

**METLIFE, AMERICAN INTERNATIONAL GROUP AND
ARAB NATIONAL BANK COOPERATIVE INSURANCE
COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL INFORMATION
(UNAUDITED)
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2019**

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW
REPORT (UNAUDITED)**

At 31 MARCH 2019

	PAGE
INDEX	
INDEPENDENT AUDITORS' REVIEW REPORT	1-2
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	3
INTERIM CONDENSED STATEMENT OF INCOME	4
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	5
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	6
INTERIM CONDENSED STATEMENT OF CASH FLOWS	7
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION	8-33



Audit - Consultants - Zakat & Tax

Al-Bassam & Co.
Allied Accountants

(Member firm of PKF International)



Aldar Audit Bureau
Abdullah Al-Basri & Co.
Member firm of Grant Thornton International Ltd

Grant Thornton

An instinct for growth™

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

**TO THE SHAREHOLDERS OF METLIFE, AMERICAN INTERNATIONAL GROUP AND
ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Metlife, American International Group and Arab National Bank Cooperative Insurance Company (A Saudi Joint Stock Company) (the "Company") as at 31 March 2019 and the related interim condensed statement of income, interim condensed statement of comprehensive income, interim condensed statement of changes in shareholders' equity and the interim condensed statement of cash flows for the three months period then ended and the related notes which form an integral part of this interim condensed financial information. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") on accounting for Zakat and Income Tax. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as modified by Saudi Arabian Monetary Authority ("SAMA") on accounting for Zakat and Income Tax.

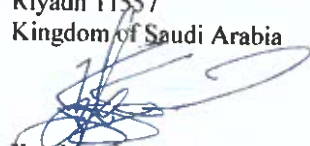
REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION
(Continued)

**TO THE SHAREHOLDERS OF METLIFE, AMERICAN INTERNATIONAL GROUP AND
ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY**
(A SAUDI JOINT STOCK COMPANY)


EMPHASIS OF MATTER

We draw attention to Note 2 to the interim condensed financial information, which indicates, among other things, that during 2018, the Company received a final warning letter from SAMA which highlighted various internal controls and risk management deficiencies among other things. However, to resolve all the deficiencies, Company developed an action plan and as of 31 March 2019, majority of the issues are already addressed, and the remaining are expected to be resolved within due course. Further, as of 31 March 2019 the Company's accumulated losses are 18.88% (31 December 2018: 14.65%) of the share capital. These events and conditions indicate a material uncertainty on the Company's ability to continue as a going concern. However, the Company's management has made an assessment of its ability to continue as a going concern and is satisfied that the Company's operations shall continue for the foreseeable future under normal course of the business. Our conclusion is not qualified in respect of this matter.

For Al-Bassam & Co.
Allied Accountants
P.O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia


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

Aldar Audit Bureau
Abdullah Al Basri & Co
P. O. Box 2195
Riyadh 11451
Kingdom of Saudi Arabia


Abdullah M. Al Basri
Certified Public Accountant
License No. 171

Date: 13 May 2019
Corresponding to: 8 Ramdan 1440



**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

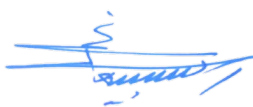
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2019**

	Notes	SAR '000	
		March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Cash and cash equivalents	4	72,739	56,305
Short term deposits	5	3,000	35,139
Premiums and re- insurance balances receivable	6	16,193	19,253
Re insurance share of unearned premiums	9.2	27,519	22,417
Re insurance share of outstanding claims	9.1	18,610	19,457
Re-insurers' share of claims incurred but not reported	9.1	26,124	24,042
Re-insurance share of mathematical reserves		172,593	176,787
Deferred policy acquisition costs	9.3	3,298	2,584
Investments	8	17,814	17,653
Due from related parties	14	475	133
Prepaid expenses and other assets		10,862	10,693
Long term deposits	5	89,000	89,000
Property and equipment		1,887	2,158
Intangible assets		711	763
Statutory deposit	7	35,000	35,000
Accrued commission on statutory deposit	7	1,935	1,935
TOTAL ASSETS		497,760	513,319
LIABILITIES			
Policyholder claims payable		6,626	5,148
Payable, accruals and other liabilities		14,107	15,528
Re-insurance balances payable		39,473	36,084
Gross unearned premiums	9.2	38,879	35,861
Unearned reinsurance commission income	9.4	3,749	3,928
Gross outstanding claims	9.1	25,930	27,605
Gross claims incurred but not reported	9.1	40,891	50,029
Gross mathematical reserves		172,593	176,787
Due to related parties	14	52	56
Provision for zakat and income tax	11	2,993	2,593
End of service indemnities		4,121	3,898
Accrued commission payable to SAMA	7	1,935	1,935
TOTAL LIABILITIES		351,349	359,452
EQUITY			
Share capital	12	180,000	180,000
Accumulated deficit		(33,980)	(26,382)
Remeasurement reserve for end of service indemnities		375	375
Fair value reserve - Available for sale investments	8	16	(126)
TOTAL EQUITY		146,411	153,867
TOTAL LIABILITIES AND EQUITY		497,760	513,319
COMMITMENTS AND CONTINGENCIES	10		

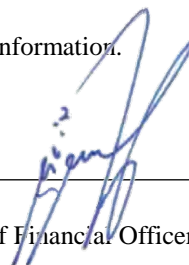
The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

	Notes	SAR '000	
		March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
<u>REVENUES</u>			
Gross written premiums	9.2	28,054	100,513
Re-insurance premiums ceded - foreign	9.2	(19,416)	(23,824)
Excess of loss expenses - foreign	9.2	(39)	(772)
Net written premiums	9.2	8,599	75,917
Changes in unearned premiums, net		2,084	(3,553)
Net earned premiums		10,683	72,364
Re-insurance commissions	9.4	1,505	4,568
Other underwriting income		772	928
<u>TOTAL REVENUES</u>		12,960	77,860
<u>UNDERWRITING COSTS AND EXPENSES</u>			
Gross claims paid		(25,384)	(59,157)
Surrenders and maturities		(7,092)	(13,320)
Expenses incurred related to claims		(869)	(1,941)
Re-insurance share of claims paid	9.1	12,367	14,768
Net claims and other benefits paid		(20,978)	(59,650)
Changes in outstanding claims, net		828	(3,379)
Changes in incurred but not reported claims, net		11,220	(12,450)
Net claims and other benefits incurred		(8,930)	(75,479)
Change in premium deficiency reserve		-	(1,187)
Policy acquisition costs	9.3	(1,589)	(7,144)
Inspection and supervisory fees		(239)	(1,064)
Other underwriting expenses		(79)	(393)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>		(10,837)	(85,267)
NET UNDERWRITING INCOME/ (LOSS)		2,123	(7,407)
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>			
Reversal / (Allowance) for doubtful debts	6	1,993	641
General and administrative expenses		(12,583)	(10,754)
Special commission income on deposits		1,269	1,930
<u>TOTAL OTHER OPERATING EXPENSES</u>		(9,321)	(8,183)
Net loss for the period		(7,198)	(15,590)
Net loss for the period attributable to insurance operations		-	-
Net loss for the period attributable to the shareholders operations		(7,198)	(15,590)
Loss per share (expressed in SAR per share)			(Restated)
Basic loss per share	13	(0.40)	(0.87)

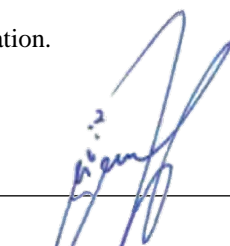
The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

	Notes	SAR '000	
		March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Net loss for the period		(7,198)	(15,590)
Other comprehensive (loss) / income			
Items that will be reclassified to statement of income in subsequent periods			
- Net fair value changes- Available for sale investments	8	142	-
<u>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</u>		(7,056)	(15,590)
Total comprehensive income attributed to insurance operations		-	-
Total comprehensive loss for the period attributable to the shareholders		(7,056)	(15,590)

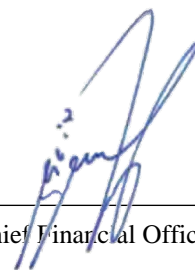
The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

(SAR in '000')

	Notes	Share capital	Accumulated deficit	Remeasurement reserve for end of service indemnities	Fair value reserve - Available for sale investments	Total
Balance as at January 1, 2019	12	180,000	(26,382)	375	(126)	153,867
Total comprehensive loss:						
Net loss for the period		-	(7,198)	-	-	(7,198)
-Net fair value changes- Available for sale investments	8	-	-	-	142	142
		180,000	(33,580)	375	16	146,811
Provision for zakat and income tax	11	-	(400)	-	-	(400)
Balance as at March 31, 2019		180,000	(33,980)	375	16	146,411

	Share capital	Accumulated deficit	Remeasurement reserve for end of service indemnities	Fair value reserve -Available for sale investments	Total
Balance as at January 1, 2018	350,000	(172,221)	-	-	177,779
Total comprehensive loss:					
Net loss for the period	-	(15,590)	-	-	(15,590)
	350,000	(187,811)	-	-	162,189
Provision for zakat and income tax	-	(480)	-	-	(480)
Balance as at March 31, 2018	350,000	(188,291)	-	-	161,709

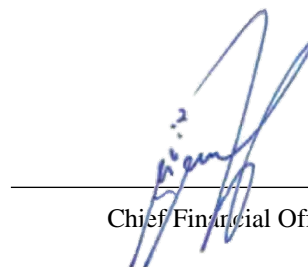
The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

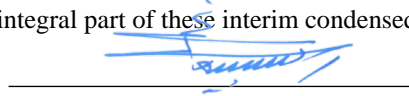
**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

	Notes	SAR '000	
		March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		(7,198)	(15,590)
Adjustments for non-cash items:			
Depreciation of property and equipment		271	288
Amortization of intangible assets		82	65
Provision for doubtful debts	6	(1,993)	(641)
Amortization of discount / premium on investments	8.2	(19)	(18)
Provision for end of service indemnities		373	274
		(8,484)	(15,622)
Changes in operating assets and liabilities:			
Premiums and reinsurers' balances receivable		5,053	(17,522)
Reinsurers' share of unearned premiums		(5,102)	(6,808)
Reinsurers' share of mathematical reserves		4,194	12,859
Reinsurers' share of outstanding claims		847	(3,463)
Reinsurers' share of claims Incurred but not reported		(2,082)	(1,472)
Deferred policy acquisition costs		(714)	561
Due from related parties		(342)	(16,982)
Prepaid expenses and other assets		(169)	(3,926)
Policyholders claims payable		1,478	(2,289)
Payables, accruals and others		(1,421)	6,721
Reinsurance balances payable		3,389	11,130
Gross unearned premiums		3,018	10,361
Unearned reinsurance commission income		(179)	(203)
Gross outstanding claims		(1,675)	6,842
Gross claims incurred but not reported		(9,138)	13,922
Premium deficiency reserve		-	1,187
Gross mathematical reserves		(4,194)	(12,859)
Due to related parties		(4)	192
Net cash (used in) / generated from operating activities		(15,525)	(17,371)
Zakat and income tax paid	11	-	-
End of service indemnities paid		(150)	-
Net cash (used in) operating activities		(15,675)	(17,371)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposals in short term deposits		43,310	6,932
Additions in short term deposits		(11,171)	3,051
Purchase of property and equipment		-	(135)
Purchase of intangible assets		(30)	(132)
Net cash from investing activities		32,109	9,716
Net change in cash and cash equivalents		16,434	8,738
Cash and cash equivalents, beginning of the period		56,305	59,021
Cash and cash equivalents, end of the period	4	72,739	67,759
NON-CASH INFORMATION			
Unrealized gain / (loss) on available for sale investments	8	142	-

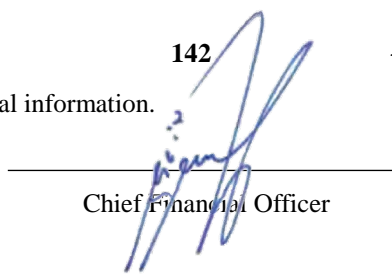
The accompanying notes 1 to 20 form an integral part of these interim condensed financial information.



Chairman of the
Board of Directors



Chief Executive Officer



Chief Financial Officer

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

MetLife, American International Group and Arab National Bank Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration numbered 1010391438 dated 22 Dhul-Hijjah 1434H (corresponding to 27 October 2013).

The address of registered office of the Company is as follows:

MetLife, American International Group and Arab National Bank
Cooperative Insurance Company
P.O. Box 56437
Riyadh 11554
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations applicable in the Kingdom of Saudi Arabia. Its principal lines of business include individual and group life, accident and health and all classes of general insurance. The Company’ shares were listed on the Saudi Arabian Stock Exchange (“Tadawul”) on 23 Muharram 1435H (corresponding to 26 November 2013).

On February 26, 2014, corresponding to Rabi al Akhar 26, 1424, the Saudi Arabian Monetary Authority (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia. On April 20, 2004, corresponding to Rabi’ al-awwal 1, 1425, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32).

The Company received the approval letters from the Saudi Arabian Monetary Agency and Ministry of Commerce and Investment regarding the amendment of the Company’s by-laws to be in accordance with the new companies’ regulations.

Based on the above, the Company’s extraordinary general assembly was held on 12 April 2017 corresponding to 15 Rajab 1438 and accordingly the new by-laws were approved.

1.1 METLIFE ALICO PORTFOLIO TRANSFER

The Company entered into an agreement with MetLife ALICO (30% shareholder) by which MetLife ALICO transferred its existing Saudi run-off portfolio to the Company effective 01 April 2015. This portfolio includes long-term life Protection and Savings insurance products and Personal Accident policies. The Company reinsures back to MetLife ALICO 100% of this portfolio under a quota-share reinsurance agreement. Accordingly, the Company has become the owner of the transferred policies and MetLife ALICO has become the reinsurer of this block of business. The transfer of the portfolio was made at book value with no cash payment. Accordingly, the liabilities related to this portfolio were recorded in the Company’s books at book value with offsetting assets representing the reinsurance share of these liabilities. MetLife ALICO paid to the Company a reinsurance commission amounting to SR 443 thousand for the three month period ended 31 March 2019 (SR 577 thousand for the three month period ended 31 March 2018) to compensate the cost of capital for this portfolio in addition to reimbursing the Company for all expenses related to the administration of this portfolio by paying an administration fee amounting to SR 342 thousand for the three month period ended 31 March 2019 (SR 370 thousand for the three month period ended 31 March 2018) which is recorded under “Other underwriting income”.

Assets and liabilities of the transferred portfolio as at 31 March 2019 are shown as below:

Assets	SAR '000'		Liabilities	SAR '000'	
	31 March 2019 (Unaudited)	31 December 2018 (Audited)		31 March 2019 (Unaudited)	31 December 2018 (Audited)
Cash and Cash equivalents	5,135	3,835	Gross unearned premiums	19	53
Re-insurers’ share of unearned premiums	19	53	Gross outstanding claims	8,633	8,641
Re-insurers’ share of mathematical reserves	172,593	176,787	Gross mathematical reserves	172,593	176,787
Re-insurers’ share of outstanding claims	8,633	8,641	Due to shareholders operations	3,049	2,627
Re-insurers’ balances receivable	-	180	Payable and other liabilities	3,044	2,003
Receivable & other assets	958	615			
Total	187,338	190,111		187,338	190,111

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

1 ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

1.2 MANAFETH AGREEMENT WITH TAWUNIYA

The Company participated in the Manafeth agreement among Tawuniya and the majority of the insurance companies in Saudi Arabia effective 01 January 2015 for co-insuring cars entering into Saudi Arabia from all Saudi borders (except the border with Al-Bahrain). Based on this agreement, all insurance companies participating in this coverage will have an equal share of the net result of this portfolio after allowing for all expenses related to managing this portfolio by Tawuniya. This agreement is set to continue for a period of three years expiring on 31 December 2017 and has been subsequently renewed for two consecutive periods on the same terms and the last one was for one year from 1 January 2019 to 31 December 2019 with other related insurance companies. The income related to this portfolio is included in the statement of income under "Other underwriting income" and is allocated to motor insurance in the segment reporting (Note 17).

2 BASIS OF PREPARATION

a) Basis of presentation and measurement

The interim condensed financial information of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board ("IASB") except for the application of International Accounting Standard (IAS) 12 – "Income Taxes" and IFRIC 21 - "Levies" so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated 11 April 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax ("SAMA Circular"), the zakat and income tax are to be accrued on a quarterly basis through shareholders' equity under retained earnings.

The interim condensed financial information are prepared under the going concern (Note 2b) basis and the historical cost convention, except for the measurement at fair value of available for sale investments and end of service benefits. The Company's statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, short term deposits, premiums and reinsurance balances receivable, reinsurance share of unearned premiums, reinsurance share of outstanding claims, reinsurance share of claims incurred but not reported, deferred policy acquisition costs, due from related parties, prepaid expenses and other assets, policyholders claims payable, accrued and other liabilities, reinsurers' balances payable, unearned premiums, premium deficiency reserve, outstanding claims, claims incurred but not reported, unearned reinsurance commission, due to related parties and zakat. The following balances would generally be classified as non-current: long term deposits, mathematical reserves, investments, statutory deposit, intangible assets, property and equipment and end of service indemnities.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for insurance operations and shareholders' operations. The physical custody of all assets related to the insurance operations and shareholders' operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is determined by the management and Board of Directors. As per the insurance implementing regulations, the deficit arising from the insurance operations is allocated fully to shareholders operations whereas any surplus arising from the insurance operations is distributed as follows:

Shareholder's	90%
Policyholder's	10%
	<u>100%</u>

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

2 BASIS OF PREPARATION (Continued)

a) Basis of presentation and measurement (continued)

The interim condensed statement of financial position, interim condensed statements of income, interim condensed statement of comprehensive income and interim condensed cash flows of the insurance operations and shareholders operations which are presented on Note No. 17 of the interim condensed financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statement of financial position, statement of income, statement of comprehensive income and statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

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

The interim condensed financial information are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

2 BASIS OF PREPARATION (Continued)

b) Going Concern

As on 26 March 2018, the Company announced on Tadawul that as of 28 February 2018, its accumulated losses exceeded its share capital by 51.62%. Further, on 18 April 2018, in an Extraordinary General Assembly Meeting, it was resolved to reduce the Company's share capital by 48.57% from SR 350 million to SR 180 million. Accordingly, the Company absorbed SR 170 million of its accumulated losses against its share capital of 17 million shares (Note 12). Subsequent to the reduction, the accumulated losses represent 18.88% of the Company's share capital as of 31 March 2019.

On 29 March 2018, Company received a final warning letter from SAMA indicating issues related to delays in medical claims, ineffective risk assessment and weaknesses in internal control environment among other things. Further, SAMA instructed the Company to hire an independent consultant within maximum 15 working days to perform a detailed review over the weaknesses and observations identified and to submit final report to SAMA within 60 working days from the date of the original warning letter. In case the Company failed to meet the deadlines, SAMA would take necessary regulatory measure against the Company in accordance with article (19) of the Cooperative Insurance Law, which includes forbidding the Company from accepting new clients, investors or subscribers in its insurance activities or part of these activities.

The above events created uncertainty on the Company's ability to continue as a going concern. However, Company has taken necessary actions to comply with SAMA's warning letter and has received the report from the consultant. Based on the report, the Company developed an action plan and submitted to SAMA on 28 June 2018. Subsequent to the submission, SAMA requested a progress update on the action plan which was furnished by the management on 13 September 2018. The Company has addressed and completed during 2018 most of the points highlighted by the independent consultant covering areas of technical, operations, IT systems controls and overall governance including the activities related to compliance, risk management, internal audit and Board and Board's Committees oversight.

Further, the Company's appointed actuary prepared a mid-year review report as part of regulatory requirements based on updated business plan of the Company and submitted to SAMA on 15 October, 2018, which reflected the Company's ability to continue as a going concern at least for the next twelve months from the current reporting date. In addition, the Board of Directors is considering various strategic options for the Company over the long term, to ensure going concern status.

Based on the above, the Company's management has made an assessment of its ability to continue as a going concern and is satisfied that the Company's operations shall continue for the foreseeable future under normal course of business. Accordingly, the financial statements have been prepared on the going concern basis and do not include any adjustments, which may be required, if the Company is not able to continue as a going concern.

c) Fiscal year

The Company follows a fiscal year ending December 31.

d) Critical accounting judgments, estimates and assumptions

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

In preparing these interim condensed financial information, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended 31 December, 2018.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

3 STANDARDS AND AMENDMENTS ISSUED

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

Standard/

Interpretation

Description

Effective date

IFRS 16

Leases

1 January 2019

The Company adopted IFRS 16 using the modified retrospective approach. The Company elected to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Company elected to use the exemptions proposed by the standard regarding lease contracts for which the lease term ends within 12 months of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has performed an assessment of IFRS 16 and determined that the difference as compared to IAS 17 and IFRIC 4 is not material to the Company's financial statements as a whole.

The details of new significant accounting policy and the nature are set out below.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental commission rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

3 STANDARDS AND AMENDMENTS ISSUED (CONTINUED)

Standards issued but not yet effective

IFRS 9, Financial Instruments (including amendments to IFRS 4, Insurance Contracts)

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. Under IFRS 9, all financial assets will be measured at either amortised cost or fair value. The basis of classification will depend on the business model and the contractual cash flow characteristics of the financial assets. The standard retains most of IAS 39's requirements for financial liabilities except for those designated at fair value through profit or loss whereby that part of the fair value changes attributable to own credit is to be recognised in other comprehensive income instead of the income statement. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2022. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

The Company is eligible and have chosen to apply the deferral approach under the amendments to IFRS 4. The impact of the adoption of IFRS 9 on the Company's financial information will, to a large extent, have to take into account the interaction with the forthcoming insurance contracts standard. As such, it is not possible to fully assess the effect of the adoption of IFRS 9.

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the income statement and the balance sheet. The Company has decided not to early adopt this new standard.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following:

	Insurance operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Bank balances and cash	38,973	40,620
Deposits maturing within 3 months from the acquisition date	26,000	-
Cash and cash equivalents in the statement of cash flow	64,973	40,620
	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Bank balances and cash	7,766	1,685
Deposits maturing within 3 months from the acquisition date	-	14,000
Cash and cash equivalents in the statement of cash flow	7,766	15,685
Total	72,739	56,305

5 SHORT-TERM & LONG-TERM DEPOSITS

Short-term & long-term deposits include time deposits which represent deposits with local commercial banks with investment having credit ratings equivalent to ratings under Standard and Poor's, Fitch and Moody's rating methodology. These time deposits have an original maturity of more than three months from date of acquisition. Carrying amount of time deposits reasonably approximate the fair value at the statement of financial position. Time deposits invested for more than three months are set out below:

	Insurance operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Short term deposits	3,000	35,139
Average variable special commission rate	2.70%	2.79%
Long term deposits	-	-
Average variable special commission rate		
	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
SAR'000		
Short term deposits	-	-
Average variable special commission rate		
Long term deposits	89,000	89,000
Average variable special commission rate	3.56%	3.56%
Total short term deposits	3,000	35,139
Total long term deposits	89,000	89,000

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

6 PREMIUMS AND RE-INSURANCE BALANCES RECEIVABLE

Receivables comprise amounts due from the following:

SAR'000	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Policyholders	3,747	5,836
Brokers and agents	19,676	22,519
Related parties (note 14)	649	770
Receivables from re-insurers	-	-
	<u>24,072</u>	<u>29,125</u>
Provision for doubtful receivables	(7,879)	(9,872)
Premiums and re-insurance balances receivable – net	<u>16,193</u>	<u>19,253</u>

Movement in provision for doubtful debts:

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
	SAR'000	
Balance beginning of the period	9,872	10,618
Provision during the period	-	-
Reversal during the period	(1,993)	(746)
Balance at the end of period	<u>7,879</u>	<u>9,872</u>

7 STATUTORY DEPOSIT AND ACCRUED COMMISSION

Statutory deposit amounting to SR 35 million (December 2018: SR 35 million) kept with a local bank, represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Saudi Arabian Monetary Authority (“SAMA”). This statutory deposit cannot be withdrawn without the consent of SAMA. Accrued commission on statutory deposit amounted to SR 1,935 thousand as of 31 March 2019 (SR 1,284 thousand as of 31 December 2018) and was reported separately under Shareholders’ Assets and Shareholders’ Liabilities in accordance with SAMA instructions.

Following the Capital reduction from SAR 350 million to SAR 180 million (refer note 12), the Company has not reduced its Statutory deposit and the amount presented as of 31 March 2019 is still 10% of the old paid-up share capital.

8 INVESTMENTS

Investments are classified as follows:

SAR'000	Shareholders’ operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
- Available for Sale	17,814	17,653
Total	<u>17,814</u>	<u>17,653</u>

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

8 INVESTMENTS (continued)

8.1 Available for Sale (AFS)

SAR'000	Notes	Shareholders' operations	
		March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Type of Investments			
Equity	8.1 (a)	3,175	3,175
Sukuks unquoted	8.1 (b)	14,639	14,478
		<u>17,814</u>	<u>17,653</u>

8.1 (a) Equity unquoted

Movement during the period

Opening balance		3,175	3,175
Purchase during the period		-	-
Sold during the period		-	-
Net change in fair values during the period		-	-
Closing balance of equity shares portfolio		<u>3,175</u>	<u>3,175</u>

The above equity represents investment in Najm.

8.1 (b) Sukuks unquoted

Movement during the period

Opening balance		14,478	-
Transfer from HTM*	8.2	-	49,604
Sold during the period		-	(35,000)
Amortization of discount		19	-
Net change in fair values during the period		142	(126)
Closing balance of Sukuks unquoted		<u>14,639</u>	<u>14,478</u>

* During the year 2018, the management decided to dispose of Sukuks which were classified as Held to maturity, accordingly the investment has been reclassified to available for sale.

8.2 Held to Maturity (HTM)

SAR'000	Shareholders' operations	
	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Type of Investments		
Sukuk – Private – Floating rate	-	-
Sukuk – Governmental – Fixed rate	-	-
Amortization of discount on HTM	-	-
	<u>-</u>	<u>-</u>
Movement during the period		
Opening balance	-	49,529
Purchase during the period	-	-
Transfer to AFS*	-	(49,604)
Amortization of discount on HTM	-	75
Closing balance of equity shares portfolio	<u>-</u>	<u>-</u>

*During the year 2018, the management decided to dispose-off Sukuks which were classified as held to maturity. Accordingly the investment has been reclassified to available for sale.

All investments above are within KSA.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

9 TECHNICAL RESERVES

9.1 Net outstanding claims and reserves

a) Net outstanding claims and reserves comprise of the following:

SAR'000	March 31, 2019	December 31, 2018
	(Unaudited)	(Audited)
Outstanding claims	27,798	30,107
Less: Realizable value of salvage and subrogation	(1,868)	(2,502)
	25,930	27,605
Claims incurred but not reported	40,891	50,029
	66,821	77,634
Less:		
Re-insurance share of outstanding claims	18,610	19,457
Re-insurance share of claims incurred but not reported	26,124	24,042
	44,734	43,499
Net outstanding claims and reserves	22,087	34,135

b) Movement in outstanding claims and reserves:

SAR'000	March 31, 2019 (Unaudited)			December 31, 2018 (Audited)		
	Gross	Re-insurance share	Net	Gross	Re-insurance share	Net
<u>End of the period</u>						
Outstanding claims	25,930	(18,610)	7,320	27,605	(19,457)	8,148
Claims incurred but not reported	40,891	(26,124)	14,767	50,029	(24,042)	25,987
	66,821	(44,734)	22,087	77,634	(43,499)	34,135
Claims paid during the period	33,345	(12,367)	20,978	262,309	(50,446)	211,863
<u>Beginning of the period</u>						
Outstanding claims	27,605	(19,457)	8,148	34,814	(21,496)	13,318
Claims incurred but not reported	50,029	(24,042)	25,987	81,981	(23,682)	58,299
	77,634	(43,499)	34,135	116,795	(45,178)	71,617
Claims incurred	22,532	(13,602)	8,930	223,148	(48,767)	174,381

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

9 TECHNICAL RESERVES (Continued)

9.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

SAR'000	For the three month period ended March 31, 2019		
	Gross	(Unaudited) Re-insurance	Net
Balance at the beginning of the period	35,861	22,417	13,444
Premium written during the period	28,054	19,416	8,638
Premium earned during the period	(25,036)	(14,314)	(10,722)
Balance at the end of the period	<u>38,879</u>	<u>27,519</u>	<u>11,360</u>

SAR'000	Year ended Decemembr 31, 2018		
	Gross	(Audited) Re-insurance	Net
Balance at the beginning of the year	128,277	16,028	112,249
Premium written during the year	168,803	71,162	97,641
Premium earned during the year	(261,219)	(64,773)	(196,446)
Balance at the end of the year	<u>35,861</u>	<u>22,417</u>	<u>13,444</u>

9.3 Movement in deferred policy acquisition costs

SAR'000	For the three month period ended March 31, 2019 (Unaudited)	Year ended Decemembr 31, 2018 (Audited)
	Balance at the beginning of the period	2,584
Incurred during the period	2,303	12,133
Amortized during the period	(1,589)	(20,987)
Balance at the end of the period	<u>3,298</u>	<u>2,584</u>

9.4 Movement in unearned reinsurance commission income

SAR'000	For the three month period ended March 31, 2019 (Unaudited)	Year ended Decemembr 31, 2018 (Audited)
	Balance at the beginning of the period	3,928
Incurred during the period	1,326	12,033
Amortized during the period	(1,505)	(11,804)
Balance at the end of the period	<u>3,749</u>	<u>3,928</u>

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK
COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

10 COMMITMENTS AND CONTINGENCIES

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

SAR'000	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
Letters of guarantee	<u>3,000</u>	<u>3,539</u>

b) The Company is subject to legal proceedings in the ordinary course of its business. There was no change in the status of legal proceedings as disclosed at 31 December 2018.

11 ZAKAT AND INCOME TAX

The zakat payable by the Company has been calculated based on the best estimate of management.

	March 31, 2019 SR'000	December 31, 2018 (Audited) SR'000
At the beginning of the period	<u>2,593</u>	2,024
Provided during the period	400	1,649
Payments during the period	<u>-</u>	<u>(1,080)</u>
Balance at the end of the period	<u>2,993</u>	<u>2,593</u>

Status of assessments

a) Zakat Charge for the year:

The zakat charge for the three month period ended 31 March 2019 consists of the current period provision amounting to SR 400 thousand (31 December 2018: SR 1,649 thousand). The zakat provision is based on Ultimate Parent Saudi Shareholders' share of capital at 48.02% (31 December 2018: 48.02%).

b) Income tax charge for the year:

There was no income tax charge for the period relating to the Non-Saudi shareholder due to the net adjusted loss (same for 31 December 2018). The Ultimate Parent Non- Saudi Shareholders' share of capital is 51.98% (31 December 2018: 51.98%).

c) Status of zakat and income tax assessments:

Tax/zakat return of the Company for the 12 months ending 31 December 2018 has been filed within the stipulated deadline.

Tax year 2013

During 2018 the Company received Preliminary Committee's letter No. 55/2/1139 dated 16-07-1439H regarding GAZT assessments for the year 2013 to pay Zakat differences of SR 1,470 thousand and the Company filed an appeal during the legal period.

Tax year 2014

During 2016 the Company has received the following assessments related to 2014 Tax and Zakat filling as follows:

-GAZT letter No. 019000006784 dated 03 November 2016 requesting the Company to pay additional zakat of SR 351 thousand for the year 2014 and Company filed an appeal during the legal period.

-GAZT letter No. 024000033080 dated 03 November 2016 requesting the Company to pay additional suppliers' withholding tax of SR 246 thousand for the year 2014 (include SR 58 thousand as delay fines) and Company filed an appeal during the legal period.

During 2018, the Company received Preliminary Committee's decision No. 216/2/1139 dated 14-04-1439H (01 January 2018) regarding GAZT assessments for the year 2014, in which Preliminary Committee rejected the Company's appeal, the Company filed an appeal with Higher Committee during the legal period.

Tax year 2015, 2016 and 2017

The Company has not received yet assessment for the tax years 2015, 2016 and 2017.

The Company's management expects the success in defending all items raised by GAZT.

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

12 SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is SR 180 million divided into 18 million shares of SAR 10 each (31 December 2018: SR 180 million divided into 18 million shares of SR 10 each).

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

	March 31, 2019		
	(Unaudited)		
	Authorized and issued	Paid up	
	No. of shares	Amount SAR'000	
American Life Insurance Company (MetLife)	5,400,000	54,000	54,000
Arab National Bank	5,389,200	53,892	53,892
American International Group ("AIG")	1,800,000	18,000	18,000
Public shares	5,410,800	54,108	54,108
	18,000,000	180,000	180,000
	December 31, 2018		
	(Audited)		
	Authorized and issued	Paid up	
	No. of Shares	Amount SAR'000	
American Life Insurance Company (MetLife)	5,400,000	54,000	54,000
Arab National Bank	5,389,200	53,892	53,892
American International Group ("AIG")	1,800,000	18,000	18,000
Public shares	5,410,800	54,108	54,108
	18,000,000	180,000	180,000

The share capital represents foreign shareholders by 40% and Saudi shareholders 60% as at the period end.

The Company in its extra ordinary general meeting held on 18 April 2018 approved the reduction of share capital from Saudi Riyals 350 million to Saudi Riyals 180 million by reducing the number of share from 35 million to 18 million shares of SR 10 each to restructure the Company's capital to offset SAR 170,000,000 of the Company's accumulated losses in line with the new Companies Law.

This resulted in accumulated losses to decline below on half of Company's share capital. The reduction of capital has been approved by the regulatory authorities. During the year ended 31 December 2018 the Company incurred transaction cost of SAR 210 thousand in respect of reduction in share capital, which has been charged directly to the statement of changes in shareholders' equity. There is no effect of the capital reduction on the Company's obligations.

13 BASIC LOSS PER SHARE

Basic loss per share for the period has been calculated by dividing the net loss for the period by the weighted average number of outstanding shares at the end of the period. There is no diluted loss per share as at 31 March 2019.

The weighted average number of shares has been retrospectively adjusted for all prior years to reflect the capital reduction as required by IAS 33, "Earnings per share" as follows:

	March 31, 2019	March 31, 2018
Net loss before zakat for the year	(7,198,000)	(15,590,000)
		(Restated)
Weighted average number of ordinary shares	18,000,000	18,000,000
Basic loss per share	(0.40)	(0.87)

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

14 Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel [Key Management Personnel includes all directors, executive and non-executive, and senior management] of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period and the related balances.

	Transactions for the three month period ended		Balance receivable / (payable) as at	
	March 31, 2019	March 31, 2018	March 31, 2019	December 31, 2018
SAR'000				
<u>Major shareholders</u>				
<u>Arab National Bank ("ANB") (Shareholder)</u>				
Premiums receivable on policies sold through agency agreement with ANB agency	265	4,185	649	770
Commission payable on policies sold through agency agreement with ANB agency	(19)	(226)	(73)	(595)
Commitments and Contingencies (Letters of Guarantee)	468	-	2,231	1,763
Time Deposits	25,000	-	11,000	-
Commission income on deposits	121	373	57	-
Special commission income on held to maturity	-	86	-	-
<u>American International Group ("AIG")</u>				
Reinsurance premiums payable & XOL	4,176	6,133	(12,012)	(12,207)
Reinsurance commission	(1,122)	(1,493)	-	-
Reinsurance share of paid claims	(79)	(2)	-	-
General and administrative expenses paid on behalf of the Company and recharged to the Company	(4)	(192)	(52)	(56)
<u>MetLife (Shareholder)</u>				
General and administrative expenses paid on behalf of the Company and recharged to the Company	-	75	133	133
Administration Fees Income (portfolio transfer)	342	370	342	-
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
<u>Delaware American Life Insurance Company</u>				
Reinsurance premiums payable	479	4,432	(5,445)	(6,588)
Reinsurance commission	(326)	(822)	-	-
Reinsurance share of paid claims	(1,176)	(755)	-	-
<u>American Life Insurance Company "ALICO" (Owned 100% by MetLife)</u>				
Reinsurance premiums payable/ receivable	1,317	2,233	(2,765)	(2,176)
Reinsurance commission	(443)	(577)	-	-
Reinsurance share of paid claims	(7,092)	(13,320)	-	-

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

14 Related party transactions and balances (Continued)

The following table shows the annual salaries, remuneration and allowances pertaining to the Board members and top executives for the three month period ended March 31, 2019 and 2018:

Three month period ended March 31, 2019

	BOD members (Non-Executive)	Top Executives including the CEO and CFO
	SAR 000	
Salaries and compensation	-	1,061
Board of Directors and Committees' fees	191	-
	<u>191</u>	<u>1,061</u>

Three month period ended March 31, 2018

	BOD members (Non-Executive)	Top Executives including the CEO and CFO
	SAR 000	
Salaries and compensation	-	1,666
Board of Directors and Committees' fees	251	-
	<u>251</u>	<u>1,666</u>

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

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 financial information.

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

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

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

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

a. Carrying amounts and fair value

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

SAR'000s	Level 1	Level 2	Level 3	Total
March 31, 2019 (Unaudited)				
Financial assets not measured at fair value (2) (3)				
- Available for sale	-	14,639	3,175	17,814
	-	14,639	3,175	17,814
SAR'000s	Level 1	Level 2	Level 3	Total
December 31, 2018 (Audited)				
Financial assets not measured at fair value (2) (3)				
- Available for sale	-	14,478	3,175	17,653
	-	14,478	3,175	17,653

The fair values of the financial assets not measured at fair value are not materially different from their carrying values.

16 SEGMENT INFORMATION

Consistent with the Company's internal reporting process, business segments have been approved by management in respect of the Company's activities, assets and liabilities as stated below. Segment results do not include general and administration expenses.

Segment assets do not include cash and cash equivalents, prepayments and other assets, due from shareholders' operations and property and equipment. Accordingly they are included in unallocated assets.

Segment liabilities do not include part of end-of-service indemnities, accrued expenses and other liabilities and due to related parties. Accordingly they are included in unallocated liabilities.

All unallocated assets and liabilities are reported to chief operating decision maker as unallocated assets and liabilities and are monitored on a centralized basis.

All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

As at March 31, 2019

(Unaudited)

16 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Unallocated	Total - Insurance Operations	Shareholders' Operations	Total
SAR'000								
Assets								
Cash and cash equivalents	-	-	-	-	64,973	64,973	7,766	72,739
Short term deposits	-	-	-	-	3,000	3,000	-	3,000
Premiums and re-insurance balances receivable	244	3,039	621	12,289	-	16,193	-	16,193
Re-insurance share of unearned Premiums	189	11,203	-	16,127	-	27,519	-	27,519
Re-insurance share of outstanding claims	15,244	-	-	3,366	-	18,610	-	18,610
Re-insurers' share of claims Incurred but not reported	785	5,180	-	20,159	-	26,124	-	26,124
Re-insurance share of mathematical reserve	172,593	-	-	-	-	172,593	-	172,593
Deferred policy acquisition costs	138	1,405	261	1,494	-	3,298	-	3,298
Investments	-	-	-	-	-	-	17,814	17,814
Due from related parties	-	-	-	-	475	475	-	475
Prepaid expenses and other assets	41	1,065	2,815	173	5,444	9,538	1,324	10,862
Long term/ fixed income deposits	-	-	-	-	-	-	89,000	89,000
Property and equipment	-	-	-	-	1,887	1,887	-	1,887
Intangible assets	-	-	-	-	711	711	-	711
Statutory deposit	-	-	-	-	-	-	35,000	35,000
Accrued commission on statutory deposit	-	-	-	-	-	-	1,935	1,935
Total assets	189,234	21,892	3,697	53,608	76,490	344,921	152,839	497,760
Liabilities								
Policyholders claims payable	-	6,546	80	-	-	6,626	-	6,626
Payables, accruals and others	495	2,128	2,305	6,087	566	11,581	2,526	14,107
Re-insurance balances payable	5,637	17,382	30	16,424	-	39,473	-	39,473
Gross unearned premiums	1,154	18,846	2,144	16,735	-	38,879	-	38,879
Unearned reinsurance commission income	127	752	-	2,870	-	3,749	-	3,749
Gross outstanding claims	18,439	169	3,454	3,868	-	25,930	-	25,930
Gross claims incurred but not reported	1,095	13,393	3,843	22,560	-	40,891	-	40,891
Gross mathematical reserves	172,593	-	-	-	-	172,593	-	172,593
Due to related parties	-	-	-	-	52	52	-	52
Provision for zakat and income tax	-	-	-	-	-	-	2,993	2,993
End of service indemnities	-	-	-	-	4,121	4,121	-	4,121
Accrued commission payable to SAMA	-	-	-	-	-	-	1,935	1,935
Total liabilities	199,540	59,216	11,856	68,544	4,739	343,895	7,454	351,349

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

As at December 31, 2018

(Audited)

16 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Unallocated	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000							
Assets								
Cash and cash equivalents	-	-	-	-	40,620	40,620	15,685	56,305
Short term deposits	-	-	-	-	35,139	35,139	-	35,139
Premiums and re-insurance balances receivable	(269)	5,018	1,925	12,579	-	19,253	-	19,253
Re-insurance share of unearned Premiums	161	9,408	-	12,848	-	22,417	-	22,417
Re-insurance share of outstanding claims	15,431	-	-	4,026	-	19,457	-	19,457
Re-insurers' share of claims Incurred but not reported	548	3,253	-	20,241	-	24,042	-	24,042
Re-insurance share of mathematical reserve	176,787	-	-	-	-	176,787	-	176,787
Deferred policy acquisition costs	108	931	349	1,196	-	2,584	-	2,584
Investments	-	-	-	-	-	-	17,653	17,653
Due from related parties	-	-	-	-	133	133	-	133
Prepaid expenses and other assets	38	1,274	2,090	207	6,255	9,864	829	10,693
Long term/ fixed income deposits	-	-	-	-	-	-	89,000	89,000
Property and equipment	-	-	-	-	2,158	2,158	-	2,158
Intangible assets	-	-	-	-	763	763	-	763
Statutory deposit	-	-	-	-	-	-	35,000	35,000
Accrued commission on statutory deposit	-	-	-	-	-	-	1,935	1,935
Total assets	192,804	19,884	4,364	51,097	85,068	353,217	160,102	513,319
Liabilities								
Policyholders claims payable	-	5,068	80	-	-	5,148	-	5,148
Payables, accruals and others	1,229	2,541	3,569	5,991	149	13,479	2,049	15,528
Re-insurance balances payable	6,152	13,353	15	16,564	-	36,084	-	36,084
Gross unearned premiums	928	17,033	2,781	15,119	-	35,861	-	35,861
Unearned reinsurance commission income	36	894	-	2,998	-	3,928	-	3,928
Gross outstanding claims	18,871	177	3,761	4,796	-	27,605	-	27,605
Gross claims incurred but not reported	1,186	20,948	5,241	22,654	-	50,029	-	50,029
Gross mathematical reserves	176,787	-	-	-	-	176,787	-	176,787
Due to related parties	-	-	-	-	56	56	-	56
Provision for zakat and income tax	-	-	-	-	-	-	2,593	2,593
End of service indemnities	-	-	-	-	3,898	3,898	-	3,898
Accrued commission payable to SAMA	-	-	-	-	-	-	1,935	1,935
Total liabilities	205,189	60,014	15,447	68,122	4,103	352,875	6,577	359,452

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

For the three month period ended March 31, 2019

(Unaudited)

16 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
<u>REVENUES</u>							
Gross premiums written	2,431	12,577	999	12,047	28,054	-	28,054
Re-insurance premiums ceded - foreign	(1,392)	(6,454)	-	(11,570)	(19,416)	-	(19,416)
Excess of loss expenses - foreign	-	-	(15)	(24)	(39)	-	(39)
Net written premiums	1,039	6,123	984	453	8,599	-	8,599
Changes in unearned premiums, net	(197)	(16)	636	1,661	2,084	-	2,084
Net earned premiums	842	6,107	1,620	2,114	10,683	-	10,683
Re-insurance commissions	(145)	(167)	-	1,817	1,505	-	1,505
Other underwriting income	341	-	426	5	772	-	772
<u>TOTAL REVENUES</u>	1,038	5,940	2,046	3,936	12,960	-	12,960
<u>UNDERWRITING COSTS AND EXPENSES</u>							
Gross claims paid	(1,167)	(21,156)	(1,911)	(1,150)	(25,384)	-	(25,384)
Surrenders and maturities	(7,092)	-	-	-	(7,092)	-	(7,092)
Expenses incurred related to claims	-	(1,164)	-	295	(869)	-	(869)
Re-insurers' share of claims paid	8,524	2,735	-	1,108	12,367	-	12,367
Net claims paid	265	(19,585)	(1,911)	253	(20,978)	-	(20,978)
Changes in outstanding claims, net	246	10	308	264	828	-	828
Changes in incurred but not reported claims, net	329	9,482	1,398	11	11,220	-	11,220
Net claims incurred	840	(10,093)	(205)	528	(8,930)	-	(8,930)
Changes in premium deficiency reserves	-	-	-	-	-	-	-
Policy acquisition costs	(120)	(716)	(191)	(562)	(1,589)	-	(1,589)
Inspection and supervisory fees	(11)	(162)	(8)	(58)	(239)	-	(239)
Other underwriting expenses	-	(51)	-	(28)	(79)	-	(79)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	709	(11,022)	(404)	(120)	(10,837)	-	(10,837)
NET UNDERWRITING INCOME	1,747	(5,082)	1,642	3,816	2,123	-	2,123
<u>OTHER OPERATING (EXPENSES)/ INCOME</u>							
Reversal of / (Allowance for) doubtful debt	35	(314)	236	2,036	1,993	-	1,993
General and administrative expenses	-	-	-	-	(12,091)	(492)	(12,583)
Special commission income on deposits	-	-	-	-	281	988	1,269
<u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u>					(9,817)	496	(9,321)
<u>NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS</u>					(7,694)	496	(7,198)
Shareholders' appropriation from deficit					7,694	(7,694)	-
<u>NET RESULT FOR THE PERIOD AFTER SHAREHOLDER'S ATTRIBUTION</u>					-	(7,198)	(7,198)

METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

For the three month period ended March 31, 2018

(Unaudited)

16 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations	Shareholders' operations	Total
	SAR'000						
<u>REVENUES</u>							
Gross premiums written	9,357	66,510	8,483	16,163	100,513	-	100,513
Re-insurance premiums ceded - foreign	(5,149)	(5,730)	-	(12,945)	(23,824)	-	(23,824)
Excess of loss expenses - foreign	-	-	(375)	(397)	(772)	-	(772)
Net written premiums	4,208	60,780	8,108	2,821	75,917	-	75,917
Changes in unearned premiums, net	(1,968)	(1,876)	158	133	(3,553)	-	(3,553)
Net earned premiums	2,240	58,904	8,266	2,954	72,364	-	72,364
Re-insurance commissions	1,140	412	-	3,016	4,568	-	4,568
Other underwriting income	370	-	525	33	928	-	928
<u>TOTAL REVENUES</u>	3,750	59,316	8,791	6,003	77,860	-	77,860
<u>UNDERWRITING COSTS AND EXPENSES</u>							
Gross claims paid	(2,283)	(50,786)	(5,968)	(120)	(59,157)	-	(59,157)
Surrenders and maturities	(13,320)	-	-	-	(13,320)	-	(13,320)
Expenses incurred related to claims	-	(1,941)	-	-	(1,941)	-	(1,941)
Re-insurers' share of claims paid	13,927	755	-	86	14,768	-	14,768
Net claims paid	(1,676)	(51,972)	(5,968)	(34)	(59,650)	-	(59,650)
Changes in outstanding claims, net	(909)	136	(2,568)	(38)	(3,379)	-	(3,379)
Changes in incurred but not reported claims, net	20	(12,303)	608	(775)	(12,450)	-	(12,450)
Net claims incurred	(2,565)	(64,139)	(7,928)	(847)	(75,479)	-	(75,479)
Changes in premium deficiency reserves	-	(1,187)	-	-	(1,187)	-	(1,187)
Policy acquisition costs	(376)	(4,520)	(903)	(1,345)	(7,144)	-	(7,144)
Inspection and supervisory fees	(36)	(910)	(43)	(75)	(1,064)	-	(1,064)
Other underwriting expenses	-	(355)	(38)	-	(393)	-	(393)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(2,977)	(71,111)	(8,912)	(2,267)	(85,267)	-	(85,267)
NET UNDERWRITING INCOME/ (LOSS)	773	(11,795)	(121)	3,736	(7,407)	-	(7,407)
<u>OTHER OPERATING EXPENSES</u>							
Reversal of / (Allowance for) doubtful debt	79	207	(53)	408	641	-	641
General and administrative expenses	-	-	-	-	(10,355)	(399)	(10,754)
Special commission income on deposits	-	-	-	-	768	1,162	1,930
<u>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</u>					(8,946)	763	(8,183)
<u>NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS</u>					(16,353)	763	(15,590)
Shareholders' appropriation from deficit					16,353	(16,353)	-
<u>NET RESULT FOR THE PERIOD AFTER SHAREHOLDER'S ATTRIBUTION</u>					-	(15,590)	(15,590)

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY**

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

For the three month period ended March 31, 2019

(Unaudited)

16 Operating segments

	Protection & Savings	Health Insurance	Motor Insurance	Other General Insurance	Total Insurance Operations
	SAR'000				
<u>Gross premiums written</u>					
Individual	1,233	-	2	83	1,318
Small	4	310	48	18	380
Extremely small	-	5	5	-	10
Corporate	1,195	12,262	944	11,945	26,346
<u>TOTAL GROSS PREMIUMS WRITTEN</u>	<u>2,432</u>	<u>12,577</u>	<u>999</u>	<u>12,046</u>	<u>28,054</u>

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

17 SUPPLEMENTARY INFORMATION

STATEMENT OF FINANCIAL POSITION

	SAR '000					
	March 31, 2019			December 31, 2018		
	(Unaudited)			(Audited)		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
ASSETS						
Cash and cash equivalents	64,973	7,766	72,739	40,620	15,685	56,305
Short term deposits	3,000	-	3,000	35,139	-	35,139
Premiums and re-insurance balances receivable	16,193	-	16,193	19,253	-	19,253
Re-insurance share of unearned premiums	27,519	-	27,519	22,417	-	22,417
Re-insurance share of outstanding claims	18,610	-	18,610	19,457	-	19,457
Re-insurers' share of claims Incurred but not reported	26,124	-	26,124	24,042	-	24,042
Re-insurance share of mathematical reserve	172,593	-	172,593	176,787	-	176,787
Deferred policy acquisition costs	3,298	-	3,298	2,584	-	2,584
Investments	-	17,814	17,814	-	17,653	17,653
Due (to)/ from shareholders' / insurance operations	-	651	651	33	-	33
Due from related parties	475	-	475	133	-	133
Prepaid expenses and other assets	9,538	1,324	10,862	9,864	829	10,693
Long term/ fixed income deposits	-	89,000	89,000	-	89,000	89,000
Property and equipment	1,887	-	1,887	2,158	-	2,158
Intangible assets	711	-	711	763	-	763
Statutory deposit	-	35,000	35,000	-	35,000	35,000
Accrued commission on statutory deposit	-	1,935	1,935	-	1,935	1,935
TOTAL ASSETS	344,921	153,490	498,411	353,250	160,102	513,352
LIABILITIES						
Policyholders claims payable	6,626	-	6,626	5,148	-	5,148
Payables, accruals and others	11,581	2,526	14,107	13,479	2,049	15,528
Re-insurance balances payable	39,473	-	39,473	36,084	-	36,084
Gross unearned premiums	38,879	-	38,879	35,861	-	35,861
Unearned reinsurance commission income	3,749	-	3,749	3,928	-	3,928
Gross outstanding claims	25,930	-	25,930	27,605	-	27,605
Gross claims incurred but not reported	40,891	-	40,891	50,029	-	50,029
Gross mathematical reserves	172,593	-	172,593	176,787	-	176,787
Due to related parties	52	-	52	56	-	56
Due to/from insurance/shareholders operations	651	-	651	-	33	33
Provision for zakat and income tax	-	2,993	2,993	-	2,593	2,593
End of service indemnities	4,121	-	4,121	3,898	-	3,898
Accrued commission payable to SAMA	-	1,935	1,935	-	1,935	1,935
TOTAL LIABILITIES	344,546	7,454	352,000	352,875	6,610	359,485
EQUITY						
Share capital	-	180,000	180,000	-	180,000	180,000
Statutory reserve	-	-	-	-	-	-
Accumulated deficit	-	(33,980)	(33,980)	-	(26,382)	(26,382)
Remeasurement reserve for end of service indemnities	375	-	375	375	-	375
Fair value reserve -Available for investments	-	16	16	-	(126)	(126)
TOTAL EQUITY	375	146,036	146,411	375	153,492	153,867
TOTAL LIABILITIES AND EQUITY	344,921	153,490	498,411	353,250	160,102	513,352

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

**17 SUPPLEMENTARY INFORMATION
STATEMENT OF INCOME**

	For the three month period ended March 31					
	SAR '000					
	2019			2018		
	(Unaudited)			(Unaudited)		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
REVENUES						
Gross written premiums	28,054	-	28,054	100,513	-	100,513
Re-insurance premiums ceded - foreign	(19,416)	-	(19,416)	(23,824)	-	(23,824)
Excess of loss expenses – foreign	(39)	-	(39)	(772)	-	(772)
Net written premiums	8,599	-	8,599	75,917	-	75,917
Changes in unearned premiums, net	2,084	-	2,084	(3,553)	-	(3,553)
Net premiums earned	10,683	-	10,683	72,364	-	72,364
Re-insurance commissions	1,505	-	1,505	4,568	-	4,568
Other underwriting income	772	-	772	928	-	928
TOTAL REVENUES	12,960	-	12,960	77,860	-	77,860
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(25,384)	-	(25,384)	(59,157)	-	(59,157)
Surrenders and maturities	(7,092)	-	(7,092)	(13,320)	-	(13,320)
Expenses incurred related to claims	(869)	-	(869)	(1,941)	-	(1,941)
Reinsurers' share of claims paid	12,367	-	12,367	14,768	-	14,768
Net claims and other benefits paid	(20,978)	-	(20,978)	(59,650)	-	(59,650)
Changes in outstanding claims, net	828	-	828	(3,379)	-	(3,379)
Changes in incurred but not reported claims, net	11,220	-	11,220	(12,450)	-	(12,450)
Net claims and other benefits incurred	(8,930)	-	(8,930)	(75,479)	-	(75,479)
Change in premium deficiency reserve	-	-	-	(1,187)	-	(1,187)
Policy acquisition costs	(1,589)	-	(1,589)	(7,144)	-	(7,144)
Inspection and supervisory fees	(239)	-	(239)	(1,064)	-	(1,064)
Other underwriting expenses	(79)	-	(79)	(393)	-	(393)
TOTAL UNDERWRITING COSTS AND EXPENSES	(10,837)	-	(10,837)	(85,267)	-	(85,267)
NET UNDERWRITING INCOME/ (LOSS)	2,123	-	2,123	(7,407)	-	(7,407)
OTHER OPERATING (EXPENSES)/ INCOME						
Reversal of / (Allowance for) doubtful debt	1,993	-	1,993	641	-	641
General and administrative expenses	(12,091)	(492)	(12,583)	(10,355)	(399)	(10,754)
Special commission income on deposits	281	988	1,269	768	1,162	1,930
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(9,817)	496	(9,321)	(8,946)	763	(8,183)
NET DEFICIT FOR THE PERIOD FROM INSURANCE OPERATIONS	(7,694)	496	(7,198)	(16,353)	763	(15,590)
Shareholders' appropriation from deficit	7,694	(7,694)	-	16,353	(16,353)	-
NET RESULT FOR THE PERIOD AFTER SHAREHOLDER'S ATTRIBUTION	-	(7,198)	(7,198)	-	(15,590)	(15,590)

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

17 SUPPLEMENTARY INFORMATION

STATEMENT OF COMPREHENSIVE INCOME

	For the three month period ended March 31					
	SAR '000					
	2019			2018		
	(Unaudited)			(Unaudited)		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
Net result for the period after shareholders' attribution	-	(7,198)	(7,198)	-	(15,590)	(15,590)
Other comprehensive income / (loss)						
Items that will be reclassified to statement of income in subsequent periods						
- Net change in fair value- Available for sale investments	-	142	142	-	-	-
<u>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</u>	-	(7,056)	(7,056)	-	(15,590)	(15,590)

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

17 SUPPLEMENTARY INFORMATION

STATEMENT OF CASH FLOWS

	For the three month period ended March 31					
	SAR '000					
	2019			2018		
	(Unaudited)			(Unaudited)		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Net result for the period	-	(7,198)	(7,198)	-	(15,590)	(15,590)
Adjustments for non-cash items:						
Shareholders' appropriation from deficit	(7,694)	7,694	-	(16,353)	16,353	-
Depreciation of property and equipment	271	-	271	288	-	288
Amortization of intangible assets	82	-	82	65	-	65
Provision for doubtful debts	(1,993)	-	(1,993)	(641)	-	(641)
Amortization of discount / premium on investments	-	(19)	(19)	-	(18)	(18)
Provision for end of service indemnities	373	-	373	274	-	274
	(8,961)	477	(8,484)	(16,367)	745	(15,622)
Changes in operating assets and liabilities:						
Premiums and reinsurers' balances receivable	5,053	-	5,053	(17,522)	-	(17,522)
Reinsurers' share of unearned premiums	(5,102)	-	(5,102)	(6,808)	-	(6,808)
Reinsurers' share of mathematical reserves	4,194	-	4,194	12,859	-	12,859
Reinsurers' share of outstanding claims	847	-	847	(3,463)	-	(3,463)
Reinsurers' share of claims Incurred but not reported	(2,082)	-	(2,082)	(1,472)	-	(1,472)
Deferred policy acquisition costs	(714)	-	(714)	561	-	561
Deferred excess of loss premiums	-	-	-	-	-	(577)
Due from related parties	(342)	-	(342)	(12)	-	(16,982)
Prepaid expenses and other assets	326	(495)	(169)	(3,926)	(577)	(3,926)
Due to/from insurance/shareholders operations	-	(8,378)	(8,378)	-	(16,970)	244
Policyholders claims payable	1,478	-	1,478	(2,289)	-	(2,289)
Payables, accruals and others	(1,898)	477	(1,421)	6,477	244	6,721
Reinsurance balances payable	3,389	-	3,389	11,130	-	11,130
Gross unearned premiums	3,018	-	3,018	10,361	-	10,361
Unearned reinsurance commission income	(179)	-	(179)	(203)	-	(203)
Gross outstanding claims	(1,675)	-	(1,675)	6,842	-	6,842
Gross claims incurred but not reported	(9,138)	-	(9,138)	13,922	-	13,922
Premium deficiency reserve	-	-	-	1,187	-	1,187
Gross mathematical reserves	(4,194)	-	(4,194)	(12,859)	-	(12,859)
Due to related parties	(4)	-	(4)	192	-	192
Due to/from shareholders' operations	8,378	-	8,378	16,970	-	16,970
	(7,606)	(7,919)	(15,525)	15,580	(16,558)	(978)
Zakat and income tax paid	-	-	-	-	-	-
End of service indemnities paid	(150)	-	(150)	-	-	-
Net cash (used in) / generated from operating activities	(7,756)	(7,919)	(15,675)	15,580	(16,558)	(978)
CASH FLOWS FROM INVESTING ACTIVITIES						
Disposals in short term deposits	43,310	-	43,310	(21,068)	28,000	6,932
Additions in short term deposits	(11,171)	-	(11,171)	15,051	(12,000)	3,051
Purchase of property and equipment	-	-	-	(135)	-	(135)
Purchase of intangible assets	(30)	-	(30)	(132)	-	(132)
Net cash generated / (used in) from investing activities	32,109	-	32,109	(6,284)	16,000	9,716
Net change in cash and cash equivalents	24,353	(7,919)	16,434	9,296	(558)	8,738
Cash and cash equivalents, beginning of the period	40,620	15,685	56,305	54,284	4,737	59,021
Cash and cash equivalents, end of the period	64,973	7,766	72,739	63,580	4,179	67,759
NON-CASH INFORMATION						
Unrealized gain / (loss) on available for sale investments	-	142	142	-	-	-

**METLIFE, AMERICAN INTERNATIONAL GROUP AND ARAB NATIONAL BANK COOPERATIVE
INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019**

18 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.

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

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

19 COMPARATIVE FIGURES

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

20 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Company, on 3 Ramadan 1440 H, corresponding to 8 May 2019 G.

Chairman of the
Board of Directors

Chief Executive Officer

Chief Financial Officer