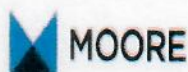


AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2022
WITH INDEPENDENT AUDITORS' REVIEW REPORT

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
WITH INDEPENDENT AUDITORS' REVIEW REPORT

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El Sayed El Ayouty & Co.
Certified Public Accountants



INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

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

(1/1)

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Al-Etihad Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at September 30, 2022 and the related interim condensed statements of income, other comprehensive income for the three-month and nine-month periods ended September 30, 2022, and the related interim condensed statements of changes in equity and cash flows for the nine-month period ended September 30, 2022, and the related notes which form an integral part of these 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 International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial 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 as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

For El Sayed El Ayouty & Co.
Certified Accountants and Auditors
P.O. Box 200
Al Khobar 31952,
Kingdom of Saudi Arabia

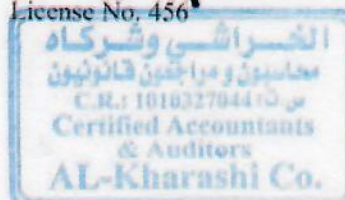
Abdullah Ahmad Balamesh
Certified Public Accountant
License No. 345



November 2, 2022
8 Rab. II 1444H

For AlKharashi & Co.
Certified Accountants and Auditors
P.O. Box 8306
Riyadh 11482,
Kingdom of Saudi Arabia

Abdullah Al-Masned
Certified Public Accountant
License No. 456



AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	Note		
ASSETS			
Cash and cash equivalents	4	307,950,246	535,498,139
Premiums and reinsurance receivable, net	5	210,048,509	164,107,400
Reinsurers' share of unearned premiums	7,2	26,796,176	23,550,198
Reinsurers' share of outstanding claims	7,1	82,745,109	77,841,887
Reinsurers' share of claims incurred but not reported	7,1	14,051,436	15,919,310
Deferred policy acquisition costs		38,389,118	34,263,147
Investments	6	300,055,141	232,995,704
Prepaid expenses and other assets		91,802,667	65,738,691
Long term/fixed income deposits		688,241,548	407,676,226
Property and equipment		18,142,256	17,773,176
Right of use assets		7,430,825	3,673,446
Goodwill		4,496,500	4,496,500
Statutory deposit		45,000,000	40,000,000
Accrued income on statutory deposit		5,751,293	5,487,213
TOTAL ASSETS		1,840,900,824	1,629,021,037

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (Continued)
(All amounts in Saudi Riyals unless otherwise stated)

	Note	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
LIABILITIES			
Accounts payable		49,512,854	39,833,641
Accrued and other liabilities		125,363,682	121,313,885
Lease liabilities		6,496,112	3,141,919
Reinsurers' balances payable		13,730,239	12,946,234
Unearned premiums	7,2	609,827,650	483,495,311
Unearned reinsurance commission	11	5,681,993	4,843,821
Outstanding claims	7,1	288,041,102	242,696,925
Claims incurred but not reported	7,1	115,970,502	94,588,729
Additional premium reserves	7,1	14,582,505	14,848,846
Other technical reserves	7,1	10,377,500	8,388,482
End-of-service indemnities		16,976,586	17,540,258
Zakat and income tax	8	16,564,068	25,308,163
Accrued commission income payable to SAMA		5,751,293	5,487,213
TOTAL LIABILITIES		1,278,876,086	1,074,433,427
ACCUMULATED SURPLUS AND RESERVES			
Accumulated surplus payable		3,303,887	2,508,583
Re-measurement actuarial loss on end of service indemnities		(1,726,883)	(2,282,286)
TOTAL ACCUMULATED SURPLUS AND RESERVES		1,577,004	226,297
SHAREHOLDERS' EQUITY			
Share capital	13	450,000,000	400,000,000
Statutory reserve		6,298,116	36,298,116
Retained earnings		99,675,875	100,478,049
Fair value reserve gain on investments		4,473,743	17,585,148
TOTAL SHAREHOLDERS' EQUITY		560,447,734	554,361,313
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND RESERVES AND SHAREHOLDERS' EQUITY		1,840,900,824	1,629,021,037
COMMITMENTS AND CONTINGENCIES	9		



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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
REVENUES					
Gross premiums written	11	330,907,564	251,252,241	915,246,797	594,304,728
Reinsurance premiums ceded – local	11	(1,414,625)	(378,408)	(4,944,343)	(1,627,605)
Reinsurance premiums ceded – foreign	11	(11,985,267)	(8,709,314)	(38,458,012)	(38,195,297)
Excess of loss premium	11	(2,309,293)	(7,215,098)	(16,026,466)	(14,022,586)
Net premiums written		315,198,379	234,949,421	855,817,976	540,459,240
Changes in unearned premiums, net		(36,063,113)	(48,188,133)	(123,086,361)	462,744
Net premiums earned		279,135,266	186,761,288	732,731,615	540,921,984
Reinsurance commissions income		3,151,884	2,571,162	9,348,992	8,145,871
Other underwriting income		8,211,459	3,171,890	15,280,452	6,633,351
TOTAL REVENUES		290,498,609	192,504,340	757,361,059	555,701,206
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	11	(184,836,059)	(136,800,033)	(535,712,599)	(411,687,988)
Reinsurers' share of claims paid	11	3,500,156	4,488,354	12,599,962	12,880,857
Net claims and other benefits paid		(181,335,903)	(132,311,679)	(523,112,637)	(398,807,131)
Changes in outstanding claims, net	11	(29,413,552)	4,460,438	(40,440,955)	9,009,651
Changes in claims incurred but not reported, net	11	(7,680,415)	(10,527,467)	(23,249,647)	(10,214,630)
Change in other technical reserves movement	11	(1,058,720)	34,368	(1,989,018)	781,076
Net claims and other benefits incurred		(219,488,590)	(138,344,340)	(588,792,257)	(399,231,034)
Additional premium reserves		7,805,454	(912,754)	266,341	1,363,106
Policy acquisition costs		(20,051,809)	(13,998,195)	(55,061,641)	(37,421,582)
Other underwriting expenses		(14,813,182)	(16,931,926)	(44,728,846)	(35,120,791)
TOTAL UNDERWRITING COSTS AND EXPENSES		(246,548,127)	(170,187,215)	(688,316,403)	(470,410,301)
NET UNDERWRITING INCOME		43,950,482	22,317,125	69,044,656	85,290,905

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

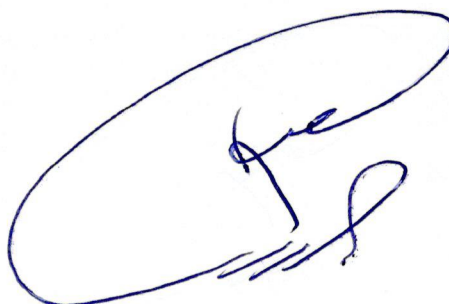
AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME (Unaudited) (Continued)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2022	Three-month period ended September 30, 2021	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
OTHER OPERATING (EXPENSES)/ INCOME					
(Allowance for) / reversal of doubtful debts		(3,926,263)	2,206,024	(3,085,288)	5,324,361
General and administrative expenses		(24,628,072)	(22,613,318)	(70,352,034)	(64,928,609)
Murabaha income on deposits		7,075,206	1,133,418	13,040,568	3,799,790
Realized gain on investments, net		5,838,759	4,550,556	18,223,398	11,537,191
Dividend and investments income		503,001	2,435,821	4,582,195	6,074,046
Investment expenses		(303,478)	(247,946)	(870,451)	(645,749)
Finance cost		(71,093)	(41,122)	(175,668)	(99,883)
Others		1,345,730	406,157	1,585,754	390,147
TOTAL OTHER OPERATING EXPENSES, NET		(14,166,210)	(12,170,410)	(37,051,526)	(38,548,706)
Total income for the period before surplus attribution and zakat and income tax		29,784,272	10,146,715	31,993,130	46,742,199
Surplus attributed to the insurance operations	16	(795,304)	(416,844)	(795,304)	(3,208,543)
Total income for the period before zakat and income tax		28,988,968	9,729,871	31,197,826	43,533,656
Zakat and income tax expense	8	(4,000,000)	(3,500,000)	(12,000,000)	(10,500,000)
Total income for the period attributable to the shareholders		24,988,968	6,229,871	19,197,826	33,033,656
Total income for the period attributable to the shareholders and insurance operations		25,784,272	6,646,715	19,993,130	36,242,199
Earnings per share	15				
Weighted average number of outstanding shares		45,000,000	45,000,000	45,000,000	45,000,000
Basic and diluted earnings per share		0.56	0.14	0.43	0.73

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OTHER COMPERHENSIVE INCOME (Unaudited)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(All amounts in Saudi Riyals unless otherwise stated)

		Three-month period ended September 30, 2022	Three-month period ended September 30, 2021	Nine-month period ended September 30, 2022	Nine-month period ended September 30, 2021
	Note				
Total income for the period attributable to the shareholders and insurance operations		25,784,272	6,646,715	19,993,130	36,242,199
Other comprehensive income					
<i>Items that are or may be reclassified to interim statements of income in</i>					
- Realization of gain on disposal of available-for-sale investments	6	(4,952,918)	(3,443,151)	(17,492,226)	(9,799,411)
- Unrealised fair value changes in available-for-sale investments	6	3,393,714	10,006,828	4,380,821	27,989,986
<i>Items that will not be reclassified to interim statements of income in subsequent periods</i>					
Actuarial gain on end of service indemnities		-	-	555,403	352,126
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		24,225,068	13,210,392	7,437,128	54,784,900
Total comprehensive income attributable to the insurance operations		(795,304)	(416,844)	(1,350,707)	(3,560,669)
Total comprehensive income attributable to the shareholders		23,429,764	12,793,548	6,086,421	51,224,231

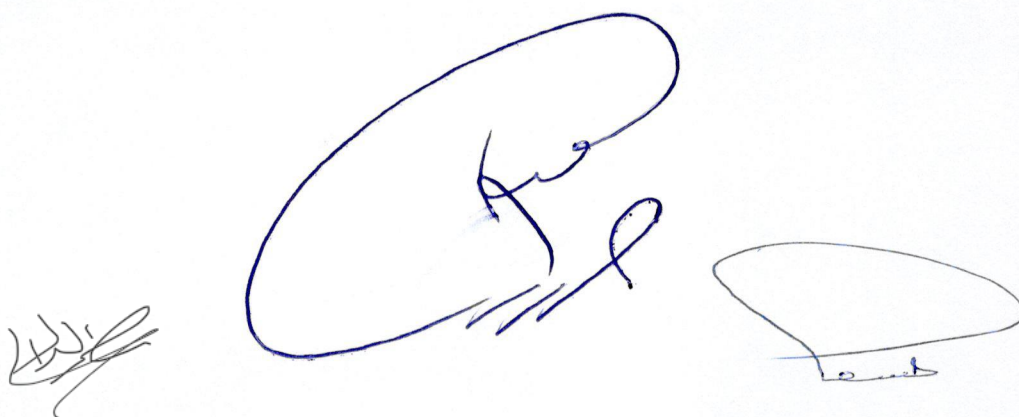




The accompanying notes form an integral part of these interim condensed financial statements.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Unaudited)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(All amounts in Saudi Riyals unless otherwise stated)

<u>2022</u>	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve gain on investments	Total
Balance at the beginning of the period		400,000,000	36,298,116	100,478,049	17,585,148	554,361,313
Net income for the period attributable to shareholders		-	-	19,197,826	-	19,197,826
Realization of gain on disposal of available-for-sale investments	6	-	-	-	(17,492,226)	(17,492,226)
Unrealized fair value changes in available-for-sale investments	6	-	-	-	4,380,821	4,380,821
Capital increase through bonus shares		50,000,000	(30,000,000)	(20,000,000)	-	-
Balance at the end of the period		450,000,000	6,298,116	99,675,875	4,473,743	560,447,734

<u>2021</u>	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve gain on investments	Total
Balance at the beginning of the period		400,000,000	29,611,653	73,732,195	9,212,008	512,555,856
Net income for the period attributable to shareholders		-	-	33,033,656	-	33,033,656
Realization of gain on disposal of available-for-sale investments		-	-	-	(9,799,411)	(9,799,411)
Unrealized fair value changes in available-for-sale investments		-	-	-	27,989,986	27,989,986
Balance at the end of the period		400,000,000	29,611,653	106,765,851	27,402,583	563,780,087



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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30,
(All amounts in Saudi Riyals unless otherwise stated)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Total income for the period before surplus attribution and zakat and income tax	31,993,130	46,742,199
<u>Adjustments for non-cash items:</u>		
Depreciation on property and equipment	2,545,954	2,606,931
Depreciation charge on right to use assets	1,732,818	878,568
Loss on disposal of property and equipment	-	1,135
Allowance for / (Reversal of) doubtful debts	3,085,288	(5,324,361)
Realized gain on investments	(18,223,398)	(11,537,191)
Dividend reinvested	-	(14,869)
Finance cost	175,668	99,883
Provision for end-of-service indemnities	2,567,696	2,731,430
<u>Changes in operating assets and liabilities:</u>		
Premiums and reinsurers' receivable	(49,026,397)	49,574,752
Reinsurers' share of unearned premiums	(3,245,978)	(1,679,835)
Reinsurers' share of outstanding claims	(4,903,222)	9,176,436
Reinsurers' share of claims incurred but not reported	1,867,874	2,359,550
Deferred policy acquisition costs	(4,125,971)	(7,379,344)
Prepaid expenses and other assets	(26,063,976)	2,408,762
Accounts payables	9,679,213	9,294,022
Accrued and other liabilities	4,049,797	15,483,680
Reinsurers' balances payable	784,005	800,951
Unearned premiums	126,332,339	1,217,091
Unearned reinsurance commission	838,172	(196,023)
Outstanding claims	45,344,177	(18,186,088)
Claims incurred but not reported	21,381,773	7,855,080
Additional premium reserves	(266,341)	(1,363,106)
Other technical reserves	1,989,018	(781,076)
	148,511,639	104,768,577
End-of-service indemnities paid	(2,575,965)	(2,632,259)
Zakat and income tax paid	(20,744,095)	(12,464,548)
Surplus paid to policy holders	-	(814)
Net cash generated from operating activities	125,191,579	89,670,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in investments	(61,947,444)	16,409,344
Net movement in long term/fixed income deposits	(280,565,322)	(96,000,000)
Lease liabilities payment	(2,311,672)	(650,000)
Net movement in statutory deposit	(5,000,000)	-
Net movement in property and equipment	(2,915,034)	(4,554,518)
Net cash used by investing activities	(352,739,472)	(84,795,174)
Net change in cash and cash equivalents	(227,547,893)	4,875,782
Cash and cash equivalents at beginning of the period	535,498,139	451,715,851
Cash and cash equivalents at end of the period	307,950,246	456,591,633
NON-CASH INFORMATION:		
Realization of gain on disposal of AFS investments	(17,492,226)	(9,799,411)
Unrealized gain on fair value changes in available-for-sale investments	4,380,821	27,989,986
Surplus transferred to undistributed surplus account (liability)	-	4,859,659
Surplus transferred to customers' accounts	-	6,712,259

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022
(All amounts in Saudi Riyals unless otherwise stated)

1. GENERAL

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

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

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

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

On 29 December 2021, the Company received SAMA approval to add Protection and Saving insurance to the Company’s license, The Company can start for issuing policies related to Protections and Saving during 2022. Until September 30, 2022, the Company have not issued any policy related to Protections and Saving.

On June 30, 2022, the company announced the approval of its shareholders during the extra ordinary general assembly meeting on the increase of company’s capital from SR 400 million to SR 450 million through bonus shares issuance. The reason of this increase is to strengthen the company’s capital base and to support its future activities. The number of shares granted is one bonus share for every 8 shares. The capital increase has been made through capitalization of SR 30 million from the statutory reserve and SR 20 million from the retained earnings. On July 3, 2022, capital increase has taken place and the bonus shares has been distributed to shareholders in their portfolios.

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended September 30, 2022, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

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

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

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

(a) Basis of presentation (continued)

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

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

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

The interim condensed financial statement does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2021.

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

(b) Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed 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 applied to the financial statements for the year ended December 31, 2021. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic. For further details, please see below. Management will continue to assess the situation and reflect any required changes in future reporting periods.

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022

(All amounts in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

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

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

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

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

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

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

Medical technical reserves

Based on the management’s assessment, the management believes that the Government’s decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavorable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since September 21, 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company’s management. The Company’s management has duly considered the impact of surge in claims in the current estimate of future contractual cash flows of the insurance contracts in force as at September 30, 2022 for its liability adequacy test.

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2. BASIS OF PREPARATION (Continued)

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

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

Motor technical reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the “circular”) dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the circular instructed insurance companies to extend the period of validity of all existing retail motor insurance policies by further two month 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 month in exiting motor policies as new policy and record a premium deficiency reserve based on the expected claims for the extended 2 month’ period.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at an aggregated (or “segmented”) level for motor line of business and recorded a Premium deficiency reserve amounting to SR Nil as at September 30, 2022 (December 31, 2021 SR Nil).

"For new retail motor policies issued as per above circular, the premium is earned over the period of 12 month as the impact of earnings over the period of coverage. i.e. 14 month are not considered significant by the management for the three-month and nine-month periods ended September 30, 2022 and subsequent periods.

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 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 period ended September 30, 2022. The Company’s management continues to monitor the situation closely.

Credit risk management

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

(c) Seasonality of operations

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

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

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

There are no new standards issued, however there are a number of amendments to standards which are effective from January 1, 2022, however, management anticipates that these amendments will not have any material effect on the Company's interim condensed financial statements.

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

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

<i>Amendments to standard</i>	<i>Description</i>	<i>Effective for annual years beginning on or after the following date</i>
IAS1	Classification of Liabilities as Current or Non-current	January 1, 2023
IFRS9	Financial Instruments	January 1, 2023
IFRS 17	Insurance Contracts	January 1, 2023

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 17 – Insurance Contracts

Overview

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

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

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

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

Measurement

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

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

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

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

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

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 17 – Insurance Contracts (Continued)

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

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

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

Effective date

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

Transition

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

Presentation and Disclosures

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

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

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

During prior period, the company has received SAMA’s instructions for Phase 4 of the project which is “Implementation and Dry Runs”. The instructions clarify the scope of work required in this phase and the time intervals of dry runs to be completed.

The Company has submitted the first and second dry run for the years ended December 31,2020 and December 31,2021 on time according to the implementation plan of SAMA. The Company currently is working with its IFRS 17 working group to plan and implement the third dry run dedicated to the six month ended June 30,2022, the deadline to submit this dry run to SAMA is November 15,2022. The Company is satisfied that the third dry run will be completed and delivered on time.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 9 – Financial Instruments

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

a) Classification and measurement:

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

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

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

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

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

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

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

6) Impairment:

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 9 – Financial Instruments (Continued)

6) Hedge accounting:

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

Effective date

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

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

Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or

2. adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

IFRS 9 – Financial Instruments (Continued)

Impact assessment

As at September 30, 2022, the Company has total financial assets and insurance related assets amounting SR 1,603 million (December 31, 2021 SR 1,415 million) and SR 162 million (December 31, 2021 SR 151 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 1,437 million (December 2021: SR 1,227 million). The Company does not have any unit linked investments held at fair value through statement of income as at September 30, 2022 and December 31, 2021 respectively. The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Investment in funds classified under available for sale investments will be at FVPL under IFRS 9. Credit risk exposure, concentration of credit risk and credit quality of these financial assets are as disclosed in the financial statements for the year ended December 31, 2021. The Company financial assets have low credit risk as at September 30, 2022 and December 31, 2021. 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.

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4. CASH AND CASH EQUIVALENTS

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	<i>September 30, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>	<i>September 30, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Cash at banks				
- Current accounts	86,211,861	181,017,956	25,708,560	8,023,814
- Money market fund	40,552,825	206,400,984	-	140,055,385
- Short term deposits	155,477,000	-	-	-
	282,241,686	387,418,940	25,708,560	148,079,199

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

Short-term deposits are placed with local and foreign banks with an original maturity of less than three month from the date of placement and earn commission income at an average rate 2.4% to 2.7% (2021: Nil) per annum.

5. PREMIUMS AND REINSURANCE RECEIVABLE, NET

	<i>September 30, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Policyholders	312,405,944	268,674,104
Brokers and agents	30,085,659	24,692,109
Receivables from reinsurers	6,750,828	6,824,553
Premiums and reinsurance receivables from related parties (note 11)	-	25,268
Premiums and reinsurers' receivable – gross	349,242,431	300,216,034
Less: allowance for doubtful debts, net	(139,193,922)	(136,108,634)
Premiums and reinsurers' receivable – net	210,048,509	164,107,400

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6. INVESTMENTS

Investments are classified as follows:

1) INVESTMENTS – INSURANCE OPERATIONS

	Insurance operations	
	<i>September 30, 2022</i>	<i>December 31, 2021</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Held to maturity (B)	44,800,000	-
Total	44,800,000	-

(C) Held to maturity

Movement in the investment held to maturity is as follows:

	Insurance operations	
	<i>September 30, 2022</i>	<i>December 31, 2021</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Purchases	44,800,000	-
Total	44,800,000	-

2) INVESTMENTS – SHAREHOLDERS' OPERATIONS

	Shareholders' operations	
	<i>September 30, 2022</i>	<i>December 31, 2021</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Available-for-sale investments (A)	165,985,139	187,475,702
Held to maturity (B)	63,437,500	19,687,500
Other investments at amortized cost (C)	25,832,502	25,832,502
Total	255,255,141	232,995,704

(A) Available-for-sale investments

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

	Shareholders' operations	
	<i>September 30, 2022</i>	<i>December 31, 2021</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Opening balance	187,475,702	183,120,371
Purchases	73,149,662	52,594,985
Disposals	(99,752,218)	(79,175,630)
Realization of losses on disposal of available for sale investments	(17,492,226)	(18,536,672)
Unrealized fair value changes in available for sale investments	4,380,821	26,909,812
Realized gain	18,223,398	22,547,967
Dividends re-invested	-	14,869
Closing balance	165,985,139	187,475,702

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

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6. INVESTMENTS (Continued)

(B) Held to maturity

Movements in investments held to Maturity is as follows:

	<i>September 30, 2022</i> <i>(Unaudited)</i>	<i>December 31, 2021</i> <i>(Audited)</i>
Opening balance	19,687,500	19,687,500
Purchases	51,250,000	-
Disposals	(7,500,000)	-
Closing balance	63,437,500	19,687,500

(C) Other investments at amortized cost

Movements in investments other investments at amortized cost is as follows:

	<i>September 30, 2022</i> <i>(Unaudited)</i>	<i>December 31, 2021</i> <i>(Audited)</i>
Opening balance	25,832,502	27,148,384
Disposals	-	(47,497)
Realized loss	-	(1,268,385)
Closing balance	25,832,502	25,832,502

The Company had "Other investment held at amortized cost" amounting to SR 95.4 million with a CMA licensed financial institution registered in KSA with fixed maturity term of 1 year with option to further renew. Till year 2019, the management of the Company used to regularly renew its deposit maturity with additional term of 1 year. During 2020, on maturity of the terms of the respective investments, the Company decided not to renew and to liquidate the investments, however it was informed by the respective CMA registered financial institution that the underlying investment made by the financial institution could not be liquidate currently as per the maturity terms of the contract entered. As on December 31, 2021, the management of the Company has performed a detailed assessment of such investments which resulted in the impairment of the underlying investment held in the amount of SR 1,3 million. No further update recognised until the period ended September 30, 2022.

During the nine-month period ended September 30, 2022, the company has filed a dispute case against the financial institution in the Committee for Resolution of Securities Disputes and received the decision on August 2, 2022, rejecting the dispute due to lack of Jurisdiction. The company is currently evaluating the following steps to be implemented which shall also be announced in due course.

7. TECHNICAL RESERVES

7.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	<i>September 30, 2022</i> <i>(Unaudited)</i>	<i>December 31, 2021</i> <i>(Audited)</i>
Outstanding claims	333,336,619	273,901,048
Less: Realizable value of salvage and subrogation	(45,295,517)	(31,204,123)
	288,041,102	242,696,925
Claims incurred but not reported	115,970,502	94,588,729
Additional premium reserves	14,582,505	14,848,846
Other technical reserves	10,377,500	8,388,482
	428,971,609	360,522,982
Less:		
- Reinsurers' share of outstanding claims	(82,745,109)	(77,841,887)
- Reinsurers' share of claims incurred but not reported	(14,051,436)	(15,919,310)
	(96,796,545)	(93,761,197)
Net outstanding claims and reserves	332,175,064	266,761,785

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7. TECHNICAL RESERVES (Continued)

7.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Nine-month period ended September 30, 2022		
	(Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	483,495,311	(23,550,198)	459,945,113
Premium written during the period	915,246,797	(59,428,821)	855,817,976
Premium earned during the period	(788,914,458)	56,182,843	(732,731,615)
Balance as at the end of the period	609,827,650	(26,796,176)	583,031,474

	Year ended December 31, 2021		
	(Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	428,144,746	(19,655,533)	408,489,213
Premium written during the year	865,477,511	(73,135,541)	792,341,970
Premium earned during the year	(810,126,946)	69,240,876	(740,886,070)
Balance as at the end of the year	483,495,311	(23,550,198)	459,945,113

8. ZAKAT AND INCOME TAX

Provision for Zakat and Income tax

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

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

Movement in the provision for zakat and income tax during the year / period as follows:

	September 30	December 31, 2021
	,2022 (Unaudited)	(Audited)
At the beginning of the period / year	25,308,163	25,325,408
Provision for the period / year	12,000,000	15,000,000
Paid during the period / year	(20,744,095)	(15,017,245)
At the end of the period / year	16,564,068	25,308,163

The movement of zakat provision is as follows:

	September 30	December 31, 2021
	,2022 (Unaudited)	(Audited)
At the beginning of the period / year	24,808,036	24,780,994
Provision for the period / year	11,701,200	14,626,500
Paid during the period / year	(20,410,054)	(14,599,458)
At the end of the period / year	16,099,182	24,808,036

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8. ZAKAT AND INCOME TAX (Continued)

The movement in income tax provision is as follows:

	<i>September 30, 2022</i> <i>(Unaudited)</i>	<i>December 31, 2021</i> <i>(Audited)</i>
At the beginning of the year	500,127	544,414
Provision for the year	298,800	373,500
Paid during the year	(334,041)	(417,787)
At the end of the year	464,886	500,127

The following is the shareholding percentage in the financial statements as at the end of the year:

	<i>September 30, 2022</i> <i>%</i> <i>(Unaudited)</i>	<i>December 31, 2021</i> <i>%</i> <i>(Audited)</i>
Shareholding subject to zakat	97.51	97.51
Shareholding subject to income tax	2.49	2.49

Status of zakat and income tax certificate

The Company has submitted its zakat and tax returns up to the year ended December 31, 2021.

The Company has received final clearance certificate from ZATCA till the year 2015. In 2020, the Company received assessment for the year 2016, 2017 and 2018 with an additional demand of zakat and income tax amounting to SR 2.7 million, SR 4.9 million and SR 3.8 million respectively. Management has made the payment amounting to SR 3.8 million against 2018 assessment and concluded the assessment. With respect to assessment for the year 2016 and 2017 management has filed an objection.

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

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

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

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

In Q1 2022, the company received assessment for 2019 and 2020 with an additional demand of zakat and income tax amounting to SR 5.6 million and SR 4.6 million respectively. The company objected against the assessments and paid 25% of zakat as an objection procedure plus full amount of income tax to avoid penalties. The company then paid all additional amounts related to accepted points amounted SR 5 million. ZATCA rejected the objection, the company raised the case to GSTC and still in procedure.

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

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9. COMMITMENTS AND CONTINGENCIES

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

	<i>September 30, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Letters of guarantee	<u>15,265,660</u>	<u>15,240,660</u>

b) The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at September 30, 2022.

10. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

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10. FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
SHAREHOLDERS' OPERATIONS:					
September 30, 2022 (Unaudited)					
Financial assets measured at fair value	165,985,139	139,265,414	15,622,441	11,097,284	165,985,139
Investments available for sale	165,985,139	139,265,414	15,622,441	11,097,284	165,985,139
	Carrying amount	Level 1	Level 2	Level 3	Total
SHAREHOLDERS' OPERATIONS:					
December 31, 2021 (Audited)					
Financial assets measured at fair value	187,475,702	124,699,612	51,678,806	11,097,284	187,475,702
- Investments available for sale	187,475,702	124,699,612	51,678,806	11,097,284	187,475,702

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

Investments available for sale for the period amounting to SR. 11,097,284 (December 2021: SR. 11,097,284) are carried at cost because the investments are not quoted in any active market nor there is any level of input directly or indirectly observable and there are no other significant observable inputs available. The management does not have any intention to dispose of this available for sale investment in the foreseeable future.

11. OPERATING SEGMENTS

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

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

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

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

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

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

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

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11. OPERATING SEGMENTS (Continued)
Interim statement of financial position

As at September 30, 2022
(Unaudited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Total insurance operations		
Assets						
Reinsurers' share of unearned premiums	-	5,727,059	21,069,117	26,796,176	-	26,796,176
Reinsurers' share of outstanding claims	11,024,420	658,405	71,062,284	82,745,109	-	82,745,109
Reinsurers' share of claims incurred but not reported	-	559,616	13,491,820	14,051,436	-	14,051,436
Deferred policy acquisition costs	23,751,518	11,437,349	3,200,251	38,389,118	-	38,389,118
Unallocated assets	-	-	-	1,097,512,496	581,406,489	1,678,918,985
Total assets	34,775,938	18,382,429	108,823,472	1,259,494,335	581,406,489	1,840,900,824
Liabilities						
Unearned premiums	268,717,773	312,016,817	29,093,060	609,827,650	-	609,827,650
Unearned reinsurance commission	-	1,685,443	3,996,550	5,681,993	-	5,681,993
Outstanding claims	126,470,766	48,142,253	113,428,083	288,041,102	-	288,041,102
Claims incurred but not reported	-	98,393,479	17,577,023	115,970,502	-	115,970,502
Additional premium reserves	-	14,026,635	555,870	14,582,505	-	14,582,505
Other technical reserves	632,354	6,065,571	3,679,575	10,377,500	-	10,377,500
Unallocated liabilities	-	-	-	212,277,683	23,694,155	235,971,838
Total liabilities	395,820,893	480,330,198	168,330,161	1,256,758,935	23,694,155	1,280,453,090

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As at December 31, 2021

(Audited)

	Insurance operations				Shareholders' operations	Total
	Medical	Motor	Property and casualty	Total insurance operations		
Assets						
Reinsurers' share of unearned premiums	-	3,658,492	19,891,706	23,550,198	-	23,550,198
Reinsurers' share of outstanding claims	5,720,569	860,555	71,260,763	77,841,887	-	77,841,887
Reinsurers' share of claims incurred but not reported	-	586,368	15,332,942	15,919,310	-	15,919,310
Deferred policy acquisition costs	20,021,721	11,053,077	3,188,349	34,263,147	-	34,263,147
Unallocated assets	-	-	-	912,706,711	564,739,784	1,477,446,495
Total assets	25,742,290	16,158,492	109,673,760	1,064,281,253	564,739,784	1,629,021,037
Liabilities						
Unearned premiums	229,168,762	226,677,407	27,649,142	483,495,311	-	483,495,311
Unearned reinsurance commission	-	1,042,693	3,801,128	4,843,821	-	4,843,821
Outstanding claims	102,664,780	27,345,635	112,686,510	242,696,925	-	242,696,925
Claims incurred but not reported	6,879,727	69,104,761	18,604,241	94,588,729	-	94,588,729
Additional premium reserves	-	14,186,325	662,521	14,848,846	-	14,848,846
Other technical reserves	576,487	4,099,906	3,712,089	8,388,482	-	8,388,482
Unallocated liabilities	-	-	-	192,841,896	32,955,714	225,797,610
Total liabilities	339,289,756	342,456,727	167,115,631	1,041,704,010	32,955,714	1,074,659,724

Geographical segments

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain foreign investments.

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11. OPERATING SEGMENTS (Continued)

Interim statement of income

	For the three-month ended September 30, 2022 (Unaudited)			
Operating segments (modify as appropriate)	Medical	Motor	Property and casualty	Total
REVENUES				
Gross premiums written				
Individual	120,703	47,767,244	117,630	48,005,577
Micro Entities	132,249,188	128,322	42,243	132,419,753
Small Entities	6,323,821	1,842,479	1,976,563	10,142,863
Medium Entities	5,068,108	2,519,278	5,819,865	13,407,251
Large Organizations	35,406,139	85,033,756	6,492,225	126,932,120
	179,167,959	137,291,079	14,448,526	330,907,564
Reinsurance premiums ceded – local	-	(434,563)	(980,062)	(1,414,625)
Reinsurance premiums ceded – foreign	-	(1,498,519)	(10,486,748)	(11,985,267)
Excess of loss premium	(545,189)	(1,377,861)	(386,243)	(2,309,293)
Net premiums written	178,622,770	133,980,136	2,595,473	315,198,379
Changes in unearned premiums, net	(39,937,661)	3,954,818	(80,270)	(36,063,113)
Net premiums earned	138,685,109	137,934,954	2,515,203	279,135,266
Reinsurance commissions' income	-	846,191	2,305,693	3,151,884
Other underwriting income	2,192,862	894,442	5,124,155	8,211,459
TOTAL REVENUES	140,877,971	139,675,587	9,945,051	290,498,609
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(77,488,970)	(106,767,817)	(579,272)	(184,836,059)
Reinsurers' share of claims paid	3,035,117	75,000	390,039	3,500,156
Net claims and other benefits paid	(74,453,853)	(106,692,817)	(189,233)	(181,335,903)
Changes in outstanding claims, net	(5,041,740)	(23,513,366)	(858,446)	(29,413,552)
Changes in claims incurred but not reported, net	-	(6,867,271)	(813,144)	(7,680,415)
Change in other technical reserves movement	(33,644)	(929,688)	(95,388)	(1,058,720)
Net claims and other benefits incurred	(79,529,237)	(138,003,142)	(1,956,211)	(219,488,590)
Additional premium reserves	-	7,983,773	(178,319)	7,805,454
Policy acquisition costs	(12,330,131)	(6,158,157)	(1,563,521)	(20,051,809)
Other underwriting expenses	(5,882,614)	(8,839,721)	(90,847)	(14,813,182)
TOTAL UNDERWRITING COSTS AND EXPENSES	(97,741,982)	(145,017,247)	(3,788,898)	(246,548,127)
NET UNDERWRITING INCOME	43,135,989	(5,341,660)	6,156,153	43,950,482
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(24,628,072)
Allowance for doubtful debts				(3,926,263)
Commission income on deposits				7,075,206
Realized gain on investments, net				5,838,759
Dividend and investments income, net				503,001
Investment expenses				(303,478)
Finance cost				(71,093)
Others				1,345,730
TOTAL OTHER OPERATING EXPENSES, NET				(14,166,210)
Total income for the period before surplus attribution and zakat and income tax				29,784,272
Surplus attributed to the insurance operations				(795,304)
Total income for the period before zakat and income tax				28,988,968
Zakat and income tax expense				(4,000,000)
Total income for the period attributable to the shareholders				24,988,968

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11. OPERATING SEGMENTS (Continued)

Interim statement of income (Continued)

Operating segments (modify as appropriate)	For the three-month ended September 30, 2021 (Unaudited)			
	Medical	Motor	Property and casualty	Total
REVENUES				
Gross premiums written				
Individual	47,270	25,061,924	160,518	25,269,712
Micro Entities	119,287,212	160,188	133,313	119,580,713
Small Entities	2,446,381	1,472,634	1,264,551	5,183,566
Medium Entities	11,165,339	2,249,227	3,689,025	17,103,591
Large Organizations	20,803,790	57,408,063	5,902,806	84,114,659
	153,749,992	86,352,036	11,150,213	251,252,241
Reinsurance premiums ceded – local	-	(139,672)	(238,736)	(378,408)
Reinsurance premiums ceded – foreign	-	(1,053,751)	(7,655,563)	(8,709,314)
Excess of loss premium	(5,176,354)	(1,652,744)	(386,000)	(7,215,098)
Net premiums written	148,573,638	83,505,869	2,869,914	234,949,421
Changes in unearned premiums, net	(66,899,464)	18,242,270	469,061	(48,188,133)
Net premiums earned	81,674,174	101,748,139	3,338,975	186,761,288
Reinsurance commissions income	-	384,719	2,186,443	2,571,162
Other underwriting income	537,604	2,304,272	330,014	3,171,890
TOTAL REVENUES	82,211,778	104,437,130	5,855,432	192,504,340
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(46,427,116)	(86,499,483)	(3,873,434)	(136,800,033)
Reinsurers' share of claims paid	1,576,370	500,000	2,411,984	4,488,354
Net claims and other benefits paid	(44,850,746)	(85,999,483)	(1,461,450)	(132,311,679)
Changes in outstanding claims, net	(14,388,391)	20,911,779	(2,062,950)	4,460,438
Changes in claims incurred but not reported, net	1,659,580	(12,587,209)	400,162	(10,527,467)
Change in other technical reserves movement	(63,928)	152,459	(54,163)	34,368
Net claims and other benefits incurred	(57,643,485)	(77,522,454)	(3,178,401)	(138,344,340)
Additional premium reserves	-	(718,535)	(194,219)	(912,754)
Policy acquisition costs	(7,372,341)	(4,917,504)	(1,708,350)	(13,998,195)
Other underwriting expenses	(3,671,215)	(13,186,724)	(73,987)	(16,931,926)
TOTAL UNDERWRITING COSTS AND EXPENSES	(68,687,041)	(96,345,217)	(5,154,957)	(170,187,215)
NET UNDERWRITING INCOME	13,524,737	8,091,913	700,475	22,317,125
OTHER OPERATING (EXPENSES)/ INCOME				
General and administrative expenses				(22,613,318)
Reversal of doubtful debts				2,206,024
Murabaha income on deposits				1,133,418
Realized gain on investments, net				4,550,556
Dividend and investments income, net				2,435,821
Investment expense				(247,946)
Finance cost				(41,122)
Others				406,157
TOTAL OTHER OPERATING EXPENSES, NET				(12,170,410)
Total income for the period before surplus attribution and zakat and income tax				10,146,715
Surplus attributed to the insurance operations				(416,844)
Total income for the period before zakat and income tax				9,729,871
Zakat and income tax expense				(3,500,000)
Total income for the period attributable to the shareholders				<u>6,229,871</u>

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11. OPERATING SEGMENTS (Continued)

Interim statement of income (Continued)

Operating segments (modify as appropriate)	For the nine-month ended September 30, 2022 (Unaudited)			
	Medical	Motor	Property and casualty	Total
REVENUES				
Gross premiums written				
Individual	341,771	234,923,212	696,411	235,961,394
Micro Entities	325,909,323	866,688	505,271	327,281,282
Small Entities	10,807,436	5,598,564	7,218,584	23,624,584
Medium Entities	13,793,239	14,659,627	16,470,277	44,923,143
Large Organizations	63,498,937	203,322,527	16,634,930	283,456,394
	414,350,706	459,370,618	41,525,473	915,246,797
Reinsurance premiums ceded – local	-	(1,872,303)	(3,072,040)	(4,944,343)
Reinsurance premiums ceded – foreign	-	(7,679,530)	(30,778,482)	(38,458,012)
Excess of loss premium	(10,881,862)	(4,002,861)	(1,141,743)	(16,026,466)
Net premiums written	403,468,844	445,815,924	6,533,208	855,817,976
Changes in unearned premiums, net	(39,549,011)	(83,270,843)	(266,507)	(123,086,361)
Net premiums earned	363,919,833	362,545,081	6,266,701	732,731,615
Reinsurance commissions' income	-	2,175,681	7,173,311	9,348,992
Other underwriting income	3,687,181	3,603,718	7,989,553	15,280,452
TOTAL REVENUES	367,607,014	368,324,480	21,429,565	757,361,059
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(228,388,251)	(303,459,839)	(3,864,509)	(535,712,599)
Reinsurers' share of claims paid	9,435,753	763,891	2,400,318	12,599,962
Net claims and other benefits paid	(218,952,498)	(302,695,948)	(1,464,191)	(523,112,637)
Changes in outstanding claims, net	(18,502,135)	(20,998,768)	(940,052)	(40,440,955)
Changes in claims incurred but not reported, net	6,879,727	(29,315,470)	(813,904)	(23,249,647)
Change in other technical reserves movement	(55,867)	(1,965,665)	32,514	(1,989,018)
Net claims and other benefits incurred	(230,630,773)	(354,975,851)	(3,185,633)	(588,792,257)
Additional premium reserves	-	159,690	106,651	266,341
Policy acquisition costs	(33,090,895)	(17,288,342)	(4,682,404)	(55,061,641)
Other underwriting expenses	(18,207,753)	(26,251,476)	(269,617)	(44,728,846)
TOTAL UNDERWRITING COSTS AND EXPENSES	(281,929,421)	(398,355,979)	(8,031,003)	(688,316,403)
NET UNDERWRITING INCOME	85,677,593	(30,031,499)	13,398,562	69,044,656
OTHER OPERATING (EXPENSES) / INCOME				
General and administrative expenses				(70,352,034)
Allowance for doubtful debts				(3,085,288)
Murabaha income on deposits				13,040,568
Realized gain on investments, net				18,223,398
Dividend and investments income, net				4,582,195
Investment expenses				(870,451)
Finance cost				(175,668)
Others				1,585,754
TOTAL OTHER OPERATING EXPENSES, NET				(37,051,526)
Total income for the period before surplus attribution and zakat and income tax				31,993,130
Surplus attributed to the insurance operations				(795,304)
Total income for the period before zakat and income tax				31,197,826
Zakat and income tax expense				(12,000,000)
Total income for the period attributable to the shareholders				19,197,826

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11. OPERATING SEGMENTS (Continued)

Interim statement of income (Continued)

	For the nine-month ended September 30, 2021 (Unaudited)			
Operating segments (modify as appropriate)	Medical	Motor	Property and casualty	Total
REVENUES				
Gross premiums written				
Individual	180,806	58,205,241	831,040	59,217,087
Micro Entities	226,637,911	749,887	724,456	228,112,254
Small Entities	9,010,499	4,418,363	4,954,139	18,383,001
Medium Entities	15,203,604	12,922,435	20,626,274	48,752,313
Large Organizations	46,719,144	175,119,930	18,000,999	239,840,073
	297,751,964	251,415,856	45,136,908	594,304,728
Reinsurance premiums ceded – local	-	(439,162)	(1,188,443)	(1,627,605)
Reinsurance premiums ceded – foreign	-	(3,548,630)	(34,646,667)	(38,195,297)
Excess of loss premium	(7,722,608)	(5,141,978)	(1,158,000)	(14,022,586)
Net premiums written	290,029,356	242,286,086	8,143,798	540,459,240
Changes in unearned premiums, net	(77,033,553)	76,655,138	841,159	462,744
Net premiums earned	212,995,803	318,941,224	8,984,957	540,921,984
Reinsurance commissions' income	-	1,240,330	6,905,541	8,145,871
Other underwriting income	909,946	5,216,316	507,089	6,633,351
TOTAL REVENUES	213,905,749	325,397,870	16,397,587	555,701,206
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(136,312,643)	(267,077,133)	(8,298,212)	(411,687,988)
Reinsurers' share of claims paid	6,661,158	1,927,879	4,291,820	12,880,857
Net claims and other benefits paid	(129,651,485)	(265,149,254)	(4,006,392)	(398,807,131)
Changes in outstanding claims, net	(20,518,183)	33,222,969	(3,695,135)	9,009,651
Changes in claims incurred but not reported, net	(34,884)	(12,400,153)	2,220,407	(10,214,630)
Change in other technical reserves movement	330,540	566,261	(115,725)	781,076
Net claims and other benefits incurred	(149,874,012)	(243,760,177)	(5,596,845)	(399,231,034)
Additional premium reserves	-	1,197,503	165,603	1,363,106
Policy acquisition costs	(18,122,757)	(14,248,295)	(5,050,530)	(37,421,582)
Other underwriting expenses	(12,401,476)	(22,452,282)	(267,033)	(35,120,791)
TOTAL UNDERWRITING COSTS AND EXPENSES	(180,398,245)	(279,263,251)	(10,748,805)	(470,410,301)
NET UNDERWRITING INCOME	33,507,504	46,134,619	5,648,782	85,290,905
OTHER OPERATING (EXPENSES) / INCOME				
General and administrative expenses				(64,928,609)
Reversal of doubtful debts				5,324,361
Murabaha income on deposits				3,799,790
Realized gain on investments, net				11,537,191
Dividend and investments income, net				6,074,046
Investment expenses				(645,749)
Finance cost				(99,883)
Others				390,147
TOTAL OTHER OPERATING EXPENSES, NET				(38,548,706)
Total income for the period before surplus attribution and zakat and income tax				46,742,199
Surplus attributed to the insurance operations				(3,208,543)
Total income for the period before zakat and income tax				43,533,656
Zakat and income tax expense				(10,500,000)
Total income for the period attributable to the shareholders				33,033,656

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12. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

<i>Related parties</i>	<i>Nature of transactions</i>	<i>September 30, 2022 (Unaudited)</i>	<i>September 30, 2021 (Unaudited)</i>
Major Shareholder	Gross premium written from Directors and their related parties	317,850	296,287
	Reinsurance premiums ceded	1,951,734	1,012,995
	Reinsurers' share of claims paid	117,034	223,554

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

<i>Related parties</i>	<i>Balances due from / (to) related parties</i>	
	<i>September 30, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Affiliates		
Trade Activities Company	(2,441,251)	(2,441,251)

<i>Related parties</i>	<i>Premiums and reinsurance receivables</i>		<i>Reinsurance payables</i>	
	<i>September 30, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>	<i>September 30, 2022 (Unaudited)</i>	<i>December 31, 2021 (Audited)</i>
Board members	-	25,268	(1,109,003)	(762,935)

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

	<i>September 30, 2022 (Unaudited)</i>	<i>September 30, 2021 (Unaudited)</i>
Salaries and other allowances	3,799,526	4,877,320
End of service indemnities	213,420	493,302
	4,012,946	5,370,622

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13. SHARE CAPITAL

The authorized, issued and paid-up share capital is SR 450 million at September 30, 2022 consisting of 45 million shares (December 31, 2021: SR 400 million consisting of 40 million shares) of SR 10 each.

Referring to note 1, on July 3, 2022, the Company has taken the capital increase in place from SR 400 million to SR 450 million through bonus shares issuance which has been made through capitalization of SR 30 million from the statutory reserve and SR 20 million from the retained earnings.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax (modify as appropriate).

	September 30, 2022		
	Authorized and issued		Paid up
	No. of Shares	Amount	
Trade Union Holding Co. – Bahrain	10,062,000	100,620,000	100,620,000
Al Ahlia Insurance Co. – Kuwait	4,499,999	44,999,990	44,999,990
Others	30,438,001	304,380,010	304,380,010
	45,000,000	450,000,000	450,000,000

	December 31, 2021		
	Authorized and issued		Paid up
	No. of Shares	Amount	
Trade Union Holding Co. – Bahrain	8,944,000	89,440,000	89,440,000
Al Ahlia Insurance Co. – Kuwait	4,000,000	40,000,000	40,000,000
Others	27,056,000	270,560,000	270,560,000
	40,000,000	400,000,000	400,000,000

14. CAPITAL MANAGEMENT

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

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

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

15. EARNINGS PER SHARE ("EPS")

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

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16. SUPPLEMENTARY INFORMATION

Interim financial position

	As at September 30, 2022 (Unaudited)			As at December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	282,241,686	25,708,560	307,950,246	387,418,940	148,079,199	535,498,139
Premiums and reinsurance receivable, net	210,048,509	-	210,048,509	164,107,400	-	164,107,400
Reinsurers' share of unearned premiums	26,796,176	-	26,796,176	23,550,198	-	23,550,198
Reinsurers' share of outstanding claims	82,745,109	-	82,745,109	77,841,887	-	77,841,887
Reinsurers' share of claims incurred but not reported	14,051,436	-	14,051,436	15,919,310	-	15,919,310
Deferred policy acquisition costs	38,389,118	-	38,389,118	34,263,147	-	34,263,147
Investments	44,800,000	255,255,141	300,055,141	-	232,995,704	232,995,704
Due from insurance operations	-	7,157,740	7,157,740	-	22,577,243	22,577,243
Due from shareholders operations	4,422,340	-	4,422,340	-	-	-
Prepaid expenses and other assets	89,157,889	2,644,778	91,802,667	64,733,749	1,004,942	65,738,691
Long term/fixed income deposits	445,691,331	242,550,217	688,241,548	275,000,000	132,676,226	407,676,226
Property and equipment	18,142,256	-	18,142,256	17,773,176	-	17,773,176
Right of use assets	7,430,825	-	7,430,825	3,673,446	-	3,673,446
Goodwill	-	4,496,500	4,496,500	-	4,496,500	4,496,500
Statutory deposit	-	45,000,000	45,000,000	-	40,000,000	40,000,000
Accrued income on statutory deposit	-	5,751,293	5,751,293	-	5,487,213	5,487,213
TOTAL ASSETS	1,263,916,675	588,564,229	1,852,480,904	1,064,281,253	587,317,027	1,651,598,280
Less: inter-operations elimination	(4,422,340)	(7,157,740)	(11,580,080)	-	(22,577,243)	(22,577,243)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	1,259,494,335	581,406,489	1,840,900,824	1,064,281,253	564,739,784	1,629,021,037

(continue)

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim financial position (Continued)

	As at September 30, 2022 (Unaudited)			As at December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES						
Accounts payable	49,512,854	-	49,512,854	39,833,641	-	39,833,641
Accrued and other liabilities	123,984,888	1,378,794	125,363,682	119,153,547	2,160,338	121,313,885
Lease liability	6,496,112	-	6,496,112	3,141,919	-	3,141,919
Reinsurers' balances payable	13,730,239	-	13,730,239	12,946,234	-	12,946,234
Unearned premiums	609,827,650	-	609,827,650	483,495,311	-	483,495,311
Unearned reinsurance commission	5,681,993	-	5,681,993	4,843,821	-	4,843,821
Outstanding claims	288,041,102	-	288,041,102	242,696,925	-	242,696,925
Claims incurred but not reported	115,970,502	-	115,970,502	94,588,729	-	94,588,729
Additional premium reserves	14,582,505	-	14,582,505	14,848,846	-	14,848,846
Other technical reserves	10,377,500	-	10,377,500	8,388,482	-	8,388,482
Due to shareholders' operations	7,157,740	-	7,157,740	22,577,243	-	22,577,243
Due to policyholders' operations	-	4,422,340	4,422,340	-	-	-
End-of-service indemnities	16,976,586	-	16,976,586	17,540,258	-	17,540,258
Zakat and income tax	-	16,564,068	16,564,068	-	25,308,163	25,308,163
Accrued commission income payable to SAMA	-	5,751,293	5,751,293	-	5,487,213	5,487,213
TOTAL LIABILITIES	1,262,339,671	28,116,495	1,290,456,166	1,064,054,956	32,955,714	1,097,010,670
Less: Interoperations elimination	(7,157,740)	(4,422,340)	(11,580,080)	(22,577,243)	-	(22,577,243)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	1,255,181,931	23,694,155	1,278,876,086	1,041,477,713	32,955,714	1,074,433,427
Accumulated surplus payable	3,303,887	-	3,303,887	2,508,583	-	2,508,583
Re-measurement actuarial loss on end of service indemnities	(1,726,883)	-	(1,726,883)	(2,282,286)	-	(2,282,286)
TOTAL ACCUMULATED SURPLUS AND RESERVES	1,577,004	-	1,577,004	226,297	-	226,297

(continue)

AL-ETIHAD COOPERATIVE INSURANCE COMPANY

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	As at September 30, 2022 (Unaudited)			As at December 31, 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
<u>SHAREHOLDERS' EQUITY</u>						
Share capital	-	450,000,000	450,000,000	-	400,000,000	400,000,000
Statutory reserve	-	6,298,116	6,298,116	-	36,298,116	36,298,116
Retained earnings	-	99,675,875	99,675,875	-	100,478,049	100,478,049
Fair value reserve gain on investments	-	4,473,743	4,473,743	-	17,585,148	17,585,148
TOTAL SHAREHOLDERS' EQUITY	-	560,447,734	560,447,734	-	554,361,313	554,361,313
TOTAL LIABILITIES AND						
SHAREHOLDERS' EQUITY	1,256,758,935	584,141,889	1,840,900,824	1,041,704,010	587,317,027	1,629,021,037

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of income

	For the three-month period ended September 30, 2022 (Unaudited)			For the three-month period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	330,907,564	-	330,907,564	251,252,241	-	251,252,241
Reinsurance premiums ceded – local	(1,414,625)	-	(1,414,625)	(378,408)	-	(378,408)
Reinsurance premiums ceded – foreign	(11,985,267)	-	(11,985,267)	(8,709,314)	-	(8,709,314)
Excess of loss premium	(2,309,293)	-	(2,309,293)	(7,215,098)	-	(7,215,098)
Net premiums written	315,198,379	-	315,198,379	234,949,421	-	234,949,421
Changes in unearned premiums, net	(36,063,113)	-	(36,063,113)	(48,188,133)	-	(48,188,133)
Net premiums earned	279,135,266	-	279,135,266	186,761,288	-	186,761,288
Reinsurance commissions	3,151,884	-	3,151,884	2,571,162	-	2,571,162
Other underwriting income	8,211,459	-	8,211,459	3,171,890	-	3,171,890
TOTAL REVENUES	290,498,609	-	290,498,609	192,504,340	-	192,504,340
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(184,836,059)	-	(184,836,059)	(136,800,033)	-	(136,800,033)
Reinsurers' share of claims paid	3,500,156	-	3,500,156	4,488,354	-	4,488,354
Net claims and other benefits paid	(181,335,903)	-	(181,335,903)	(132,311,679)	-	(132,311,679)
Changes in outstanding claims, net	(29,413,552)	-	(29,413,552)	4,460,438	-	4,460,438
Changes in incurred but not reported, net	(7,680,415)	-	(7,680,415)	(10,527,467)	-	(10,527,467)
Changes in other technical reserves movement	(1,058,720)	-	(1,058,720)	34,368	-	34,368
Net claims and other benefits incurred	(219,488,590)	-	(219,488,590)	(138,344,340)	-	(138,344,340)
Additional premium reserves	7,805,454	-	7,805,454	(912,754)	-	(912,754)
Policy acquisition costs	(20,051,809)	-	(20,051,809)	(13,998,195)	-	(13,998,195)
Other underwriting expenses	(14,813,182)	-	(14,813,182)	(16,931,926)	-	(16,931,926)
TOTAL UNDERWRITING COSTS AND EXPENSES	(246,548,127)	-	(246,548,127)	(170,187,215)	-	(170,187,215)
NET UNDERWRITING INCOME	43,950,482	-	43,950,482	22,317,125	-	22,317,125

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of income (Continued)

	For the three-month period ended September 30, 2022 (Unaudited)			For the three-month period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
(Allowance for) / Reversal of doubtful debts	(3,926,263)	-	(3,926,263)	2,206,024	-	2,206,024
General and administrative expenses	(24,001,256)	(626,816)	(24,628,072)	(22,106,508)	(506,810)	(22,613,318)
Murabaha income on deposits	4,400,824	2,674,382	7,075,206	501,678	631,740	1,133,418
Realized gain on investments	-	5,838,759	5,838,759	-	4,550,556	4,550,556
Dividend and investments income	170,670	332,331	503,001	885,085	1,550,736	2,435,821
Investment expense	-	(303,478)	(303,478)	-	(247,946)	(247,946)
Finance cost	(71,093)	-	(71,093)	(41,122)	-	(41,122)
Others	1,345,730	-	1,345,730	406,157	-	406,157
TOTAL OTHER OPERATING EXPENSES, NET	(22,081,388)	7,915,178	(14,166,210)	(18,148,686)	5,978,276	(12,170,410)
Total income for the period before surplus attribution and zakat and income tax	21,869,094	7,915,178	29,784,272	4,168,439	5,978,276	10,146,715
Surplus attributed to the insurance operations	(21,073,790)	21,073,790	-	(3,751,595)	3,751,595	-
Total income for the period before zakat and income tax	795,304	28,988,968	29,784,272	416,844	9,729,871	10,146,715
Zakat and income tax expense	-	(4,000,000)	(4,000,000)	-	(3,500,000)	(3,500,000)
Total income for the period	795,304	24,988,968	25,784,272	416,844	6,229,871	6,646,715
Earnings per share						
Basic earnings per share	0.02	0.56	0.57	0.01	0.14	0.15

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of comprehensive income

	For the three-month period ended September 30, 2022 (Unaudited)			For the three-month period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	795,304	24,988,968	25,784,272	416,844	6,229,871	6,646,715
Other comprehensive income						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
Realization of gain on disposal of available-for-sale investments	-	(4,952,918)	(4,952,918)	-	(3,443,151)	(3,443,151)
Unrealized fair value changes in available for sale investments	-	3,393,714	3,393,714	-	10,006,828	10,006,828
<i>Items that will not be reclassified to interim statements of income in subsequent periods</i>						
Actuarial gain on end of service indemnities	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	795,304	23,429,764	24,225,068	416,844	12,793,548	13,210,392

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16. SUPPLEMENTARY INFORMATION (Continued)

	For the nine-month period ended September 30, 2022 (Unaudited)			For the nine-month period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Interim statement of income (Continued)						
REVENUES						
Gross premiums written	915,246,797	-	915,246,797	594,304,728	-	594,304,728
Reinsurance premiums ceded-local	(4,944,343)	-	(4,944,343)	(1,627,605)	-	(1,627,605)
Reinsurance premiums ceded-foreign	(38,458,012)	-	(38,458,012)	(38,195,297)	-	(38,195,297)
Excess of loss premium	(16,026,466)	-	(16,026,466)	(14,022,586)	-	(14,022,586)
Net premiums written	855,817,976	-	855,817,976	540,459,240	-	540,459,240
Changes in unearned premiums, net	(123,086,361)	-	(123,086,361)	462,744	-	462,744
Net premiums earned	732,731,615	-	732,731,615	540,921,984	-	540,921,984
Reinsurance commissions	9,348,992	-	9,348,992	8,145,871	-	8,145,871
Other underwriting income	15,280,452	-	15,280,452	6,633,351	-	6,633,351
TOTAL REVENUES	757,361,059	-	757,361,059	555,701,206	-	555,701,206
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(535,712,599)	-	(535,712,599)	(411,687,988)	-	(411,687,988)
Reinsurers' share of claims paid	12,599,962	-	12,599,962	12,880,857	-	12,880,857
Net claims and other benefits paid	(523,112,637)	-	(523,112,637)	(398,807,131)	-	(398,807,131)
Changes in outstanding claims, net	(40,440,955)	-	(40,440,955)	9,009,651	-	9,009,651
Changes in incurred but not reported, net	(23,249,647)	-	(23,249,647)	(10,214,630)	-	(10,214,630)
Changes in other technical reserves movement	(1,989,018)	-	(1,989,018)	781,076	-	781,076
Net claims and other benefits incurred	(588,792,257)	-	(588,792,257)	(399,231,034)	-	(399,231,034)
Additional premium reserves	266,341	-	266,341	1,363,106	-	1,363,106
Policy acquisition costs	(55,061,641)	-	(55,061,641)	(37,421,582)	-	(37,421,582)
Other underwriting expenses	(44,728,846)	-	(44,728,846)	(35,120,791)	-	(35,120,791)
TOTAL UNDERWRITING COSTS AND EXPENSES	(688,316,403)	-	(688,316,403)	(470,410,301)	-	(470,410,301)
NET UNDERWRITING INCOME	69,044,656	-	69,044,656	85,290,905	-	85,290,905

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of income (Continued)

	For the nine-month period ended September 30, 2022 (Unaudited)			For the nine-month period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for / (Reversal of) doubtful debts	(3,085,288)	-	(3,085,288)	5,324,361	-	5,324,361
General and administrative expenses	(68,700,828)	(1,651,206)	(70,352,034)	(63,393,288)	(1,535,321)	(64,928,609)
Murabaha income on deposits	8,243,354	4,797,214	13,040,568	2,058,475	1,741,315	3,799,790
Unrealized loss on investments	-	-	-	-	-	-
Realized gain on investments	-	18,223,398	18,223,398	-	11,537,191	11,537,191
Dividend and investments income	1,041,064	3,541,131	4,582,195	2,514,709	3,559,337	6,074,046
Investment expense	-	(870,451)	(870,451)	-	(645,749)	(645,749)
Finance cost	(175,668)	-	(175,668)	(99,883)	-	(99,883)
Others	1,585,754	-	1,585,754	390,147	-	390,147
TOTAL OTHER OPERATING EXPENSES, NET	(61,091,612)	24,040,086	(37,051,526)	(53,205,479)	14,656,773	(38,548,706)
Total income for the period before surplus attribution and zakat and income tax	7,953,044	24,040,086	31,993,130	32,085,426	14,656,773	46,742,199
Surplus attributed to the insurance operations	(7,157,740)	7,157,740	-	(28,876,883)	28,876,883	-
Total income for the period before zakat and income tax	795,304	31,197,826	31,993,130	3,208,543	43,533,656	46,742,199
Zakat and income tax expense	-	(12,000,000)	(12,000,000)	-	(10,500,000)	(10,500,000)
Total income for the period	795,304	19,197,826	19,993,130	3,208,543	33,033,656	36,242,199
Earnings per share						
Basic earnings per share	0.02	0.43	0.44	0.07	0.73	0.81

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of comprehensive income

	For the nine-month period ended September 30, 2022 (Unaudited)			For the nine-month period ended September 30, 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income for the period	795,304	19,197,826	19,993,130	3,208,543	33,033,656	36,242,199
Other comprehensive income						
<i>Items that are or may be reclassified to interim statement of income in subsequent periods</i>						
Realization of losses on disposal of available-for-sale investments	-	(17,492,226)	(17,492,226)	-	(9,799,411)	(9,799,411)
Unrealized fair value changes in available for sale investments	-	4,380,821	4,380,821	-	27,989,986	27,989,986
<i>Items that will not be reclassified to statement of income in subsequent years</i>						
Actuarial gain on end of service indemnities	555,403	-	555,403	352,126	-	352,126
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,350,707	6,086,421	7,437,128	3,560,669	51,224,231	54,784,900

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of cash flows

	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	For the nine-month period ended September 30, 2022 (Unaudited)			For the nine-month period ended September 30, 2021 (Unaudited)		
CASH FLOWS FROM OPERATING ACTIVITIES						
Total income for the period before surplus attribution and zakat and income tax	795,304	31,197,826	31,993,130	3,208,543	43,533,656	46,742,199
Adjustments for non-cash items:						
Depreciation of property and equipment	2,545,954	-	2,545,954	2,606,931	-	2,606,931
Depreciation charge of right to use assets	1,732,818	-	1,732,818	878,568	-	878,568
Loss on disposal of property and equipment	-	-	-	1,135	-	1,135
allowance for / (Reversal of) doubtful debts	3,085,288	-	3,085,288	(5,324,361)	-	(5,324,361)
Realized Gain on investments	-	(18,223,398)	(18,223,398)	-	(11,537,191)	(11,537,191)
Dividend reinvested	-	-	-	-	(14,869)	(14,869)
Finance cost	175,668	-	175,668	99,883	-	99,883
Provision for end-of-service indemnities	2,567,696	-	2,567,696	2,731,430	-	2,731,430
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(49,026,397)	-	(49,026,397)	49,574,752	-	49,574,752
Reinsurers' share of unearned premiums	(3,245,978)	-	(3,245,978)	(1,679,835)	-	(1,679,835)
Reinsurers' share of outstanding claims	(4,903,222)	-	(4,903,222)	9,176,436	-	9,176,436
Reinsurers' share of claims incurred but not reported	1,867,874	-	1,867,874	2,359,550	-	2,359,550
Deferred policy acquisition costs	(4,125,971)	-	(4,125,971)	(7,379,344)	-	(7,379,344)
Prepaid expenses and other assets	(24,424,140)	(1,639,836)	(26,063,976)	1,399,597	1,009,165	2,408,762
Accounts payables	9,679,213	-	9,679,213	9,294,022	-	9,294,022
Accrued and other liabilities	4,831,341	(781,544)	4,049,797	15,951,180	(467,500)	15,483,680
Reinsurers' balances payable	784,005	-	784,005	800,951	-	800,951
Unearned premiums	126,332,339	-	126,332,339	1,217,091	-	1,217,091
Unearned reinsurance commission	838,172	-	838,172	(196,023)	-	(196,023)
Outstanding claims	45,344,177	-	45,344,177	(18,186,088)	-	(18,186,088)
Claims incurred but not reported	21,381,773	-	21,381,773	7,855,080	-	7,855,080

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16. SUPPLEMENTARY INFORMATION (Continued)

Interim statement of cash flows (Continued)

	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	For the nine-month period ended September 30, 2022 (Unaudited)			For the nine-month period ended September 30, 2021 (Unaudited)		
Additional premium reserves	(266,341)	-	(266,341)	(1,363,106)	-	(1,363,106)
Other technical reserves	1,989,018	-	1,989,018	(781,076)	-	(781,076)
Due from insurance operations	-	15,419,503	15,419,503	-	(28,876,883)	(28,876,883)
Due to insurance operations	-	4,422,340	4,422,340	-	2,975,820	2,975,820
Due from shareholders' operations	(4,422,340)	-	(4,422,340)	(2,975,820)	-	(2,975,820)
Due to shareholders' operations	(15,419,503)	-	(15,419,503)	28,876,883	-	28,876,883
End-of-service indemnities paid	(2,575,965)	-	(2,575,965)	(2,632,259)	-	(2,632,259)
Surplus paid to policy holders	-	-	-	(814)	-	(814)
Zakat and income tax paid	-	(20,744,095)	(20,744,095)	-	(12,464,548)	(12,464,548)
Net cash generated from operating activities	115,540,783	9,650,796	125,191,579	95,513,306	(5,842,350)	89,670,956
CASH FLOWS FROM INVESTING ACTIVITIES						
Net movement in investments	(44,800,000)	(17,147,444)	(61,947,444)	-	16,409,344	16,409,344
Net movement in long term/fixed income deposits	(170,691,331)	(109,873,991)	(280,565,322)	(45,000,000)	(51,000,000)	(96,000,000)
Lease payment under IFRS 16	(2,311,672)	-	(2,311,672)	(650,000)	-	(650,000)
Net movement in statutory deposit	-	(5,000,000)	(5,000,000)	-	-	-
Net movement in property and equipment	(2,915,034)	-	(2,915,034)	(4,554,518)	-	(4,554,518)
Net cash generated from investing activities	(220,718,037)	(132,021,435)	(352,739,472)	(50,204,518)	(34,590,656)	(84,795,174)
Net change in cash and cash equivalents	(105,177,254)	(122,370,639)	(227,547,893)	45,308,788	(40,433,006)	4,875,782.00
Cash and cash equivalents, beginning of the period	387,418,940	148,079,199	535,498,139	373,230,365	78,485,486	451,715,851
Cash and cash equivalents, end of the period	282,241,686	25,708,560	307,950,246	418,539,153	38,052,480	456,591,633
NON-CASH INFORMATION						
Realization of gain on disposal of AFS investments	-	(17,492,226)	(17,492,226)	-	(9,799,411)	(9,799,411)
Unrealized gain on available for sale investments	-	4,380,821	4,380,821	-	27,989,986	27,989,986
Surplus transferred to undistributed surplus account (liability)	-	-	-	-	4,859,659	4,859,659
Surplus transferred to customers' accounts	-	-	-	-	6,712,259	6,712,259

17. COMPARATIVE FIGURES

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

18. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board, on November 1, 2022, corresponding to 7 Rabea II, 1444H.