

**GULF GENERAL COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2021  
with  
**INDEPENDENT AUDITORS' REVIEW REPORT**

**GULF GENERAL COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021**

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## INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders  
Gulf General Cooperative Insurance Company  
(A Saudi Joint Stock Company)  
Jeddah, Kingdom of Saudi Arabia

### Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf General Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") as at 30 September 2021, and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period then ended, and notes to the 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" 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 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 that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services



Nasser Ahmed Al Shutairy  
License No. 454

For Al Azem, Al Sudairy, Al Shaikh & Partners  
Certified Public Accountants



Abdullah M. Al Azem  
License No. 335



Jeddah, Kingdom of Saudi Arabia  
3 Rabi Al Thani 1443H  
Corresponding to 8 November 2021



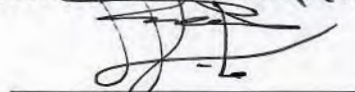
**GULF GENERAL COOPERATIVE INSURANCE COMPANY**

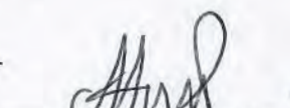
(A Saudi Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2021

	Notes	30 September 2021 (Unaudited) SR'000	31 December 2020 (Audited) SR'000
<b>ASSETS</b>			
Cash and cash equivalents	4	300,074	161,394
Murabaha deposits	5	--	--
Premiums receivable – net	6	66,863	43,403
Due from reinsurers – net		31,358	16,246
Reinsurers' share of unearned premiums	10.1	30,385	37,666
Reinsurers' share of outstanding claims	10.2	10,646	10,295
Reinsurers' share of claims incurred but not reported	10.2	5,018	3,924
Reinsurers' excess of loss claims		2,912	443
Deferred policy acquisition costs		9,416	8,615
Investments	7	45,903	36,869
Prepayments and other assets	8	46,103	33,649
Right-of-use assets		1,827	2,644
Property and equipment		12,937	6,429
Intangible assets		10,651	7,621
Goodwill	1	36,260	36,260
Statutory deposit	9	75,000	20,000
Accrued income on statutory deposit	9	2,372	2,230
<b>TOTAL ASSETS</b>		<b>687,725</b>	<b>427,688</b>
<b>LIABILITIES</b>			
Due to policyholders		10,333	11,468
Accrued expenses and other liabilities		17,729	26,499
Due to reinsurers		7,483	2,503
Due to brokers		8,979	11,450
Unearned premiums	10.1	140,899	131,439
Unearned reinsurance commission		5,856	6,531
Outstanding claims	10.2	40,107	29,850
Claims incurred but not reported	10.2	23,938	20,411
Premium deficiency reserve	10.2	10,360	1,311
Other technical reserves	10.2	4,069	2,770
Employees' defined benefit obligations		4,274	4,171
Lease liabilities		1,757	1,911
Insurance operations' surplus payable		8,742	8,742
Accrued Zakat	17	1,063	3,268
Accrued income payable to SAMA	9	2,372	2,230
<b>TOTAL LIABILITIES</b>		<b>287,961</b>	<b>264,554</b>
<b>EQUITY</b>			
Share capital	18	500,000	200,000
Statutory reserve		2,165	2,165
Accumulated losses		(103,505)	(40,135)
Re-measurement reserve of defined benefit obligations		1,104	1,104
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>399,764</b>	<b>163,134</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>687,725</b>	<b>427,688</b>

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.



# GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

## INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three-month and nine-month periods ended 30 September 2021

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2021 SR'000	2020 SR'000	2021 SR'000	2020 SR'000
<b>REVENUES</b>					
Gross written premiums	11	54,944	64,662	252,092	241,396
Less: Reinsurance premiums ceded					
- Local	12.1	(457)	(739)	(1,592)	(2,297)
- Foreign	12.1	(12,131)	(19,777)	(51,783)	(71,179)
Excess of loss expenses	12.2	(3,375)	(3,167)	(9,789)	(7,767)
<b>Net written premiums</b>		<b>38,981</b>	<b>40,979</b>	<b>188,928</b>	<b>160,153</b>
Changes in unearned premiums – net		<b>23,343</b>	<b>10,774</b>	<b>(16,741)</b>	<b>3,560</b>
<b>Net premiums earned</b>		<b>62,324</b>	<b>51,753</b>	<b>172,187</b>	<b>163,713</b>
Reinsurance commissions		9,826	4,409	16,408	13,705
Other underwriting income		20	24	70	81
<b>TOTAL REVENUES</b>		<b>72,170</b>	<b>56,186</b>	<b>188,665</b>	<b>177,499</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>					
Gross claims paid		59,117	41,825	175,388	123,263
Expenses incurred related to claims		1,530	1,897	4,883	7,033
Less: Reinsurers' share of claims paid		(11,914)	(10,532)	(32,858)	(28,951)
<b>Net claims and other benefits paid</b>		<b>48,733</b>	<b>33,190</b>	<b>147,413</b>	<b>101,345</b>
Change in outstanding claims – net		3,960	861	7,438	1,980
Changes in claims incurred but not reported - net		(1,286)	4,730	2,434	(385)
<b>Net claims and other benefits incurred</b>		<b>51,407</b>	<b>38,781</b>	<b>157,285</b>	<b>102,940</b>
Provision of premium deficiency reserve		8,051	(4,224)	9,049	(3,801)
Other technical reserves		952	1,723	1,300	1,748
Policy acquisition costs		4,413	5,356	14,888	16,266
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>64,823</b>	<b>41,636</b>	<b>182,522</b>	<b>117,153</b>
<b>NET UNDERWRITING INCOME</b>		<b>7,347</b>	<b>14,550</b>	<b>6,143</b>	<b>60,346</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>					
(Provision) / reversal for impairment of premium receivables	6	(830)	485	(1,465)	2,833
(Provision)/reversal for impairment of reinsurance receivables		(496)	549	(630)	(21)
General and administration expenses		(23,222)	(19,460)	(72,108)	(54,738)
Commission income on deposits		217	378	607	1,455
Realized loss on investments		--	(1,899)	--	(1,899)
Unrealized gain on investments	7	1,529	4,923	9,034	1,955
Other income		1,159	583	997	6,748
<b>TOTAL OTHER OPERATING EXPENSES – NET</b>		<b>(21,643)</b>	<b>(14,441)</b>	<b>(63,565)</b>	<b>(43,667)</b>
<b>(Loss) / income before Surplus and Zakat</b>		<b>(14,296)</b>	<b>109</b>	<b>(57,422)</b>	<b>16,679</b>
<b>Income attributed to the insurance operations (transfer to surplus payable)</b>	21	--	--	--	(1,844)
<b>(Loss) / Income attributed to the shareholders before Zakat</b>		<b>(14,296)</b>	<b>109</b>	<b>(57,422)</b>	<b>14,835</b>
Zakat charge	17	(129)	(523)	(1,130)	(2,403)
<b>NET (LOSS) / INCOME ATTRIBUTED TO THE SHAREHOLDERS</b>		<b>(14,425)</b>	<b>(414)</b>	<b>(58,552)</b>	<b>12,432</b>
Basic and diluted (loss) / earnings per share (SR per share)	20	(0.29)	(0.02)	(1.17)	0.62

  
Director

  
Chief Financial Officer

  
Chief Executive Officer

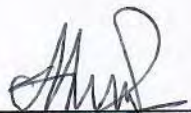
The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

**GULF GENERAL COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)**  
For the three-month and nine-month periods ended 30 September 2021s

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
<b>NET (LOSS) / INCOME ATTRIBUTED TO THE SHAREHOLDERS</b>	<b>(14,425)</b>	<b>(414)</b>	<b>(58,552)</b>	<b>12,432</b>
Other comprehensive income	--	--	--	--
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>	<b>(14,425)</b>	<b>(414)</b>	<b>(58,552)</b>	<b>12,432</b>

  
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Director

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

\* The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.



**GULF GENERAL COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the nine-month period ended 30 September 2021

	Share capital SR'000	Statutory reserve SR'000	Accumulated losses SR'000	Re- measurement reserve of defined benefit obligations SR'000	Total SR'000
<b>Balance as at 31 December 2020 (audited)</b>	<b>200,000</b>	<b>2,165</b>	<b>(40,135)</b>	<b>1,104</b>	<b>163,134</b>
<b><u>Total comprehensive Loss for the period</u></b>					
Net loss for the period attributable to shareholders	--	--	(58,552)	--	(58,552)
<b><u>Transactions with owners of the Company</u></b>					
Increase in share capital	300,000	--	--	--	300,000
Transaction costs	--	--	(4,818)	--	(4,818)
<b>Balance as at 30 September 2021 (unaudited)</b>	<b>500,000</b>	<b>2,165</b>	<b>(103,505)</b>	<b>1,104</b>	<b>399,764</b>

	Share capital SR'000	Statutory reserve SR'000	Accumulated losses SR'000	Re- measurement reserve of defined benefit obligations SR'000	Total SR'000
Balance as at 31 December 2019 (audited)	200,000	2,165	(43,888)	307	158,584
<b><u>Total comprehensive Income for the period</u></b>					
Net Income for the period attributed to shareholders	--	--	12,432	--	12,432
Balance as at 30 September 2020 (unaudited)	200,000	2,165	(31,456)	307	171,016

  
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**GULF GENERAL COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)**

For the nine-month period ended 30 September 2021

	<u>Notes</u>	<u>30 September</u> <u>2021</u> <u>(Unaudited)</u> <u>SR'000</u>	<u>30 September</u> <u>2020</u> <u>(Unaudited)</u> <u>SR'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / profit attributed to the shareholders before Zakat		(57,422)	16,679
<u>Adjustments for non-cash items:</u>			
Depreciation on property and equipment		(146)	1,609
Amortization on right-of-use assets		817	802
Amortization of intangible assets		1,339	1,033
Provision / (reversal) for impairment of premium receivables	6	1,465	(2,833)
Provision for impairment of reinsurance receivables		630	21
Finance cost		100	--
Realised loss on investments held at FVIS		--	1,899
Unrealised (gain) / loss on investments held at FVIS	7	(9,034)	(1,955)
		(62,251)	17,255
<u>Changes in operating assets and liabilities:</u>			
Premiums receivable – net		(24,925)	13,183
Due from reinsurers – net		(15,742)	1,568
Reinsurers' share of unearned premiums		7,281	(5,800)
Reinsurers' share of outstanding claims		(351)	(329)
Reinsurers' share of claims incurred but not reported		(1,094)	4,146
Reinsurers' excess of loss claims		(2,469)	(243)
Deferred policy acquisition costs		(801)	(678)
Prepayments and other assets		(12,454)	(16,859)
Due to policyholders		(1,135)	(664)
Accrued expenses and other liabilities		(8,770)	730
Due to reinsurers		4,980	11,207
Due to brokers		(2,471)	86
Unearned premiums		9,460	2,242
Unearned reinsurance commission		(675)	1,469
Outstanding claims		10,257	2,549
Claims incurred but not reported		3,527	(4,530)
Premium deficiency reserve		9,049	(3,801)
Other technical reserves		1,299	1,748
Employees defined benefit obligations		103	734
		(24,931)	6,758
Surplus paid to policy holders		--	(32)
Zakat paid	17	(3,335)	(3,189)
<b>Net cash (used in) / generated from operating activities</b>		<b>(90,517)</b>	<b>20,792</b>

Surplus paid to policy holders

Zakat paid

Net cash (used in) / generated from operating activities

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.



**GULF GENERAL COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited) (continued)**

For the nine-month period ended 30 September 2021

	<u>Notes</u>	<b>30 September 2021 (Unaudited) SR'000</b>	<b>30 September 2020 (Unaudited) SR'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment		(6,362)	(2,346)
Additions to Intangibles		(4,369)	(1,504)
Proceeds from disposal of investments held at FVIS		--	10,729
Proceeds from maturity of Murabaha deposits		--	30,000
<b>Net cash (used in) / from investing activities</b>		<b>(10,731)</b>	<b>36,879</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Right issue		300,000	--
Transaction costs		(4,818)	--
Statutory deposit		(55,000)	--
Payment of lease liabilities		(254)	(615)
<b>Net cash from / (used in) financing activities</b>		<b>239,928</b>	<b>(615)</b>
Net increase in cash and cash equivalents		138,680	57,056
Cash and cash equivalents at the beginning of the period	4	161,394	113,815
<b>Cash and cash equivalents at the end of the period</b>	4	<b>300,074</b>	<b>170,871</b>

  
 Director

  
 Chief Financial Officer

  
 Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

# GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2021

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### 1. ORGANIZATION AND PRINCIPLE ACTIVITIES

Gulf General Cooperative Insurance Company ("GGCI" or the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 12/Q dated 17 Muharram 1431H (corresponding to 3 January 2010) and registered under Commercial Registration number 4030196620 dated 9 Safar 1431H (corresponding to 25 January 2010). The registered address of the Company's head office is as follows:

Gulf General Cooperative Insurance Company  
Al Gheithy Plaza, Second Floor,  
Ameer Al Shoura'a Street  
Jeddah, Kingdom of Saudi Arabia

The Company also has the following branches, which are operating under separate commercial registrations:

<u>Branch</u>	<u>Commercial Registration No.</u>	<u>Date of Registration</u>
Riyadh	1010316823	29 Shawwal 1432H (corresponding to 27 September 2011)
Al Khobar	2051046836	19 Dhul Qa'dah 1432H (corresponding to 17 October 2011)

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/85 dated 5 Thul Hujja 1429H (corresponding to 3 December 2008) pursuant to Council of Ministers' Resolution No. 365 dated 3 Thul Hujja 1429H (corresponding to 1 December 2008). The Company obtained a license to conduct insurance operations in the Kingdom of Saudi Arabia from the Saudi Central Bank ("SAMA") on 20 Rabi-al-Awwal 1431H (corresponding to 6 March 2010). The Company was listed on the Saudi Arabian Stock Exchange ("Tadawul") on 24 Safar 1431H (corresponding to 8 February 2010).

The objectives of the Company are to engage in providing insurance and related services, which include reinsurance, in accordance with its by-laws, and applicable regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, property, engineering, marine and accident and liability.

In accordance with the By-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Transfer to shareholders' operations	90%
Transfer to insurance operations	10%
	<u>100%</u>

In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' operations in full.

In accordance with the Implementing Regulations issued by SAMA, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.



# **GULF GENERAL COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2021

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### **1. ORGANIZATION AND PRINCIPLE ACTIVITIES (continued)**

#### **Portfolio transfer**

On 19 May 2012, the Company entered into an agreement with Saudi General Insurance Company E.C. ("SGI") and Gulf Cooperation Insurance Company Ltd. E.C. ("GCI") (the "Sellers") pursuant to which it acquired the sellers' insurance operations in the Kingdom of Saudi Arabia, effective 1 January 2009, at a goodwill amount of SR 36.26 million, as approved by SAMA, along with the related insurance assets and liabilities of an equivalent amount.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These interim condensed financial statements have been prepared under the going concern basis and historical cost convention, except for the measurement of investments held at fair value through income statement ("FVIS") and available-for-sale investment that are measured at fair value, and employees' defined benefit obligation which are recognized at the present value of future obligations using the projected unit credit method.

The Company's interim condensed statement of financial position is presented in order of liquidity. Except for available-for-sale investment, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit, employees' defined benefit obligations, lease liabilities and accrued income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

As of September 30, 2021, the Company's accumulated losses have reached 20.7% of its share capital. During the nine-month period ended September 30, 2021, the Company incurred losses amounting to Saudi Riyals 58.6 million and has negative operating cash flows. The Company via a Board of Directors' resolution, dated 29 April 2019, recommended an increase in the Company's capital through offering a rights issue with a total value of SR 300 million. The Company received approval from SAMA. During the period ended 30 September 2021, the Company completed the increase of capital from SR 200 million to SR 500 million through right issue shares of an amount of SR 300 million.

The loss for the nine-month period ended September 30, 2021 is mainly attributable to the adverse results in the medical and motor line of business, which although have recovered, when compared with the comparative period as well as the previous quarters. Management has already formulated and implemented various performance improvement measures which, among other things, include better pricing strategies, diversification of insurance portfolio, introduction of new benefits and replacement of the motor third-party administrator. Results from such measures are expected to reflect positively in the last quarter of 2021 and as such a positive trend as a result of performance improvement measures is expected to continue, provided that the underlying projections of the business and economic conditions continue to be realized. Management will continue to monitor performance indicators and prevailing market conditions and make the necessary corrective actions and amend its business plan, if necessary.

## **GULF GENERAL COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2021

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## **2. BASIS OF PREPARATION (continued)**

### **2.1 Statement of compliance (continued)**

The Company's Board of Directors has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the Board of Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed financial statements have been prepared on the going concern basis.

As required by Saudi Arabian Insurance Regulations ("the Implementing Regulations") the Company maintains separate books of accounts for "Insurance operations" and "Shareholders' operations". Accordingly, assets, liabilities, revenues and expenses attributable to either operation, are recorded in the respective accounts. Note 21 to these interim condensed financial statements provides the statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations, separately.

The interim condensed financial statements do 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 31 December 2020.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR) and are rounded off to the nearest thousands.

### **2.2 Critical accounting judgements, estimates and assumptions**

The preparation of interim 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 expenses and the accompanying notes, disclosures including disclosures of contingent liabilities. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's 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 2020. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic (refer note 22). Based on these assessments, the Company believes that the COVID-19 pandemic has had no material effects on Company's reported results for the nine-month period ended 30 September 2021. The Company continues to monitor the situation closely.

During the period ended 30 September 2021, the Company reviewed the estimated useful lives of property and equipment. Based on a technical assessment, carried out by the Company's technical teams and comparable market practices, the estimated useful lives of property and equipment have been revised by the Company as follows:



**GULF GENERAL COOPERATIVE INSURANCE COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**For the three-month and nine-month periods ended 30 September 2021

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**2.2 Critical accounting judgements, estimates and assumptions (continued)**

	<b><u>Upto June 30, 2021</u></b>	<b><u>Effective July 1, 2021</u></b>
	<b>Number of years</b>	
Furniture and Fixtures	10	10
Computers	4	4-10
Office Equipment	4	4
Vehicles	4	4
Leasehold Improvements	8	8

The change in estimated useful lives has resulted in decrease in depreciation and increase in operating profit for the period ended 30 September 2021 by SR 1.7 million.

**2.3 Seasonality of operations**

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

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 31 December 2020, except as explained below:

**3.1. New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company**

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board ("IASB") have been effective from 1 January 2021 and accordingly adopted by the Company, as applicable:

<b><u>Standard / Amendments</u></b>	<b><u>Description</u></b>
Amendments to IAS 1 & IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards

The adoption of the amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.2. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The Company intends to adopt these standards, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<i>Effective from periods beginning on or after the following date</i>
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below

#### **IFRS 17 – Insurance Contracts**

##### ***Overview:***

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

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

- embedded derivatives, if they meet certain specified criteria;
- distinct investment components; and
- 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" of:

- a) the fulfilment cash flows ("FCF"), which comprises:
  - 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;



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2. Standards issued but not yet effective (continued)**

**IFRS 17 – Insurance Contracts (continued)**

***Measurement:***

- 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, changes in future cash flows that are greater than the remaining CSM are recognized in profit or loss.

Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows).

Moreover, the CSM will be released into profit or loss based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

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, the CSM is also adjusted for in addition to adjustment under general model;

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

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **3.2. Standards issued but not yet effective (continued)**

##### **IFRS 17 – Insurance Contracts (continued)**

###### ***Measurement (continued):***

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 model 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 model remains applicable for the measurement of 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 during September 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 1 January 2023. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after 1 January 2023. This is a deferral of 1 year compared to the previous date of 1 January 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 intend 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 together with amendments to presentation and disclosures.

###### ***Impact:***

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of 30 September 2021, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has started with their implementation process and have set up an implementation committee. Further, the Company has undertaken a Gap Analysis and the key areas of Gaps are as follows:

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.2. Standards issued but not yet effective (continued)

##### **IFRS 17 – Insurance Contracts (continued)**

*Impact: (continued):*

<u>Impact area</u>	<u>Summary of impact</u>
Financial impact	Not yet fully assessed by the Company.
Data impact	The Company believes that the data impact is not likely to be significant as a major proportion of the company's business would qualify for measurement under the premium allocation approach.
IT systems	The Company is already in the process of implementing a new upgraded IT system which will facilitate the implementation of IFRS 17
Process impact	The process impact is under evaluation, but no significant process changes are anticipated.
Impact on reinsurance arrangements	The Company's reinsurance arrangements are currently under testing to determine the suitable measurement approach
Impact on policies & control's frameworks	The Company is currently working with an external consultant to review and modify the current policy control framework
Human resources	The Company needs to recruit suitably qualified personnel who have a comprehensive understanding of IFRS 17

At the date of publication of these financial statements, it was not practicable to quantify the potential impact of adopting IFRS 17.

##### **IFRS 9 – Financial Instruments**

This standard was published on 24 July 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, fair value through other comprehensive income or 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 would be 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.



**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.2 Standards issued but not yet effective (continued)**

**IFRS 9 – Financial Instruments (continued)**

**a) Classification and measurement (continued):**

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

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

**b) Impairment:**

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

**c) Hedge accounting:**

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

This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

***Effective date:***

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

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

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Standards issued but not yet effective (continued)****IFRS 9 – Financial Instruments (continued)****c) Hedge accounting (continued):**

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 1 January 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.

***Impact assessment:***

As at 30 September 2021, the Company has total financial assets and insurance related assets amounting to SR 188 million (31 December 2020: SR 294 million) and SR 148 million (31 December 2020: SR 70 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 144 million (31 December 2020: SR 163 million). Investments are carried currently at fair value through statement of income at SR 42 million (31 December 2020: SR 33 million).

The Company is yet to fully assess changes from the application and implementation of IFRS 9, however at this stage, the Company does not expect the classification and measurement of financial assets to be impacted by IFRS 9 implementation.

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of the following:

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<b><i>Insurance operations</i></b>		
Cash in hand	29	20
Cash at banks	9,761	19,530
Murabaha deposits with maturity less than three months (see note 5)	14,449	64,225
	<u>24,239</u>	<u>83,775</u>
<b><i>Shareholders' operations</i></b>		
Cash at banks	125,835	3,354
Murabaha deposits with maturity less than three months (see note 5)	150,000	74,265
	<u>275,835</u>	<u>77,619</u>
<b>Total of cash and cash equivalents</b>	<u>300,074</u>	<u>161,394</u>

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**5. MURABAHA DEPOSITS**

Murabaha deposits comprises the following:

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<b><i>Insurance operations</i></b>		
Murabaha deposits	14,449	64,225
Less: Murabaha deposits with maturity less than three months (see note 4)	<u>(14,449)</u>	<u>(64,225)</u>
	--	--
<b><i>Shareholders' operations</i></b>		
Murabaha deposits	150,000	74,265
Less: Murabaha deposits with maturity less than three months (see note 4)	<u>(150,000)</u>	<u>(74,265)</u>
	--	--
<b>Total of Murabaha deposits</b>	<u><u>--</u></u>	<u><u>--</u></u>

- a) These Murabaha deposits earn commission at an average rate of 0.64% per annum as at 30 September 2021 (31 December 2020: 0.69% per annum).

**6. PREMIUMS RECEIVABLE - NET**

Premiums receivable due from the following:

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Policyholders	79,531	61,679
Related parties (note 16)	<u>8,914</u>	<u>1,841</u>
	88,445	63,520
Provision for impairment of premiums receivables	<u>(21,582)</u>	<u>(20,117)</u>
<b>Total of premiums receivable – net</b>	<u><u>66,863</u></u>	<u><u>43,403</u></u>

Movement in provision for impairment of premiums receivable during the period / year was as follows:

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Balance at beginning of the period / year	20,117	24,862
Provision / (reversal) during the period / year	1,465	(4,091)
Write-off	--	(654)
<b>Balance at end of the period / year</b>	<u><u>21,582</u></u>	<u><u>20,117</u></u>



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**7. INVESTMENTS**

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<i>Shareholders' operations</i>		
Investments held at fair value through income statement ("FVIS") (note 7.1)		
- Equity securities	15,499	11,231
- Mutual funds	26,481	21,715
	41,980	32,946
Held-to-maturity	2,000	2,000
Available-for-sale investment (note 7.2)	1,923	1,923
<b>Total investments</b>	<b>45,903</b>	<b>36,869</b>

**7.1. Investments held at FVIS**

Movement in investments classified as FVIS is as follows:

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Balance at beginning of the period / year	32,946	41,425
Disposals during the period / year	--	(10,742)
Realised loss during the period / year	--	(1,899)
Unrealised gain during the period / year	9,034	4,162
Balance at end of the period / year	41,980	32,946

The investments held at FVIS of Shareholders' operations comprise of portfolio amounting to SR 41.98 million (31 December 2020: SR 32.95 million) which is invested in mutual funds and equity shares in the Kingdom of Saudi Arabia. The investments are denominated in Saudi Arabian Riyals and US Dollars.

All investments held at FVIS are quoted. The portfolio is invested in securities and mutual funds issued by corporates and financial institutions in the Kingdom of Saudi Arabia.

**7.2. Available-for-sale investment**

The Company holds 3.85% of the equity in Najm for Insurance Services Company ("Najm"), a Saudi Closed Joint Stock Company. The investment is classified as an available-for-sale investment and is stated at cost (see note 14).

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**8. PREPAYMENTS AND OTHER ASSETS**

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<i><b>Insurance operations</b></i>		
Prepayments	12,338	3,909
Other assets (note 8.1 & 8.2)	33,386	29,416
	<u>45,724</u>	<u>33,325</u>
<i><b>Shareholders' operations</b></i>		
Advances	222	250
Other assets	157	74
	<u>379</u>	<u>324</u>
<b>Total of prepayments and other assets</b>	<u>46,103</u>	<u>33,649</u>

- 8.1 Other assets include payment made by the Company in relation to VAT assessment raised by Zakat, Tax and Customs Authority ("ZATCA") for 2018 and 2019 financial years amounting to SR 7.3 million. The payments were made to ZATCA to avoid penalties. However, subsequent to period end, the Company has submitted objections to the ZATCA assessment. The Company's management believes that there is strong basis that the assessment raised by the ZATCA will be reversed and the full amount will be returned in due course.
- 8.2 Other assets include and claims recovery of SR 13.7 million as third-party claims receivables. The amount is recoverable from third party, both individuals and corporate customers.

**9. STATUTORY DEPOSIT**

As required by SAMA Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 20 million, in a bank designated by SAMA. However, during the period ended 30 June 2021, SAMA has directed the Company to make an additional deposit of 10 million due to the low solvency margins. During the period ended 30 September 2021, the company has increased its share capital, by SR 300 million and the legal formalities have been finalized, however the company deposited an additional amount of statutory deposit equivalent to 15 % of its new paid-up share capital amounting to SR 65 million. The Statutory balance as at 30 September 2021 amounting to SR 75 million (31 December 2020: SR 20 million). Accrued income on this deposit is payable to SAMA and this deposit cannot be withdrawn without approval from SAMA.

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**10. TECHNICAL RESERVES****10.1 Movement in unearned premiums**

Movement in unearned premiums are as follows:

<i>Nine-month period ended 30 September 2021</i>			
<i>(Unaudited)</i>			
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at the beginning of the period	131,439	(37,666)	93,773
Premiums written / (ceded) during the period	252,092	(63,164)	188,928
Premiums earned during the period	(242,632)	70,445	(172,187)
Balance at the end of the period	<u>140,899</u>	<u>(30,385)</u>	<u>110,514</u>
<i>Year ended 31 December 2020</i>			
<i>(Audited)</i>			
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at the beginning of the year	126,260	(33,197)	93,063
Premiums written / (ceded) during the year	320,955	(103,589)	217,366
Premiums earned during the year	(315,776)	99,120	(216,656)
Balance at the end of the year	<u>131,439</u>	<u>(37,666)</u>	<u>93,773</u>

**10.2 Net outstanding claims and other technical reserves**

Net outstanding claims and other technical reserves comprise of the following:

	<i>30 September</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Outstanding claims	40,107	29,850
Claims incurred but not reported	23,938	20,411
Premium deficiency reserve	10,360	1,311
Other technical reserves	4,069	2,770
	<u>78,474</u>	<u>54,342</u>
Less:		
Reinsurers' share of outstanding claims	10,646	10,295
Reinsurers' share of claims incurred but not reported	5,018	3,924
	<u>15,664</u>	<u>14,219</u>
Net outstanding claims and reserves	<u>62,810</u>	<u>40,123</u>



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**11. GROSS WRITTEN PREMIUMS**

<i>Three-month period ended 30 September 2021 (Unaudited)</i>						
Corporate					Total Gross written premiums	
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000	SR '000
Medical	5,611	(5,853)	4,313	4,071	3	4,074
Motor	970	2,058	18,305	21,333	18,258	39,591
Property, accident and others	1,465	871	8,816	11,152	118	11,270
Life	(5)	--	14	9	--	9
	<b>8,041</b>	<b>(2,924)</b>	<b>31,448</b>	<b>36,565</b>	<b>18,379</b>	<b>54,944</b>
<i>Three-month period ended 30 September 2020 (Unaudited)</i>						
Corporate					Total Gross written premiums	
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000	SR '000
Medical	4,089	1,461	(246)	5,304	8	5,312
Motor	1,062	1,061	22,269	24,392	20,883	45,275
Property, accident and others	1,681	1,450	9,960	13,091	137	13,228
Life	410	--	437	847	--	847
	<b>7,242</b>	<b>3,972</b>	<b>32,420</b>	<b>43,634</b>	<b>21,028</b>	<b>64,662</b>
<i>Nine-month period ended 30 September 2021 (Unaudited)</i>						
Corporate					Total Gross written premiums	
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000	SR '000
Medical	11,895	6,422	34,554	52,871	388	53,259
Motor	5,519	5,202	50,354	61,075	88,180	149,255
Property, accident and others	4,319	3,048	39,290	46,657	1,399	48,056
Life	661	164	697	1,522	--	1,522
	<b>22,394</b>	<b>14,836</b>	<b>124,895</b>	<b>162,125</b>	<b>89,967</b>	<b>252,092</b>
<i>Nine-month period ended 30 September 2020 (Unaudited)</i>						
Corporate					Total Gross written premiums	
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000	SR '000
Medical	19,510	7,086	25,996	52,592	36	52,628
Motor	6,252	4,812	77,223	88,287	41,160	129,447
Property, accident and others	4,410	4,850	46,544	55,804	1,544	57,348
Life	825	162	986	1,973	--	1,973
	<b>30,997</b>	<b>16,910</b>	<b>150,749</b>	<b>198,656</b>	<b>42,740</b>	<b>241,396</b>

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**12. REINSURANCE PREMIUMS AND EXCESS OF LOSS PREMIUM CEDED****12.1 Reinsurance premiums ceded**

	<i>For the three-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>For the three-month period ended 30 September 2020 (Unaudited) SR'000</i>	<i>For the Nine-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>For the Nine-month period ended 30 September 2020 (Unaudited) SR'000</i>
<u>Reinsurance premiums ceded - General</u>				
- Local reinsurance brokers to foreign companies	11,752	19,000	48,443	66,851
- Direct foreign reinsurance companies	346	269	2,283	3,046
- Local reinsurance brokers to local companies	385	341	1,239	1,324
- Direct to local reinsurance companies	74	398	354	973
	<b>12,557</b>	<b>20,008</b>	<b>52,319</b>	<b>72,194</b>
<u>Reinsurance premiums ceded - Life</u>				
- Local reinsurance brokers to foreign companies	31	508	1,056	1,282
	<b>12,588</b>	<b>20,516</b>	<b>53,375</b>	<b>73,476</b>

**12.2 Excess of loss expenses**

	<i>Three-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>Three-month period ended 30 September 2020 (Unaudited) SR'000</i>	<i>Nine-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>Nine-month period ended 30 September 2020 (Unaudited) SR'000</i>
Local reinsurance brokers to foreign companies	3,299	3,072	9,583	7,562
Local reinsurance brokers to local companies	76	95	206	205
	<b>3,375</b>	<b>3,167</b>	<b>9,789</b>	<b>7,767</b>

**13. COMMITMENTS AND CONTINGENCIES**

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

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Letters of guarantees	<b>300</b>	<b>300</b>

- b) Zakat and withholding tax contingencies have been disclosed in note 17.2.

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**14. 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 to sell the asset or transfer the liability takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous 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 these financial statements.

**a) 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.

**b) Carrying amounts and fair value**

The following table shows the carrying amount and the 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.

30 September 2021 (Unaudited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
Shareholders' operations					
Investments held at FVIS					
- Equity securities	15,499	15,499	--	--	15,499
- Mutual funds	26,481	--	26,481	--	26,481
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
Held-to-maturity	2,000			2,000	2,000
	45,903	15,499	26,481	3,923	45,903

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**14. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

31 December 2020 (Audited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
Shareholders' operations					
Investments held at FVIS					
- Equity securities	11,231	11,231	--	--	11,231
- Mutual funds	21,715	--	21,715	--	21,715
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
Held-to-maturity	2,000	--	--	2,000	2,000
	36,869	11,231	21,715	3,923	36,869

The fair value of investments in mutual funds at level 2 is based on the net assets values communicated by the fund manager, and the daily prices are available on Tadawul. The fair value of investments in equity securities at level 1 is based on quoted prices that are available on Tadawul.

As at 30 September 2021, the Company has an investment amounting to SR 1.9 million (31 December 2020: SR 1.9 million) in an unquoted available for sale investment. This investment is held as part of Company's shareholder operations and is stated at cost in the absence of active markets or other means of reliably measuring their fair value.

There were no transfers between levels during the nine-month period ended 30 September 2021 and the year ended 31 December 2020. Further, there were no changes in the valuation techniques during the period from previous periods.

**15. OPERATING SEGMENTS**

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as the chief operating decision maker in order to allocate resources to the segments and to assess its performance. All of the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management purposes, the operations are monitored in nine major lines of business.

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

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

Segment assets do not include cash and cash equivalents, Murabaha deposits, premiums receivable-net, due from reinsurers-net, investments, prepayments and other assets, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

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**15. OPERATING SEGMENTS (continued)**

Segment liabilities do not include due to policyholders, accrued expenses and other liabilities, due to reinsurers, due to brokers, employees' defined benefit obligations, lease liabilities, Insurance operations' surplus payable, accrued Zakat and accrued income payable to SAMA. 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 30 September 2021 and 31 December 2020, its total revenues, expenses, and net income for the nine-month period then ended, are as follows:



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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

As at 30 September 2021 (Unaudited)	<i>Insurance Operations</i>						<i>Total</i>	<i>Shareholders'</i> <i>Operations</i>	<i>Total</i>
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident &amp; liability</i>	<i>Insurance Operations</i>		
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>ASSETS</b>									
Reinsurers' share of unearned premiums	--	11,035	10,635	1,706	4,438	2,571	30,385	--	30,385
Reinsurers' share of outstanding claims	--	1,583	161	1,441	4,035	3,426	10,646	--	10,646
Reinsurers' share of claims incurred but not reported	--	5,686	(67)	(72)	(6)	(523)	5,018	--	5,018
Reinsurers' excess of loss claims	805	407	--	--	--	1,700	2,912	--	2,912
Deferred policy acquisition costs	623	5,979	1,364	210	519	721	9,416	--	9,416
Unallocated assets	--	--	--	--	--	--	193,599	435,749	629,348
<b>TOTAL ASSETS</b>	<b>1,428</b>	<b>24,690</b>	<b>12,093</b>	<b>3,285</b>	<b>8,986</b>	<b>7,895</b>	<b>251,976</b>	<b>435,749</b>	<b>687,725</b>
<b>LIABILITIES</b>									
Unearned premiums	24,118	90,009	12,790	1,974	5,921	6,087	140,899	--	140,899
Unearned reinsurance commission	--	1,278	2,187	432	1,235	724	5,856	--	5,856
Outstanding claims	12,516	10,114	230	1,636	5,388	10,223	40,107	--	40,107
Claims incurred but not reported	5,627	19,175	(90)	(94)	29	(709)	23,938	--	23,938
Premium deficiency reserve	4,755	5,605	--	--	--	--	10,360	--	10,360
Other technical reserves	181	2,646	594	203	160	285	4,069	--	4,069
Unallocated liabilities	--	--	--	--	--	--	57,274	5,458	62,732
<b>TOTAL LIABILITIES</b>	<b>47,197</b>	<b>128,827</b>	<b>15,711</b>	<b>4,151</b>	<b>12,733</b>	<b>16,610</b>	<b>282,503</b>	<b>5,458</b>	<b>287,961</b>

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**15. OPERATING SEGMENTS (continued)**
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)**

As at 31 December 2020 (Audited)	<i>Insurance Operations</i>						<i>Total</i>	<i>Shareholder'</i> <i>Operations</i>	<i>Total</i>
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident &amp; liability</i>	<i>Insurance Operations</i>		
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>ASSETS</b>									
Reinsurers' share of unearned premiums	--	18,416	10,364	3,478	3,161	2,247	37,666	--	37,666
Reinsurers' share of outstanding claims	--	1,568	654	2,493	2,111	3,469	10,295	--	10,295
Reinsurers' share of claims incurred but not reported	245	5,198	(776)	(125)	(55)	(563)	3,924	--	3,924
Reinsurers' excess of loss claims	--	443	--	--	--	--	443	--	443
Deferred policy acquisition costs	917	5,299	1,207	325	285	582	8,615	--	8,615
Unallocated assets	--	--	--	--	--	--	193,443	173,302	366,745
<b>TOTAL ASSETS</b>	<b>1,162</b>	<b>30,924</b>	<b>11,449</b>	<b>6,171</b>	<b>5,502</b>	<b>5,735</b>	<b>254,386</b>	<b>173,302</b>	<b>427,688</b>
<b>LIABILITIES</b>									
Unearned premiums	18,336	88,637	11,372	3,885	4,118	5,091	131,439	--	131,439
Unearned reinsurance commission	--	2,071	2,394	651	755	660	6,531	--	6,531
Outstanding claims	10,880	7,370	703	2,758	2,549	5,590	29,850	--	29,850
Claims incurred but not reported	5,671	16,768	(987)	(153)	(163)	(725)	20,411	--	20,411
Premium deficiency reserve	--	1,311	--	--	--	--	1,311	--	1,311
Other technical reserves	145	1,959	171	127	137	231	2,770	--	2,770
Unallocated liabilities	--	--	--	--	--	--	64,444	7,798	72,242
<b>TOTAL LIABILITIES</b>	<b>35,032</b>	<b>118,116</b>	<b>13,653</b>	<b>7,268</b>	<b>7,396</b>	<b>10,847</b>	<b>256,756</b>	<b>7,798</b>	<b>264,554</b>

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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME***For the three-month period ended 30 September 2021 (Unaudited)*

	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident &amp; liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<b>REVENUES</b>							
Gross written premiums	4,074	39,591	4,061	821	5,411	986	54,944
Less: Reinsurance premiums ceded							
- Local	--	--	(123)	(101)	(219)	(14)	(457)
- Foreign	--	(4,466)	(3,104)	(612)	(3,726)	(223)	(12,131)
Excess of loss expenses	(1,408)	(992)	(361)	(56)	(357)	(201)	(3,375)
<b>Net written premiums</b>	<b>2,666</b>	<b>34,133</b>	<b>473</b>	<b>52</b>	<b>1,109</b>	<b>548</b>	<b>38,981</b>
Changes in unearned premiums – net	11,844	10,711	245	46	(665)	1,162	23,343
<b>Net premiums earned</b>	<b>14,510</b>	<b>44,844</b>	<b>718</b>	<b>98</b>	<b>444</b>	<b>1,710</b>	<b>62,324</b>
Reinsurance commissions	--	1,291	1,752	1,826	3,752	1,205	9,826
Other underwriting income	1	4	2	1	7	5	20
<b>TOTAL REVENUES</b>	<b>14,511</b>	<b>46,139</b>	<b>2,472</b>	<b>1,925</b>	<b>4,203</b>	<b>2,920</b>	<b>72,170</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	19,100	36,826	431	1,020	1,144	596	59,117
Expenses incurred related to claims	122	1,408	--	--	--	--	1,530
Less: Reinsurers' share of claims paid	(1,706)	(7,662)	(323)	(982)	(916)	(325)	(11,914)
<b>Net claims and other benefits paid</b>	<b>17,516</b>	<b>30,572</b>	<b>108</b>	<b>38</b>	<b>228</b>	<b>271</b>	<b>48,733</b>
Changes in outstanding claims – net	371	2,297	(71)	(16)	(275)	1,654	3,960
Changes in claims incurred but not reported – net	(3,853)	2,934	(84)	(31)	(26)	(226)	(1,286)
<b>Net claims and other benefits incurred</b>	<b>14,034</b>	<b>35,803</b>	<b>(47)</b>	<b>(9)</b>	<b>(73)</b>	<b>1,699</b>	<b>51,407</b>
Provision / (reversal) of premium deficiency reserve	2,446	5,605	--	--	--	--	8,051
Other technical reserves	(17)	231	580	131	(52)	79	952
Policy acquisition costs	470	2,423	772	136	224	388	4,413
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>16,933</b>	<b>44,062</b>	<b>1,305</b>	<b>258</b>	<b>99</b>	<b>2,166</b>	<b>64,823</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(2,422)</b>	<b>2,077</b>	<b>1,167</b>	<b>1,667</b>	<b>4,104</b>	<b>754</b>	<b>7,347</b>

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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)**

	<i>For the three-month period ended 30 September 2021 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident &amp; liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(2,422)</b>	<b>2,077</b>	<b>1,167</b>	<b>1,667</b>	<b>4,104</b>	<b>754</b>	<b>7,347</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>							
Provision for impairment of premium receivables							(830)
Provision for impairment of reinsurance receivables							(496)
General and administration expenses							(23,222)
Commission income on deposits							217
Unrealized gain on investments							1,529
Other income							1,159
<b>TOTAL OTHER OPERATING (EXPENSES)– NET</b>							<b>(21,643)</b>
<b>Loss before Surplus and Zakat</b>							<b>(14,296)</b>
Loss attributed to the insurance operations (transfer to surplus payable)							--
<b>Loss attributed to the shareholders before Zakat</b>							<b>(14,296)</b>
Zakat charge							(129)
<b>NET LOSS ATTRIBUTED TO THE SHAREHOLDERS</b>							<b>(14,425)</b>

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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the three-month period ended 30 September 2020 (Unaudited)*

	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident &amp; liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<b>REVENUES</b>							
Gross written premiums	5,312	45,275	7,109	1,131	3,863	1,972	64,662
Less: Reinsurance premiums ceded							
-Local	--	--	(477)	(133)	(108)	(21)	(739)
-Foreign	--	(9,234)	(5,951)	(836)	(3,004)	(752)	(19,777)
Excess of loss expenses	(1,396)	(983)	486	(69)	(833)	(372)	(3,167)
Net written premiums	3,916	35,058	1,167	93	(82)	827	40,979
Changes in unearned premiums - net	10,064	170	(11)	(65)	325	291	10,774
Net premiums earned	13,980	35,228	1,156	28	243	1,118	51,753
Reinsurance commissions	--	994	1,709	242	951	513	4,409
Other underwriting income	7	4	3	1	6	3	24
<b>TOTAL REVENUES</b>	<b>13,987</b>	<b>36,226</b>	<b>2,868</b>	<b>271</b>	<b>1,200</b>	<b>1,634</b>	<b>56,186</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	8,612	29,141	71	273	1,782	1,946	41,825
Expenses incurred related to claims	174	1,723	-	-	-	-	1,897
Less: Reinsurers' share of claims paid	(1,318)	(5,853)	(68)	(258)	(1,553)	(1,482)	(10,532)
Net claims and other benefits paid	7,468	25,011	3	15	229	464	33,190
Changes in outstanding claims – net	(1,380)	2,026	(10)	34	238	(47)	861
Changes in claims incurred but not reported – net	964	3,887	32	(24)	(51)	(78)	4,730
Net claims and other benefits incurred	7,052	30,924	25	25	416	339	38,781
Reversal of premium deficiency reserve	(695)	(3,529)	--	--	--	--	(4,224)
Other technical reserves	(152)	2,275	(2)	(356)	(3)	(39)	1,723
Policy acquisition costs	690	3,043	809	101	421	292	5,356
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>6,895</b>	<b>32,713</b>	<b>832</b>	<b>(230)</b>	<b>834</b>	<b>592</b>	<b>41,636</b>
<b>NET UNDERWRITING INCOME</b>	<b>7,092</b>	<b>3,513</b>	<b>2,036</b>	<b>501</b>	<b>366</b>	<b>1,042</b>	<b>14,550</b>



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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)**

	<i>For the three-month period ended 30 September 2020 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>&amp; liability</i>	<i>SR '000</i>
						<i>SR '000</i>	<i>SR '000</i>
NET UNDERWRITING INCOME	7,092	3,513	2,036	501	366	1,042	14,550
OTHER OPERATING (EXPENSES)/ INCOME							
Reversal for impairment of premium receivables							485
Reversal for impairment of reinsurance receivables							549
General and administration expenses							(19,460)
Commission income on deposits							378
Unrealized loss on investments							(1,899)
Unrealized gain on investments							4,923
Other income							583
TOTAL OTHER OPERATING (EXPENSES) - NET							(14,441)
Income before Surplus and Zakat							109
Income attributed to the insurance operations (transfer to surplus payable)							--
Income attributed to the shareholders before Zakat							109
Zakat charge							(523)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(414)

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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the Nine-month period ended 30 September 2021 (Unaudited)*

	<i>Medical</i> SR '000	<i>Motor</i> SR '000	<i>Property</i> SR '000	<i>Engineering</i> SR '000	<i>Marine</i> SR '000	<i>Accident &amp; liability</i> SR '000	<i>Total</i> SR '000
<b>REVENUES</b>							
Gross written premiums	53,259	149,255	24,874	2,563	11,506	10,635	252,092
Less: Reinsurance contracts premiums ceded							
-Local reinsurance	--	--	(804)	(182)	(461)	(145)	(1,592)
-Foreign reinsurance	--	(16,935)	(20,346)	(2,006)	(7,521)	(4,975)	(51,783)
Excess of loss expenses	(4,281)	(2,779)	(1,011)	(156)	(999)	(563)	(9,789)
<b>Net written premiums</b>	<b>48,978</b>	<b>129,541</b>	<b>2,713</b>	<b>219</b>	<b>2,525</b>	<b>4,952</b>	<b>188,928</b>
Changes in unearned premiums – net	(5,782)	(8,752)	(1,148)	139	(527)	(671)	(16,741)
<b>Net premiums earned</b>	<b>43,196</b>	<b>120,789</b>	<b>1,565</b>	<b>358</b>	<b>1,998</b>	<b>4,281</b>	<b>172,187</b>
Reinsurance commissions	--	3,125	3,786	2,339	5,109	2,049	16,408
Other underwriting income	10	16	9	3	17	15	70
<b>TOTAL REVENUES</b>	<b>43,206</b>	<b>123,930</b>	<b>5,360</b>	<b>2,700</b>	<b>7,124</b>	<b>6,345</b>	<b>188,665</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	51,352	119,554	452	1,138	1,798	1,094	175,388
Expenses incurred related to claims	1,622	3,261	--	--	--	--	4,883
Less: Reinsurers' share of claims paid	(7,283)	(22,149)	(325)	(1,083)	(1,309)	(709)	(32,858)
<b>Net claims and other benefits paid</b>	<b>45,691</b>	<b>100,666</b>	<b>127</b>	<b>55</b>	<b>489</b>	<b>385</b>	<b>147,413</b>
Changes in outstanding claims – net	832	2,765	20	(70)	913	2,978	7,438
Changes in claims incurred but not reported – net	201	1,919	188	7	143	(24)	2,434
<b>Net claims and other benefits incurred</b>	<b>46,724</b>	<b>105,350</b>	<b>335</b>	<b>(8)</b>	<b>1,545</b>	<b>3,339</b>	<b>157,285</b>
Premium deficiency reserve	4,755	4,294	--	--	--	--	9,049
Other technical reserves	37	687	423	74	23	56	1,300
Policy acquisition costs	1,647	8,537	2,347	385	844	1,128	14,888
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>53,163</b>	<b>118,868</b>	<b>3,105</b>	<b>451</b>	<b>2,412</b>	<b>4,523</b>	<b>182,522</b>
<b>NET UNDERWRITING (LOSS)/ INCOME</b>	<b>(9,957)</b>	<b>5,062</b>	<b>2,255</b>	<b>2,249</b>	<b>4,712</b>	<b>1,822</b>	<b>6,143</b>

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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)**

	<i>For the Nine-month period ended 30 September 2021 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>&amp; liability</i>	<i>SR '000</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<b>NET</b>							
<b>UNDERWRITING</b>							
<b>(LOSS)/ INCOME</b>	<b>(9,957)</b>	<b>5,062</b>	<b>2,255</b>	<b>2,249</b>	<b>4,712</b>	<b>1,822</b>	<b>6,143</b>
<b>OTHER</b>							
<b>OPERATING</b>							
<b>(EXPENSES)/</b>							
<b><u>INCOME</u></b>							
Reversal for							
impairment of premium							
receivables							(1,465)
Reversal for							
impairment of							
reinsurance receivables							(630)
General and							
administration expenses							(72,108)
Commission income on							
deposits							607
Unrealized gain on							
investments							9,034
Other income							997
<b>TOTAL OTHER</b>							
<b>OPERATING</b>							
<b>EXPENSES - NET</b>							(63,565)
<b>Loss before Surplus</b>							
<b>and Zakat</b>							(57,422)
Income attributed to the							
insurance operations							
(transfer to surplus							
payable)							--
<b>Loss attributed to the</b>							
<b>shareholders before</b>							
<b>Zakat</b>							(57,422)
Zakat charge							(1,130)
<b>NET LOSS</b>							
<b>ATTRIBUTED TO</b>							
<b>THE</b>							
<b>SHAREHOLDERS</b>							(58,552)

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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)**

	<i>For the nine-month period ended 30 September 2020 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident &amp; liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
<b>REVENUES</b>							
Gross written premiums	52,628	129,447	29,104	3,547	13,111	13,559	241,396
Less: Reinsurance contracts premiums ceded							
-Local reinsurance	--	--	(1,331)	(295)	(499)	(172)	(2,297)
-Foreign reinsurance	--	(27,239)	(25,500)	(2,858)	(9,705)	(5,877)	(71,179)
Excess of loss expenses	(2,455)	(2,577)	(1,922)	(128)	(365)	(320)	(7,767)
Net written premiums	50,173	99,631	351	266	2,542	7,190	160,153
Changes in unearned premiums - net	5,407	(1,866)	(250)	(51)	132	188	3,560
Net premiums earned	55,580	97,765	101	215	2,674	7,378	163,713
Reinsurance commissions	--	2,812	5,192	832	3,406	1,463	13,705
Other underwriting income	23	16	8	3	18	13	81
<b>TOTAL REVENUES</b>	<b>55,603</b>	<b>100,593</b>	<b>5,301</b>	<b>1,050</b>	<b>6,098</b>	<b>8,854</b>	<b>177,499</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>							
Gross claims paid	34,112	78,247	3,151	577	3,199	3,977	123,263
Expenses incurred related to claims	2,033	5,000	--	--	--	--	7,033
Less: Reinsurers' share of claims paid	(4,366)	(15,497)	(2,845)	(533)	(2,726)	(2,984)	(28,951)
Net claims and other benefits paid	31,779	67,750	306	44	473	993	101,345
Changes in outstanding claims – net	(2,337)	4,001	(269)	88	423	74	1,980
Changes in claims incurred but not reported – net	(607)	1,465	(154)	(123)	(294)	(672)	(385)
Net claims and other benefits incurred	28,835	73,216	(117)	9	602	395	102,940
Reversal of premium deficiency reserve	(2,355)	(1,000)	-	(376)	(70)	-	(3,801)
Other technical reserves	221	1,679	113	(347)	33	49	1,748
Policy acquisition costs	2,586	8,556	2,404	365	1,448	907	16,266
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>29,287</b>	<b>82,451</b>	<b>2,400</b>	<b>(349)</b>	<b>2,013</b>	<b>1,351</b>	<b>117,153</b>
<b>NET UNDERWRITING INCOME</b>	<b>26,316</b>	<b>18,142</b>	<b>2,901</b>	<b>1,399</b>	<b>4,085</b>	<b>7,503</b>	<b>60,346</b>

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**15. OPERATING SEGMENTS (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)**

	<i>For the nine-month period ended 30 September 2020 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident &amp; liability</i>	<i>Total</i>
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
NET UNDERWRITING INCOME	26,316	18,142	2,901	1,399	4,085	7,503	60,346
OTHER OPERATING (EXPENSES)/ INCOME							
Provision for impairment of premium receivables							2,833
Reversal for impairment of reinsurance receivables							(21)
General and administration expenses							(54,738)
Commission income on deposits							1,455
Realized loss on investments							(1,899)
Unrealized gain on investments							1,955
Other income							6,748
TOTAL OTHER OPERATING (EXPENSES) - NET							<u>(43,667)</u>
Income before Surplus and Zakat							16,679
Income attributed to the insurance operations (transfer to surplus payable)							<u>(1,844)</u>
Income attributed to the shareholders before Zakat							14,835
Zakat charge							<u>(2,403)</u>
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS							<u><u>12,432</u></u>



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### 16. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel 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 the Board of Directors. The following are the details of the major related party transactions during the period/year and the related balances:

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Transactions</u>				<u>Balance receivable / (payable)</u>	
			<i>Three-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>Three-month period ended 30 September 2020 (Unaudited) SR'000</i>	<i>Nine-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>Nine-month period ended 30 September 2020 (Unaudited) SR'000</i>	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
<i>Insurance operations</i>								
Saudi General Insurance Company Ltd. E.C.	Shareholder	Expenses paid	--	--	--	--	(309)	(309)
Rolaco Group	Related to shareholders	Premiums underwritten (note 6)	9	24	105	159	36	8
		Claims paid	--	(4)	(1)	(6)	--	(1)
Dabbagh Group	Related to shareholders	Premiums underwritten (note 6)	(149)	(36)	10,846	11,641	8,878	1,833
		Claims paid	(2,178)	(1,339)	(7,562)	(5,506)	(2,475)	(1,275)
Raghaf Establishment	Related to shareholders	Premiums underwritten (note 6)	(2)	1	21	113	--	--
		Claims paid	(7)	(2)	(23)	(67)	--	--
Key Management Personnel		Short-term benefits	(768)	(768)	(2,304)	(2,304)	--	--
		Long-term benefits	(37)	(37)	(111)	(111)	(816)	(705)
<i>Shareholders' operations</i>								
Board of Directors		Board of Directors remuneration and related expenses	450	450	1,350	1,350	(1,350)	(1,800)

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**17. ZAKAT****17.1 Zakat provision**

Movements in the Zakat provision during the nine-month period ended 30 September 2021 and year ended 31 December 2020 are as follows:

	<i>30 September 2021 (Unaudited) SR'000</i>	<i>31 December 2020 (Audited) SR'000</i>
Balance as at beginning of the period / year	<b>3,268</b>	3,342
Provided during the period / year	<b>1,130</b>	3,114
Provided for prior periods / years	--	1,995
Paid during the period / year	<b>(3,335)</b>	(5,183)
Balance as at end of the period / year	<b><u>1,063</u></b>	<u>3,268</u>

**17.2 Status of assessments**

The Company has finalized its Zakat and withholding assessment for the years from December 31, 2010 to 2015, after reaching a final settlement for Zakat and withholding tax of SR 2,846,754, at the Dispute Resolution Committee. The Company filed its Zakat returns for years December 31, 2016 and 2017 and obtained the related Zakat certificates. In line with the disclosure initiative, the Company obtained the ZATCA approval to apply the same withholding tax treatment for the above years and settled additional withholding tax of SR 1,805,884. The Company filed its Zakat return for the year December 31, 2018 and obtained the related Zakat certificate. ZATCA issued the Zakat and WHT assessment for the years ended December 31, 2016 to 2018 and claimed additional Zakat and withholding liabilities of SR 19,934,125. The Company settled the amount of SR 1,824,414 related to the Zakat differences and objected against the remaining WHT differences. The ZATCA issued the revised assessment claiming the same WHT differences of SR 18,109,711. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes "CRTVD", to assign a hearing session. The Company filed its Zakat returns for the years December 31, 2019 and 2020 and obtained the related Zakat certificates. The ZATCA did not finalize the study of the said years.

**18. SHARE CAPITAL**

The share capital of the Company is SR 500 million divided into 50 million shares of SR 10 each (31 December 2020: 20 million shares of SR 10 each). The shareholding structure of the Company is as below.

	<i>30 September 2021 (Unaudited)</i>		<i>31 December 2020 (Audited)</i>	
	<i>Percentage of holding</i>	<i>Amount SR '000</i>	<i>Percentage of holding</i>	<i>Amount SR '000</i>
Founding shareholders	<b>17%</b>	<b>85,000</b>	35%	75,800
General public	<b>83%</b>	<b>415,000</b>	65%	124,200
	<b><u>100%</u></b>	<b><u>500,000</u></b>	<u>100%</u>	<u>200,000</u>

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**18. SHARE CAPITAL (continued)**

On 24 Shabaan 1440H, corresponding to 29 April 2019, the Board of Directors recommended an increase in the Company's capital through offering a rights issue with a total value of SR 300 million. During 2019, the Company received approval from Saudi Central Bank ("SAMA"). During the period ended 30 September 2021, the Company completed the increase of capital from SR 200 million to SR 500 million through right issue shares of an amount of SR 300 million.

**19. CAPITAL MANAGEMENT**

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

Capital requirements are set and regulated by SAMA. These requirements are put in place to ensure sufficient solvency margins. Further 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 to ensure that it is able to continue as going concern and comply with the SAMA's capital requirements while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising of paid-up capital, statutory reserve, and retained earnings.

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 Company has fully complied with the externally imposed capital requirements during the reported financial period.

**20. (LOSS) / EARNING PER SHARE**

	<b>30 September 2021 (Unaudited)</b>	<b>30 September 2020 (Unaudited)</b>
Net (loss) / income for the period attributable to the shareholders of the Company (SR '000')	<u><b>(58,552)</b></u>	<u>12,432</u>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000' shares)	<u><b>50,000</b></u>	<u>20,000</u>
Basic and diluted (loss) / earnings per share based on net loss for the period attributable to shareholders of the Company (SR/share)	<u><u><b>(1.17)</b></u></u>	<u><u>0.62</u></u>

The basic (loss) / earning per share have been calculated by dividing the net (loss)/ income for the period by the weighted average number of ordinary shares issued and outstanding at the period-end. In the absence of any convertible liability, the diluted (loss)/ earning per share do not differ from the basic (loss) / earning per share.

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### 21. SUPPLEMENTARY INFORMATION

As required by the Implementing Regulations, the statement of financial position, statement of income and statement of cash flows separately for insurance operations and shareholders operations are as follows:

#### INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>30 September 2021 (Unaudited)</i>			<i>31 December 2020 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>ASSETS</b>						
Cash and cash equivalents	24,239	275,835	300,074	83,775	77,619	161,394
Murabaha deposits	--	--	--	--	--	--
Premiums receivable – net	66,863	--	66,863	43,403	--	43,403
Due from reinsurers – net	31,358	--	31,358	16,246	--	16,246
Reinsurers' share of unearned premiums	30,385	--	30,385	37,666	--	37,666
Reinsurers' share of outstanding claims	10,646	--	10,646	10,295	--	10,295
Reinsurers' share of claims incurred but not reported	5,018	--	5,018	3,924	--	3,924
Reinsurers' excess of loss claims	2,912	--	2,912	443	--	443
Deferred policy acquisition costs	9,416	--	9,416	8,615	--	8,615
Investments	--	45,903	45,903	--	36,869	36,869
Prepayments and other assets	45,724	379	46,103	33,325	324	33,649
Right-of-use assets	1,827	--	1,827	2,644	--	2,644
Property and equipment	12,937	--	12,937	6,429	--	6,429
Intangible assets	10,651	--	10,651	7,621	--	7,621
Goodwill	--	36,260	36,260	--	36,260	36,260
Statutory deposit	--	75,000	75,000	--	20,000	20,000
Accrued income on statutory deposit	--	2,372	2,372	--	2,230	2,230
<b>TOTAL OPERATIONS ASSETS</b>	<b>251,976</b>	<b>435,749</b>	<b>687,725</b>	<b>254,386</b>	<b>173,302</b>	<b>427,688</b>
Less: Inter-operations eliminations	--	--	--	--	--	--
<b>TOTAL ASSETS</b>	<b>251,976</b>	<b>435,749</b>	<b>687,725</b>	<b>254,386</b>	<b>173,302</b>	<b>427,688</b>

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**21. SUPPLEMENTARY INFORMATION (continued)**
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)**

	<i>30 September 2021 (Unaudited)</i>			<i>31 December 2020 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholder' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b><u>LIABILITIES</u></b>						
Due to policyholders	10,333	--	10,333	11,468	--	11,468
Accrued expenses and other liabilities	15,706	2,023	17,729	24,199	2,300	26,499
Due to reinsurers	7,483	--	7,483	2,503	--	2,503
Due to brokers	8,979	--	8,979	11,450	--	11,450
Unearned premiums	140,899	--	140,899	131,439	--	131,439
Unearned reinsurance commission	5,856	--	5,856	6,531	--	6,531
Outstanding claims	40,107	--	40,107	29,850	--	29,850
Claims incurred but not reported	23,938	--	23,938	20,411	--	20,411
Premium deficiency reserve	10,360	--	10,360	1,311	--	1,311
Other technical reserves	4,069	--	4,069	2,770	--	2,770
Due to / (from) shareholders' operations	(31,631)	31,631	--	(3,474)	3,474	--
Employees' defined benefit obligations	4,274	--	4,274	4,171	--	4,171
Lease liabilities	1,757	--	1,757	1,911	--	1,911
Insurance operations' surplus payable	8,742	--	8,742	8,742	--	8,742
Accrued Zakat	--	1,063	1,063	--	3,268	3,268
Accrued income payable to SAMA	--	2,372	2,372	--	2,230	2,230
<b>TOTAL OPERATIONS LIABILITIES</b>	<b>250,872</b>	<b>37,089</b>	<b>287,961</b>	<b>253,282</b>	<b>11,272</b>	<b>264,554</b>
Less: Inter-operations eliminations	31,631	(31,631)	--	3,474	(3,474)	--
<b>TOTAL LIABILITIES</b>	<b>282,503</b>	<b>5,458</b>	<b>287,961</b>	<b>256,756</b>	<b>7,798</b>	<b>264,554</b>
<b><u>EQUITY</u></b>						
Share capital	--	500,000	500,000	--	200,000	200,000
Statutory reserve	--	2,165	2,165	--	2,165	2,165
Accumulated losses	--	(103,505)	(103,505)	--	(40,135)	(40,135)
Re-measurement reserve of defined benefit obligations	1,104	--	1,104	1,104	--	1,104
<b>TOTAL EQUITY</b>	<b>1,104</b>	<b>398,660</b>	<b>399,764</b>	<b>1,104</b>	<b>162,030</b>	<b>163,134</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>283,607</b>	<b>404,118</b>	<b>687,725</b>	<b>257,860</b>	<b>169,828</b>	<b>427,688</b>



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**21. SUPPLEMENTARY INFORMATION (continued)**
**INTERIM CONDENSED STATEMENT OF INCOME**

For the three-month period ended

	30 September 2021 (Unaudited)			30 September 2020 (Unaudited)		
	Insurance operations	Shareholder' operations	Total	Insurance operations	Shareholder' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b>REVENUES</b>						
Gross written premiums	54,944	--	54,944	64,662	--	64,662
Less: Reinsurance premiums ceded						
- Local	(457)	--	(457)	(739)	--	(739)
- Foreign	(12,131)	--	(12,131)	(19,777)	--	(19,777)
Excess of loss expenses	(3,375)	--	(3,375)	(3,167)	--	(3,167)
<b>Net written premiums</b>	<b>38,981</b>	<b>--</b>	<b>38,981</b>	<b>40,979</b>	<b>--</b>	<b>40,979</b>
Changes in unearned premiums – net	23,343	--	23,343	10,774	--	10,774
<b>Net premiums earned</b>	<b>62,324</b>	<b>--</b>	<b>62,324</b>	<b>51,753</b>	<b>--</b>	<b>51,753</b>
Reinsurance commissions	9,826	--	9,826	4,409	--	4,409
Other underwriting income	20	--	20	24	--	24
<b>TOTAL REVENUES</b>	<b>72,170</b>	<b>--</b>	<b>72,170</b>	<b>56,186</b>	<b>--</b>	<b>56,186</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	59,117	--	59,117	41,825	--	41,825
Expenses incurred related to claims	1,530	--	1,530	1,897	--	1,897
Less: Reinsurers' share of claims paid	(11,914)	--	(11,914)	(10,532)	--	(10,532)
<b>Net claims and other benefits paid</b>	<b>48,733</b>	<b>--</b>	<b>48,733</b>	<b>33,190</b>	<b>--</b>	<b>33,190</b>
Change in net outstanding claims – net	3,960	--	3,960	861	--	861
Changes in claims incurred but not reported – net	(1,286)	--	(1,286)	4,730	--	4,730
<b>Net claims and other benefits incurred</b>	<b>51,407</b>	<b>--</b>	<b>51,407</b>	<b>38,781</b>	<b>--</b>	<b>38,781</b>
Provision / (reversal) of premium deficiency reserve	8,051	--	8,051	(4,224)	--	(4,224)
Other technical reserves	952	--	952	1,723	--	1,723
Policy acquisition costs	4,413	--	4,413	5,356	--	5,356
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>64,823</b>	<b>--</b>	<b>64,823</b>	<b>41,636</b>	<b>--</b>	<b>41,636</b>
<b>NET UNDERWRITING INCOME</b>	<b>7,347</b>	<b>--</b>	<b>7,347</b>	<b>14,550</b>	<b>--</b>	<b>14,550</b>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

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**21. SUPPLEMENTARY INFORMATION (continued)****INTERIM CONDENSED STATEMENT OF INCOME (continued)**

For the three-month period ended

	<i>30 September 2021 (Unaudited)</i>			<i>30 September 2020 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholder' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholder' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>						
(Provision)/ Reversal for impairment of premium receivables	(830)	--	(830)	485	--	485
(Provision)/ Reversal for impairment of reinsurance receivables	(496)	--	(496)	549	--	549
General and administration expenses	(22,317)	(905)	(23,222)	(18,583)	(877)	(19,460)
Commission income on deposits	30	187	217	174	204	378
Realized loss on investments	--	--	--	--	(1,899)	(1,899)
Unrealized gain on investments	--	1,529	1,529	--	4,923	4,923
Other income	1,036	123	1,159	505	78	583
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME - NET</b>	<b>(22,577)</b>	<b>934</b>	<b>(21,643)</b>	<b>(16,870)</b>	<b>2,429</b>	<b>(14,441)</b>
<b>(Loss) / Income before Surplus and Zakat</b>	<b>(15,230)</b>	<b>934</b>	<b>(14,296)</b>	<b>(2,320)</b>	<b>2,429</b>	<b>109</b>
<b>Surplus transferred to Shareholders (note 1)</b>	<b>15,230</b>	<b>(15,230)</b>	<b>--</b>	<b>2,320</b>	<b>(2,320)</b>	<b>--</b>
<b>NET (LOSS)/ INCOME FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT</b>	<b>--</b>	<b>(14,296)</b>	<b>(14,296)</b>	<b>--</b>	<b>109</b>	<b>109</b>
<b>Zakat charge</b>	<b>--</b>	<b>(129)</b>	<b>(129)</b>	<b>--</b>	<b>(523)</b>	<b>(523)</b>
<b>NET LOSS FOR THE PERIOD</b>	<b>--</b>	<b>(14,425)</b>	<b>(14,425)</b>	<b>--</b>	<b>(414)</b>	<b>(414)</b>
<b>Basic and diluted loss per share (SR per share)</b>		<b>(0.29)</b>			<b>(0.02)</b>	

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**21. SUPPLEMENTARY INFORMATION (continued)****INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME****For the three-month periods ended**

	<i>30 September 2021 (Unaudited)</i>			<i>30 September 2020 (Unaudited)</i>		
	<i>Insurance</i>	<i>Shareholders'</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholders'</i>	<i>Total</i>
	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>operations</i>	
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>NET (LOSS) FOR THE PERIOD</b>	--	(14,425)	(14,425)	--	(414)	(414)
Other comprehensive income / (loss)	--	--	--	--	--	--
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD</b>	--	(14,425)	(14,425)	--	(414)	(414)
Less: net income attributable to insurance operations			--			--
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS</b>			<b>(14,425)</b>			<b>(414)</b>

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### 21. SUPPLEMENTARY INFORMATION (continued)

#### INTERIM CONDENSED STATEMENT OF INCOME

For the nine-month period ended

	30 September 2021 (Unaudited)			30 September 2020 (Unaudited)		
	Insurance operations	Shareholder' operations	Total	Insurance operations	Shareholder' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b>REVENUES</b>						
Gross written premiums	252,092	--	252,092	241,396	--	241,396
Less: Reinsurance contracts premiums ceded						
-Local reinsurance	(1,592)	--	(1,592)	(2,297)	--	(2,297)
-Foreign reinsurance	(51,783)	--	(51,783)	(71,179)	--	(71,179)
Excess of loss expenses	(9,789)	--	(9,789)	(7,767)	--	(7,767)
<b>Net written premiums</b>	<b>188,928</b>	<b>--</b>	<b>188,928</b>	<b>160,153</b>	<b>--</b>	<b>160,153</b>
Changes in unearned premiums – net	(16,741)	--	(16,741)	3,560	--	3,560
<b>Net premiums earned</b>	<b>172,187</b>	<b>--</b>	<b>172,187</b>	<b>163,713</b>	<b>--</b>	<b>163,713</b>
Reissuance Commission	16,408	--	16,408	13,705	--	13,705
Other underwriting income	70	--	70	81	--	81
<b>TOTAL REVENUES</b>	<b>188,665</b>	<b>--</b>	<b>188,665</b>	<b>177,499</b>	<b>--</b>	<b>177,499</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	175,388	--	175,388	123,263	--	123,263
Expenses incurred related to claims	4,883	--	4,883	7,033	--	7,033
Less: Reinsurers' share of claims paid	(32,858)	--	(32,858)	(28,951)	--	(28,951)
<b>Net claims and other benefits paid</b>	<b>147,413</b>	<b>--</b>	<b>147,413</b>	<b>101,345</b>	<b>--</b>	<b>101,345</b>
Change in net outstanding claims - net	7,438	--	7,438	1,980	--	1,980
Changes in claims incurred but not reported - net	2,434	--	2,434	(385)	--	(385)
<b>Net claims and other benefits incurred</b>	<b>157,285</b>	<b>--</b>	<b>157,285</b>	<b>102,940</b>	<b>--</b>	<b>102,940</b>
Provision / (Reversal) for premium deficiency reserve	9,049	--	9,049	(3,801)	--	(3,801)
Other technical reserves	1,300	--	1,300	1,748	--	1,748
Policy acquisition costs	14,888	--	14,888	16,266	--	16,266
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>182,522</b>	<b>--</b>	<b>182,522</b>	<b>117,153</b>	<b>--</b>	<b>117,153</b>
<b>NET UNDERWRITING INCOME</b>	<b>6,143</b>	<b>--</b>	<b>6,143</b>	<b>60,346</b>	<b>--</b>	<b>60,346</b>

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**21. SUPPLEMENTARY INFORMATION (continued)**
**INTERIM CONDENSED STATEMENT OF INCOME (continued)**

For the nine-month period ended

	<i>30 September 2021 (Unaudited)</i>			<i>30 September 2020 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholder' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholder' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b><u>OTHER OPERATING (EXPENSES)/ INCOME</u></b>						
(Provision)/ reversal for impairment of premium receivables	(1,465)	--	(1,465)	2,833	--	2,833
Provision for impairment of reinsurance receivables	(630)	--	(630)	(21)	--	(21)
General and administration expenses	(69,333)	(2,775)	(72,108)	(51,699)	(3,039)	(54,738)
Commission income on deposits	233	374	607	735	720	1,455
Realized loss on investments	--	--	--	--	(1,899)	(1,899)
Unrealized gain on investments	--	9,034	9,034	--	1,955	1,955
Other income	657	340	997	6,243	505	6,748
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME – NET</b>	<b>(70,538)</b>	<b>6,973</b>	<b>(63,565)</b>	<b>(41,909)</b>	<b>(1,758)</b>	<b>(43,667)</b>
<b>(Loss)/ Income before Surplus and Zakat</b>	<b>(64,395)</b>	<b>6,973</b>	<b>(57,422)</b>	<b>18,437</b>	<b>(1,758)</b>	<b>16,679</b>
<b>Surplus transferred to Shareholders (note 1)</b>	<b>64,395</b>	<b>(64,395)</b>	<b>--</b>	<b>(16,593)</b>	<b>16,593</b>	<b>--</b>
<b>NET (LOSS)/ INCOME FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT</b>	<b>--</b>	<b>(57,422)</b>	<b>(57,422)</b>	<b>1,844</b>	<b>14,835</b>	<b>16,679</b>
Zakat charge	--	(1,130)	(1,130)	--	(2,403)	(2,403)
<b>NET (LOSS)/ INCOME FOR THE PERIOD</b>	<b>--</b>	<b>(58,552)</b>	<b>(58,552)</b>	<b>1,844</b>	<b>12,432</b>	<b>14,276</b>
<b>(LOSS)/ EARNINGS PER SHARE (Expressed in SR per share)</b>						
Weighted average number of shares (in thousands shares)		<b>50,000</b>			<b>20,000</b>	
<b>Basic and diluted (loss)/ earnings per share (SR per share)</b>		<b>(1.17)</b>			<b>0.62</b>	

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**21. SUPPLEMENTARY INFORMATION (continued)****INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

For the nine-month period ended

	<i>30 September 2021 (Unaudited)</i>			<i>30 September 2020 (Unaudited)</i>		
	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>
	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>operations</i>	
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>NET (LOSS)/ INCOME FOR THE PERIOD</b>	--	(58,552)	(58,552)	1,844	12,432	14,276
Other comprehensive income	--	--	--	--	--	--
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD</b>	--	(58,552)	(58,552)	1,844	12,432	14,276
Less: net income attributable to insurance operations			--			(1,844)
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD</b>						
<b>ATTRIBUTABLE TO THE SHAREHOLDERS</b>			<b>(58,552)</b>			<b>12,432</b>

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three- month and nine-month period ended 30 September 2021

### 21. SUPPLEMENTARY INFORMATION (continued)

#### INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine-month period ended

#### CASH FLOWS FROM OPERATING ACTIVITIES

Net (loss) / income for the period

Adjustments for non-cash items:

Depreciation on property and equipment

Amortization on right-of-use assets

Amortization on intangible assets

Provision / (Reversal) for impairment of premium receivables

Provision for impairment of reinsurance receivables

Finance cost

Realized gain on investments held at FVIS

Unrealized gain on investments held at FVIS

Changes in operating assets and liabilities:

Premiums receivable – net

Due from reinsurers – net

Reinsurers' share of unearned premiums

Reinsurer's share of outstanding claims

Reinsurer's share of claims incurred but not reported

Deferred excess of loss claims

Deferred policy acquisition costs

Prepayments and other assets

Due from shareholders' operations

Due to policyholders

Accrued expenses and other liabilities

Due to reinsurers

Due to brokers

Unearned premiums

30 September 2021 (Unaudited)			30 September 2020 (Unaudited)		
Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholder' operations	Total
SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
--	(57,422)	(57,422)	1,844	14,835	16,679
(146)	--	(146)	1,609	--	1,609
817	--	817	802	--	802
1,339	--	1,339	1,033	--	1,033
1,465	--	1,465	(2,833)	--	(2,833)
630	--	630	21	--	21
100	--	100	--	--	--
--	--	--	--	1,899	1,899
--	(9,034)	(9,034)	--	(1,955)	(1,955)
4,205	(66,456)	(62,251)	2,476	14,779	17,255
(24,925)	--	(24,925)	13,183	--	13,183
(15,742)	--	(15,742)	1,568	--	1,568
7,281	--	7,281	(5,800)	--	(5,800)
(351)	--	(351)	(329)	--	(329)
(1,094)	--	(1,094)	4,146	--	4,146
(2,469)	--	(2,469)	(243)	--	(243)
(801)	--	(801)	(678)	--	(678)
(12,399)	(55)	(12,454)	(16,706)	(153)	(16,859)
(28,157)	28,157	--	2,484	(2,484)	--
(1,135)	--	(1,135)	(664)	--	(664)
(8,493)	(277)	(8,770)	1,235	(505)	730
4,980	--	4,980	11,207	--	11,207
(2,471)	--	(2,471)	86	--	86
9,460	--	9,460	2,242	--	2,242



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### 21. SUPPLEMENTARY INFORMATION (continued)

#### INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the nine-month period ended

	30 September 2021 (Unaudited)			30 September 2020 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholder' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>						
<u>Changes in operating assets and liabilities (continued)</u>						
Unearned reinsurance commission	(675)	--	(675)	1,469	--	1,469
Outstanding claims	10,257	--	10,257	2,549	--	2,549
Claims incurred but not reported	3,527	--	3,527	(4,530)	--	(4,530)
Premium deficiency reserve	9,049	--	9,049	(3,801)	--	(3,801)
Other technical reserves	1,299	--	1,299	1,748	--	1,748
Employees defined benefit obligations	103		103	734	--	734
	(52,756)	27,825	(24,931)	9,900	(3,142)	6,758
Surplus paid to policy holders	--	--	--	(32)	--	(32)
Zakat paid	--	(3,335)	(3,335)	--	(3,189)	(3,189)
<b>Net cash generated from / (used in) operating activities</b>	<b>(48,551)</b>	<b>(41,966)</b>	<b>(90,517)</b>	<b>12,344</b>	<b>8,448</b>	<b>20,792</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Additions to property and equipment	(6,362)	--	(6,362)	(2,346)	--	(2,346)
Additions to intangible assets	(4,369)	--	(4,369)	(1,504)	--	(1,504)
Proceed from disposal of investments held at FVIS	--	--	--	--	10,729	10,729
Proceeds from maturity of Murabaha deposits	--	--	--	30,000	--	30,000
<b>Net cash (used in) / generated from investing activities</b>	<b>(10,731)</b>	<b>--</b>	<b>(10,731)</b>	<b>26,150</b>	<b>10,729</b>	<b>36,879</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Increase in share capital	--	300,000	300,000	--	--	--
Statutory deposit	--	(55,000)	(55,000)	--	--	--
Transaction costs	--	(4,818)	(4,818)	--	--	--
Payment of lease liabilities	(254)	--	(254)	(615)	--	(615)
<b>Net cash generated form/ (used) in financing activities</b>	<b>(254)</b>	<b>240,182</b>	<b>239,928</b>	<b>(615)</b>	<b>--</b>	<b>(615)</b>
Net (decrease)/ increase in cash and cash equivalents	(59,536)	198,216	138,680	37,879	19,177	57,056
Cash and cash equivalents at the beginning of the period	83,775	77,619	161,394	45,258	68,557	113,815
<b>Cash and cash equivalents at the end of the period</b>	<b>24,239</b>	<b>275,835</b>	<b>300,074</b>	<b>83,137</b>	<b>87,734</b>	<b>170,871</b>

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#### **22. IMPACT OF COVID 19 OUTBREAK AND SUBSEQUENT EVENTS**

The outbreak of novel coronavirus (COVID-19), since early 2020, has spread across mainland China and then globally including the Kingdom of Saudi Arabia. The declaration of this pandemic by the World Health Organization has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in global trade. It has resulted in decreased economic activity and lowered estimates for future economic growth and has caused global financial markets to experience significant volatility. The Company has considered the following while assessing the impact of COVID-19 outbreak:

##### **Financial assets**

The Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. 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 available-for-sale, the Company has performed an assessment to determine whether there is a significant 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 nine-month period ended 30 September 2021. The Company's management continues to monitor the situation closely.

##### **Credit risk management**

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

- Foods
- Airlines
- Freight companies
- Hotels
- Retail
- Construction
- Entertainment
- Tourism

##### **Liquidity Risk**

The Company is aware of the need to keep a close focus on liquidity management during this period and has enhanced its monitoring of current liquidity needs as well as the pandemic in its entirety. The Company regularly reviews and updates the liquidity forecast based on the individual liquidity balance as well as the continued development of external economic factors.

#### **23. APPROVAL OF THE FINANCIAL STATEMENTS**

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on 1 November 2021, corresponding to 26th Rabi ul Awal, 1443h.