

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE AND SIX MONTHS PERIOD ENDED
JUNE 30, 2021

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2021

INDEX	PAGE
Independent auditors' review report	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 – 40



INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS' OF THE COMPANY FOR COOPERATIVE INSURANCE (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Company for Cooperative Insurance ("the Company") and its subsidiary ("the Group") as at June 30, 2021, the interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three and six months period then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for six months period then ended, and notes to the interim condensed consolidated financial statements (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the period ended June 30, 2021 of the Group are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers
P.O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia

Bader I. Benmohareb
Certified Public Accountant
Registration No. 471

KPMG Professional Services
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Khalil Ibrahim Al Sedais
Certified Public Accountant
Registration No. 371

16 August 2021
8 Muharram 1443H


- 1 -



THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
SAR'000			
ASSETS			
Statutory deposit	12	125,000	125,000
Accrued income on statutory deposit		2,903	2,774
Property and equipment, net		187,930	191,851
Intangible assets		13,554	7,708
Investment properties		61,500	62,138
Investments in equity accounted investments		83,489	85,319
Available-for-sale investments	4	2,629,792	3,018,566
Mudaraba / murabaha deposits	5	3,303,227	3,134,932
Prepaid expenses and other assets	6	768,133	616,895
Deferred excess of loss premiums		5,290	12,723
Deferred policy acquisition costs		124,379	134,724
Reinsurers' share of gross outstanding claims	8	1,764,237	1,962,570
Reinsurers' share of incurred but not reported claims reserve	8	309,258	289,784
Reinsurers' share of gross unearned premiums	8	781,381	683,698
Receivables, net	3	3,616,714	3,480,553
Accrued investment income		32,351	2,397
Cash and cash equivalents	7	797,208	445,794
TOTAL ASSETS		14,606,346	14,257,426
LIABILITIES			
Surplus distribution payable		84,893	84,893
Defined benefits obligation		140,571	134,990
Return payable on statutory deposit		2,903	2,774
Claims payable, accrued expenses and other liabilities		752,388	1,737,352
Short-term borrowings	10	400,696	401,998
Reserve for takaful activities		3,919	3,544
Gross outstanding claims	8	2,187,556	2,516,652
Incurred but not reported claims reserve	8	1,807,768	1,549,350
Premium deficiency reserve	8	41,167	52,401
Unearned commission income		52,872	37,538
Gross unearned premiums	8	4,990,364	4,319,378
Reinsurers' balances payable		700,502	254,559
Dividends payable		6,471	6,411
Accumulated surplus from insurance operation		18,672	-
Zakat payable		375,393	346,224
TOTAL LIABILITIES		11,566,135	11,448,064
EQUITY			
Share capital	9	1,250,000	1,250,000
Statutory reserve	13	1,144,183	1,144,183
Fair value reserve for investments		217,585	89,536
Remeasurement of defined benefits obligation		(20,261)	(20,261)
Retained earnings		448,704	345,904
TOTAL EQUITY		3,040,211	2,809,362
TOTAL LIABILITIES AND EQUITY		14,606,346	14,257,426
CONTINGENT LIABILITIES			
	11		

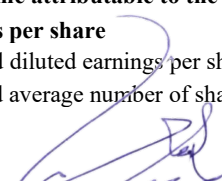
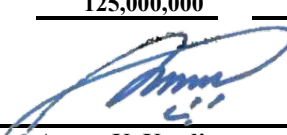
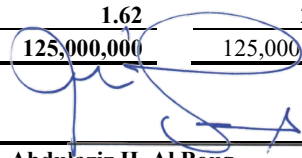

Abdulaziz A. AlKhamis
Board Director


Ammr K. Kurdi
Chief Financial Officer


Abdulaziz H. Al Boug
Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Three months ended June 30, 2021 (Unaudited)	Three months ended June 30, 2020 (Unaudited)	Six months ended June 30, 2021 (Unaudited)	Six months ended June 30, 2020 (Unaudited)
SAR'000				
REVENUES				
Gross premiums written	2,265,053	2,469,827	5,185,773	5,042,534
Reinsurance ceded – local	(43,681)	(60,838)	(55,582)	(66,408)
Reinsurance ceded – international	(443,147)	(517,610)	(760,301)	(669,418)
Excess of loss premiums	(3,487)	(6,579)	(8,193)	(15,551)
Fee income from takaful	2,194	2,270	2,657	2,955
Net premiums written	1,776,932	1,887,070	4,364,354	4,294,112
Changes in gross unearned premiums	67,672	(462,669)	(670,986)	(743,947)
Changes in reinsurers' share of gross unearned premiums	113,172	185,470	97,683	(22,590)
Net premiums earned	1,957,776	1,609,871	3,791,051	3,527,575
Reinsurance commissions	38,881	24,187	63,226	54,965
Other underwriting income	908	1,629	3,542	5,864
TOTAL REVENUES	1,997,565	1,635,687	3,857,819	3,588,404
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	1,691,395	1,651,761	3,195,004	3,402,290
Expenses incurred related to claims	1,216	920	2,299	57,205
Reinsurers' share of claims paid	(60,858)	(455,030)	(107,228)	(692,342)
Net claims and other benefits paid	1,631,753	1,197,651	3,090,075	2,767,153
Changes in gross outstanding claims	(297,249)	(613,894)	(329,096)	(820,275)
Changes in reinsurers' share of gross outstanding claims	137,149	589,226	198,333	790,315
Changes in incurred but not reported claims reserve	117,028	(257,556)	258,418	(353,105)
Changes in reinsurers' share of incurred but not reported claims	(7,839)	16,299	(19,474)	39,217
Changes in premium deficiency reserve	28,157	192,312	(11,234)	206,335
Net claims and other benefits incurred	1,608,999	1,124,038	3,187,022	2,629,640
Changes in reserve for takaful activities	65	(334)	375	(440)
Policy acquisition costs	78,824	92,224	166,404	195,739
Other underwriting expenses	29,313	41,887	65,226	91,146
Insurance share distribution	9,212	23,733	15,567	124,417
TOTAL UNDERWRITING COSTS AND EXPENSES	1,726,413	1,281,548	3,434,594	3,040,502
Net underwriting income	271,152	354,139	423,225	547,902
OTHER OPERATING (EXPENSES) / INCOME				
General and administrative expenses	(179,863)	(143,974)	(330,213)	(298,495)
Reversal of / (allowance) for doubtful debts	3,132	(16,990)	3,784	(32,610)
Investments income, net	80,548	35,730	159,704	98,013
Share of profit from investments in equity accounted investments, net	3,613	4,566	6,638	7,730
Impairment of available-for-sale investments	-	-	-	(4,812)
Other income, net	2,111	2,048	2,282	9,021
TOTAL OTHER OPERATING EXPENSES	(90,459)	(118,620)	(157,805)	(221,153)
Net income before attribution and zakat	180,693	235,519	265,420	326,749
Net income attributed to the insurance operations	(14,756)	(25,412)	(18,672)	(31,583)
Net income attributable to the shareholders before zakat	165,937	210,107	246,748	295,166
Zakat charge for the period	(22,274)	(21,908)	(43,948)	(40,122)
Net income attributable to the shareholders after zakat	143,663	188,199	202,800	255,044
Earnings per share				
Basic and diluted earnings per share (in SAR)	1.15	1.51	1.62	2.04
Weighted average number of shares in issue	125,000,000	125,000,000	125,000,000	125,000,000
 Abdulaziz A. AlKhamis Board Director	 Ammr K. Kurdi Chief Financial Officer	 Abdulaziz H. Al Boug Chief Executive Officer		

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.


THE COMPANY FOR COOPERATIVE INSURANCE

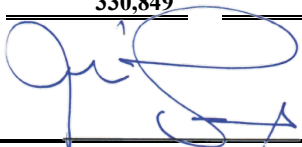
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2021**

	Three months ended June 30, 2021 (Unaudited)	Three months ended June 30, 2020 (Unaudited)	Six months ended June 30, 2021 (Unaudited)	Six months ended June 30, 2020 (Unaudited)
Notes	SAR'000			
Net income attributable to the shareholders after zakat	143,663	188,199	202,800	255,044
Other comprehensive income:				
<i>To be recycled back to interim condensed consolidated statement of income in subsequent periods:</i>				
<i>Available-for-sale investments:</i>				
- Net change in fair value	4	(257,747)	207,149	(268,465)
- Net amounts recycled to interim condensed consolidated statement of income	4	18,485	(78,087)	5,081
Share of other comprehensive income of investments in equity accounted investments	(45)	(3,631)	(1,013)	(3,397)
Total comprehensive income / (loss) for the period	<u>266,176</u>	<u>(54,694)</u>	<u>330,849</u>	<u>(11,737)</u>


Abdulaziz A. AlKhamis
Board Director

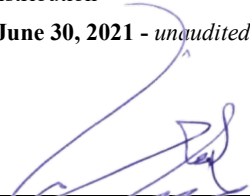

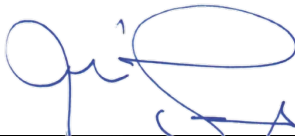

Ammr K. Kurdi
Chief Financial Officer


Abdulaziz H. Al Boug
Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Notes	Share capital	Statutory reserve	Fair value reserve for investments	Remeasurement of defined benefit obligation	Retained earnings	Total
SAR'000							
Balance at January 1, 2020 – audited		1,250,000	1,065,517	167,472	(14,540)	31,240	2,499,689
Total comprehensive income for the period:							
Net income for the period attributable to the shareholders after zakat		-	-	-	-	255,044	255,044
Net change in fair value of available-for-sale investments	4	-	-	(268,465)	-	-	(268,465)
Net amounts recycled to interim condensed consolidated statement of income of available-for-sale investments	4	-	-	5,081	-	-	5,081
Share of other comprehensive income of investments in equity accounted investments		-	-	(3,397)	-	-	(3,397)
Total comprehensive loss for the period		-	-	(266,781)	-	255,044	(11,737)
Balance at June 30, 2020 - unaudited		1,250,000	1,065,517	(99,309)	(14,540)	286,284	2,487,952
Balance at January 1, 2021 – audited		1,250,000	1,144,183	89,536	(20,261)	345,904	2,809,362
Total comprehensive income for the period:							
Net income for the period attributable to the shareholders after zakat		-	-	-	-	202,800	202,800
Net change in fair value of available-for-sale investments	4	-	-	207,149	-	-	207,149
Net amounts recycled to interim condensed consolidated statement of income of available-for-sale investments	4	-	-	(78,087)	-	-	(78,087)
Share of other comprehensive income of investments in equity accounted investments		-	-	(1,013)	-	-	(1,013)
Total comprehensive income for the period		-	-	128,049	-	202,800	330,849
Dividends distribution		-	-	-	-	(100,000)	(100,000)
Balance at June 30, 2021 - unaudited		1,250,000	1,144,183	217,585	(20,261)	448,704	3,040,211

 <hr style="border: 0.5px solid black;"/> Abdulaziz A. AlKhamis Board Director	 <hr style="border: 0.5px solid black;"/> Ammr K. Kurdi Chief Financial Officer	 <hr style="border: 0.5px solid black;"/> Abdulaziz H. Al Boug Chief Executive Officer
--	---	--

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

Notes	Six months ended June 30, 2021 (Unaudited)	Six months ended June 30, 2020 (Unaudited)
	SAR'000	
Operating activities:		
Net income before attribution and zakat	265,420	326,749
Adjustments for non-cash items:		
Depreciation	7,658	15,351
Amortisation of intangible assets	1,722	558
(Reversal of) / allowance for doubtful debts	(3,784)	32,610
(Gain) / loss on sale of available-for-sale investments	(78,087)	269
Impairment of available-for-sale investments	-	4,812
Finance cost	3,003	-
Share of profit from investments in equity accounted investments, net	(6,638)	(7,730)
Provision for defined benefits obligation	13,443	12,438
	202,737	385,057
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(151,238)	(94,859)
Deferred excess of loss premiums	7,433	(2,592)
Deferred policy acquisition costs	10,345	(33,911)
Reinsurers' share of gross outstanding claims	198,333	790,315
Reinsurers' share of incurred but not reported claims reserve	(19,474)	39,217
Reinsurers' share of gross unearned premiums	(97,683)	22,590
Receivables, net	(132,377)	(1,583,684)
Reinsurers' balances payable	445,943	(54,294)
Gross unearned premiums	670,986	743,947
Unearned commission income	15,334	1,891
Gross outstanding claims	(329,096)	(820,275)
Incurred but not reported claims reserve	258,418	(353,105)
Premium deficiency reserve	(11,234)	206,335
Reserve for takaful activities	375	(440)
Claims payable, accrued expenses and other liabilities	(984,964)	281,649
	83,838	(472,159)
Finance cost paid	(4,305)	-
Defined benefits obligation paid	(7,862)	(8,108)
Zakat paid during the period	(14,779)	-
Net cash generated from / (used in) operating activities	56,892	(480,267)
Investing activities:		
Proceeds from sale of available-for-sale investments	1,243,115	1,300,653
Purchase of available-for-sale investments	(647,192)	(1,706,452)
Proceeds from maturity of mudaraba / murabaha deposits	3,514,639	7,395,129
Placement in mudaraba / murabaha deposits	(3,682,934)	(6,945,102)
Accrued investment income	(29,954)	(46,516)
Dividends received from investments in associates	7,455	13,668
Purchase of property and equipment	(3,099)	(6,301)
Purchase of intangible assets	(7,568)	(2,734)
Net cash generated from investing activities	394,462	2,345
Financing activities:		
Dividends paid	(99,940)	-
Net cash used in financing activities	(99,940)	-
Net change in cash and cash equivalents during the period	351,414	(477,922)
Cash and cash equivalents, beginning of the period	445,794	1,306,550
Cash and cash equivalents, end of the period	797,208	828,628
Non-cash supplemental information:		
Net change in fair value of available-for-sale investments	129,062	(263,384)
Share of other comprehensive income of equity accounted investments	(1,013)	(3,397)
Reclassification to available-for-sale investments from investments in equity accounted investments		10,250


Abdulaziz A. AlKhamis
Board Director


Ammr K. Kurdi
Chief Financial Officer


Abdulaziz H. Al Boug
Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2021

1. GENERAL

The Company for Cooperative Insurance (the “Company”) is a Saudi joint stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986 corresponding to Jumada Al-Awal 8, 1406H under Commercial Registration No. 1010061695. The Company’s head office is located on Thumamah Road (At Takhassusi) ArRabi District, P.O. Box 86959, Riyadh 11632, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, takaful, property, and casualty insurance.

On July 31, 2003 corresponding to Jumada Thani 2, 1424H the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On December 1, 2004 corresponding to Shawwal 18, 1425H, the Saudi Central Bank (formerly Saudi Arabian Monetary Authority) “SAMA” as the principal authority responsible for the application and administration of the Insurance Law and its implementing regulations, granted the Company a license to transact insurance activities in Saudi Arabia.

The Company conducts the business and advances funds to the insurance operations as required. On January 20, 2004, the Company amended its Articles of Association giving authority to the Board of Directors to determine the disposition of the surplus from insurance operations.

On March 20, 2004, the Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

The Company has the following subsidiary and associates.

<i>Name of the Subsidiary / Associate</i>	<i>Registration No.</i>	<i>Registration date</i>	<i>Ownership interest</i>	<i>Financial year end</i>	<i>Principal Activities</i>
Subsidiary					
Teejan Al- Khaleej	1010644057	21 July 2020	100%	December 31	Developing technology based solutions and extending consultancy services for the insurance and healthcare businesses. The company has commenced its commercial operations in August 2020. The first financial statements of the company will be prepared for the year ending 31 December 2021.
Associates					
United Insurance Company B.S.C.	17337-1	12 May 1986	50%	December 31	Insurance for all motor vehicles which travel through the King Fahad Causeway in accordance with the Bahrain Insurance Company Law.
Waseel Application Service Provider Limited	1010186558	15 April 2003	45%	December 31	Internet based connectivity, information services, and B2B e-commerce capabilities for the healthcare insurance market.

These interim condensed consolidated financial statements comprise the Company and its subsidiary (together referred to as the ‘Group’).

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements of the Group 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 the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

The Group's interim condensed consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as non-current: statutory deposit, accrued income on statutory deposit, property and equipment, intangible assets, investment properties, investments in equity accounted investments, available for sale investments, defined benefits obligation and return payable on statutory deposit. All other financial statement line items would generally be classified as current.

The Company presents its consolidated 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 interim condensed consolidated financial statements accordingly (Note 20). Assets, liabilities, revenues and expenses clearly attributable to either activities 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.

The interim condensed consolidated statement of financial position, interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows of the insurance operations and shareholders operations which are presented in Note 20 of the interim condensed consolidated financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the interim condensed consolidated statements of financial position, interim condensed consolidated statements of income, interim condensed consolidated statement of comprehensive income, and interim condensed consolidated statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses, and comprehensive income or losses of the respective operations.

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

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2020. These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR), which is also the functional currency of the Group. All financial information presented in Saudi Arabian Riyal has been rounded to the nearest thousands, except where otherwise indicated.

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for the measurement at fair value of available-for-sale investments, investments in equity accounted investments which is accounted for under the equity method and defined benefits obligation based on actuarial valuation techniques.

(b) Critical accounting judgments, estimates and assumptions

The preparation of the interim condensed consolidated financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these interim condensed consolidated financial statements, 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 were applied to the annual consolidated financial statements as of and for the year ended December 31, 2020.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (continued)

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

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed consolidated financial statements:

i) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate given the level of subjectivity inherent in estimating the impact of claim events that have occurred and incurred but not reported for which the ultimate outcome remains uncertain. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The provision for claims incurred but not reported (IBNR) is an estimation of claims which are expected to be reported subsequent to the date of statement of financial position, for which the insured event has occurred prior to the date of statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends.

The Company has appointed a qualified actuary who supports in reviewing and providing recommendation with regards to the expected ultimate claims and the associated claims reserves. The Company booked reserves following the recommendation of the appointed actuary who is currently external and independent from the Company. A range of methods were used by the appointed actuary to determine these claims. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary had also used a segmentation approach including analysing cost per member per year for the medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

Estimation of premium deficiency is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected combined loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected combined loss ratio, the company's external appointed actuary, consider the claims and premiums relationship which is expected to apply on the unearned portion of the written risks, and ascertain, at the end of the financial period, whether a premium deficiency reserve is required.

ii) Impairment of available-for-sale financial assets

The Company determines that available-for-sale financial assets are impaired when there has been a significant or prolonged decline in the fair value of the available-for-sale financial assets below its cost. The determination of what is significant or prolonged requires judgment. For equity and mutual funds, a period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per the Company's policy. In making this judgment, the Company also evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The Company reviews its debt securities classified as available-for-sale at each reporting date to assess whether they are impaired.

iii) Impairment of receivables

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

iv) Fair value of financial instruments

Fair values of available-for-sale investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Refer fair value of financial instruments disclosure in note 16.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (continued)

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

- v) Impact of Covid-19 and Council of Cooperative Health Insurance (“CCHI”) on technical reserves
- On March 11, 2020, the World Health Organization (“WHO”) declared the Coronavirus (“Covid-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak had also affected the GCC region including the Kingdom of Saudi Arabia. Governments globally took steps to contain the spread of the virus. Saudi Arabia in particular had 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 Kingdom of Saudi Arabia including the GCC region, where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company’s management had proactively assessed its impacts on its operations and had 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, 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 experienced a decline in medical reported claims (mainly 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 experienced an increase in claims which was in line with the expectations of the Company’s management regarding delayed treatment.

CCHI issued a Circular 895, dated December 17, 2020 regarding the procedures, protocols, and prices relating to the enforcement of Article 11. Following these procedures, Government facilities will be now able to bill insurance companies for the claims incurred for some elements of their insured population. As instructed by the CCHI, the new protocols and procedures will cover all new and renewing policies incepting from January 1, 2021. Moreover, this will also cover all emergency cases for all inforce policies as of January 1, 2021.

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 a further two months, as well as, providing a two-month additional coverage for all new retail motor policies written within one month of that circular.

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 existing motor policies as new policies and record a premium deficiency reserve, if any, based on the expected claims for the extended two-months period. The Company’s actuary has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at a segmented level for motor line of business and no additional liability was recorded as premium deficiency reserve as of June 30, 2021.

For new policies written as per the above circular, the premium is earned over the period of coverage i.e. 14 months as per the Company’s accounting policy. There is no significant impact of two-month extension in earned premium as of June 30, 2021.

Other financial assets

To cater for any potential impact the Covid-19 pandemic may have had on the financial assets, the Company has performed an assessment in accordance with its accounting policy, to determine whether there is objective evidence that a financial asset or a group of financial assets have been impaired. For debt financial assets, these include assessment 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 as 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 basis.

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 three and six months periods ended June 30, 2021. The Company’s management continues to monitor the situation closely.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (continued)

(c) Significant accounting policies

The accounting and risk management policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with the Company's audited consolidated financial statements for the year ended December 31, 2020.

(d) Standards issued but not yet effective

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting year beginning on January 1, 2021 and is currently assessing their impact and undergoing implementation plans for them:

IFRS 17 – Insurance Contracts

Overview

This standard has been published in May 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 issuers 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 2005, 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.

Contractual Service Margin (CSM): The CSM represents the unearned profit for a group of insurance contracts and will be recognised 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 statement of income 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, changes in future cash flows that are greater than the remaining CSM are recognised in statement of income.

The effect of changes in discount rates will be reported in either statement of income or statement of comprehensive income, determined by an accounting policy choice.

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 to the adjustment under GMM, the CSM is also adjusted for:

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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (continued)

(d) Standards issued but not yet effective (continued)

In addition, a simplified **Premium Allocation Approach** (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the General Measurement Model (GMM) 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 effective date of IFRS 17 is currently 1 January 2023 and will supersede IFRS 4 “Insurance Contracts”. Earlier adoption is permitted if both IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the consolidated statement of income and the consolidated statement of financial position. The Company has decided not to early adopt this new standard.

Transition

Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impractical, 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 together with amendments to presentation and disclosures.

Impact

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The Company is currently assessing the impact of the application and implementation of IFRS 17 and in the process of applying applicable requirements. As of the date of the publication of these interim condensed consolidated financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. The key areas identified to date are as follows:

Impact Area	Summary of Impact
Financial Impact	Based on the initial assessment, the majority of Company’s products (which provide cover for annual periods or less) are expected to be measured using the simplified approach (PAA) which requires less changes to the existing approach under IFRS 4. As a result, the financial impact of measuring contracts under IFRS 17 is not expected to be significant.
Data Impact	Where the GMM is applied to measure the Liability for Remaining Coverage, additional data to inform the assumptions made will be required to generate cash-flow models. Yield curves and other financial market information will also be required to determine suitable discount rates and the credit risk of reinsurers.
IT Systems	Cash-flow models will be required to cater for the calculation of the Liability for Remaining Coverage. In addition, model development will be required to allow for the calculation, updating and amortisation of the Contractual Service Margin. Amendments will also be required to the current chart of accounts and reporting disclosures.
Process Impact	A process will need to be established to assess the expected profitability of contracts issued, at the issuing date. Cost allocation processes will need refinement to ensure directly attributable costs are identified according to the requirements of IFRS 17 and are then used as part of cash flow projections. The financial statement closing process will also require changes to allow for more frequent interaction between the finance and actuarial teams.
Impact on RI Arrangements	IFRS 17 is not expected to significantly impact the structure of the reinsurance arrangements currently in place for the Company. It is however expected that further insight into the expected (and subsequently actual) performance of reinsurance treaties will be derived under IFRS 17.
Impact on Policies & Control Frameworks	Various decisions need to be made and policies drafted which cover the below (amongst other items): <ul style="list-style-type: none"> • Allocating directly attributable expenses • Onerous contract identification and measurement • Risk adjustment

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (continued)

(d) Standards issued but not yet effective (continued)

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the Company has submitted Phase 3 Implementation plan to SAMA.

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:

i) Classification and measurement:

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost, at Fair Value through Other Comprehensive Income (FVOCI), or at Fair Value through Profit or Loss (FVPL). A financial asset is measured at amortised cost if both:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- 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 FVOCI and realized gains or losses are recycled through profit or loss upon sale, if both of the following conditions are met:

- 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
- the contractual terms of cash flows are SPPI,

Assets not meeting either of these categories are measured at FVPL. Additionally, at initial recognition, an entity can use the option to designate a financial asset at FVPL 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 recognised in profit or loss.

Additionally, for financial liabilities that are designated as at FVPL, 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 recognised 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.

ii) 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 recognised. 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.

iii) 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 International Accounting Standards Board (IASB) is addressing macro hedge accounting as a separate project.

iv) Effective date

The published effective date of IFRS 9 was 1 January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12 September 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:

- Apply a temporary exemption from implementing IFRS 9 until the earlier of:
 - the effective date of a new insurance contract standard; or
 - annual reporting periods beginning on or after January 1, 2023. On March 17, 2020, IASB decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from January 1, 2021 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

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (continued)

(d) Standards issued but not yet effective (continued)

- 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 1, 2018: (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. The Company's total liabilities were SAR 10,543 million and liabilities connected with insurance in the statement of financial position primarily included the liabilities arising in the course of writing insurance business and were valued at SAR 9,723 million. 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 interim condensed consolidated financial statements.

(v) Impact assessment

As at June 30, 2021, the Company held financial assets at amortized cost consisting of cash and cash equivalents and certain other receivables amounting to SAR 4,260 million (2020: SAR 3,711 million). The Company held available-for-sale investments amounting to SAR 2,630 million (2020: SAR 3,018 million). The Company expect to use the FVOCI classification for 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 and discretionary portfolio management – equity shares classified under available for sale investments amounting to SAR 1,192 million (2020: SAR 1,413 million) will be at FVPL under IFRS 9. As at June 30, 2021, debt securities are measured at fair value of SAR 1,353 million (2020: SAR 1,596 million). 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.

(e) Segmental reporting

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has eight reportable segments as follows:

- Medical - coverage for health insurance.
- Medical Umrah - coverage for health insurance for pilgrims.
- Motor insurance - coverage for motor insurance and for Manafeth third party liability insurance for foreign vehicles.
- Property and Casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- General accidents insurance - coverage for pilgrims.
- Travel and COVID-19 – coverage of compulsory travel insurance in addition to some coverages related to COVID-19 for citizens traveling abroad.
- Protection & Savings.
- Teejan Al- Khaleej segment - reporting Teejan Al- Khaleej operations of the Company subsidiary. Income earned from extending consulting services and facilities for insurance and healthcare business.
- Shareholders' segment - reporting shareholder operations of the Company. Income earned from investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis. The surplus or loss from the insurance operations is allocated to this segment on an appropriate basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. No inter-segment transactions occurred during the period.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

2. BASIS OF PREPARATION (continued)

(f) Seasonality of operations

Other than normal seasonality in Medical Insurance Business in the Kingdom of Saudi Arabia, there are no seasonal changes that may affect insurance operations of the Company.

3. RECEIVABLES, NET

Receivables comprise net amounts due from the following:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Policyholders	3,145,999	1,978,212
Brokers and agents	505,051	1,443,859
Related parties (note 15)	125,019	135,786
	3,776,069	3,557,857
Receivables from reinsurers	33,852	120,281
Administrative service plan	3,850	3,256
	3,813,771	3,681,394
Provision for doubtful receivables	(197,057)	(200,841)
Receivables, net	3,616,714	3,480,553

4. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise the following:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
<u>Insurance Operations</u>		
Mutual funds	108,566	263,364
Fixed income investments	1,186,215	1,478,376
Discretionary portfolio management – equity shares	278,980	176,967
Private equity investment	10,250	10,250
Funds with portfolio manager	79,789	89,707
Total	1,663,800	2,018,664
<u>Shareholders' Operations</u>		
Mutual funds	687,894	627,028
Fixed income investments	167,129	167,022
Discretionary portfolio management – equity shares	106,325	111,141
Private equity investment	-	53,145
Funds with portfolio manager	4,644	41,566
Total	965,992	999,902
Total available-for-sale investments	2,629,792	3,018,566

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

4. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Movements in available-for-sale investments are as follows:

	June 30, 2021 (Unaudited)			December 31, 2020 (Audited)		
	Quoted securities	Unquoted securities	Total	Quoted securities	Unquoted securities	Total
SAR'000						
Insurance Operations						
Balance at the beginning of the period/ year	245,565	1,773,099	2,018,664	162,837	1,348,687	1,511,524
Purchases	61,385	238,701	300,086	472,665	1,304,457	1,777,122
Reclassification from investment in equity accounted investments	-	-	-	-	10,250	10,250
Disposals	(69,591)	(725,942)	(795,533)	(447,393)	(763,828)	(1,211,221)
Changes in fair value of investments	68,373	72,210	140,583	57,456	(126,467)	(69,011)
Balance as at the end of the period/ year	305,732	1,358,068	1,663,800	245,565	1,773,099	2,018,664
Shareholders' Operations						
Balance at the beginning of the period/ year	55,972	943,930	999,902	194,980	1,040,244	1,235,224
Purchases	937	346,169	347,106	-	693,086	693,086
Disposals	(17,995)	(429,587)	(447,582)	(132,207)	(837,328)	(969,535)
Changes in fair value of investments	4,679	61,887	66,566	(6,801)	47,928	41,127
Balance as at the end of the period/ year	43,593	922,399	965,992	55,972	943,930	999,902
Total	349,325	2,280,467	2,629,792	301,537	2,717,029	3,018,566

As at June 30, 2021 the Company has invested in Shariah Notes having fair value amounting to SAR 2.6 billion (December 31, 2020: SAR 2.8 billion). The Shariah Notes are issued by a special purpose vehicle "SPV" established in Cayman Islands. The administrator of these Shariah Notes is a Company registered in Dubai International Financial Center in Dubai. The underlying investments of Shariah Notes include funds, discretionary portfolio management – equity shares and fixed income portfolios. The legal ownership of these underlying investments is not with the Company, however, the Company is the ultimate beneficial owner of the underlying investments while having control over the Shariah Notes and underlying investments. The custody of the underlying investments is in the custody account of the SPV or its nominee entity opened with fund and portfolio managers.

The movement of changes in fair value of investments is as follows:

	Three months ended June 30, 2021 (Unaudited)	Three months ended June 30, 2020 (Unaudited)	Six months ended June 30, 2021 (Unaudited)	Six months ended June 30, 2020 (Unaudited)
SAR'000				
Insurance Operations				
Change in fair value	113,268	(202,494)	140,583	(197,916)
Net amount recycled to interim condensed consolidated statement of income	(25,558)	(22,581)	(31,125)	(22,581)
Impairment on available-for-sale investments	-	-	-	2,637
	87,710	(225,075)	109,458	(217,860)
Shareholders' Operations				
Change in fair value	51,364	(55,253)	66,566	(70,549)
Net amount recycled to interim condensed consolidated statement of income	(16,516)	41,066	(46,962)	22,850
Impairment on available-for-sale investments	-	-	-	2,175
	34,848	(14,187)	19,604	(45,524)
Total	122,558	(239,262)	129,062	(263,384)

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

5. MUDARABA/ MURABAHA DEPOSITS

The deposits are held with banks and financial institution registered with Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are predominately in mudaraba structures. These deposits are denominated in SAR and have an original maturity of more than three months. The average yield on these deposits is 2.72% per annum (December 31, 2020: 1.51% per annum).

The movements in deposits during the period / year is as follows:

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
<u>Insurance Operations</u>		
Balance at the beginning of the period / year	1,291,465	1,577,912
Placed during the period / year	1,540,185	4,687,222
Matured during the period / year	(1,540,665)	(4,973,669)
Balance at the end of the period / year	1,290,985	1,291,465
<u>Shareholders' Operations</u>		
Balance at the beginning of the period / year	1,843,467	1,961,464
Placed during the period / year	2,142,749	5,605,750
Matured during the period / year	(1,973,974)	(5,723,747)
Balance at the end of the period / year	2,012,242	1,843,467
Total	3,303,227	3,134,932

6. PREPAID EXPENSES AND OHER ASSETS

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Advance to medical service providers and others	426,602	270,329
Prepaid expenses	45,832	39,983
Other assets	295,699	306,583
	768,133	616,895

Other assets include payment made by the Company in relation to VAT assessment raised by Zakat, Tax and Customs Authority ("ZATCA") for 2018 and 2019 financial years amounting to SAR 144.32 million (2020: SAR 306.58 million). The payments were made to ZATCA to avoid penalties along with objection filed against the assessment. ZATCA has rejected the objection and the Company has submitted appeal with the General Secretariat of Tax Committees ("GSTC") in accordance with the provisions of the law. During the period the Company has recovered an amount of SAR 162.26 million in respect of the objection that was filed in the prior year for the amount of SAR 306.58. The Company's management strongly believes that there is a reasonable basis such that the assessment raised at GSTC will be in the Company's favor.

7. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
<u>Insurance Operations</u>		
Bank balances and cash	637,840	337,359
	637,840	337,359
<u>Shareholders' Operations</u>		
Bank balances and cash	159,368	108,435
	159,368	108,435
Total cash and cash equivalents	797,208	445,794

Bank balances and cash include a call account balance of SAR 141 million (December 31, 2020: SAR 89 million). Bank balances (including off-balance sheet exposures (note 11)) are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

8. UNEARNED PREMIUM, OUTSTANDING CLAIMS AND RESERVES, NET

(i) The movement in unearned premiums is as follows:

	June 30, 2021			December 31, 2020		
	(Unaudited)			(Audited)		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	SAR'000					
Balance as at the beginning of the period / year	4,319,378	(683,698)	3,635,680	3,826,119	(715,959)	3,110,160
Premiums written during the period / year	5,185,773	(815,883)	4,369,890	9,061,768	(1,478,346)	7,583,422
Premiums earned during the period / year	(4,514,787)	718,200	(3,796,587)	(8,568,509)	1,510,607	(7,057,902)
Balance as at the end of the period / year	4,990,364	(781,381)	4,208,983	4,319,378	(683,698)	3,635,680

(ii) Gross outstanding claims and reserves, net comprise of the following:

	June 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Gross outstanding claims	2,215,454	2,548,105
Less: Realizable value of salvage and subrogation	(27,898)	(31,453)
	2,187,556	2,516,652
Incurred but not reported claims reserve	1,807,768	1,549,350
Premium deficiency reserve	41,167	52,401
Gross outstanding claims and reserves	4,036,491	4,118,403
Less:		
Reinsurers' share of gross outstanding claims	(1,764,237)	(1,962,570)
Reinsurers' share of incurred but not reported claims reserve	(309,258)	(289,784)
	(2,073,495)	(2,252,354)
Net outstanding claims and reserves	1,962,996	1,866,049

There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Management and its appointed actuary have made a detailed assessment of technical reserves and the various parameters in the valuation of technical liabilities.

As at June 30, 2021, based on the recommendations of its appointed actuary, management has recorded technical reserves (Gross outstanding claims and reserves including premium deficiency reserves) amounting to SAR 4 billion (December 31, 2020: SAR 4.1 billion). Significant portion of these reserves relate to medical and property and casualty line of business which are a best-estimate of the expected ultimate claim trends as at June 30, 2021.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

9. SHARE CAPITAL

The authorized, issued and paid up capital of the Company is SAR 1.25 billion as at June 30, 2021 (December 31, 2020: SAR 1.25 billion) consisting of 125 million shares (December 31, 2020: 125 million shares) of SAR 10 each.

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

	June 30, 2021		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Held by the public	79,025,509	790,255	790,255
Public Pension Agency	23,612,685	236,127	236,127
General Organization for Social Insurance	22,361,806	223,618	223,618
	125,000,000	1,250,000	1,250,000

	December 31, 2020		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Held by the public	79,025,509	790,255	790,255
Public Pension Agency	23,612,685	236,127	236,127
General Organization for Social Insurance	22,361,806	223,618	223,618
	125,000,000	1,250,000	1,250,000

During the period, the Company has announced the dividend of SAR 100 million on 06 April 2021 which constitute SAR 0.8 per share.

10. SHORT-TERM BORROWINGS

The Company entered into a credit facility on June 28, 2020 of SAR 400 million with Riyadh Bank for SIBOR 3 months + 0.65% for a period of 360 days for its operations. As at June 30, 2021 the Company has utilised SAR 400 million (December 31, 2020: SAR 400 million).

11. CONTINGENT LIABILITIES

As at June 30, 2021, the Company was contingently liable for letters of guarantees, issued on its behalf by the banks, amounting to SAR 224 million (December 31, 2020: SAR 200 million) occurring in the normal course of business.

The Company, in common with others insurers, is subject to litigation in the normal course of its business. Appropriate provisions have been made in relation to pending cases and management believes that finalization of these court cases is not expected to have a material impact on the interim condensed consolidated financial statements.

12. STATUTORY DEPOSIT

In compliance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company has deposited 10 percent of its share capital, amounting to SAR 125 million (December 31, 2020: SAR 125 million). The statutory deposit is maintained with the Saudi National Bank and can be withdrawn only with the consent of SAMA.

13. STATUTORY RESERVE

In accordance with the Articles of Association of the Company and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital. This transfer is only made at the year-end. The statutory reserve is not available for distribution to the shareholders until the liquidation of the Company.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

14. INSURANCE SHARE DISTRIBUTION

(i) Manafeth shared agreement:

On January 13, 2015, the Company, together with 25 other insurance companies, signed the Manafeth shared agreement relating to third party liability motor insurance, which is effective from January 1, 2015. The agreement relates to motor insurance for vehicles entering the Kingdom of Saudi Arabia. The agreement was renewed for two years from January 1, 2019 to December 31, 2020 with 25 other insurance companies.

The main terms of the agreement are as follows:

- The Company obtains 15% management fee of the net result of the Manafeth portfolio;
- The Company obtains 4.25% of Manafeth's gross premiums written to cover the related indirect expenses; and
- The net result of the Manafeth portfolio after deducting the two above mentioned items is shared equally by the Company and other insurers.

Effective from January 1, 2021, in accordance with a new shared agreement signed together with 3 other insurance companies and Najm Insurance Services "Najm", Najm would be in charge of managing the Manafeth (Outpost Offices) and will be acting as an agent on behalf of the insurers in the agreement. The purpose of this restructuring is to handle the sale of insurance policies for the foreign vehicles entering or crossing the borders of the Kingdom of Saudi Arabia, on behalf of the participating insurance companies. Najm will be sharing the insurance policies equally with the participating insurance companies and the accounting of premiums and related claims cost will be recorded separately by each of the participating insurance companies in their respective financial statements.

(ii) Umrah shared agreement:

On January 1, 2020 the Company, together with 28 other insurance companies, signed the Umrah shared agreement relating to medical and general accidents insurance which is effective from January 1, 2020. The agreement relates to insurance of pilgrims who enter the Kingdom of Saudi Arabia.

The main terms of the agreement are as follows:

- The Company obtains 2% management fee of the net result of the Umrah portfolio;
- The Company obtains 2.5% of Umrah's gross premiums written to cover the related indirect expenses;
- The Company obtains 0.3% of investing portfolio funds;
- The Company pays 7.5% brokerage commission of Umrah's gross premiums written through brokers;
- The Company pays 10% of Umrah's portfolio surplus to the Ministry of Hajj and Umrah; and
- The net result of the Umrah portfolio after deducting all the above mentioned items is shared equally by the Company and other insurers.

(iii) Travel and COVID-19 shared agreement:

On April 6, 2021 the Company, together with 12 other insurance companies, signed the Travel and COVID-19 shared agreement relating to compulsory travel insurance in addition to coverages related to COVID-19 which is effective from April 6, 2021. The agreement relates to insurance of citizens traveling abroad.

The main terms of the agreement are as follows:

- The Company obtains 2.5% management fee of Travel and COVID-19 gross premiums written; and
- The Company obtains 30% of net result of Travel & COVID-19 portfolio after deducting the above mentioned item and the remaining is shared equally with other insurers.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Group's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

	Transactions for the period ended		Balance receivable / (payable) as at	
	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
SAR'000				
<u>Major shareholders</u>				
Insurance premium written	24,396	704	3,947	6,786
Allowance for doubtful debts		-	(326)	(476)
Claims paid to hospitals	57	-	-	-
<u>Equity accounted investments</u>				
Insurance premium written	39	14,624	30	-
Waseel fees paid	1,965	77	-	-
United Insurance Company B.S.C. fees and claims	3,735	2,021	3,785	223
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Insurance premium written	153,104	11,539	121,042	129,000
Allowance for doubtful debts	-	-	(13,096)	(821)
Rent expenses paid	1,003	28	-	(561)

In accordance with the Company's Articles of Association, the Board of Directors is entitled each year to remuneration of up to 10% of the remaining profit from Shareholders' operations, as defined, based on a decision by the General Assembly.

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

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
SAR'000		
Salaries and other allowances	5,660	5,171
End of service indemnities	2,002	473

16. 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 in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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 market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.
- 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.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

16. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

	SAR'000			
	Level 1	Level 2	Level 3	Total
June 30, 2021 (Unaudited)				
Available-for-sale investments				
<u>Insurance Operations</u>				
Mutual funds	-	108,566	-	108,566
Fixed income investments (Governments and corporations securities)	819,656	366,559	-	1,186,215
Discretionary portfolio management – equity shares	278,980	-	-	278,980
Private equity investment	-	-	10,250	10,250
Funds with portfolio manager	79,789	-	-	79,789
	1,178,425	475,125	10,250	1,663,800
<u>Shareholders' Operations</u>				
Mutual funds	-	687,894	-	687,894
Fixed income investments (Governments and corporations securities)	134,352	32,777	-	167,129
Discretionary portfolio management – equity shares	106,325	-	-	106,325
Funds with portfolio manager	4,644	-	-	4,644
	245,321	720,671	-	965,992
Total	1,423,746	1,195,796	10,250	2,629,792
	SAR'000			
	Level 1	Level 2	Level 3	Total
December 31, 2020 (Audited)				
Available-for-sale investments				
<u>Insurance Operations</u>				
Mutual funds	-	263,364	-	263,364
Fixed income investments (Governments and corporations securities)	1,032,744	445,632	-	1,478,376
Discretionary portfolio management – equity shares	176,967	-	-	176,967
Private equity investment	-	-	10,250	10,250
Funds with portfolio manager	89,707	-	-	89,707
	1,299,418	708,996	10,250	2,018,664
<u>Shareholders' Operations</u>				
Mutual funds	-	627,028	-	627,028
Fixed income investments (Governments and corporations securities)	27,217	139,805	-	167,022
Discretionary portfolio management – equity shares	111,141	-	-	111,141
Private equity investment	-	-	53,145	53,145
Funds with portfolio manager	41,566	-	-	41,566
	179,924	766,833	53,145	999,902
Total	1,479,342	1,475,829	63,395	3,018,566

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

16. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	Balance January 1	Purchases	Disposals	SAR'000		Balance June 30
				Statement of income	Other comprehensive income	
June 30, 2021 (Unaudited)						
<u>Insurance operations</u>						
Private equity investment	10,250	-	-	-	-	10,250
Total	10,250	162,162	-	-	-	172,412
<u>Shareholders' operations</u>						
Private equity investment	53,145	-	(56,252)	3,594	(487)	-
	53,145	-	(56,252)	3,594	(487)	-
Total	63,395	162,162	(56,252)	3,594	(487)	172,412

	Balance January 1	Purchases	Disposals	SAR'000		Balance December 31
				Statement of income	Other comprehensive income	
December 31, 2020 (Audited)						
<u>Insurance operations</u>						
Sukuks	6,341	-	(6,341)	-	-	-
Private equity investment	-	10,250	-	-	-	10,250
	6,341	10,250	(6,341)	-	-	10,250
<u>Shareholders' operations</u>						
Private equity investment	53,145	-	-	-	-	53,145
	53,145	-	-	-	-	53,145
Total	59,486	10,250	(6,341)	-	-	63,395

17. EARNINGS PER SHARE

Basic and diluted earnings per share for the three and six months period ended June 30, 2021 and June 30, 2020 have been calculated by dividing the net income for the period attributed to shareholders' by the weighted average number of ordinary shares issued and outstanding at the end of the period.

18. ZAKAT

Status of assessments

The Company had filed Zakat returns with the Zakat, Tax and Customs Authority ("ZATCA") until years ended 31 December 2020. The ZATCA issued assessments for 2014 to 2018 years, an objection was lodged subsequently. For 2014, ZATCA rejected the objection and the same has been appealed with the Tax Violations and Dispute Resolution Committee ("TVDRC") of the General Secretariat of Tax Committee's ("GSTC") and a hearing date is awaited. Similarly, for the years 2015 through 2018, the Company has submitted an appeal to the TVDRC against the ZATCA's assessment and TVDRC's review is awaited. Furthermore, the zakat returns for the years 2019 and 2020 are currently under review by the ZATCA. Management believes that appropriate and adequate provisions have been created and that the finalization of the above mentioned assessments is not expected to have a material impact on the interim condensed consolidated financial statements for the period ended June 30, 2021.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker.

Segment assets do not include insurance operations' property and equipment, intangible assets, investment properties, available for sale investments, mudaraba / murabaha deposits, prepaid expenses and other assets, receivables, net, accrued investment income and cash and cash equivalents. Accordingly, they are included in unallocated assets. Segment liabilities do not include insurance operations' surplus distribution payable, defined benefits obligation, claims payable, accrued expenses and other liabilities, short-term borrowings and reinsurers' balances payable. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities (including the related charges for provision for doubtful debts on premiums receivable and depreciation on the property and equipment) are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the three months period ended June 30, 2021										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
SAR'000											
REVENUES											
Gross premiums written											
- Retail	1,189	807	131,438	3,276	659	24,304	-	161,673	-	-	161,673
- Micro Enterprises	78,069	-	3,263	3,356	-	-	-	84,688	-	-	84,688
- Small Enterprises	62,101	-	1,573	7,139	-	-	106	70,919	-	-	70,919
- Medium Enterprises	60,357	-	11,111	9,291	-	-	99	80,858	-	-	80,858
- Corporates	1,361,766	-	6,620	483,705	-	-	14,824	1,866,915	-	-	1,866,915
	1,563,482	807	154,005	506,767	659	24,304	15,029	2,265,053	-	-	2,265,053
Reinsurance ceded – local	-	-	-	(42,474)	-	-	(1,207)	(43,681)	-	-	(43,681)
Reinsurance ceded – international	(397)	-	-	(429,429)	(16)	(645)	(12,660)	(443,147)	-	-	(443,147)
Excess of loss premiums	-	-	(839)	(2,648)	-	-	-	(3,487)	-	-	(3,487)
Fees income from takaful	-	-	-	-	-	-	2,194	2,194	-	-	2,194
Net premiums written	1,563,085	807	153,166	32,216	643	23,659	3,356	1,776,932	-	-	1,776,932
Changes in unearned premiums, net	198,131	84	(553)	(7,989)	53	(8,968)	86	180,844	-	-	180,844
Net premiums earned	1,761,216	891	152,613	24,227	696	14,691	3,442	1,957,776	-	-	1,957,776
Reinsurance commissions	477	-	-	38,404	-	-	-	38,881	-	-	38,881
Other underwriting income	2	-	298	608	-	-	-	908	-	-	908
TOTAL REVENUES	1,761,695	891	152,911	63,239	696	14,691	3,442	1,997,565	-	-	1,997,565
UNDERWRITING COSTS AND EXPENSES											
Gross claims paid and related expenses	1,534,115	301	105,935	46,045	-	-	6,215	1,692,611	-	-	1,692,611
Reinsurers' share of claims paid	(11,133)	-	(1,246)	(42,759)	-	-	(5,720)	(60,858)	-	-	(60,858)
Net claims and other benefits paid	1,522,982	301	104,689	3,286	-	-	495	1,631,753	-	-	1,631,753
Changes in outstanding claims, net	(163,404)	-	(1,232)	4,116	-	-	420	(160,100)	-	-	(160,100)
Changes in incurred but not reported claims reserve, net	109,078	97	(2,163)	(1,454)	138	3,495	(2)	109,189	-	-	109,189
Changes in premium deficiency reserves	25,235	-	-	2,922	-	-	-	28,157	-	-	28,157
Net claims and other benefits incurred	1,493,891	398	101,294	8,870	138	3,495	913	1,608,999	-	-	1,608,999
Changes in reserve for takaful activities	-	-	-	-	-	-	65	65	-	-	65
Policy acquisition costs	54,154	67	15,010	10,737	63	58	140	80,229	(1,405)	-	78,824
Other underwriting expenses	23,472	45	1,067	3,873	18	730	108	29,313	-	-	29,313
Insurance share distribution	-	81	1,621	-	327	7,183	-	9,212	-	-	9,212
TOTAL UNDERWRITING COSTS AND EXPENSES	1,571,517	591	118,992	23,480	546	11,466	1,226	1,727,818	(1,405)	-	1,726,413

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the three months period ended June 30, 2021										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
SAR'000											
NET UNDERWRITING INCOME	190,178	300	33,919	39,759	150	3,225	2,216	269,747	1,405	-	271,152
Unallocated expenses/income:											
General and administrative expenses								(178,553)	(141)	(1,169)	(179,863)
Reversal of doubtful debts								3,132	-	-	3,132
Investment income, net								50,893	-	29,655	80,548
Share of profit from investments in equity accounted investments, net								-	-	3,613	3,613
Other income, net								2,348	(237)	-	2,111
NET INCOME BEFORE ATTRIBUTION AND ZAKAT								147,567	1,027	32,099	180,693

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the three months period ended June 30, 2020								
	(Unaudited)								
	Medical	Medical - Umrah	Motor	Property & casualty	General Accidents - Umrah	Protection & Savings	Total - Insurance operations	Total Shareholders' operations	Total
SAR'000									
REVENUES									
Gross premiums written									
- Retail	5,089	-	145,797	3,880	-	-	154,766	-	154,766
- Micro Enterprises	68,406	-	3,801	4,691	-	-	76,898	-	76,898
- Small Enterprises	59,233	-	3,466	6,188	-	26	68,913	-	68,913
- Medium Enterprises	54,886	-	12,366	10,333	-	285	77,870	-	77,870
- Corporates	1,502,965	-	8,198	569,323	-	10,894	2,091,380	-	2,091,380
	1,690,579	-	173,628	594,415	-	11,205	2,469,827	-	2,469,827
Reinsurance ceded – local	-	-	-	(50,981)	-	(9,857)	(60,838)	-	(60,838)
Reinsurance ceded – international	(250)	-	-	(517,028)	-	(332)	(517,610)	-	(517,610)
Excess of loss premiums	-	-	(1,496)	(2,833)	(2,250)	-	(6,579)	-	(6,579)
Fees income from takaful	-	-	-	-	-	2,270	2,270	-	2,270
Net premiums written	1,690,329	-	172,132	23,573	(2,250)	3,286	1,887,070	-	1,887,070
Changes in unearned premiums, net	(268,738)	442	(7,799)	(1,187)	86	(3)	(277,199)	-	(277,199)
Net premiums earned	1,421,591	442	164,333	22,386	(2,164)	3,283	1,609,871	-	1,609,871
Reinsurance commissions	575	-	-	23,612	-	-	24,187	-	24,187
Other underwriting income	311	-	1,226	92	-	-	1,629	-	1,629
TOTAL REVENUES	1,422,477	442	165,559	46,090	(2,164)	3,283	1,635,687	-	1,635,687
UNDERWRITING COSTS AND EXPENSES									
Gross claims paid and related expenses	1,158,584	-	40,885	448,774	1,932	2,506	1,652,681	-	1,652,681
Reinsurers' share of claims paid	(9,602)	-	(978)	(442,134)	-	(2,316)	(455,030)	-	(455,030)
Net claims and other benefits paid	1,148,982	-	39,907	6,640	1,932	190	1,197,651	-	1,197,651
Changes in outstanding claims, net	(19,016)	376	544	(5,171)	(1,933)	532	(24,668)	-	(24,668)
Changes in incurred but not reported claims reserve, net	(200,718)	(19,386)	(13,505)	1,635	(9,283)	-	(241,257)	-	(241,257)
Changes in premium deficiency reserves	193,775	-	-	(1,463)	-	-	192,312	-	192,312
Net claims and other benefits incurred	1,123,023	(19,010)	26,946	1,641	(9,284)	722	1,124,038	-	1,124,038
Changes in reserve for takaful activities	-	-	-	-	-	(334)	(334)	-	(334)
Policy acquisition costs	55,182	44	25,737	11,064	7	190	92,224	-	92,224
Other underwriting expenses	25,372	5,792	2,094	4,949	3,173	507	41,887	-	41,887
Insurance share distribution	-	13,196	6,678	-	3,859	-	23,733	-	23,733
TOTAL UNDERWRITING COSTS AND EXPENSES	1,203,577	22	61,455	17,654	(2,245)	1,085	1,281,548	-	1,281,548

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the three months period ended June 30, 2020								
	(Unaudited)								
	Medical	Medical - Umrah	Motor	Property & casualty	General Accidents - Umrah	Protection & Savings	Total - Insurance operations	Total Shareholders' operations	Total
SAR'000									
NET UNDERWRITING INCOME	218,900	420	104,104	28,436	81	2,198	354,139		354,139
Unallocated expenses/income:									
General and administrative expenses							(142,540)	(1,434)	(143,974)
Allowance for doubtful debts							(16,990)	-	(16,990)
Investments income, net							57,576	(21,846)	35,730
Share of profit from investments in equity accounted investments, net							(108)	4,674	4,566
Impairment of available-for-sale investments							-	-	-
Other income, net							2,048	-	2,048
NET INCOME BEFORE ATTRIBUTION AND ZAKAT							254,125	(18,606)	235,519

* Manafeth segment of the prior period have been reclassified to Motor segment.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the six months period ended June 30, 2021										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
SAR'000											
REVENUES											
Gross premiums written											
- Retail	4,355	1,268	257,152	7,533	951	24,304	-	295,563	-	-	295,563
- Micro Enterprises	171,069	-	7,959	6,698	-	-	-	185,726	-	-	185,726
- Small Enterprises	124,082	-	4,020	11,757	-	-	154	140,013	-	-	140,013
- Medium Enterprises	144,339	-	13,786	18,894	-	-	246	177,265	-	-	177,265
- Corporates	3,619,447	-	17,094	734,280	-	-	16,385	4,387,206	-	-	4,387,206
	4,063,292	1,268	300,011	779,162	951	24,304	16,785	5,185,773	-	-	5,185,773
Reinsurance ceded – local	-	-	-	(54,375)	-	-	(1,207)	(55,582)	-	-	(55,582)
Reinsurance ceded – international	(84,178)	-	-	(661,222)	(16)	(645)	(14,240)	(760,301)	-	-	(760,301)
Excess of loss premiums	-	-	(1,679)	(5,296)	(1,218)	-	-	(8,193)	-	-	(8,193)
Fees income from takaful	-	-	-	-	-	-	2,657	2,657	-	-	2,657
Net premiums written	3,979,114	1,268	298,332	58,269	(283)	23,659	3,995	4,364,354	-	-	4,364,354
Changes in unearned premiums, net	(559,356)	22	7,715	(12,927)	14	(8,968)	197	(573,303)	-	-	(573,303)
Net premiums earned	3,419,758	1,290	306,047	45,342	(269)	14,691	4,192	3,791,051	-	-	3,791,051
Reinsurance commissions	609	-	-	62,617	-	-	-	63,226	-	-	63,226
Other underwriting income	5	-	1,643	1,894	-	-	-	3,542	-	-	3,542
TOTAL REVENUES	3,420,372	1,290	307,690	109,853	(269)	14,691	4,192	3,857,819	-	-	3,857,819
UNDERWRITING COSTS AND EXPENSES											
Gross claims paid and related expenses	2,888,978	473	204,988	84,627	-	-	18,237	3,197,303	-	-	3,197,303
Reinsurers' share of claims paid	(12,637)	-	(3,384)	(74,297)	-	-	(16,910)	(107,228)	-	-	(107,228)
Net claims and other benefits paid	2,876,341	473	201,604	10,330	-	-	1,327	3,090,075	-	-	3,090,075
Changes in outstanding claims, net	(119,887)	-	(12,284)	1,472	-	-	(64)	(130,763)	-	-	(130,763)
Changes in incurred but not reported claims reserve, net	252,224	(85)	(15,162)	(1,678)	152	3,495	(2)	238,944	-	-	238,944
Changes in premium deficiency reserves	(9,472)	-	-	(1,762)	-	-	-	(11,234)	-	-	(11,234)
Net claims and other benefits incurred	2,999,206	388	174,158	8,362	152	3,495	1,261	3,187,022	-	-	3,187,022
Changes in reserve for takaful activities	-	-	-	-	-	-	375	375	-	-	375
Policy acquisition costs	115,525	95	33,702	21,158	71	58	265	170,874	(4,470)	-	166,404
Other underwriting expenses	53,158	81	3,143	6,295	28	730	1,791	65,226	-	-	65,226
Insurance share distribution	-	199	8,954	-	(769)	7,183	-	15,567	-	-	15,567
TOTAL UNDERWRITING COSTS AND EXPENSES	3,167,889	763	219,957	35,815	(518)	11,466	3,692	3,439,064	(4,470)	-	3,434,594

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the six months period ended June 30, 2021										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
	SAR'000										
NET UNDERWRITING INCOME	252,483	527	87,733	74,038	249	3,225	500	418,755	4,470	-	423,225
Unallocated expenses/income:											
General and administrative expenses								(327,350)	(297)	(2,566)	(330,213)
Allowance for doubtful debts								3,784	-	-	3,784
Investment income, net								86,229	-	73,475	159,704
Share of profit from investments in equity accounted investments, net								-	-	6,638	6,638
Other income, net								5,305	(3,023)	-	2,282
NET INCOME BEFORE ATTRIBUTION AND ZAKAT								186,723	1,150	77,547	265,420

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the six months period ended June 30, 2020								
	(Unaudited)								
	Medical	Medical - Umrah	Motor	Property & casualty	General Accidents - Umrah	Protection & Savings	Total - Insurance operations	Total Shareholders' operations	Total
SAR'000									
REVENUES									
Gross premiums written									
- Retail	19,424	145,053	312,147	9,442	92,384	-	578,450	-	578,450
- Micro Enterprises	168,283	-	9,385	9,372	-	-	187,040	-	187,040
- Small Enterprises	121,422	-	6,414	10,897	-	133	138,866	-	138,866
- Medium Enterprises	147,195	-	17,598	15,055	-	575	180,423	-	180,423
- Corporates	3,199,286	-	14,597	730,993	-	12,879	3,957,755	-	3,957,755
	3,655,610	145,053	360,141	775,759	92,384	13,587	5,042,534	-	5,042,534
Reinsurance ceded – local	-	-	-	(55,831)	-	(10,577)	(66,408)	-	(66,408)
Reinsurance ceded – international	(1,229)	-	-	(666,494)	-	(1,695)	(669,418)	-	(669,418)
Excess of loss premiums	-	-	-	-	-	2,955	2,955	-	2,955
Fees income from takaful	-	-	(5,386)	(5,665)	(4,500)	-	(15,551)	-	(15,551)
Net premiums written	3,654,381	145,053	354,755	47,769	87,884	4,270	4,294,112	-	4,294,112
Changes in unearned premiums, net	(761,676)	-	(2,231)	(2,789)	-	159	(766,537)	-	(766,537)
Net premiums earned	2,892,705	145,053	352,524	44,980	87,884	4,429	3,527,575	-	3,527,575
Reinsurance commissions	1,150	-	-	53,815	-	-	54,965	-	54,965
Other underwriting income	1,185	-	3,364	1,315	-	-	5,864	-	5,864
TOTAL REVENUES	2,895,040	145,053	355,888	100,110	87,884	4,429	3,588,404	-	3,588,404
UNDERWRITING COSTS AND EXPENSES									
Gross claims paid and related expenses	2,583,379	54,083	142,920	670,600	1,991	6,522	3,459,495	-	3,459,495
Reinsurers' share of claims paid	(26,957)	-	(2,477)	(656,928)	-	(5,980)	(692,342)	-	(692,342)
Net claims and other benefits paid	2,556,422	54,083	140,443	13,672	1,991	542	2,767,153	-	2,767,153
Changes in outstanding claims, net	(18,502)	821	(10,177)	(2,476)	-	374	(29,960)	-	(29,960)
Changes in incurred but not reported claims reserve, net	(292,950)	9,431	(15,831)	(21,816)	7,278	-	(313,888)	-	(313,888)
Changes in premium deficiency reserves	193,775	-	-	12,560	-	-	206,335	-	206,335
Net claims and other benefits incurred	2,438,745	64,335	114,435	1,940	9,269	916	2,629,640	-	2,629,640
Changes in reserve for takaful activities	-	-	-	-	-	(440)	(440)	-	(440)
Policy acquisition costs	102,796	10,879	53,039	21,609	6,929	487	195,739	-	195,739
Other underwriting expenses	54,752	13,123	5,165	6,612	10,857	637	91,146	-	91,146
Insurance share distribution	-	50,247	18,329	-	55,841	-	124,417	-	124,417
TOTAL UNDERWRITING COSTS AND EXPENSES	2,596,293	138,584	190,968	30,161	82,896	1,600	3,040,502	-	3,040,502

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	For the six months period ended June 30, 2020								
	(Unaudited)								
	Medical	Medical - Umrah	Motor	Property & casualty	General Accidents - Umrah	Protection & Savings	Total - Insurance operations	Total Shareholders' operations	Total
SAR'000									
NET UNDERWRITING INCOME	298,747	6,469	164,920	69,949	4,988	2,829	547,902		547,902
Unallocated expenses/income:									
General and administrative expenses							(295,666)	(2,829)	(298,495)
Allowance for doubtful debts							(32,610)	-	(32,610)
Investments income, net							89,932	8,081	98,013
Share of profit from investments in equity accounted investments, net							(108)	7,838	7,730
Impairment of available-for-sale investments							(2,637)	(2,175)	(4,812)
Other income, net							9,021	-	9,021
NET INCOME BEFORE ATTRIBUTION AND ZAKAT							315,834	10,915	326,749

* Manafeth segment of the prior period have been reclassified to Motor segment.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	As at June 30, 2021										
	(Unaudited)										
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Travel & COVID-19 SAR'000	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations	Total
Assets											
Deferred excess of loss premiums	-	-	810	4,480	-	-	-	5,290			5,290
Deferred policy acquisition costs	80,830	-	21,895	21,517	-	25	112	124,379			124,379
Reinsurer's share of gross outstanding claims	62	-	22,355	1,724,775	-	-	17,045	1,764,237			1,764,237
Reinsurer's share of incurred but not reported claims	17,125	-	4,929	276,069	3	107	11,025	309,258			309,258
Reinsurer's share of unearned premiums	55,788	-	-	723,455	-	224	1,914	781,381			781,381
Unallocated assets:											
Investments (includes investment properties, investments in equity accounted investments, available for sale investments, mudaraba / murabaha deposits and accrued investment income)								3,038,354		3,072,005	6,110,359
Receivables, net								3,616,714			3,616,714
Cash and cash equivalents								637,840	12,630	146,738	797,208
Other unallocated assets								969,144		128,376	1,097,520
Total assets								11,246,597	12,630	3,347,119	14,606,346
Liabilities											
Reserve for takaful activities	-	-	-	-	-	-	3,919	3,919			3,919
Gross outstanding claims	105,474	-	200,871	1,862,751	-	-	18,460	2,187,556			2,187,556
Incurred but not reported claims reserve	1,381,721	192	139,871	270,314	186	3,602	11,882	1,807,768			1,807,768
Premium deficiency reserve	25,235	-	-	15,932	-	-	-	41,167			41,167
Unearned commission income	1,495	-	-	50,788	-	-	589	52,872			52,872
Gross unearned premiums	3,868,676	-	319,792	790,467	-	9,192	2,237	4,990,364			4,990,364
Unallocated liabilities:											
Reinsurers' balances payable								700,502			700,502
Other unallocated liabilities								1,393,366	3,118	385,503	1,781,987
Total liabilities								11,177,514	3,118	385,503	11,566,135

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2021

19. OPERATING SEGMENTS (continued)

Operating Segments	As at December 31, 2020								
	(Audited)								
	Medical	Medical - Umrah	Motor	Property & casualty	General accidents - Umrah	Protection & Savings	Total - Insurance operations	Total - Teejan Al-Khaleej operations	Total Shareholders' operations
SAR'000									
Assets									
Deferred excess of loss premiums	-	-	443	12,280	-	-	12,723	-	12,723
Deferred policy acquisition costs	92,474	2	23,982	18,052	1	213	134,724	-	134,724
Reinsurer's share of outstanding claims	21	-	23,712	1,919,448	-	19,389	1,962,570	-	1,962,570
Reinsurer's share of incurred but not reported claims	7,344	-	6,503	264,912	-	11,025	289,784	-	289,784
Reinsurer's share of unearned premiums	-	-	-	680,291	-	3,407	683,698	-	683,698
Unallocated assets:									
Investments (includes investment properties, investments in equity accounted investments, available for sale investments, mudaraba / murabaha deposits and accrued investment income)							3,373,600	2,929,752	6,303,352
Receivables, net							3,480,553	-	3,480,553
Cash and cash equivalents							337,359	7,500	445,794
Other unallocated assets							816,454	-	944,228
Total assets							11,091,465	7,500	14,257,426
Liabilities									
Reserve for takaful activities	-	-	-	-	-	3,544	3,544	-	3,544
Gross outstanding claims	225,320	-	214,512	2,055,952	-	20,868	2,516,652	-	2,516,652
Incurred but not reported claims reserve	1,119,716	277	156,607	260,835	31	11,884	1,549,350	-	1,549,350
Premium deficiency reserve	34,707	-	-	17,694	-	-	52,401	-	52,401
Unearned commission income	-	-	-	36,761	-	777	37,538	-	37,538
Gross unearned premiums	3,253,532	22	327,507	734,376	14	3,927	4,319,378	-	4,319,378
Unallocated liabilities:									
Reinsurers' balances payable							254,559	-	254,559
Other unallocated liabilities							2,355,152	-	2,714,642
Total liabilities							11,088,574	-	11,448,064

* Manafeth segment of the prior period have been reclassified to Motor segment.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

20. SUPPLEMENTARY INFORMATION

i) Interim condensed consolidated statement of financial position

	As at June 30, 2021 (Unaudited)			As at December 31, 2020 (Audited)		
	Insurance operations	Shareholders' & Subsidiary operations	Total	Insurance operations	Shareholders' & Subsidiary operations	Total
	SAR'000					
ASSETS						
Statutory deposit	-	125,000	125,000	-	125,000	125,000
Accrued income on statutory deposit	-	2,903	2,903	-	2,774	2,774
Property and equipment, net	187,930	-	187,930	191,851	-	191,851
Intangible assets	13,554	-	13,554	7,708	-	7,708
Investment properties	61,500	-	61,500	62,138	-	62,138
Investments in equity accounted investments	-	83,489	83,489	-	85,319	85,319
Available-for-sale investments	1,663,800	965,992	2,629,792	2,018,664	999,902	3,018,566
Mudaraba / murabaha deposits	1,290,985	2,012,242	3,303,227	1,291,465	1,843,467	3,134,932
Due from / to Shareholder's operations	16,175	(16,175)	-	(27,091)	27,091	-
Prepaid expenses and other assets	767,660	473	768,133	616,895	-	616,895
Deferred excess of loss premiums	5,290	-	5,290	12,723	-	12,723
Deferred policy acquisition costs	124,379	-	124,379	134,724	-	134,724
Reinsurers' share of gross outstanding claims	1,764,237	-	1,764,237	1,962,570	-	1,962,570
Reinsurers' share of incurred but not reported claims	309,258	-	309,258	289,784	-	289,784
Reinsurers' share of unearned premiums	781,381	-	781,381	683,698	-	683,698
Receivables, net	3,616,714	-	3,616,714	3,480,553	-	3,480,553
Accrued investment income	22,069	10,282	32,351	1,333	1,064	2,397
Cash and cash equivalents	637,840	159,368	797,208	337,359	108,435	445,794
TOTAL ASSETS	11,262,772	3,343,574	14,606,346	11,064,374	3,193,052	14,257,426
LIABILITIES						
Surplus distribution payable	84,893	-	84,893	84,893	-	84,893
Defined benefits obligation	140,571	-	140,571	134,990	-	134,990
Return payable on statutory deposit	-	2,903	2,903	-	2,774	2,774
Claims payable, accrued expenses and other liabilities	748,534	3,854	752,388	1,733,271	4,081	1,737,352
Short-term borrowings	400,696	-	400,696	401,998	-	401,998
Reserve for takaful activities	3,919	-	3,919	3,544	-	3,544
Gross outstanding claims	2,187,556	-	2,187,556	2,516,652	-	2,516,652
Incurred but not reported claims reserve	1,807,768	-	1,807,768	1,549,350	-	1,549,350
Premium deficiency reserve	41,167	-	41,167	52,401	-	52,401
Unearned commission income	52,872	-	52,872	37,538	-	37,538
Gross unearned premiums	4,990,364	-	4,990,364	4,319,378	-	4,319,378
Reinsurers' balances payable	700,502	-	700,502	254,559	-	254,559
Dividends payable	-	6,471	6,471	-	6,411	6,411
Accumulated surplus from insurance operation	18,672	-	18,672	-	-	-
Zakat payable	-	375,393	375,393	-	346,224	346,224
TOTAL LIABILITIES	11,177,514	388,621	11,566,135	11,088,574	359,490	11,448,064
EQUITY						
Share capital	-	1,250,000	1,250,000	-	1,250,000	1,250,000
Statutory reserve	-	1,144,183	1,144,183	-	1,144,183	1,144,183
Fair value reserve for investments	105,519	112,066	217,585	(3,939)	93,475	89,536
Remeasurement of defined benefits obligation	(20,261)	-	(20,261)	(20,261)	-	(20,261)
Retained earnings	-	448,704	448,704	-	345,904	345,904
TOTAL EQUITY	85,258	2,954,953	3,040,211	(24,200)	2,833,562	2,809,362
TOTAL LIABILITIES AND EQUITY	11,262,772	3,343,574	14,606,346	11,064,374	3,193,052	14,257,426

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

20. SUPPLEMENTARY INFORMATION (continued)

ii) Interim condensed consolidated statement of income

	For the three months period ended June 30, 2021 (Unaudited)			For the three months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiary operations	Total	Insurance operations	Shareholders' operations	Total
SAR'000						
REVENUES						
Gross premiums written	2,265,053	-	2,265,053	2,469,827	-	2,469,827
Reinsurance premium ceded	(486,828)	-	(486,828)	(578,448)	-	(578,448)
Excess of loss premiums	(3,487)	-	(3,487)	2,270	-	2,270
Fees income from takaful	2,194	-	2,194	(6,579)	-	(6,579)
Net premiums written	1,776,932	-	1,776,932	1,887,070	-	1,887,070
Changes in unearned premiums, net	180,844	-	180,844	(277,199)	-	(277,199)
Net premiums earned	1,957,776	-	1,957,776	1,609,871	-	1,609,871
Reinsurance commissions	38,881	-	38,881	24,187	-	24,187
Other underwriting income	908	-	908	1,629	-	1,629
Total revenues	1,997,565	-	1,997,565	1,635,687	-	1,635,687
UNDERWRITING COST AND EXPENSES						
Gross claims paid	1,691,395	-	1,691,395	1,651,761	-	1,651,761
Expenses incurred related to claims	1,216	-	1,216	920	-	920
Reinsurers' share of claims paid	(60,858)	-	(60,858)	(455,030)	-	(455,030)
Net claims and other benefits paid	1,631,753	-	1,631,753	1,197,651	-	1,197,651
Changes in outstanding claims, net	(160,100)	-	(160,100)	(24,668)	-	(24,668)
Changes in incurred but not reported claims, net	109,189	-	109,189	(241,257)	-	(241,257)
Changes in premium deficiency reserves	28,157	-	28,157	192,312	-	192,312
Net claims and other benefits incurred	1,608,999	-	1,608,999	1,124,038	-	1,124,038
Changes in reserves for takaful activities	65	-	65	(334)	-	(334)
Policy acquisition costs	80,229	(1,405)	78,824	92,224	-	92,224
Other underwriting expenses	29,313	-	29,313	41,887	-	41,887
Insurance share distribution	9,212	-	9,212	23,733	-	23,733
Total underwriting costs and expenses	1,727,818	(1,405)	1,726,413	1,281,548	-	1,281,548
Net underwriting income	269,747	1,405	271,152	354,139	-	354,139
General and administrative expenses	(178,553)	(1,310)	(179,863)	(142,540)	(1,434)	(143,974)
Reversal of / (allowance) for doubtful debts	3,132	-	3,132	(16,990)	-	(16,990)
Investments income, net	50,893	29,655	80,548	57,576	(21,846)	35,730
Share of profit from investments in equity accounted investments, net	-	3,613	3,613	(108)	4,674	4,566
Other income, net	2,348	(237)	2,111	2,048	-	2,048
Net income before attribution and zakat	147,567	33,126	180,693	254,125	(18,606)	235,519
Surplus transferred to Shareholders' Operations	(132,811)	132,811	-	(228,713)	228,713	-
Net income after Shareholders' appropriations before zakat	14,756	165,937	180,693	25,412	210,107	235,519
Zakat charge for the period	-	(22,274)	(22,274)	-	(21,908)	(21,908)
Net income after zakat	-	143,663	143,663	25,412	188,199	213,651

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

20. SUPPLEMENTARY INFORMATION (continued)

ii) Interim condensed consolidated statement of income (continued)

	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiary operations	Total	Insurance operations	Shareholders' operations	Total
SAR'000						
REVENUES						
Gross premiums written	5,185,773		5,185,773	5,042,534	-	5,042,534
Reinsurance premium ceded	(815,883)		(815,883)	(735,826)	-	(735,826)
Excess of loss premiums	(8,193)		(8,193)	2,955	-	2,955
Fees income from takaful	2,657		2,657	(15,551)	-	(15,551)
Net premiums written	4,364,354		4,364,354	4,294,112	-	4,294,112
Changes in unearned premiums, net	(573,303)		(573,303)	(766,537)	-	(766,537)
Net premiums earned	3,791,051		3,791,051	3,527,575	-	3,527,575
Reinsurance commissions	63,226		63,226	54,965	-	54,965
Other underwriting income	3,542		3,542	5,864	-	5,864
Total revenues	3,857,819		3,857,819	3,588,404	-	3,588,404
UNDERWRITING COST AND EXPENSES						
Gross claims paid	3,195,004	-	3,195,004	3,402,290	-	3,402,290
Expenses incurred related to claims	2,299	-	2,299	57,205	-	57,205
Reinsurers' share of claims paid	(107,228)	-	(107,228)	(692,342)	-	(692,342)
Net claims and other benefits paid	3,090,075	-	3,090,075	2,767,153	-	2,767,153
Changes in outstanding claims, net	(130,763)	-	(130,763)	(29,960)	-	(29,960)
Changes in incurred but not reported claims, net	238,944	-	238,944	(313,888)	-	(313,888)
Changes in premium deficiency reserves	(11,234)	-	(11,234)	206,335	-	206,335
Net claims and other benefits incurred	3,187,022	-	3,187,022	2,629,640	-	2,629,640
Changes in reserves for takaful activities	375	-	375	(440)	-	(440)
Policy acquisition costs	170,874	(4,470)	166,404	195,739	-	195,739
Other underwriting expenses	65,226	-	65,226	91,146	-	91,146
Insurance share distribution	15,567	-	15,567	124,417	-	124,417
Total underwriting costs and expenses	3,439,064	(4,470)	3,434,594	3,040,502	-	3,040,502
Net underwriting income	418,755	4,470	423,225	547,902	-	547,902
General and administrative expenses	(327,350)	(2,863)	(330,213)	(295,666)	(2,829)	(298,495)
Reversal of / (allowance) for doubtful debts	3,784	-	3,784	(32,610)	-	(32,610)
Investments income, net	86,229	73,475	159,704	89,932	8,081	98,013
Share of profit from investments in equity accounted investments, net	-	6,638	6,638	(108)	7,838	7,730
Impairment of available-for-sale investments	-	-	-	(2,637)	(2,175)	(4,812)
Other income, net	5,305	(3,023)	2,282	9,021	-	9,021
Net income before attribution and zakat	186,723	78,697	265,420	315,834	10,915	326,749
Surplus transferred to Shareholders' Operations	(168,051)	168,051	-	(284,251)	284,251	-
Net income after Shareholders' appropriations before zakat	18,672	246,748	265,420	31,583	295,166	326,749
Zakat charge for the period		(43,948)			(40,122)	
Net income after zakat		202,800			255,044	

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

20. SUPPLEMENTARY INFORMATION (continued)

iii) Interim condensed consolidated statement of comprehensive income

	For the three months period ended June 30, 2021 (Unaudited)			For the three months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiary operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000					
Net income after Zakat	14,756	143,663	158,419	25,412	188,199	213,611
Other comprehensive income:						
<i>To be recycled back to interim condensed consolidated statement of income in subsequent periods:</i>						
<u>Available-for-sale investments</u>						
- Net change in fair value	113,268	51,364	164,632	(202,494)	(55,253)	(257,747)
- Net amounts recycled to interim condensed consolidated statement of income	(25,558)	(16,516)	(42,074)	(22,581)	41,066	18,485
Share of other comprehensive income of investments in equity accounted investments	-	(45)	(45)	-	(3,631)	(3,631)
Total comprehensive income / (loss) for the period	102,466	178,466	280,932	(199,663)	170,381	(29,282)
Reconciliation:						
Less: Net income attributable to insurance operations transferred to accumulated surplus			(14,756)			(25,412)
Total comprehensive income / (loss) for the period			266,176			(54,694)

	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiary operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000					
Net income after Zakat	18,672	202,800	221,472	31,583	255,044	286,627
Other comprehensive income:						
<i>To be recycled back to interim condensed consolidated statement of income in subsequent periods:</i>						
<u>Available-for-sale investments</u>						
- Net change in fair value	140,583	66,566	207,149	(197,916)	(70,549)	(268,465)
- Net amounts recycled to interim condensed consolidated statement of income	(31,125)	(46,962)	(78,087)	(19,944)	25,025	5,081
Share of other comprehensive income of investments in equity accounted investments	-	(1,013)	(1,013)	-	(3,397)	(3,397)
Total comprehensive income for the period	128,130	221,391	349,521	(186,277)	206,123	19,846
Reconciliation:						
Less: Net income attributable to insurance operations transferred to accumulated surplus			(18,672)			(31,583)
Total comprehensive income / (loss) for the period			330,849			(11,737)

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021

20. SUPPLEMENTARY INFORMATION (continued)

iv) Interim condensed consolidated statement of cash flows

	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiary operations	Total	Insurance operations	Shareholders' operations	Total
SAR'000						
Operating activities:						
Net income before attribution and zakat	18,672	246,748	265,420	31,583	295,166	326,749
Adjustments for non-cash items:						
Depreciation	7,658	-	7,658	15,351	-	15,351
Amortisation of intangible assets	1,722	-	1,722	558	-	558
Reversal of / (allowance) for doubtful debts	(3,784)	-	(3,784)	32,610	-	32,610
(Gain) / loss on sale of available-for-sale investments	(31,125)	(46,962)	(78,087)	(22,581)	22,850	269
Impairment of available-for-sale-investments	-	-	-	2,637	2,175	4,812
Finance cost	3,003	-	3,003	-	-	-
Share of profit from investments in equity accounted investments, net	-	(6,638)	(6,638)	108	(7,838)	(7,730)
Provision for defined benefits obligation	13,443	-	13,443	12,438	-	12,438
	9,589	193,148	202,737	72,704	312,353	385,057
Changes in operating assets and liabilities:						
Prepaid expenses and others assets	(150,765)	(473)	(151,238)	(94,627)	(232)	(94,859)
Deferred excess of loss premiums	7,433	-	7,433	(2,592)	-	(2,592)
Deferred policy acquisition costs	10,345	-	10,345	(33,911)	-	(33,911)
Reinsurers' share of gross outstanding claims	198,333	-	198,333	790,315	-	790,315
Reinsurers' share of claims incurred but not reported	(19,474)	-	(19,474)	39,217	-	39,217
Reinsurers' share of unearned premiums	(97,683)	-	(97,683)	22,590	-	22,590
Receivables, net	(132,377)	-	(132,377)	(1,583,684)	-	(1,583,684)
Reinsurers' balances payable	445,943	-	445,943	(54,294)	-	(54,294)
Gross unearned premiums	670,986	-	670,986	743,947	-	743,947
Unearned commission income	15,334	-	15,334	1,891	-	1,891
Gross outstanding claims	(329,096)	-	(329,096)	(820,275)	-	(820,275)
Incurred but not reported claims reserve	258,418	-	258,418	(353,105)	-	(353,105)
Premium deficiency reserve	(11,234)	-	(11,234)	206,335	-	206,335
Reserve for takaful activities	375	-	375	(440)	-	(440)
Claims payable, accrued expenses and other liabilities	(984,737)	(227)	(984,964)	279,307	2,342	281,649
	(108,610)	192,448	83,838	(786,622)	314,463	(472,159)
Finance cost paid	(4,305)	-	(4,305)			
Defined benefits obligation paid	(7,862)	-	(7,862)	(8,108)	-	(8,108)
Zakat paid during the period	-	(14,779)	(14,779)	-	-	-
Net cash (used in) / generated from operating activities	(120,777)	177,669	56,892	(794,730)	314,463	(480,267)
Investing activities:						
Proceeds from sale of available-for-sale investments	795,533	447,582	1,243,115	632,628	668,025	1,300,653
Purchase of available-for-sale investments	(300,086)	(347,106)	(647,192)	(1,331,605)	(374,847)	(1,706,452)
Proceeds from maturity of mudaraba / murabaha deposits	1,540,665	1,973,974	3,514,639	3,450,720	3,944,409	7,395,129
Placement in mudaraba / murabaha deposits	(1,540,185)	(2,142,749)	(3,682,934)	(3,244,764)	(3,700,338)	(6,945,102)
Accrued investment income	(20,736)	(9,218)	(29,954)	(42,748)	(3,768)	(46,516)
Dividends received from investments in equity accounted investments	-	7,455	7,455	-	13,668	13,668
Purchase of property and equipment	(3,099)	-	(3,099)	(6,301)	-	(6,301)
Purchase of intangible assets	(7,568)	-	(7,568)	(2,734)	-	(2,734)
Net cash generated from / (used in) investing activities	464,524	(70,062)	394,462	(544,804)	547,149	2,345

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**(continued)****FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2021****20. SUPPLEMENTARY INFORMATION (continued)****iv) Interim condensed consolidated statement of cash flows (continued)**

	For the six months period ended June 30, 2021 (Unaudited)			For the six months period ended June 30, 2020 (Unaudited)		
	Insurance operations	Shareholders' & Subsidiary operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000					
Financing activities:						
Dividends paid	-	(99,940)	(99,940)	-	-	-
Due to shareholders	(43,266)	43,266	-	749,839	(749,839)	-
Net cash used in financing activities	(43,266)	(56,674)	(99,940)	749,839	(749,839)	-
Net change in cash and cash equivalents during the period	300,481	50,933	351,414	(589,695)	111,773	(477,922)
Cash and cash equivalents, beginning of the period	337,359	108,435	445,794	1,297,401	9,149	1,306,550
Cash and cash equivalents, end of the period	637,840	159,368	797,208	707,706	120,922	828,628
Non-cash supplemental information:						
Changes in fair value for available-for-sale investments	109,458	19,604	129,062	(217,860)	(45,524)	(263,384)
Share of other comprehensive income in equity accounted investments	-	(1,013)	(1,013)	-	(3,397)	(3,397)
Reclassification to available-for-sale investments from investments in equity accounted investments	-	-	-	10,250	-	10,250

21. RISK MANAGEMENT

The risk management policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors, on Muharram 2, 1443H, corresponding to August 10, 2021.