(10,169,341)
General and administrative expenses	(41,302,790)	(1,028,511)	(42,331,301)	(50,524,399)	(118,445)	(50,642,844)
Murabaha income on deposits	1,556,797	1,109,575	2,666,372	2,849,683	5,475,665	8,325,348
Unrealized loss on investments	-	-	-	-	-	-
Realized gain on investments	-	6,986,635	6,986,635	-	1,272,828	1,272,828
Dividend and investments income	1,629,624	2,008,601	3,638,225	3,159,587	1,914,268	5,073,855
Investment expenses	-	(397,803)	(397,803)	-	(255,190)	(255,190)
Finance cost	(58,761)	-	(58,761)	(27,236)	-	(27,236)
TOTAL OTHER OPERATING EXPENSES, NET	(35,056,793)	8,678,497	(26,378,296)	(54,711,706)	8,289,126	(46,422,580)
Total income for the period before surplus attribution and zakat and income tax	27,916,987	8,678,497	36,595,484	47,274,858	8,289,126	55,563,984
Surplus attributed to the insurance operations	(25,125,288)	25,125,288	-	(42,547,372)	42,547,372	-
Total income for the period before zakat and income tax	2,791,699	33,803,785	36,595,484	4,727,486	50,836,498	55,563,984
Zakat and income tax expense	-	(7,000,000)	(7,000,000)	-	(5,500,000)	(5,500,000)
Total income for the period	2,791,699	26,803,785	29,595,484	4,727,486	45,336,498	50,063,984
Earnings per share						
Basic and diluted earnings per share		<u>0.67</u>			<u>1.13</u>	

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	SAR					
	For the six months period ended			For the six months period ended June		
	June 30, 2021 (Unaudited)			30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	2,791,699	26,803,785	29,595,484	4,727,486	45,336,498	50,063,984
Other comprehensive income						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
Realization of losses on disposal of available-for-sale investments	-	(6,356,260)	(6,356,260)	-	(1,323,569)	(1,323,569)
Unrealized fair value changes in available for sale investments	-	17,983,158	17,983,158	-	(6,043,034)	(6,043,034)
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
Actuarial gain on end of service indemnities	352,126	-	352,126	109,062	-	109,062
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,143,825	38,430,683	41,574,508	4,836,548	37,969,895	42,806,443

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

	SAR					
	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total income for the period before zakat and income tax	2,791,699	33,803,785	36,595,484	4,727,486	50,836,498	55,563,984
Adjustments for non-cash items:						
Depreciation of property and equipment	1,748,787	-	1,748,787	1,416,509	-	1,416,509
Depreciation charge on right to use assets	531,815	-	531,815	305,446	-	305,446
(Gain)/loss on disposal of property and equipment	1,135	-	1,135	-	-	-
Allowance for doubtful debts	(3,118,337)	-	(3,118,337)	10,169,341	-	10,169,341
Realized gain on investments	-	(6,986,635)	(6,986,635)	-	(1,272,828)	(1,272,828)
Dividend reinvested	-	(14,869)	(14,869)	-	(273,473)	(273,473)
Finance cost	58,761	-	58,761	27,236	-	27,236
Provision for end-of-service indemnities	908,620	-	908,620	1,652,161	-	1,652,161
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	62,417,963	-	62,417,963	1,893,092	-	1,893,092
Reinsurers' share of unearned premiums	(5,058,088)	-	(5,058,088)	3,506,773	-	3,506,773
Reinsurers' share of outstanding claims	3,640,453	-	3,640,453	(27,087,236)	-	(27,087,236)
Reinsurers' share of claims incurred but not reported	765,644	-	765,644	312,372	-	312,372
Deferred policy acquisition costs	(2,702,963)	-	(2,702,963)	4,824,666	-	4,824,666
Due from shareholders' operations	(12,675,096)	-	(12,675,096)	(11,598,986)	-	(11,598,986)
Prepaid expenses and other assets	6,309,674	1,320,655	7,630,329	(1,808,208)	(3,822,046)	(5,630,254)
Accounts payables	(323,464)	-	(323,464)	(5,039,212)	-	(5,039,212)
Accrued and other liabilities	2,372,513	(905,000)	1,467,513	992,410	(1,553,122)	(560,712)
Reinsurers' balances payable	5,645,335	-	5,645,335	5,199,101	-	5,199,101
Unearned premiums	(43,592,789)	-	(43,592,789)	(103,303,790)	-	(103,303,790)
Unearned reinsurance commission	395,792	-	395,792	(870,745)	-	(870,745)
Outstanding claims	(8,189,666)	-	(8,189,666)	31,254,444	-	31,254,444
Claims incurred but not reported	(1,078,481)	-	(1,078,481)	(16,539,701)	-	(16,539,701)

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

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

16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of cash flows (continued)

	SAR					
	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Additional premium reserves	(2,275,860)	-	(2,275,860)	17,089,944	-	17,089,944
Other technical reserves	(746,708)	-	(746,708)	(171,551)	-	(171,551)
Due to policyholders' operations	-	12,675,096	12,675,096	-	11,598,986	11,598,986
Due from insurance operations	-	(25,125,288)	(25,125,288)	-	6,499,176	6,499,176
Due to shareholders' operations	25,125,288	-	25,125,288	(6,499,176)	-	(6,499,176)
	32,952,027	14,767,744	47,719,771	(89,547,624)	62,013,191	(27,534,433)
End-of-service indemnities paid	(87,492)	-	(87,492)	(381,637)	-	(381,637)
Zakat and income tax paid	-	(12,464,548)	(12,464,548)	-	(13,829,888)	(13,829,888)
Net cash (used in)/ generated from operating activities	32,864,535	2,303,196	35,167,731	(89,929,261)	48,183,303	(41,745,958)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions/disposals in investments	-	13,962,704	13,962,704	-	10,598,202	10,598,202
Additions/disposals in long term/fixed income deposits	55,000,000	(51,000,000)	4,000,000	207,140,745	(60,603,003)	146,537,742
Additions/disposals in property and equipment	(2,305,888)	-	(2,305,888)	(2,989,098)	-	(2,989,098)
Net cash from generated from/(used in) investing activities	52,694,112	(37,037,296)	15,656,816	204,151,647	(50,004,801)	154,146,846
Net change in cash and cash equivalents	85,558,647	(34,734,100)	50,824,547	114,222,386	(1,821,498)	112,400,888
Cash and cash equivalents, beginning of the period	373,230,365	78,485,486	451,715,851	334,358,597	48,705,702	383,064,299
Cash and cash equivalents, end of the period	458,789,012	43,751,386	502,540,398	448,580,983	46,884,204	495,465,187

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (Continued)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2021

17. COMPARATIVE FIGURES

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

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information has been approved by the Board, on August 04, 2021, corresponding to 25 Dhul- Hijjah, 1442H.