

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT**

FOR THE THREE –MONTHS PERIOD ENDED 31 MARCH 2022

**ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

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

**TO THE SHAREHOLDERS OF
ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
Kingdom of Saudi Arabia**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of **Arabia Insurance Cooperative Company - (the "Company")** as at 31 March 2022, and the related interim condensed statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three month period ended and a summary of significant accounting policies and other explanatory notes ("interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the 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 condensed 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 financial statements is not prepared, in all material respects, in accordance with IAS 34, 'as endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.

P.O Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337



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

P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia

Salman B. Al Sudairy
Certified Public Accountant
License No. 283

19 May 2022
18 Shawwal 1443H



ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
Expressed in Saudi Riyals

	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	4	71,722,930	85,343,072
Premiums and reinsurance receivables, net	5	277,588,844	150,976,952
Reinsurers' share of unearned premiums	7-2	67,956,958	47,877,264
Reinsurers' share of outstanding claims	7-1	70,094,531	70,586,696
Reinsurers' share of claims incurred but not reported	7-1	6,808,878	8,345,878
Deferred policy acquisition costs		21,397,627	11,122,225
Deferred Excess of loss expenses		4,708,775	-
Investments	6	152,541,286	141,032,418
Due from related party	11	83,346	83,346
Prepayments and other assets		25,570,824	24,203,083
Right-of-use assets		2,675,406	3,214,715
Time deposits		50,510,144	57,460,919
Property and equipment, net		7,791,149	7,417,955
Statutory deposit		40,000,000	40,000,000
Return on statutory deposit		4,561,477	4,493,686
TOTAL ASSETS		804,012,175	652,158,209
LIABILITIES			
Accounts payable		17,261,946	17,106,089
Accrued expenses and other liabilities		45,784,393	23,959,923
Reinsurers' balance payables		60,881,301	31,008,133
Unearned premiums	7-2	279,799,526	168,094,359
Unearned reinsurance commission		10,924,289	3,460,509
Outstanding claims	7-1	97,188,698	104,492,463
Claims incurred but not reported	7-1	45,913,390	52,970,390
Premium deficiency reserve and other reserves	7-1	5,571,423	8,965,000
Provision for end of service benefits		10,762,689	10,479,356
Due to related parties		498,552	198,882
Zakat and income tax accrued		8,652,889	7,652,889
Lease liability		2,363,244	2,742,492
Return on investment of accrued statutory deposit		4,561,477	4,493,686
TOTAL LIABILITIES		590,163,817	435,624,171
INSURANCE OPERATIONS' ACCUMULATED SURPLUS			
Accrued surplus distributions		1,438,544	1,438,544
Actuarial loss on defined benefit plan		(543,842)	(543,842)
TOTAL LIABILITIES & ACCUMULATED SURPLUS		591,058,519	436,518,873
SHAREHOLDERS' EQUITY			
Share Capital	13	265,000,000	265,000,000
Accumulated losses		(52,538,056)	(49,496,359)
Investment revaluation reserve		491,712	135,695
TOTAL SHAREHOLDERS' EQUITY		212,953,656	215,639,336
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		804,012,175	652,158,209

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
Expressed in Saudi Riyals

	Notes	31 March 2022 (unaudited)	31 March 2021 (unaudited)
REVENUES			
Gross premiums written			
- Direct		216,720,159	175,594,007
Reinsurance premiums ceded			
- Foreign		(50,481,014)	(43,906,296)
- Local		(1,867,361)	(9,145,214)
Excess of loss expenses		(1,569,594)	(1,225,344)
Net premiums written		162,802,190	121,317,153
Changes in unearned premiums, net		(91,625,473)	(61,590,366)
Net premiums earned		71,176,717	59,726,787
Reinsurance commission earned		7,466,629	5,262,961
Other income		-	1,488,265
NET REVENUES		78,643,346	66,478,013
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(80,285,126)	(62,134,663)
Reinsurers' share of claims paid		11,584,773	12,107,686
Net claims paid		(68,700,353)	(50,026,977)
Changes in outstanding claims, net		6,811,600	3,644,947
Changes in claims incurred but not reported, net		5,520,000	3,198,000
Net claims incurred		(56,368,753)	(43,184,030)
Policy acquisition costs		(8,095,151)	(6,471,861)
Changes in premium deficiency reserve and other reserves		3,393,577	(842,000)
TOTAL UNDERWRITING COSTS AND EXPENSES		(61,070,327)	(50,497,891)
NET UNDERWRITING INCOME		17,573,019	15,980,122
OTHER OPERATING (EXPENSES) / INCOME			
Reverse for doubtful debts		(57,880)	2,534,576
General and administrative expenses		(20,796,580)	(17,060,659)
Commission income on deposits		320,010	232,940
Dividend income		919,734	772,940
TOTAL OTHER OPERATING EXPENSES / (INCOME)		(19,614,716)	(13,520,203)
Total income for the period before zakat and income tax		(2,041,697)	2,459,919
Zakat and income tax		(1,000,000)	(2,119,931)
Net income / (loss) for the period after zakat and income tax		(3,041,697)	339,988
Income for the period attributed to the insurance operations		-	(197,425)
INCOME / (LOSS) FOR THE PERIOD ATTRIBUTED TO THE SHAREHOLDERS		(3,041,697)	142,563
Basic earnings / (loss) per share	15	(0.01)	0.01

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

Expressed in Saudi Riyals

	For the three months period ended	
	31 March 2022	31 March 2021
	(unaudited)	(unaudited)
Income / (loss) for the period attributed to the shareholders	(3,041,697)	142,563
Other comprehensive income:		
<i>Items may be reclassified to statements of income in subsequent periods</i>		
- Net change in fair value	356,017	409,963
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(2,685,680)	552,526
Total comprehensive income attributed to the insurance operations	-	-
Total comprehensive income / (loss) attributable to the shareholders	(2,685,680)	552,526



Chief Financial Officer



Authorized Board Member



Chief Executive Officer

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

Expressed in Saudi Riyals

	Share capital	Accumulated losses	Investment revaluation reserve	Total Shareholders' Equity
2022				
Balance, beginning of the period	265,000,000	(49,496,359)	135,695	215,639,336
Total comprehensive income for the period:				
Net income for the period attributable to the shareholders	-	(3,041,697)	-	(3,041,697)
Changes in fair values of available for sale investments	-	-	356,017	356,017
Total comprehensive income for the period	-	(3,041,697)	356,017	(2,685,680)
Balance, ending of the period (unaudited)	265,000,000	(52,538,056)	491,712	212,953,656
2021				
Balance, beginning of the period	265,000,000	(43,978,974)	745,267	221,766,293
Total comprehensive loss for the period:				
Net loss for the period attributable to the shareholders	-	142,563	-	142,563
Changes in fair values of available for sale investments	-	-	409,963	409,963
Total comprehensive loss for the period	-	142,563	409,963	552,526
Balance, ending of the period (unaudited)	265,000,000	(43,836,411)	1,155,230	222,318,819



Chief Financial Officer



Authorized Board Member



Chief Executive Officer

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022
Expressed in Saudi Riyals

	Notes	31 March 2022 (Unaudited)	31 March 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period		(3,041,697)	339,988
Adjustments for non-cash items:			
Depreciation of property and equipment		580,557	604,509
Gain on sale of property and equipment		-	-
Depreciation of Right-of-use assets		539,309	539,309
Finance charges		27,167	48,944
Allowance for doubtful debts		57,880	(2,534,576)
Gains on sale of available for sale investments		-	-
Provision for end-of-service benefits		366,000	421,917
Accrued zakat and income tax		1,000,000	2,119,931
		(470,784)	1,540,022
Changes in operating assets and liabilities:			
Premiums and reinsurance receivables		(126,669,772)	(108,422,014)
Reinsurers' share of unearned premiums		(20,079,694)	(26,911,756)
Reinsurers' share of outstanding claims		492,165	521,589
Reinsurers' share of claims incurred but not reported		1,537,000	314,000
Deferred policy acquisition costs		(10,275,402)	(8,898,926)
Deferred excess loss expense		(4,708,775)	(3,676,026)
Prepaid expenses and other assets		(1,367,741)	719,954
Accounts payable		155,857	4,030,308
Accrued expenses and other liabilities		21,824,472	8,034,186
Reinsurers' balances payable		29,873,168	37,674,115
Unearned premiums		111,705,167	88,502,122
Unearned reinsurance commission		7,463,780	4,089,729
Outstanding claims		(7,303,765)	(4,166,536)
Claims incurred but not reported		(7,057,000)	(3,512,000)
Premium deficiency reserve and other reserves		(3,393,577)	842,000
Accrued surplus distribution		-	-
Due to related parties		299,670	-
Cash used in operating activities		(7,975,231)	(9,319,233)
Zakat and income tax paid		-	(519,795)
End-of-service benefits paid		(82,667)	(345,156)
Net cash used in operating activities		(8,057,898)	(10,184,184)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Additions) / disposals in investments		(11,152,851)	(42,466,827)
(Additions) / disposals in time deposits		6,950,775	(26,209,319)
Additions in property and equipment		(953,752)	(357,292)
Net cash from investing activities		(5,155,828)	(69,033,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liabilities paid		(406,416)	(404,563)
Net cash used in financing activities		(406,416)	(404,563)
Net change in cash and cash equivalents		(13,620,142)	(79,622,185)
Cash and cash equivalents at the beginning of the period		85,343,072	149,327,454
Cash and cash equivalents at the end of the period		71,722,930	69,705,269
NON- CASH TRANSACTIONS:			
Changes in fair value of available for sale investments		356,017	409,964

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

The accompanying notes 1 to 20 form part of these interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Arabia Insurance Cooperative Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010243302 dated 18 Muharram 1429H (corresponding to 27 January 2008). The registered address of the Company is P.O. Box 28655, Riyadh 11323, Kingdom of Saudi Arabia.

The objectives of the Company is to transact cooperative insurance business and carry out related activities in the Kingdom of Saudi Arabia. Its principal activity includes all classes of general insurance, medical insurance, savings and protection. The Company was listed on the Saudi Stock Exchange (Tadawul) on 26 Muharram 1429H (corresponding to 4 February 2008). The Company started insurance and reinsurance operations on 4 Muhram 1430H (corresponding to 1 January 2009).

On 14 Jumada Thani 1435H (corresponding to 14 April 2014), the Saudi Central Bank (SAMA) issued official approval numbered 351000076885 to amend the licence issued to the Company number TMN/15/20086 to transact insurance and reinsurance activities to be restricted to insurance activities only.

The Company amended the Articles of Association in line with the amendments of the Saudi Companies Regulations issued in 1437H (2015).

2. BASIS OF PREPARATION

a) Basis of presentation:

The interim condensed financial statements of the company have been prepared in accordance with International Accounting Standard 34 - Initial Financial Report approved in the Kingdom of Saudi Arabia and other standards and publications issued by the Saudi Organization for Chartered and Professional Accountants.

The interim condensed financial statements of the company were prepared for the period ended on March 31, 2022, in accordance with International Accounting Standard 34 adopted in the Kingdom of Saudi Arabia and the Insurance Control Law and corporate regulations in the Kingdom of Saudi Arabia.

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders’ Operations and presents the financial statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of revenues and expenses from joint operations is determined and approved by the management and the Board of Directors.

The financial statements are prepared on the going concern basis and on the historical cost basis, except for available-for-sale investments where they are measured at fair value and end of service benefits are measured at present value. The balance sheet is not displayed using the current / non-current classification. Nevertheless, the following balances are generally classified in circulation: cash and cash equivalents, short time deposits , premiums and reinsurance receivables , net, Reinsurers’ share of unearned premiums , Reinsurers’ share of outstanding claims , Reinsurers’ share of claims incurred but not reported, Deferred policy acquisition costs, Accounts payable , Accrued expenses and other liabilities , Reinsurers’ balance payables, Unearned premiums , Unearned reinsurance commission, Outstanding claims, Claims incurred but not reported, Premium deficiency reserve and other reserves ,Accrued surplus distributions ,Zakat and income tax accrued and Due to related parties.

The following balances are generally classified as non-current: Investments, Property and equipment, intangible assets, Statutory deposit, end of service benefits, and right of use assets.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

2. BASIS OF PREPARATION (continued)

a) Basis of presentation: (continued)

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

In preparing the Company-level financial 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 transactions and events in similar circumstances.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and must be read in conjunction with the annual financial statements of the company as they are on December 31, 2021.

The interim condensed financial statements are expressed in Saudi riyals.

b) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results ultimately may differ from those estimates. Moreover, the company has reviewed the main sources to estimate the uncertainty disclosed in the latest annual financial statements regarding the Coronavirus (Covid-19) pandemic, moreover, the company has considered the following:

Impact of Covid-19

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

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

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

The major impact of Covid-19 pandemic is seen in medical and motor line of business as explained below. As with any estimate, the projections and likelihoods of occurrence are underpinned by significant judgment and rapidly evolving situation and uncertainties surrounding the duration and severity of the pandemic, and therefore, the actual outcomes may be different to those projected.

The impact of such uncertain economic environment is judgmental, and the Company will continue to reassess its position and the related impact on a regular basis.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

2. BASIS OF PREPARATION (continued)

Significant accounting judgements, estimates and assumptions (continued)

Medical technical reserve

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavorable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since 21 June 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cash flows of the insurance contracts in force as at 31 March 2022 for its liability adequacy test.

Motor technical reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "circular") dated 08 May 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this circular.

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

For new policies written as per above circular, the premium is earned over the period of coverage i.e 14 month as per the Company accounting policy. There is no material impact on the two-month period of the premiums earned as on March 31, 2022, due to the absence of large amounts for the premiums that were subscribed during the one-month period.

Financial assets

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

In case of equities classified under available-for-sale, the Company has performed an assessment to determine whether there is a significant or prolonged decline in the fair value of financial assets below their cost.

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three months' period ended 31 March 2022. The Company's management continues to monitor the situation closely.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The significant accounting policies and risk management policies adopted in preparing these condensed interim financial statements are consistent with those that are followed in preparing the annual financial statements of the company for the year ended December 31, 2021.

New standards were issued, but not yet effective

The standards and interpretations that were issued, but were not effective until the date of issuance of the initial financial statements of the company, are disclosed below. The Company intends to adopt these standards, if required, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work although the date of approval is subject to the recently issued exposure draft on replacing IAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in the IAS International 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transfer Disclosures, issued in December 2011, move the mandatory effective date to January 1, 2015.

However, on November 19, 2013, the International Accounting Standards Board issued IFRS 9 Financial Instruments (Hedge Accounting and Amendments to IFRS 9) amending IFRS 9 to include the new general hedge accounting model. At its February 2014 meeting, the International Accounting Standards Board decided that IFRS 9 would be effective and mandatory for annual reporting periods beginning on or after January 1, 2018, with an optional temporary exception to postpone the application of IFRS 9 until January 1, 2022. For companies whose activities are mostly associated with insurance. In line with other insurance companies in the Kingdom of Saudi Arabia, the company has postponed the application of IFRS 9 until 1 January 2023 to comply with the adoption of IFRS 17.

IFRS 17 Insurance Contracts

The International Accounting Standards Board issued IFRS 17 in May 2017. IFRS 17 will be mandatory for annual reporting periods beginning on or after January 1, 2023. Once it becomes effective, the IFRS becomes available. Financial No. 17 replaces IFRS 4 that was issued in 2005. The overall goal of IFRS 17 is to provide a more useful and consistent accounting model for insurance contracts between entities that issue insurance contracts globally. The company is in the process of evaluating the impact of IFRS 17.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

4. CASH AND CASH EQUIVALENTS

	31 March 2022 (Unaudited) SR		
	<i>Insurance operations SR</i>	<i>Shareholders' Operations SR</i>	<i>Total SR</i>
Cash on hand and in Banks	31,681,280	2,820,397	34,501,677
Time deposits	-	37,221,253	37,221,253
	<u>31,681,280</u>	<u>40,041,650</u>	<u>71,722,930</u>
	31 December 2021 (Audited) SR		
	<i>Insurance operations SR</i>	<i>Shareholders' Operations SR</i>	<i>Total SR</i>
Cash on hand and in Banks	26,223,807	1,098,726	27,322,533
Time deposits	-	58,020,539	58,020,539
	<u>26,223,807</u>	<u>59,119,265</u>	<u>85,343,072</u>

5. PREMIUMS AND REINSURANCE RECEIVABLES, NET

Premiums and reinsurance receivables comprise of the following:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Policyholders	309,797,919	190,709,753
Less: Provision for doubtful debt	(49,652,982)	(49,376,279)
Net premiums receivables	<u>260,144,937</u>	<u>141,333,474</u>
Reinsurance balances receivable	20,828,838	13,247,232
Less: Provision for doubtful debt	(3,384,931)	(3,603,754)
Net reinsurance balances receivable	<u>17,443,907</u>	<u>9,643,478</u>
Total premiums and reinsurance balances receivable, net	<u>277,588,844</u>	<u>150,976,952</u>

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022

6. INVESTMENTS

Investments comprise of the following:

	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations SR	Shareholders' Operations SR	Total SR	Insurance operations SR	Shareholders' Operations SR	Total SR
Investments available for sale	-	81,077,780	81,077,780	-	62,292,662	62,292,662
Investments held to maturity *	31,528,125	39,935,381	71,463,506	31,903,125	46,836,631	78,739,756
Total	31,528,125	121,013,161	152,541,286	31,903,125	109,129,293	141,032,418

* Bonds are stated in the statement of financial position at amortized cost. The fair value of investments acquired to maturity amounted to SR 82,015,082 (31 December 2021: SR 82,498,266).

- The movement in investments is as follows:

	Insurance operations	
	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Beginning balance	31,903,125	32,653,125
Additions	750,000	-
Disposals	(1,125,000)	(750,000)
Ending balance	31,528,125	31,903,125

	Shareholders' operations	
	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Beginning balance	109,129,293	71,500,387
Additions	19,950,000	148,292,189
Disposals	(8,422,148)	(112,728,712)
Net additions and disposals	11,527,852	35,563,477
Realized profit during the period / year	-	2,675,001
Change in fair value of investments	356,016	(609,572)
Ending balance	121,013,161	109,129,293

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7. TECHNICAL RESERVES

7-1. Net outstanding claims and other reserves

Net outstanding claims and other reserves comprise of the following:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Outstanding claims	108,022,310	116,579,038
Less: Realizable value of salvage and subrogation	(10,833,612)	(12,086,575)
	97,188,698	104,492,463
Claims incurred but not reported	45,913,390	52,970,390
Premium deficiency reserve and other reserves	5,571,423	8,965,000
	51,484,813	61,935,390
Less:		
- Reinsurers' share of outstanding claims	70,094,531	70,586,696
- Reinsurers' share of claims Incurred but not reported	6,808,878	8,345,878
	76,903,409	78,932,574
	71,770,102	87,495,279

7-2. MOVEMENT IN UNEARNED PREMIUMS

Movement in unearned premiums is as follows:

	Three months' period ended 31 March 2022 (Unaudited)			Year ended 31 December 2021 (Audited)		
	Total	Reinsurers	Net	Total	Reinsurers	Net
	SR	SR	SR	SR	SR	SR
Balance at the beginning of the period	168,094,359	(47,877,264)	120,217,095	140,802,544	(42,904,729)	97,897,815
Premium written during the period	216,720,159	(53,917,969)	162,802,190	422,322,603	(131,245,255)	291,077,348
Premium earned during the period	(105,014,992)	33,838,275	(71,176,717)	(395,030,788)	126,272,720	(268,758,068)
Balance at the end of the period	279,799,526	(67,956,958)	211,842,568	168,094,359	(47,877,264)	120,217,095

8. COMMITMENTS AND CONTINGENCIES

a. Commitments and contingencies comprise of the following:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Letter of guarantee	2,708,500	2,709,500
Total	2,708,500	2,709,500

b. Litigations and lawsuits

The company operates in the insurance business and is vulnerable to lawsuits during its normal business cycle.

While it is impractical to predict or know the final outcome of all lawsuits, management believes that these lawsuits

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(including the cases) will not have any material impact on the company's results or its financial position. The company does not have any material lawsuit on the date of preparing the interim condensed financial statements.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

Fair value

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

31 March 2022 (unaudited)

Financial assets measured at fair value

Available for sale investments:

	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
- Mutual Funds	-	37,358,628	-	37,358,628
- Bonds	28,912,494	-	-	28,912,494
- Equity portfolio	12,883,578	-	-	12,883,578
- Equity*	-	-	1,923,080	1,923,080
Total	41,796,072	37,358,628	1,923,080	81,077,780

31 December 2021 (Audited)

Financial assets measured at fair value

Available for sale investments:

	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
- Mutual Funds	-	32,102,160	-	32,102,160
- Bonds	28,267,425	-	-	28,267,425
- Equity *	-	-	1,923,077	1,923,077
Total	28,267,425	32,102,160	1,923,077	62,292,662

The change in the fair value of available-for-sale investments amounting to SAR 491,712 as of March 31, 2022 (December 31, 2021: SAR 135,695) is shown within the shareholders' equity in the interim condensed statement of financial position.

For the period ended March 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers to or from Level 3 fair value measurements.

- * The investment in shares of a local non-current company, amounting to SR 1.9 million (December 31, 2021: SR 1.9 million), represents equity investments in the capital of Najm Company for Non-Current Insurance Services at a rate

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of 3.85% (31 December 2021: 3.85%). Due to the lack of fair value, the investment has been recorded at cost and in the opinion of management there is no material difference between the fair value of this investment and its carrying value.

10.SEGMENTAL INFORMATION

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

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed income statement. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2021.

Segment assets do not include property and equipment, prepaid expenses and other assets, insurance premiums, reinsurance receivables, investments, time deposits, cash and cash equivalents, amounts due from a related party, statutory deposit, and investment returns from the statutory deposit, and thus they are included in the unallocated assets.

Segments' liabilities do not include reinsurers' receivables, end-of-service benefits provision, payables and accrued expenses and other liabilities, other provisions, surplus payable distributions, actuarial loss for specific benefit plans, accrued zakat and income tax, and due statutory deposit investment returns., and thus they are included in the unallocated liabilities.

General and administrative expenses, commission income, and other income from insurance operations were not distributed within the different sectors.

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

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10. OPERATING SEGMENTS (CONTINUED)

As at 31 March 2022 (unaudited)

As at 31 March 2022 (unaudited)	Saudi Riyals						
	Insurance Operations						
Operating segments	Medical	Motor	Fire	Engineering	Marine	Others	Total
Assets							
Reinsurers' share of unearned premiums	9,761,645	-	32,917,433	8,001,596	4,836,487	12,439,797	67,956,958
Reinsurers' share of outstanding claims	1,966,652	13,244,284	33,551,512	3,847,456	2,971,813	14,512,814	70,094,531
Reinsurers' share of claims incurred but not reported	3,197,000	-	2,886,000	192,000	268,000	265,878	6,808,878
Deferred policy acquisition costs	5,936,754	8,112,710	4,168,450	879,831	681,198	1,618,684	21,397,627
Unallocated assets	-	-	-	-	-	-	410,372,410
	20,862,051	21,356,994	73,523,395	12,920,883	8,757,498	28,837,173	576,630,404
Liabilities							
Unearned premiums	109,272,801	106,952,547	33,730,556	9,847,173	5,364,189	14,632,260	279,799,526
Unearned reinsurance commission	-	-	5,791,202	1,677,321	1,141,992	2,313,774	10,924,289
Outstanding claims	11,320,484	21,668,896	33,913,447	6,128,355	3,867,720	20,289,796	97,188,698
Claims incurred but not reported	13,836,000	26,255,000	3,711,000	521,000	590,000	1,000,390	45,913,390
Premium deficiency reserve	-	4,846,000	360,000	78,423	-	287,000	5,571,423
Unallocated liabilities	-	-	-	-	-	-	137,233,078
	134,429,285	159,722,443	77,506,205	18,252,272	10,963,901	38,523,220	576,630,404

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10. OPERATING SEGMENTS (CONTINUED)

As at 31 December 2021 (audited)

	<u>Saudi Riyals</u>						
	Insurance Operations						
Operating segments	Medical	Motor	Fire	Engineering	Marine	Others	Total
Assets							
Reinsurers' share of unearned premiums	14,516,749	-	15,474,054	7,626,142	2,007,520	8,252,799	47,877,264
Reinsurers' share of outstanding claims	3,016,231	13,244,284	36,791,630	3,542,039	3,950,654	10,041,858	70,586,696
Reinsurers' share of claims incurred but not reported	4,388,000	-	3,261,000	354,000	317,000	25,878	8,345,878
Deferred policy acquisition costs	3,926,562	3,549,030	1,468,270	770,808	302,495	1,105,060	11,122,225
Unallocated assets	-	-	-	-	-	-	285,238,986
	25,847,542	16,793,314	56,994,954	12,292,989	6,577,669	19,425,595	423,171,049
Liabilities							
Unearned premiums	75,299,640	55,140,339	16,016,497	9,058,386	2,443,783	10,135,714	168,094,359
Unearned reinsurance commission	-	-	1,249,766	664,231	351,399	1,195,113	3,460,509
Outstanding claims	16,150,146	24,771,107	37,231,863	5,570,550	5,074,600	15,694,197	104,492,463
Claims incurred but not reported	18,119,000	28,352,000	4,371,000	790,000	721,000	617,390	52,970,390
Premium deficiency reserve	-	6,237,000	871,000	504,000	150,000	1,203,000	8,965,000
Unallocated liabilities	-	-	-	-	-	-	85,188,328
	109,568,786	114,500,446	59,740,126	16,587,167	8,740,782	28,845,414	423,171,049

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10. OPERATING SEGMENTS (CONTINUED)

For the three months period ended 31 March 2022 (unaudited)

Operating segments	Medical	Motor	Fire	Saudi Riyals Engineering	Marine	Others	Total
Revenue							
Gross premiums written							
- Direct	74,139,395	87,698,504	32,554,304	5,465,382	5,370,059	11,492,515	216,720,159
Reinsurance premiums ceded:							
Foreign	(1,088,998)	-	(31,287,544)	(3,677,045)	(4,446,589)	(9,980,838)	(50,481,014)
Local	-	-	(579,887)	(592,373)	(389,898)	(305,203)	(1,867,361)
Excess of loss premiums	(650,000)	(326,400)	(140,625)	(328,124)	(124,445)	-	(1,569,594)
NET PREMIUMS WRITTEN	72,400,397	87,372,104	546,248	867,840	409,127	1,206,474	162,802,190
Change in unearned premiums, net	(38,728,266)	(51,812,208)	(270,680)	(413,333)	(91,440)	(309,546)	(91,625,473)
NET PREMIUMS EARNED	33,672,131	35,559,896	275,568	454,507	317,687	896,928	71,176,717
Reinsurance commission	-	-	2,217,677	3,189,678	882,010	1,177,264	7,466,629
Other income	-	-	-	-	-	-	-
TOTAL REVENUE	33,672,131	35,559,896	2,493,245	3,644,185	1,199,697	2,074,192	78,643,346
Underwriting Cost and Expenses							
Gross claims paid	(39,980,215)	(36,555,403)	(999,701)	(270,847)	(1,387,880)	(1,091,080)	(80,285,126)
Reinsurers share of claims paid	8,738,003	-	979,148	190,229	1,000,982	676,411	11,584,773
Net claims paid	(31,242,212)	(36,555,403)	(20,553)	(80,618)	(386,898)	(414,669)	(68,700,353)
Change in outstanding claims, net	3,780,082	3,102,211	78,298	(252,388)	228,039	(124,642)	6,811,600
Change in claims incurred but not reported, net	3,092,000	2,097,000	285,000	107,000	82,000	(143,000)	5,520,000
NET CLAIMS INCURRED	(24,370,130)	(31,356,192)	342,745	(226,006)	(76,859)	(682,311)	(56,368,753)
Policy acquisition costs	(1,923,804)	(3,091,061)	(1,411,741)	(560,018)	(275,732)	(832,795)	(8,095,151)
Change in premium deficiency reserve and other reserves	-	1,391,000	511,000	425,577	150,000	916,000	3,393,577
Total underwriting costs and expenses	(26,293,934)	(33,056,253)	(557,996)	(360,447)	(202,591)	(599,106)	(61,070,327)
NET UNDERWRITING INCOME	7,378,197	2,503,643	1,935,249	3,283,738	997,106	1,475,086	17,573,019
Other operating (expenses) / income							
Provision for doubtful debts							(57,880)
General and administrative expenses							(20,626,357)
Commission income on deposits							56,100
Dividend							284,406
Total other operating expenses							(20,343,731)
NET SURPLUS OF INSURANCE OPERATIONS'							(2,770,712)

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10. OPERATING SEGMENTS (CONTINUED)

For the three months period ended 31 March 2021 (unaudited)

Operating segments	Medical	Motor	Fire	Saudi Riyals Engineering	Marine	Others	Total
Revenue							
Gross premiums written							
- Direct	45,785,302	76,941,888	26,013,986	8,155,055	7,353,052	11,344,724	175,594,007
Reinsurance premiums ceded:							
Foreign	(5,309,418)	-	(18,904,061)	(5,985,311)	(4,941,867)	(8,765,639)	(43,906,296)
Local	-	-	(6,274,001)	(794,628)	(1,627,659)	(448,926)	(9,145,214)
Excess of loss premiums	-	(562,880)	(152,614)	(356,099)	(153,751)	-	(1,225,344)
NET PREMIUMS WRITTEN	40,475,884	76,379,008	683,310	1,019,017	629,775	2,130,159	121,317,153
Change in unearned premiums, net	(15,042,518)	(45,020,028)	30,154	(602,972)	(184,343)	(770,659)	(61,590,366)
NET PREMIUMS EARNED	25,433,366	31,358,980	713,464	416,045	445,432	1,359,500	59,726,787
Reinsurance commission	-	-	1,510,760	1,902,141	1,462,552	387,508	5,262,961
Other income	-	-	24,744	510,579	-	952,942	1,488,265
TOTAL REVENUE	25,433,366	31,358,980	2,248,968	2,828,765	1,907,984	2,699,950	66,478,013
Gross claims paid	(31,322,221)	(28,321,158)	(919,756)	(857,729)	(253,961)	(459,838)	(62,134,663)
Reinsurers share of claims paid	9,886,976	219,840	901,254	589,723	165,056	344,837	12,107,686
Net claims paid	(21,435,245)	(28,101,318)	(18,502)	(268,006)	(88,905)	(115,001)	(50,026,977)
Change in outstanding claims, net	75,223	3,785,627	25,038	132,226	(169,354)	(203,813)	3,644,947
Change in claims incurred but not reported, net	464,000	2,803,000	(37,000)	81,000	(47,000)	(66,000)	3,198,000
NET CLAIMS INCURRED	(20,896,022)	(21,512,691)	(30,464)	(54,780)	(305,259)	(384,814)	(43,184,030)
Policy acquisition costs	(1,496,724)	(3,196,963)	(1,040,402)	(222,781)	(127,650)	(387,341)	(6,471,861)
Change in premium deficiency reserve	2,835,000	(2,469,000)	(1,198,000)	(51,000)	-	41,000	(842,000)
Total underwriting costs and expenses	(19,557,746)	(27,178,654)	(2,268,866)	(328,561)	(432,909)	(731,155)	(50,497,891)
NET UNDERWRITING INCOME	5,875,620	4,180,326	(19,898)	2,500,204	1,475,075	1,968,795	15,980,122
Other operating (expenses) / income							
Provision for doubtful debts							2,534,576
General and administrative expenses							(16,870,505)
Commission income							38,156
Dividend							291,901
Total other operating expenses							(14,005,872)
NET DEFICIT OF INSURANCE OPERATIONS*							1,974,250

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11. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties represent the main shareholders, directors, and senior management employees of the company, the companies that they are their main owners, and any other companies that are subject to their control or are jointly controlled or have effective control over them. Pricing policies and terms of these transactions are approved by the company's management and the Board of Directors. Details of major related party transactions and their balances are as follows:

Related party	Nature of transactions	31 March 2022 (Unaudited) SR	31 March 2021 (Unaudited) SR
Board of Directors and the companies they represent	- Gross Premiums written	647,524	49,287
	- Claims paid	391,704	137,418
Arabia Insurance Company - Lebanon (shareholder)	- Expenses paid by the Company to Arabia Insurance Company	299,670	-
Jordan Insurance Company - (shareholder)	- Reinsurance operations, net	-	-

The above transactions with the related parties resulted in the following balances:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Arabia Insurance Company – Lebanon – Shareholder	(498,552)	(198,882)
Jordan Insurance Company – Shareholder	83,346	83,346
Board members and the companies they represent	1,312,387	1,959,091
Reinsurance balance due from Jordan Insurance Company	546,767	546,767

Compensation of key management personnel

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

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Short-term benefits	1,039,395	1,039,395
End of service benefit	43,058	34,933
	<u>1,082,453</u>	<u>1,074,328</u>

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12. ZAKAT AND INCOME TAX ACCRUED

Zakat charge for the period

The zakat provision consists of the zakat charged during the period in the amount of SR 1,000,000 (March 31, 2021: SAR 2,119,931). The zakat provision is calculated on the Saudi shareholders' share of the capital at 71.60% (2021: 71.60%).

Income tax charge for the period

Income tax provision consists of income tax charged during the period in an amount of zero Saudi riyals (March 31, 2021: zero Saudi riyals). Income tax is calculated on the share of capital by non-Saudi shareholders at a rate of 28.4% (2021: 28.4%).

Status of assessment

The company submitted its tax and zakat returns to the General Authority of Zakat and Tax for all years up to the fiscal year ending on December 31, 2021, and the company has received a restricted certificate for the fiscal year ending December 31, 2020.

Zakat, income tax and withholding tax

During the first quarter of 2022, the company's objection to the zakat assessments made by the Zakat, Tax and Customs Authority for the years 2019 and 2020 was discussed. This resulted in a partial acceptance of the company's objection. During the same quarter, the company received partial acceptance notices, and the company filed a lawsuit before the General Secretariat of the Zakat and Tax Committees. Customs duties regarding items that have been rejected by the authority.

The company also received, during the first quarter of 2022, a notification from the General Secretariat of the Zakat, Tax and Customs Committees to postpone the session to discuss the lawsuits submitted by the company against the Zakat, Tax and Customs Authority, which relate to withholding tax assessments for the years: 2015, 2016 and 2017, and zakat and withholding tax for the year 2018 on. March 14, 2022, which was postponed to mid-June 2022.

13. SHARE CAPITAL

The authorized, issued and fully paid up share capital is SR 265 million and consists of 26.5 million shares with a par value of SR 10 per share for 2022 and 2021. The Board of Directors' resolution of 20 December 2018 recommended an increase in the Company's capital by SR 265 million Saudi Riyal through the issue of preference rights shares. This decision will be followed by all the laws stipulated in the relevant laws and regulations. The company announced that it had submitted, on February 6, 2022, the application file for the approval of the capital increase to the Capital Market Authority. Note that the company received on January 9, 2022, the letter of the Saudi Central Bank containing the approval of Saudi Central Bank to extend the approval previously granted to the company for a period of six months from the date of the letter.

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14. CAPITAL MANAGEMENT

Objectives are set by the company to maintain good capital ratios in order to support its business objectives and increase shareholder value.

A firm manages its capital requirements by assessing deficiencies between the authorized and required levels of capital on a regular basis.

Adjustments are made to current capital levels in light of changes in market conditions and the risk characteristics of the Company's activities. To maintain or adjust capital, the company may adjust dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the company has fully complied with the capital requirements imposed from abroad during the reported financial period.

15. EARNINGS PER SHARE

The earnings per share for the three-month period ending March 31, 2022 and March 31, 2021 is calculated by dividing the net profit / (loss) of the period attributed to shareholders by the average number of shares issued for the period.

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16. SUPPLEMENTARY INFORMATION
- STATEMENT OF FINANCIAL POSITION

	In Saudi Riyals					
	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>Assets</u>						
Cash and cash equivalents	31,681,280	40,041,650	71,722,930	26,223,807	59,119,265	85,343,072
Premiums and reinsurers' receivable – net	277,588,844	-	277,588,844	150,976,952	-	150,976,952
Reinsurers' share of unearned premium	67,956,958	-	67,956,958	47,877,264	-	47,877,264
Reinsurers' share of outstanding claims	70,094,531	-	70,094,531	70,586,696	-	70,586,696
Reinsurers' share of claims incurred but not reported	6,808,878	-	6,808,878	8,345,878	-	8,345,878
Deferred policy acquisition cost	21,397,627	-	21,397,627	11,122,225	-	11,122,225
Deferred excess of loss premiums	4,708,775	-	4,708,775	-	-	-
Investments	31,528,125	121,013,161	152,541,286	31,903,125	109,129,293	141,032,418
Amounts due from shareholders' operations	11,484,222	-	11,484,222	23,213,275	-	23,213,275
Due from a related party	83,346	-	83,346	83,346	-	83,346
Prepaid expenses and other assets	22,431,263	3,139,561	25,570,824	21,805,811	2,397,272	24,203,083
Right of use assets	2,675,406	-	2,675,406	3,214,715	-	3,214,715
Term deposits	20,400,000	30,110,144	50,510,144	20,400,000	37,060,919	57,460,919
Property and equipment, net	7,791,149	-	7,791,149	7,417,955	-	7,417,955
Statutory deposit	-	40,000,000	40,000,000	-	40,000,000	40,000,000
Return on statutory deposit	-	4,561,477	4,561,477	-	4,493,686	4,493,686
<u>Total assets</u>	576,630,404	238,865,993	815,496,397	423,171,049	252,200,435	675,371,484
<u>Liabilities</u>						
Accounts payable	17,261,946	-	17,261,946	17,106,089	-	17,106,089
Accrued expenses and other liabilities	44,570,644	1,213,749	45,784,393	22,758,674	1,201,249	23,959,923
Reinsurance balances payable	60,881,301	-	60,881,301	31,008,133	-	31,008,133
Unearned insurance premiums	279,799,526	-	279,799,526	168,094,359	-	168,094,359
Unearned reinsurance commissions	10,924,289	-	10,924,289	3,460,509	-	3,460,509
Outstanding claims	97,188,698	-	97,188,698	104,492,463	-	104,492,463
Claims incurred but not reported	45,913,390	-	45,913,390	52,970,390	-	52,970,390
Premium deficiency reserve	5,571,423	-	5,571,423	8,965,000	-	8,965,000
Amounts due to insurance operations	-	11,484,222	11,484,222	-	23,213,275	23,213,275
Due to related parties	498,552	-	498,552	198,882	-	198,882
End of service benefits	10,762,689	-	10,762,689	10,479,356	-	10,479,356
Lease liability	2,363,244	-	2,363,244	2,742,492	-	2,742,492
Zakat and income tax payable	-	8,652,889	8,652,889	-	7,652,889	7,652,889
Return on statutory deposit	-	4,561,477	4,561,477	-	4,493,686	4,493,686
<u>Total liabilities</u>	575,735,702	25,912,337	601,648,039	422,276,347	36,561,099	458,837,446
<u>Cumulative surplus</u>						
Accumulated surplus payable	1,438,544	-	1,438,544	1,438,544	-	1,438,544
Actuarial loss on defined benefit plan	(543,842)	-	(543,842)	(543,842)	-	(543,842)
<u>Total liabilities and accrued surplus</u>	576,630,404	25,912,337	602,542,741	423,171,049	36,561,099	459,732,148
<u>Shareholders' equity</u>						
Equity capital	-	265,000,000	265,000,000	-	265,000,000	265,000,000
Accumulated losses	-	(52,538,056)	(52,538,056)	-	(49,496,359)	(49,496,359)
Investment of available-for-sale revaluation reserve	-	491,712	491,712	-	135,695	135,695
<u>Total shareholders' equity</u>	-	212,953,656	212,953,656	-	215,639,336	215,639,336
<u>Total liabilities and shareholders' equity</u>	576,630,404	238,865,993	815,496,397	423,171,049	252,200,435	675,371,484

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16. SUPPLEMENTARY INFORMATION – (continued)

- STATEMENT OF INCOME

	In Saudi Riyals					
	For the three months' period ended			For the three months' period ended		
	31 March 2022 (Unaudited)			31 March 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	216,720,159	-	216,720,159	175,594,007	-	175,594,007
Reinsurance premiums ceded						
- Foreign	(50,481,014)	-	(50,481,014)	(43,906,296)	-	(43,906,296)
- Local	(1,867,361)	-	(1,867,361)	(9,145,214)	-	(9,145,214)
Excess of loss expenses	(1,569,594)	-	(1,569,594)	(1,225,344)	-	(1,225,344)
Net premiums written	162,802,190	-	162,802,190	121,317,153	-	121,317,153
Changes in unearned premiums, net	(91,625,473)	-	(91,625,473)	(61,590,366)	-	(61,590,366)
Net premiums earned	71,176,717	-	71,176,717	59,726,787	-	59,726,787
Reinsurance commission earned	7,466,629	-	7,466,629	5,262,961	-	5,262,961
Other income	-	-	-	1,488,265	-	1,488,265
TOTAL REVENUES	78,643,346	-	78,643,346	66,478,013	-	66,478,013
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(80,285,126)	-	(80,285,126)	(62,134,663)	-	(62,134,663)
Reinsurers' share of claims paid	11,584,773	-	11,584,773	12,107,686	-	12,107,686
Net claims paid	(68,700,353)	-	(68,700,353)	(50,026,977)	-	(50,026,977)
Changes in outstanding claims, net	6,811,600	-	6,811,600	3,644,947	-	3,644,947
Changes in claims incurred but not reported, net	5,520,000	-	5,520,000	3,198,000	-	3,198,000
Net claims incurred	(56,368,753)	-	(56,368,753)	(43,184,030)	-	(43,184,030)
Policy acquisition costs	(8,095,151)	-	(8,095,151)	(6,471,861)	-	(6,471,861)
Changes in premium deficiency reserve	3,393,577	-	3,393,577	(842,000)	-	(842,000)
Total underwriting costs and expenses	(61,070,327)	-	(61,070,327)	(50,497,891)	-	(50,497,891)
NET UNDERWRITING INCOME	17,573,019	-	17,573,019	15,980,122	-	15,980,122
OPERATING (EXPENSES) / INCOME						
Provision for doubtful debts	(57,880)	-	(57,880)	2,534,576	-	2,534,576
General and administrative expenses	(20,626,357)	(170,223)	(20,796,580)	(16,870,505)	(190,154)	(17,060,659)
Commission income	56,100	263,910	320,010	38,156	194,784	232,940
Dividend income	284,406	635,328	919,734	291,901	481,039	772,940
Total other operating (expenses) / income	(20,343,731)	729,015	(19,614,716)	(14,005,872)	485,669	(13,520,203)
Total profit / (loss) for the period	(2,770,712)	729,015	(2,041,697)	1,974,250	485,669	2,459,919
Income / (Loss) for the period attributed to the shareholders	2,770,712	(2,770,712)	-	(1,776,825)	1,776,825	-
Net income / (loss) for the period before zakat and income tax	-	(2,041,697)	(2,041,697)	197,425	2,262,494	2,459,919
Zakat and income tax	-	(1,000,000)	(1,000,000)	-	(2,119,931)	(2,119,931)
Net income / (loss) after zakat and income tax	-	(3,041,697)	(3,041,697)	197,425	142,563	339,988

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16. SUPPLEMENTARY INFORMATION – (continued)

- STATEMENT OF COMPREHENSIVE INCOME

	In Saudi Riyals					
	For the three months' period ended			For the three months' period ended		
	31 March 2022			31 March 2021		
	(Unaudited)			(Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net income / (loss) for the period	-	(3,041,697)	(3,041,697)	197,425	142,563	339,988
Other comprehensive income:						
<i>Items that may or may not be reclassified subsequently to the interim condensed statement of income:</i>						
<i>Items that can be reclassified subsequently to the statement of income:</i>						
Available-for-sale investments:						
- Net change in fair value	-	356,016	356,016	-	409,963	409,963
<u>Total comprehensive income for the period</u>	-	356,016	356,016	-	409,963	409,963
<u>Total comprehensive income / (loss) for the period</u>	-	(2,685,681)	(2,685,681)	197,425	552,526	749,951

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16. SUPPLEMENTARY INFORMATION – (continued)

- STATEMENT OF CASH FLOWS

	In Saudi Riyals					
	Period Ended March 31, 2022 (Unaudited)			Period Ended March 31, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit / (loss) for the period	-	(3,041,697)	(3,041,697)	197,425	142,563	339,988
<i>Adjustments for non-cash items:</i>						
Depreciation of property equipment	580,557		580,557	604,509		604,509
Gain from sale property and equipment				-	-	-
Depreciation of right of use assets	539,309		539,309	539,309		539,309
Finance charges	27,167		27,167	48,944		48,944
Provision of allowance for doubtful debts	57,880		57,880	(2,534,576)		(2,534,576)
Impairment loss on available for sale investment				-		-
Provision for end-of-service indemnities	366,000		366,000	421,917		421,917
Zakat and income tax accrued		1,000,000	1,000,000	-	2,119,931	2,119,931
	1,570,913	(2,041,697)	(470,784)	(722,472)	2,262,494	1,540,022
Changes in operating assets and liabilities:						
Premiums and reinsurance receivables	(126,669,772)		(126,669,772)	(108,422,014)		(108,422,014)
Reinsurers share of unearned premiums	(20,079,694)		(20,079,694)	(26,911,756)		(26,911,756)
Reinsurers share of outstanding claims	492,165		492,165	521,589		521,589
Reinsurers' share of claims incurred but not reported	1,537,000		1,537,000	314,000		314,000
Deferred policy acquisition costs	(10,275,402)		(10,275,402)	(8,898,926)		(8,898,926)
Deferred excess of loss premiums	(4,708,775)		(4,708,775)	(3,676,026)		(3,676,026)
Prepaid expenses and other assets	(625,452)	(742,289)	(1,367,741)	1,226,215	(506,261)	719,954
Accounts payable	155,857		155,857	4,030,308		4,030,308
Accrued expenses and other liabilities	21,811,972	12,500	21,824,472	8,420,256	(386,070)	8,034,186
Reinsurer's balances payable	29,873,168		29,873,168	37,674,115		37,674,115
Unearned insurance premiums	111,705,167		111,705,167	88,502,122		88,502,122
Uninsured reinsurance commissions	7,463,780		7,463,780	4,089,729		4,089,729
Outstanding claims	(7,303,765)		(7,303,765)	(4,166,536)		(4,166,536)
Claims incurred but not reported	(7,057,000)		(7,057,000)	(3,512,000)		(3,512,000)
Premium deficiency reserve and other reserves	(3,393,577)		(3,393,577)	842,000		842,000
Accrued surplus distributions				-		-
Amounts due to related parties	299,670		299,670	-		-
Net cash from / (used in) operating activities	(5,203,745)	(2,771,486)	(7,975,231)	(10,689,396)	1,370,163	(9,319,233)
Zakat and income tax paid				-	(519,795)	(519,795)
End of service indemnities paid	(82,667)	-	(82,667)	(345,156)	-	(345,156)
Net cash (used in) / from operating activities	(5,286,412)	(2,771,486)	(8,057,898)	(11,034,552)	850,368	(10,184,184)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions / (disposals) in investments	375,000	(11,527,851)	(11,152,851)	-	(42,466,827)	(42,466,827)
Additions / (disposals) in term deposits	-	6,950,775	6,950,775	-	(26,209,319)	(26,209,319)
Additions in property and equipment	(953,752)	-	(953,752)	(357,292)	-	(357,292)
Net cash from / (used in) investing activities	(578,752)	(4,577,076)	(5,155,828)	(357,292)	(68,676,146)	(69,033,438)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due from / to shareholders'	11,729,053	(11,729,053)	-	(6,726,236)	6,726,236	-
Right of use assets paid	(406,416)	-	(406,416)	404,563	-	404,563
Net cash (used in) / from financing activities	11,322,637	(11,729,053)	(406,416)	(6,321,673)	6,726,236	404,563
Net change in cash and cash equivalents	5,457,473	(19,077,615)	(13,620,142)	(18,522,643)	(61,099,542)	(79,622,185)
Cash and cash equivalents at the beginning of the period	26,223,807	59,119,265	85,343,072	33,351,069	115,976,385	149,327,454
Cash and cash equivalents at the end of the period	31,681,280	40,041,650	71,722,930	14,828,426	54,876,843	69,705,269
NON-CASH INFORMATION						
Changes in fair value of available for sale investments	-	356,017	356,017	-	409,964	409,964

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17. PREMIUMS WRITTEN BY TYPE OF CUSTOMERS

Gross written premiums	For the three months period ended 31 March 2022				
	Medical	Motors	Property and accidents	Protection and Savings	Total
Individual clients	12,038,482	12,317,051	317,746	-	24,673,279
Very small size entities	33,084,619	123,250	34,519	-	33,242,388
Small size Entities	18,558,944	2,393,660	2,640,524	-	23,593,128
Medium size entities	9,533,262	30,357,945	9,031,580	345,262	49,268,049
Large size entities	924,088	42,506,598	42,324,779	187,850	85,943,315
Total	74,139,395	87,698,504	54,349,148	533,112	216,720,159

18. COMPARATIVE FIGURES

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

19. SUSEQUENT EVENTS

At a subsequent date, the company received a report of a fire incident in the Dhahran Mall complex in Dhahran, affiliated to Arabia Centres Company. Upon receiving the notification, the company appointed a loss adjustor licensed by the Central Saudi Bank to assess the damages resulting from the fire. Knowing that the losses resulting from this fire are duly reinsured with the reinsurers at a rate of more than 99.5%, and therefore there will be no material financial impact on the company's financial results.

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 15 May 2022 corresponding to 14 Shawwal 1443 H.