

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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

**TO: THE SHAREHOLDERS OF CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Chubb Arabia Cooperative Insurance Company** (the "Company") as at 30 September 2022, and the related interim condensed statement of income and comprehensive income for the three and nine month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine month period ended 30 September 2022, 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* ("IAS 34") as is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express conclusion on these interim condensed financial statements based on our review.

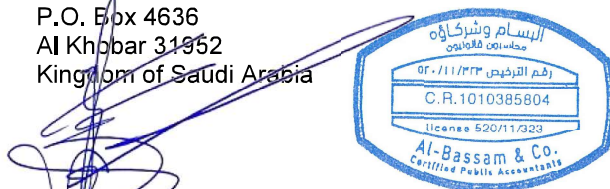
Scope of review

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 as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Al-Bassam & Co.
P.O. Box 4636
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Ibrahim Ahmed Al Bassam
Certified Public Accountant
Licence No. 337

KPMG Professional Services
P.O. Box 4803
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Abdulaziz Abdullah Alnaim
Certified Public Accountant
Licence No. 394

16 Rabi' II 1444H
10 November 2022G

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

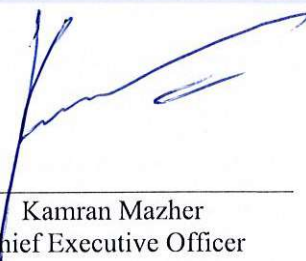
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	5	163,203,830	186,043,885
Premiums and reinsurance balances receivable, net	6	96,201,648	151,583,164
Reinsurers' share of unearned premiums	17.2	70,666,822	102,701,355
Reinsurers' share of outstanding claims	17.1	105,146,143	48,128,358
Reinsurers' share of claims incurred but not reported	17.1	58,230,179	48,309,514
Deferred policy acquisition costs	17.3	8,629,371	6,429,477
Deferred excess of loss premiums		1,789,214	-
Investments held for trading	7	91,263,115	102,150,678
Investments available for sale	7	1,932,078	1,932,078
Prepaid expenses and other assets		23,177,593	23,397,934
Term deposits		107,363,730	57,236,755
Property and equipment		2,067,461	2,323,765
Intangible assets		4,237,391	2,798,598
Goodwill	8	43,774,750	43,774,750
Statutory deposit	11	30,000,000	30,000,000
Accrued income on statutory deposit	11	2,734,584	2,406,669
TOTAL ASSETS		810,417,909	809,216,980

The interim condensed financial statements appearing on pages 1 to 44 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Emad Alkhateeb
Chief Financial Officer



Kamran Mazher
Chief Executive Officer



Abdulaziz Elkhareiji
Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2022

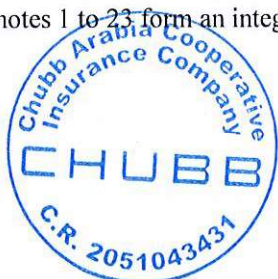
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	30 September 2022 (Unaudited)	31 December 2021 (Audited)
LIABILITIES			
Accounts payable		33,821,195	41,043,098
Accrued and other liabilities		8,952,537	12,751,559
Surplus distribution payable	16	3,025,947	2,180,026
Reinsurers' balances payable	10	53,454,715	85,044,497
Unearned premiums	17.2	112,511,370	137,001,880
Unearned reinsurance commission income		10,449,038	9,130,990
Outstanding claims	17.1	125,700,267	60,486,403
Claims incurred but not reported	17.1	71,524,998	64,178,785
Additional premium reserves	17.1	1,087,521	2,824,722
Other technical reserves	17.1	6,421,257	5,193,211
End-of-service indemnities		11,194,603	10,968,262
Provision for zakat and income tax	14	10,439,115	19,305,244
Accrued commission income payable to SAMA	11	2,734,584	2,406,669
TOTAL LIABILITIES		451,317,147	452,515,346
EQUITY			
Share capital	12	300,000,000	300,000,000
Statutory reserve		40,407,527	39,927,701
Retained earnings		21,856,117	19,936,815
Re-measurement reserve of end-of-service indemnities		(3,162,882)	(3,162,882)
TOTAL EQUITY		359,100,762	356,701,634
TOTAL LIABILITIES AND EQUITY		810,417,909	809,216,980
COMMITMENTS AND CONTINGENCIES	13	-	-

The interim condensed financial statements appearing on pages 1 to 44 were approved by the Board of Directors of the Company and have been signed on their behalf by:

		
Emad Alkhateeb Chief Financial Officer	Kamran Mazher Chief Executive Officer	Abdulaziz Elkhareiji Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

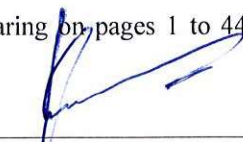
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	For the three month period ended 30 September		For the nine month period ended 30 September	
		2022	2021	2022	2021
REVENUE					
Gross premiums written	9,15	55,666,760	42,902,941	199,828,337	192,068,976
Less: Reinsurance premiums ceded					
- Local		(2,556,807)	(1,319,107)	(8,033,749)	(6,285,803)
- Foreign		(27,225,807)	(22,371,831)	(105,119,938)	(95,749,428)
Excess of loss expenses		(1,789,218)	(1,213,749)	(5,390,148)	(3,856,297)
Net premiums written		24,094,928	17,998,254	81,284,502	86,177,448
Changes in unearned premiums		20,441,324	28,781,698	24,490,510	20,070,906
Changes in reinsurers' share of unearned premiums		(20,150,080)	(21,381,302)	(32,034,533)	(32,202,134)
Net premiums earned		24,386,172	25,398,650	73,740,479	74,046,220
Reinsurance commission income		6,355,835	5,674,278	18,444,344	17,169,393
TOTAL REVENUE		30,742,007	31,072,928	92,184,823	91,215,613
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		(19,172,263)	(19,755,717)	(39,879,772)	(53,205,542)
Expenses incurred related to claims		(398,461)	(471,617)	(1,060,061)	(1,280,964)
Reinsurers' share of gross claims paid		7,409,655	7,799,866	11,880,920	22,007,024
Net claims and other benefits paid		(12,161,069)	(12,427,468)	(29,058,913)	(32,479,482)
Changes in outstanding claims		(48,231,141)	(2,115,172)	(65,213,864)	(20,117,119)
Changes in reinsurers' share of outstanding claims		47,610,583	2,517,171	57,017,785	16,582,400
Changes in claims incurred but not reported ("IBNR")		(8,170,673)	(3,404,887)	(7,346,213)	(10,862,973)
Changes in reinsurance share of IBNR		8,339,854	2,754,797	9,920,665	10,145,331
Net claims and other benefits incurred		(12,612,446)	(12,675,559)	(34,680,540)	(36,731,843)
Additional premium reserves		707,218	(48,988)	1,737,201	1,285,413
Other technical reserves		(806,369)	(256,592)	(1,228,046)	(1,202,988)
Policy acquisition costs	17.3	(5,101,422)	(4,221,743)	(14,390,010)	(12,285,510)
Other underwriting expenses		(2,038,426)	(1,643,130)	(5,655,029)	(4,087,300)
TOTAL UNDERWRITING COSTS AND EXPENSES		(19,851,445)	(18,846,012)	(54,216,424)	(53,022,228)
NET UNDERWRITING INCOME		10,890,562	12,226,916	37,968,399	38,193,385

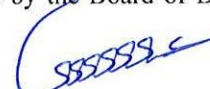
The interim condensed financial statements appearing on pages 1 to 44 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Emad Alkhateeb
Chief Financial Officer



Kamran Mazher
Chief Executive Officer



Abdulaziz Elkhareiji
Board Member

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




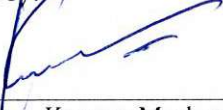
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	For the three month period ended 30 September		For the nine month period ended 30 September	
		2022	2021	2022	2021
OTHER (EXPENSES) / INCOME					
(Allowance) / reversal of allowance for impairment of doubtful debts	6	(244,273)	84,580	(1,490,602)	(1,060,799)
General and administrative expenses		(12,284,690)	(10,076,781)	(34,732,178)	(29,709,743)
Dividend		192,579	167,298	565,106	489,253
Interest and commission income		1,931,123	1,284,980	4,789,213	3,923,995
Realized loss on disposal of investments held for trading	7	-	(13,938)	(100,833)	(1,792)
Un-realized losses on investments held for trading	7	(2,142,731)	(381,954)	(6,053,136)	(1,237,895)
Other income, net		3,328,666	3,180	4,341,906	299,445
TOTAL OTHER EXPENSES		(9,219,326)	(8,932,635)	(32,680,524)	(27,297,536)
Income before surplus attribution, zakat and income tax		1,671,236	3,294,281	5,287,875	10,895,849
Income attributed to insurance operations	21	(281,305)	(393,070)	(845,921)	(1,249,616)
Income attributed to shareholders before zakat and income tax		1,389,931	2,901,211	4,441,954	9,646,233
Zakat charge	14	(719,766)	(535,494)	(1,771,164)	(1,549,165)
Income tax charge	14	(284,910)	(184,496)	(271,662)	(600,850)
Net income attributable to shareholders		385,255	2,181,221	2,399,128	7,496,218
Earnings per share					
Basic and diluted EPS	20	0.01	0.07	0.08	0.25
Weighted average number of outstanding shares	12	30,000,000	30,000,000	30,000,000	30,000,000

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Emad Alkhateeb
Chief Financial Officer


Kamran Mazher
Chief Executive Officer


Abdulaziz Elkhareiji
Board Member



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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

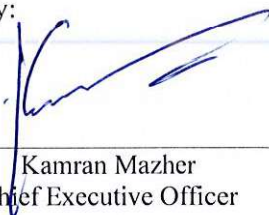
(All amounts expressed in Saudi Riyals unless otherwise stated)

	<u>For the three month period ended 30 September</u>		<u>For the nine month period ended 30 September</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Total income for the period	666,560	2,574,291	3,245,049	8,745,834
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	666,560	2,574,291	3,245,049	8,745,834
Net comprehensive income attributed to the insurance operations	(281,305)	(393,070)	(845,921)	(1,249,616)
Net comprehensive income for the period attributable to the shareholders	385,255	2,181,221	2,399,128	7,496,218

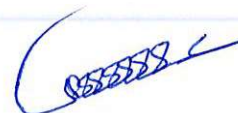
The interim condensed financial statements appearing on pages 1 to 44 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Emad Alkhateeb
Chief Financial Officer



Kamran Mazher
Chief Executive Officer



Abdulaziz Elkhareiji
Board Member



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

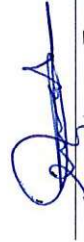
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

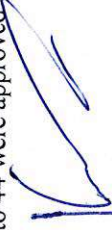
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Re-measurement reserve of end-of-service indemnities	Total equity
Balance at 1 January 2022 (Audited)	300,000,000	39,927,701	19,936,815	(3,162,882)	356,701,634
Net income for the period attributable to shareholders	-	-	2,399,128	-	2,399,128
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	2,399,128	-	2,399,128
Transfer to statutory reserve	-	479,826	(479,826)	-	-
Balance at 30 September 2022 (Unaudited)	300,000,000	40,407,527	21,856,117	(3,162,882)	359,100,762
Balance at 1 January 2021 (Audited)	200,000,000	38,495,248	114,207,005	(2,583,949)	350,118,304
Net income for the period attributable to shareholders	-	-	7,496,218	-	7,496,218
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	7,496,218	-	7,496,218
Additional capital through bonus shares	100,000,000	-	(100,000,000)	-	-
Transfer to statutory reserve	-	1,499,244	(1,499,244)	-	-
Balance at 30 September 2021 (Unaudited)	300,000,000	39,994,492	20,203,979	(2,583,949)	357,614,522

The interim condensed financial statements appearing on pages 1 to 44 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Emad Alkhateeb
Chief Financial Officer



Kamran Mazher
Chief Executive Officer



Abdulaziz Elkhereiji
Board Member



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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	For the nine month period ended 30 September	
	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net income before surplus distribution, zakat and income tax for the period	5,287,875	10,895,849
Adjustments for:		
Depreciation of property and equipment	478,504	267,849
Amortization of intangible assets	202,341	196,552
Depreciation of right-of-use-assets	-	808,875
Gain on sale of property and equipment	-	(4,000)
Allowance for impairment of doubtful debts	1,490,602	1,060,799
Unrealised losses on investments held for trading	6,053,136	1,237,895
Realised losses on investments held for trading	100,833	1,792
Interest on lease obligations	-	3,563
Provision for end-of-service indemnities	1,287,965	1,084,043
	14,901,256	15,553,217
Changes in operating assets and liabilities:		
Premiums and insurance balances receivable	53,890,914	39,273,845
Reinsurers' share of unearned premiums	32,034,533	32,202,134
Reinsurers' share of outstanding claims	(57,017,785)	(16,582,400)
Reinsurers' share of claims incurred but not reported	(9,920,665)	(10,145,331)
Deferred policy acquisition costs	(2,199,894)	(1,423,934)
Deferred excess of loss premiums	(1,789,214)	(1,213,751)
Prepaid expenses and other assets	220,341	(1,183,521)
Accounts payable	(7,221,903)	2,986,753
Accrued and other liabilities	(3,799,022)	(11,003,636)
Reinsurers' balances payable	(31,589,782)	(41,753,293)
Unearned premiums	(24,490,510)	(20,070,906)
Unearned reinsurance commission income	1,318,048	814,081
Outstanding claims	65,213,864	20,117,119
Claims incurred but not reported	7,346,213	10,862,973
Additional premium reserves	(1,737,201)	(1,285,413)
Other technical reserves	1,228,046	1,202,988
Cash generated from operations	36,387,239	18,350,925
Surplus paid to policyholders	-	(1,802)
Zakat and income tax paid	(10,908,955)	(11,609,770)
End-of-service indemnities paid	(1,061,624)	(271,479)
Net cash used in operating activities	24,416,660	6,467,874

The interim condensed financial statements appearing on pages 1 to 44 were approved by the Board of Directors of the Company and have been signed on their behalf by:

 Emad Alkhateeb Chief Financial Officer	 Kamran Mazher Chief Executive Officer	 Abdulaziz Elkhareiji Board Member
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The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED) (UNAUDITED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

	For the nine month period ended 30 September	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments held for trading	(9,672,610)	(7,061,791)
Proceeds from disposal of investments held for trading	14,406,204	11,917,400
Additions in term deposits - net	(50,126,975)	(19,854,713)
Proceeds from sale of property and equipment	-	4,000
Purchase of property and equipment	(222,200)	(1,826,368)
Purchase of intangible assets	(1,641,134)	(2,515,248)
Net cash used in investing activities	(47,256,715)	(19,336,720)
CASH FLOWS FROM FINANCING ACTIVITY		
Statutory deposit	-	(10,000,000)
Payment under lease obligations	-	(1,122,227)
Net cash used in financing activity	-	(11,122,227)
Net changes in cash and cash equivalents	(22,840,055)	(23,991,080)
Cash and cash equivalents at 1 January	186,043,885	135,793,642
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	163,203,830	111,802,562

The interim condensed financial statements appearing on pages 1 to 44 were approved by the Board of Directors of the Company and have been signed on their behalf by:

		
Emad Alkhateeb Chief Financial Officer	Kamran Mazher Chief Executive Officer	Abdulaziz Elkhareiji Board Member



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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Chubb Arabia Cooperative Insurance Company (“the Company”) is a Saudi Joint Stock Company registered on 28 Rajab 1430H (corresponding to 21 July 2009) under commercial registration number 2050066029 which was later amended to 2051043431 dated 9 Sha’aban 1431H (corresponding to 21 July 2010), issued in Al-Khobar, Kingdom of Saudi Arabia. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

The activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 21 Dhul-Hijjah, 1430H (corresponding to 8 December 2009), the Company received the license from Saudi Central Bank (“SAMA”) to transact insurance business in the Kingdom of Saudi Arabia.

Surplus from insurance operations is distributed in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO

The Company started its insurance operations on 1 February 2010. The Company acquired the insurance portfolio and the net assets of Ace Arabia Insurance Company BSC and International Insurance Company BSC with effect from 1 January 2009 as set forth in SAMA’s guidelines in this respect, following the approval on the transfer from the respective authorities in the year 2012.

3. BASIS OF PREPARATION

(a) Basis of presentation

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

The Company’s statement of interim condensed financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available for sale investments, right-of-use assets, property and equipment, intangible asset, goodwill, statutory deposit, accrued income on statutory deposit, provision for end-of-service indemnities, lease liabilities, certain engineering related unearned premiums, reinsurance share of unearned premiums, reinsurance unearned commission, deferred policy acquisition cost and accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current unless, stated otherwise.

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

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3. BASIS OF PREPARATION (CONTINUED)

(a) Basis of presentation (continued)

The interim condensed statement of financial position, interim condensed statements of income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in note 21 of the financial statements have been provided only as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

The interim condensed 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 2021. The interim condensed financial statements may not be considered indicative of the expected results for the full year.

Amounts in these interim condensed financial statements are expressed in Saudi Arabian Riyals ("SR") which is the Company's functional and presentation currency. Figures have been rounded off to the nearest Riyal, unless otherwise stated.

(b) Seasonality of operations

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

(c) Critical accounting judgements estimates and assumptions

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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

In preparing these interim condensed financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021. There is no change in the following key accounting judgements and estimates from 31 December 2021:

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4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting and risk management 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 2021.

4.1 New standards, amendments to standards and interpretations

Amendment

A number of new amendments to standards, enlisted below, are effective this year but they do not have a material effect on the Company's Financial Statements, except for where referenced below.

New amendments to standards issued and applied effective in year 2022

Amendments to standard	Description	Effective for annual years beginning on or	Summary of the amendment
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 1, 2022	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.
IFRS 16, IFRS 9, IAS 41 and IFRS 1	Annual Improvements to IFRS Standards 2018–2020	January 1, 2022	IFRS 16: The amendment removes the illustration of the reimbursement of leasehold improvements IFRS 9: The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender. The amendment is to be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. IAS 41: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. IFRS 1: The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation difference.
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	January 1, 2022	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. Additionally, the amendments also clarify the meaning of 'testing whether an asset is functioning properly'.
IFRS 3	Reference to the Conceptual Framework	January 1, 2022	The amendment as a whole updated IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting year beginning on January 1, 2022 and is currently assessing their impact:

Amendments to standard	Description	Effective for annual years beginning on or after	Summary of the amendment
IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023	The amendment has clarified what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument the terms of a liability would not impact its classification.
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	January 1, 2023	This amendment deals with assisting entities to decide which accounting policies to disclose in their financial statements
IAS 8	Amendment to definition of accounting estimate	January 1, 2023	This amendments regarding the definition of accounting estimates to help entities to distinguish between accounting policies and accounting estimates.
IAS 12	Income taxes	January 1, 2023	This amendment deals with clarification regarding accounting of deferred tax on transactions such as leases and decommissioning obligations
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	N/A	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary.

i) IFRS 9 Financial Instruments

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

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 interim condensed statement of income 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 New standards, amendments and revised IFRS issued but not yet effective (continued)

i) IFRS 9 Financial Instruments (continued)

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 statement of income if doing so eliminates or significantly reduces an accounting mismatch. For equity instruments that are not held for trading, an entity can also make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the instruments (including realized gains and losses), dividends being recognized in interim condensed statement of income.

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 interim condensed statement of income.

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.

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:
 - a) the effective date of a new insurance contract standard; or
 - b) annual reporting periods beginning on or after 1 January 2023. On 17 March 2021, the International Accounting Standards Board ("IASB") decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from 1 January 2022 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;
- 2) adopt IFRS 9 but, for designated financial assets, remove from interim condensed statement of income 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 is eligible and has chosen to apply temporary exemption under IFRS 9.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 New standards, amendments and revised IFRS issued but not yet effective (continued)

i) IFRS 9 Financial Instruments (continued)

The Company has performed a detailed assessment beginning January 1, 2018: (1) The carrying amount of the Company's liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company's liabilities connected with insurance were compared to the total carrying amount of all its liabilities. The Company's total liabilities were SAR 409.8 million and liabilities connected with insurance in the statement of financial position primarily included the liabilities arising in the course of writing insurance business and were valued at SAR 327.9 million. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard. Disclosures related to financial assets required during the deferral period are included in the Company's financial statements.

As at 30 September 2022, the Company has total financial assets and insurance related assets amounting to SAR 610.3 million (31 December 2021: SAR 592.7 million) and SAR 340.7 million (31 December 2021: SAR 357.2 million), respectively. Currently, financial assets held at amortized cost consist of loans and receivable (cash and cash equivalents, terms deposit, premiums and reinsurance balances receivable and certain other receivables) amounting to SAR 517.1 million (31 December 2021: SAR 488.6 million). Financial assets held at amortized cost are expected to meet the SPPI test as required by IFRS 9 and the Company expects to measure such assets at amortized cost. Financial assets consist of available for sale investment amounting to SAR 1.9 million (31 December 2021: SAR 1.9 million), the Company expect to use the FVOCI classification of financial assets based on the business model of the Company for these strategic nature of equity investments. Investments in bonds and sukuks and equity instruments, currently, held for trading are expected to be classified at amortized cost. Equity instruments, currently, held for trading is expected to be classified at FVTPL.

The Company's financial assets have low credit risk as at 30 September 2022 and 31 December 2021. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9: However, the impact of the same is not expected to be significant.

At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

ii) IFRS 17 Insurance Contracts

Overview

This standard was 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:

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

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 New standards, amendments and revised IFRS issued but not yet effective (continued)

ii) IFRS 17 Insurance Contracts (continued)

Measurement

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

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

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

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

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

The CSM is adjusted subsequently for changes in cash flows related to future services but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in interim condensed statement of income.

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 New standards, amendments and revised IFRS issued but not yet effective (continued)

ii) IFRS 17 Insurance Contracts (continued)

Effective date

The effective date of IFRS 17 is currently 1 January 2023 and will supersede IFRS 4 “Insurance Contracts”. Earlier adoption is permitted if both IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the interim condensed statement of income and the interim condensed statement of financial position. The Company has decided not to early adopt this new standard.

Transition

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

Impact assessment:

Presentation and Disclosures

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

Impact

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these interim condensed financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company.

Impact Area	Summary of Impact
Financial Impact	Based on the initial assessment, the majority of Company’s products (which provide cover for annual periods or less) are expected to be measured using the simplified approach (PAA) which requires less changes to the existing approach under IFRS 4. As a result, the financial impact of measuring contracts under IFRS 17 is not expected to be significant.
Data Impact	Where the GMM is applied to measure the Liability for Remaining Coverage, additional data to inform the assumptions made will be required to generate cash-flow models. Yield curves and other financial market information will also be required to determine suitable discount rates and the credit risk of reinsurers.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 New standards, amendments and revised IFRS issued but not yet effective (continued)

ii) IFRS 17 Insurance Contracts (continued)

Impact Area	Summary of Impact
IT Systems	Cash-flow models will be required to cater for the calculation of the Liability for Remaining Coverage. In addition, model development will be required to allow for the calculation, updating and amortization of the Contractual Service Margin. Amendments will also be required to the current chart of accounts and reporting disclosures.
Process Impact	A process will need to be established to assess the expected profitability of contracts issued, at the issuing date. Cost allocation processes will need refinement to ensure directly attributable costs are identified according to the requirements of IFRS 17 and are then used as part of cash flow projections. The financial statement close process will also require changes to allow for more frequent interaction between the finance and actuarial teams.
Impact on RI Arrangements	IFRS 17 is not expected to significantly impact the structure of the reinsurance arrangements currently in place for the Company. It is however expected that further insight into the expected (and subsequently actual) performance of reinsurance treaties will be derived under IFRS 17.
Impact on Policies & Control Frameworks	Various decisions need to be made and policies drafted which cover the below (amongst other items): <ul style="list-style-type: none"> • Allocating directly attributable expenses • Onerous contract identification and measurement • Risk adjustment

The Company is currently assessing the impact of the application and implementation of IFRS 17 and has completed the Design phase on 31 March 2021. This will be followed by the implementation phase, which will involve refinement of phase 3 design decisions, implementing changes to the accounting, actuarial modelling, processes and controls, data and systems, and performing user acceptance testing, dry runs, parallel runs and transition calculation to get the Company compliant with IFRS 17 by 1 January 2023. As of the date of the publication of these interim condensed financial statements, the Company has submitted Phase 3 Implementation plan to SAMA.

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5. CASH AND CASH EQUIVALENTS

	Insurance operations	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Cash in hand	20,000	-
Cash at banks		
- Current accounts	33,840,769	11,555,000
- Time deposits	-	25,712,250
Total	33,860,769	37,267,250
	Shareholders' operations	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Cash at banks		
- Current accounts	4,265,149	2,667,046
- Time deposits	125,077,912	146,109,589
Total	129,343,061	148,776,635
Total cash and cash equivalents	163,203,830	186,043,885

Deposits are placed with local banks with original maturities of less than three months and earn financial income at rates ranging from 2.30% to 3.45% per annum (31 December 2021: 0.7 % to 1.35% per annum). Bank balances are placed with counterparties with sound credit ratings.

6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET

	Insurance operations	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Policyholders	34,471,513	25,332,322
Brokers and agents	64,721,789	118,661,510
Receivables from insurance and reinsurance companies	7,044,641	4,422,305
Premiums and reinsurance receivables from related parties (note 9)	15,990	11,728,710
	106,253,933	160,144,847
Less: allowance for impairment of doubtful debts	(10,052,285)	(8,561,683)
Premium and reinsurance account receivable, net	96,201,648	151,583,164
Movement in provision for impairment of doubtful receivables		
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Balance at 1 January	8,561,683	9,351,081
Allowance / (reversal) for impairment of doubtful debts for the period / year	1,490,602	(789,398)
Closing balance	10,052,285	8,561,683

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7. INVESTMENTS

	Insurance operations	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Investments held for trading	35,879,791	39,755,154
Total	35,879,791	39,755,154
	Shareholders' operations	
	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Investments held for trading	55,383,324	62,395,524
Investments available for sale *	1,932,078	1,932,078
Total	57,315,402	64,327,602
Total investments held for trading	91,263,115	102,150,678
Total investments available for sale*	1,932,078	1,932,078
Total investments	93,195,193	104,082,756

*This represents an investment in respect of the Company's shareholding in Najm for Insurance Services which provides loss determination services for motor class. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value. There has been no movement in this investment between the period ended 30 September 2022 and during the year ended 31 December 2021. During the period, the Company has received 497,347 bonus shares based on shareholders' approval.

a) Category wise analysis is as follows:

Insurance operations

	Domestic		International		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Sukuk and bonds	16,689,903	20,014,283	9,360,045	9,146,135	26,049,948	29,160,418
Equity securities	9,829,843	10,594,736	-	-	9,829,843	10,594,736
Total	26,519,746	30,609,019	9,360,045	9,146,135	35,879,791	39,755,154

Shareholders' operations

	Domestic		International		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Sukuk and bonds	28,898,909	33,703,928	12,142,472	11,864,972	41,041,381	45,568,900
Equity securities	16,274,021	18,758,702	-	-	16,274,021	18,758,702
Total	45,172,930	52,462,630	12,142,472	11,864,972	57,315,402	64,327,602

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7. INVESTMENTS (CONTINUED)

Movement in the investment held for trading balance is as follows

	Insurance operations		Shareholders' operations	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)
At the beginning of the period / year	39,755,154	40,105,314	62,395,524	61,536,115
Purchase during the period / year	5,585,488	8,405,791	4,087,122	12,145,756
Disposals during the period / year	(6,271,020)	(7,915,357)	(8,135,184)	(10,268,326)
Unrealised losses	(3,124,952)	(843,695)	(2,928,184)	(1,022,019)
Realised (losses) gains	(64,879)	3,101	(35,954)	3,998
At the end of the period / year	<u>35,879,791</u>	<u>39,755,154</u>	<u>55,383,324</u>	<u>62,395,524</u>

8. GOODWILL

The Company entered into a purchase agreement whereby it has purchased the insurance business operations in the Kingdom of Saudi Arabia of Ace Arabia Insurance Company BSC and International Insurance Company BSC. The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA and the value of goodwill was estimated at SR 43.77 million.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, companies related to shareholders ("affiliates") and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of major related parties' transactions during the period and the related balances at the end of the period / year:

<i>Related parties</i>	<i>Nature of transactions</i>	For the nine months period ended 30 September	
		2022 (Unaudited)	2021
Affiliates	Gross written premiums	88,682	442,624
	Rent	1,119,524	818,798
	Claim expenses	2,363,333	2,261,293
Board of Directors	Remuneration	1,068,750	1,068,750
	Meeting fee and expenses	1,545,992	1,106,000
Shareholders	Reinsurance premiums ceded	40,916,858	39,731,135
	Reinsurers' share of gross claims	3,349,000	3,070,312
	Reinsurance commission income	7,813,858	6,734,511

The following are the details of related parties' balances as at:

<i>Nature</i>	<i>Relationship</i>	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Premiums and reinsurance receivables	Affiliates	15,990	11,728,710
Reinsurers' balances payable	Affiliates	23,891,209	12,989,029

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9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Remuneration and compensation of BOD Members and Executives

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The following table shows the salaries, remuneration and allowances obtained by the Board members and key management personnel for the period ended 30 September 2022 and 2021:

<u>Period-ended 30 September 2022</u>	BOD members (Executives) (Unaudited)	BOD members (Non-Executive) (Unaudited)	Key management (Unaudited)
Salaries and compensation	-	-	3,123,569
End of service indemnities	-	-	248,066
Travel expenses	-	328,742	-
Annual remuneration and meeting fees	252,500	2,033,500	-
Total	252,500	2,362,242	3,371,635

<u>Period-ended 30 September 2021</u>	BOD members (Executives) (Unaudited)	BOD members (Non-Executive) (Unaudited)	Key management (Unaudited)
Salaries and compensation	-	-	3,097,892
End of service indemnities	-	-	267,266
Annual remuneration and meeting fees	248,750	1,926,000	-
Total	263,915	1,926,000	3,365,158

10. REINSURERS' BALANCES PAYABLE

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Related parties (note 9)	23,891,209	12,989,029
Others	29,563,506	72,055,468
	53,454,715	85,044,497

11. STATUTORY DEPOSIT

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

In accordance with the instruction received from the Saudi Central Bank (SAMA) vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 30 September 2022 as an asset and a liability in these interim condensed financial statements.

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12. SHARE CAPITAL

The authorised, issued and paid-up share capital is SR 300 million at 30 September 2022 consisting of 30 million shares (31 December 2021: SR 300 million consisting of 30 million shares) of SR 10 each.

Shareholding structure of the Company as at 30 September 2022 and 31 December 2021 are as below:

Shareholder	Country	Shareholding percentage	
		(Unaudited) 30 September	(Audited) 31 December 2021
Chubb International Holding Co.	USA	30	30
El-Khereiji Investment Company	Saudi Arabia	25	20
El-Khereiji Real Estate	Saudi Arabia	-	5
International Corporation for Trade and Contract Services	Saudi Arabia	5	5
General Public	Saudi Arabia	40	40
		100	100

In 2021, the share capital of the Company was increased from SR 200 million to SR 300 million by way of issuance of bonus shares by granting one share for every two shares owned which was approved by shareholders in Extra Ordinary General Assembly meeting held on 14 July 2021 corresponding to 4 Dul Hijjah 1442H. The increase in share capital was funded by capitalizing of SR 100 million from the retained earnings. The legal formalities were completed in the same year.

13. COMMITMENTS AND CONTINGENCIES

Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholder's insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material impact on the Company's results or financial position.

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Letter of guarantees	-	9,500,821

14. ZAKAT AND INCOME TAX

- (a) Income tax has been provided for based on the estimated taxable profit at the rate of 20% per annum for foreign shareholders.

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

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
At the beginning of the period / year	19,305,244	19,536,736
Zakat charge for the period / year	1,771,164	5,638,068
Tax (reversal) / charge for the period / year	271,662	735,297
Paid during the period / year	(10,908,955)	(6,604,857)
At the end of the period / year	10,439,115	19,305,244

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14. ZAKAT AND INCOME TAX (CONTINUED)

(b) Shareholding subject to zakat and income tax

The following is the founding shareholding percentage:

	30 September 2022	31 December 2021
	%	%
Shareholding subject to zakat	70	70
Shareholding subject to income tax	30	30

(c) Status of assessments

In 2015, the ZATCA raised final assessments for the years ended 31 December 2009 to 2012 and claimed additional zakat and income tax liability including withholding tax amounting to SAR 13.79 million. The management has filed an appeal against these assessments and believes that the outcome of this appeal will be in the favor of the Company. However, the Company has paid SAR 14.9 million (including delay penalties and withholding tax) and also had furnished a bank guarantee of SAR 3.3 million in favor of ZATCA to avoid any further delay penalties until the appeal against the assessments is finalized. In 2021, the Company has received final decision from General Secretariat of Tax Committees (GSTC) – Appellate Committee with settlement amount of SR 12.78 million (SR 3.4 million refundable against income tax and WHT from the additional amount of SR 14.9 million paid and SR 1.2 million payable against additional zakat). During the period, the Company had paid an additional zakat liability of SR 1.2 million. Based on it, the Company has filed a settlement letter with ZATCA and waiting their concurrence to it.

The Company has also received a provisional assessment for the years 2013 to 2015 where ZATCA had requested for an additional zakat and income tax liability of SAR 6.2 million. The management has also filed an appeal against this assessment. However, the Company had submitted an additional bank guarantee amounting to SAR 6.2 million to cover the full additional liability and to avoid delay penalties. Furthermore, the company had settled the additional Zakat and tax liability for mentioned years with an amount of SR 5.4 million as had been finally resolved.

Based on final settlement and with ZATCA approval, all guarantees amounting to SR 9.5 million have been liquidated during the period.

Furthermore, in 2020, the ZATCA raised final assessments for the years ended 31 December 2016 to 2018 and assessed additional zakat and income tax liability amounting to SAR 10.6 million. The management filed an appeal with the ZATCA and the ZATCA issued a revised assessment with the additional zakat and income tax liability amounting to SR 8.5 million. Subsequently, based on the appeal filed by the Company against the revised assessments, the Tax violation and Dispute Resolution Committee (TVDRC) partially accepted the Company's contentions, cancelled the additional tax liability, and reduced the additional zakat liability to SR 7.1 million. The Company has filed appeal against TVDRC's unfavorable rulings with the Tax Violation and Dispute Appellate Committee (TVDAC). The management believes that the outcome of these appeal will be in the favor of the Company.

The ZATCA in 2020 also raised a Withholding tax assessment for the years 2016 and 2017 amounting to SR 6.8 million. The Company filed an appeal against the above-mentioned assessment which has been rejected by TVDRC. The Company is in the process of filing appeal with TVDAC against the TVDRC decision. Additionally, in March 2021, the Company settled the additional WHT liability amounting to SR 6.8 million under the tax amnesty scheme of waiving the delay fine if the principal amount is paid. The company will request a refund of this amount after favorable outcome of the case.

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14. ZAKAT AND INCOME TAX (CONTINUED)**(c) Status of assessments** (continued)

Furthermore, during the year 2021, ZATCA has raised assessment for the years 2019 and 2020 with additional tax and zakat liability of SR 7.3 million. The management filed appeal with TVDRC against the assessment and believes that the outcome of the appeal will be in the favor of the Company.

The Company has filed zakat and tax returns up to year ended 31 December 2021.

15. GROSS PREMIUMS WRITTEN**Gross Premiums Written - For the three months period 30 September 2022-(unaudited)**

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	3,030,531	363,488	701,703	808,692	8,894,463	13,798,877
Saving and protection (term life)	-	-	55,675	(575)	1,873,204	1,928,304
Property, casualty and others	118,716	382,452	1,555,349	1,003,667	36,879,395	39,939,579
Total	3,149,247	745,940	2,312,727	1,811,784	47,647,062	55,666,760

Gross Premiums Written - For the three month period 30 September 2021-(unaudited)

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	2,294,909	155,681	578,157	702,848	6,338,627	10,070,222
Saving and protection (term life)	-	-	34,670	8,907	3,524,036	3,567,613
Property, casualty and others	37,817	672,600	844,923	777,270	26,932,496	29,265,106
Total	2,332,726	828,281	1,457,750	1,489,025	36,795,159	42,902,941

Gross Premiums Written - For the nine months period 30 September 2022-(unaudited)

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	8,974,480	1,185,314	1,514,333	5,579,175	28,902,728	46,156,030
Saving and protection (term life)	-	-	157,868	417,348	6,053,267	6,628,483
Property, casualty and others	346,441	1,575,552	6,146,923	4,306,827	134,668,081	147,043,824
Total	9,320,921	2,760,866	7,819,124	10,303,350	169,624,076	199,828,337

Gross Premiums Written - For the nine months period 30 September 2021-(unaudited)

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	8,440,375	936,237	1,930,947	5,702,904	37,388,002	54,398,465
Saving and protection (term life)	-	-	132,852	614,183	6,074,851	6,821,886
Property, casualty and others	243,655	1,738,274	4,448,980	5,215,827	119,201,889	130,848,625
Total	8,684,030	2,674,511	6,512,779	11,532,914	162,664,742	192,068,976

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16. SURPLUS DISTRIBUTION PAYABLE

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Opening surplus distribution payable	2,180,026	5,005,180
Total income attributed to the insurance operations	845,921	1,781,366
Surplus paid to policy holders	-	(4,606,520)
Closing surplus distribution payable	3,025,947	2,180,026

17. TECHNICAL RESERVES**17.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Outstanding claims	129,660,425	63,911,487
Less: Realizable value of salvage and subrogation	(3,960,158)	(3,425,084)
	125,700,267	60,486,403
Claims incurred but not reported	71,524,998	64,178,785
Additional premium reserve	1,087,521	2,824,722
Other technical reserve	6,421,257	5,193,211
	204,734,043	132,683,121
Less:		
- Reinsurers' share of outstanding claims	(105,146,143)	(48,128,358)
- Reinsurers' share of claims incurred but not reported	(58,230,179)	(48,309,514)
Net outstanding claims and reserves	41,357,721	36,245,249

17.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Nine month period ended 30 September 2022 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	137,001,880	(102,701,355)	34,300,525
Premium written / (ceded) during the period	199,828,337	(118,543,835)	81,284,502
Premium earned during the period	(224,318,847)	150,578,368	(73,740,479)
Balance as at the end of the period	112,511,370	(70,666,822)	41,844,548
	Year ended 31 December 2021 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	130,833,967	(100,063,940)	30,770,027
Premium written / (ceded) during the year	290,581,787	(187,594,987)	102,986,800
Premium earned during the year	(284,413,874)	184,957,572	(99,456,302)
Balance as at the end of the year	137,001,880	(102,701,355)	34,300,525

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17. TECHNICAL RESERVES (CONTINUED)

17.3 Deferred policy acquisition costs

Movement in deferred policy acquisition costs comprise of the following:

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	6,429,477	5,630,498
Incurred during the period / year	16,589,904	17,317,935
Amortised during the period / year	(14,390,010)	(16,518,956)
Balance at the end of the period / year	8,629,371	6,429,477

18. OPERATING SEGMENTS

For management purposes, the Company is organized into business segments classified as: Property, Engineering, Motor, Term life and Casualty. These segments are the basis on which the Company reports its primary segment information. The Company has started to present marine and term life as a separate segment which was previously presented as others in the annual financial statements for the year ended 31 December 2021.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities.

Segment assets do not include cash and cash equivalents, premiums and insurance balances receivable - net, due from shareholders' operations, prepayments investments and other assets, term deposits, property and equipment, rights-to-use assets, intangible assets, goodwill, statutory reserves and accrued commission income. Accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payables, accrued expenses and other liabilities, lease liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities, statutory deposit commission income payable, provision for zakat and income tax and accumulated surplus from insurance. Accordingly, they are included in unallocated liabilities.

Segments do not include shareholders' assets and liabilities hence these are presented under unallocated assets/liabilities accordingly.

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

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18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of financial position as at 30 September 2022 - unaudited	Property	Engineering	Motor	Casualty	Marine	Term life	Total – Insurance operations	Shareholders’ operations	Total
Assets									
Reinsurers’ share of unearned premiums	34,175,647	18,239,543	162,743	13,616,406	2,919,580	1,552,903	70,666,822	-	70,666,822
Reinsurers’ share of outstanding claims	88,388,978	9,601,246	1,177,862	2,202,583	1,570,690	2,204,784	105,146,143	-	105,146,143
Reinsurers’ share of claims incurred but not reported	29,871,750	15,133,619	-	9,353,925	2,305,823	1,565,062	58,230,179	-	58,230,179
Deferred policy acquisition costs	2,910,885	1,322,994	2,189,040	1,483,060	320,493	402,899	8,629,371	-	8,629,371
Deferred excess of loss premiums	1,026,349	217,115	215,222	155,778	174,750	-	1,789,214	-	1,789,214
Unallocated assets							219,832,815	346,123,365	565,956,180
Total assets							464,294,544	346,123,365	810,417,909
Liabilities									
Unearned premiums	37,630,394	21,497,958	23,266,675	23,070,440	4,001,331	3,044,572	112,511,370	-	112,511,370
Unearned reinsurance commission	5,600,337	2,994,555	-	1,235,847	617,295	1,004	10,449,038	-	10,449,038
Outstanding claims	96,384,937	11,642,742	8,500,818	3,802,408	2,704,933	2,664,429	125,700,267	-	125,700,267
Claims incurred but not reported	31,516,536	16,755,098	4,722,649	12,777,738	3,338,378	2,414,599	71,524,998	-	71,524,998
Additional premium reserves	112,961	-	974,560	-	-	-	1,087,521	-	1,087,521
Other technical reserves	3,414,620	1,241,706	493,518	807,342	257,996	206,075	6,421,257	-	6,421,257
Unallocated liabilities							107,704,234	15,918,462	123,622,696
Total liabilities							435,398,685	15,918,462	451,317,147

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18. OPERATING SEGMENTS (CONTINUED)

Statement of financial position as at 31 December 31, 2021 - audited	Property	Engineering	Motor	Casualty	Marine	Term life	Total – Insurance operations	Shareholders’ operations	Total
Assets									
Reinsurers’ share of unearned premiums	60,357,923	23,471,727	-	13,395,379	3,483,219	1,993,107	102,701,355	-	102,701,355
Reinsurers’ share of outstanding claims	32,352,446	10,398,685	86,142	1,850,025	3,248,006	193,054	48,128,358	-	48,128,358
Reinsurers’ share of claims incurred but not reported	26,329,574	8,785,161	1,843,931	9,196,689	1,317,572	836,587	48,309,514	-	48,309,514
Deferred policy acquisition costs	1,679,340	1,181,383	1,310,832	1,548,647	212,896	496,379	6,429,477	-	6,429,477
Unallocated assets							246,027,749	357,620,527	603,648,276
Total assets							<u>451,596,453</u>	<u>357,620,527</u>	<u>809,216,980</u>
Liabilities									
Unearned premiums	63,191,113	25,670,598	17,987,476	21,743,629	4,978,720	3,430,344	137,001,880	-	137,001,880
Unearned reinsurance commission	4,820,622	2,659,161	-	1,204,779	446,428	-	9,130,990	-	9,130,990
Outstanding claims	34,293,222	12,896,469	4,050,646	3,902,058	4,966,308	377,700	60,486,403	-	60,486,403
Claims incurred but not reported	28,858,727	10,305,182	8,945,836	13,095,909	1,816,349	1,156,782	64,178,785	-	64,178,785
Additional premium reserves	788,741	948,394	1,072,131	-	-	15,456	2,824,722	-	2,824,722
Other technical reserves	2,530,294	921,438	603,414	827,582	236,473	74,010	5,193,211	-	5,193,211
Unallocated liabilities							148,068,599	25,630,756	173,699,355
Total liabilities							<u>426,884,590</u>	<u>25,630,756</u>	<u>452,515,346</u>

Geographical segments

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain investments held for trading and certain RI payables and receivables.

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18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
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unaudited

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
REVENUE							
Gross written premiums	17,434,721	8,656,458	13,798,877	9,852,759	3,995,641	1,928,304	55,666,760
Less: Reinsurance premiums ceded							
- Local	(1,276,290)	(783,030)	-	-	(371,437)	(126,050)	(2,556,807)
- Foreign	(13,539,232)	(5,471,480)	-	(4,707,241)	(2,373,395)	(1,134,459)	(27,225,807)
Excess of loss expenses	(1,026,351)	(217,116)	(215,223)	(155,778)	(174,750)	-	(1,789,218)
Net premiums written	1,592,848	2,184,832	13,583,654	4,989,740	1,076,059	667,795	24,094,928
Change in unearned premiums	13,787,317	1,455,791	235,418	4,386,375	(278,012)	854,435	20,441,324
Changes in reinsurers' share of unearned premium	(14,463,832)	(2,049,716)	(54,248)	(3,646,880)	322,812	(258,216)	(20,150,080)
Net premiums earned	916,333	1,590,907	13,764,824	5,729,235	1,120,859	1,264,014	24,386,172
Reinsurance commission income	3,629,887	1,451,318	-	745,191	528,446	993	6,355,835
TOTAL REVENUE	4,546,220	3,042,225	13,764,824	6,474,426	1,649,305	1,265,007	30,742,007
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(1,966,125)	(2,682,574)	(8,261,633)	(4,973,225)	(699,862)	(588,844)	(19,172,263)
Expenses incurred related to claims	(15,560)	(133,249)	(145,444)	(58,978)	(45,230)	-	(398,461)
Reinsurers' share of gross claims paid	1,187,500	1,914,115	6	3,355,295	640,145	312,594	7,409,655
Net claims and other benefits paid	(794,185)	(901,708)	(8,407,071)	(1,676,908)	(104,947)	(276,250)	(12,161,069)
Changes in outstanding claims	(55,307,308)	3,968,246	452,408	3,752,965	260,993	(1,358,445)	(48,231,141)
Changes in reinsurers' share of outstanding claims	53,163,872	(3,575,618)	(26,965)	(3,270,941)	(39,777)	1,360,012	47,610,583
Changes in claims incurred but not reported ("IBNR")	(5,372,069)	(4,266,490)	98,208	1,435,638	805,462	(871,422)	(8,170,673)
Changes in reinsurance share of IBNR	5,459,544	4,092,153	(202,029)	(625,984)	(1,029,538)	645,708	8,339,854
Net claims and other benefits incurred	(2,850,146)	(683,417)	(8,085,449)	(385,230)	(107,807)	(500,397)	(12,612,446)
Additional premium reserve	547,054	133,751	26,413	-	-	-	707,218
Other technical reserves	(847,040)	(125,530)	17,843	182,166	51,478	(85,286)	(806,369)
Policy acquisition costs	(1,751,298)	(671,062)	(1,175,686)	(896,072)	(227,716)	(379,588)	(5,101,422)
Other underwriting expenses	(166,915)	(50,647)	(1,669,258)	(101,058)	(35,030)	(15,518)	(2,038,426)
TOTAL UNDERWRITING COSTS AND EXPENSES	(5,068,345)	(1,396,905)	(10,886,137)	(1,200,194)	(319,075)	(980,789)	(19,851,445)
NET UNDERWRITING (EXPENSES) / INCOME	(522,125)	1,645,320	2,878,687	5,274,232	1,330,230	284,218	10,890,562

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18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the three month period ended 30 September 2022 -
unaudited (continued)

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
NET UNDERWRITING (EXPENSES) / INCOME	(522,125)	1,645,320	2,878,687	5,274,232	1,330,230	284,218	10,890,562
OTHER (EXPENSES) / INCOME							
Allowance for impairment on doubtful debts							(244,273)
General and administrative expenses							(12,284,690)
Dividend							192,579
Interest and commission income							1,931,123
Unrealised losses on investments held for trading							(2,142,731)
Others income, net							3,328,666
TOTAL OTHER EXPENSES							<u>(9,219,326)</u>
Loss before surplus attribution, zakat and income tax							<u>1,671,236</u>
Income attributed to insurance operations							<u>(281,305)</u>
Loss attributed to shareholders before zakat and income tax							<u>1,389,931</u>
Zakat							(719,766)
Income tax							<u>(284,910)</u>
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS							<u><u>385,255</u></u>

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the three month period ended 30 September 2021-
unaudited

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
REVENUE							
Gross written premiums	11,858,823	6,150,637	10,070,222	8,832,391	2,423,255	3,567,613	42,902,941
Less: Reinsurance premiums ceded							
- Local	(582,895)	(636,852)	-	-	(99,360)	-	(1,319,107)
- Foreign	(9,230,316)	(4,380,039)	-	(4,888,410)	(1,455,243)	(2,417,823)	(22,371,831)
Excess of loss expenses	(587,346)	(111,402)	(188,910)	(149,340)	(176,751)	-	(1,213,749)
Net premiums written	1,458,266	1,022,344	9,881,312	3,794,641	691,901	1,149,790	17,998,254
Change in unearned premiums	17,830,266	1,643,765	5,702,399	3,535,998	1,400,261	(1,330,991)	28,781,698
Changes in reinsurers' share of unearned premiums	(17,678,133)	(1,518,297)	-	(2,290,356)	(1,017,707)	1,123,191	(21,381,302)
Net premiums earned	1,610,399	1,147,812	15,583,711	5,040,283	1,074,455	941,990	25,398,650
Reinsurance commission income	2,968,953	1,273,264	-	701,103	729,979	979	5,674,278
TOTAL REVENUE	4,579,352	2,421,076	15,583,711	5,741,386	1,804,434	942,969	31,072,928
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(6,054,282)	(1,265,754)	(10,470,180)	(613,158)	(756,383)	(595,960)	(19,755,717)
Expenses incurred related to claims	(113,972)	(52,749)	(232,948)	(7,017)	(64,931)	-	(471,617)
Reinsurers' share of gross claims paid	5,635,202	1,051,312	28,889	79,649	641,012	363,802	7,799,866
Net claims and other benefits paid	(533,052)	(267,191)	(10,674,239)	(540,526)	(180,302)	(232,158)	(12,427,468)
Changes in outstanding claims	4,424,031	(5,315,039)	133,511	279,115	(2,057,750)	420,960	(2,115,172)
Changes in reinsurers' share of outstanding claims	(3,920,572)	5,305,520	44,030	(14,332)	1,398,485	(295,960)	2,517,171
Changes in claims incurred but not reported ("IBNR")	(3,406,728)	(690,451)	(429,629)	(16,187)	1,455,072	(316,964)	(3,404,887)
Changes in reinsurance share of IBNR	3,143,036	524,187	14,034	(181,069)	(1,025,703)	280,312	2,754,797
Net claims and other benefits incurred	(293,285)	(442,974)	(10,912,293)	(472,999)	(410,198)	(143,810)	(12,675,559)
Additional premium reserve	1,533,319	128,656	(1,732,084)	-	71,015	(49,894)	(48,988)
Other technical reserves	(68,696)	(192,508)	(20,865)	7,094	24,506	(6,123)	(256,592)
Policy acquisition costs	(1,431,353)	(509,516)	(1,030,956)	(751,595)	(240,501)	(257,822)	(4,221,743)
Other underwriting expenses	(292,969)	(111,497)	(898,266)	(182,824)	(101,611)	(55,963)	(1,643,130)
TOTAL UNDERWRITING COSTS AND EXPENSES	(552,984)	(1,127,839)	(14,594,464)	(1,400,324)	(656,789)	(513,612)	(18,846,012)
NET UNDERWRITING INCOME	4,026,368	1,293,237	989,247	4,341,062	1,147,645	429,357	12,226,916

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income

for the three month period ended 30 September 2021 -
unaudited (continued)

	<u>Property</u>	<u>Engineering</u>	<u>Motor</u>	<u>Casualty</u>	<u>Marine</u>	<u>Term life</u>	<u>Total</u>
NET UNDERWRITING INCOME	4,026,368	1,293,237	989,247	4,341,062	1,147,645	429,357	12,226,916
OTHER (EXPENSES) / INCOME							
Allowance for impairment on doubtful debts							84,580
General and administrative expenses							(10,076,781)
Dividend							167,298
Interest and commission income							1,284,980
Realized gain on disposal of investment held for trading							(13,938)
Unrealised losses on investments held for trading							(381,954)
Others income, net							3,180
TOTAL OTHER EXPENSES							<u>(8,932,635)</u>
Income before surplus attribution, zakat and income tax							3,294,281
Income attributed to insurance operations							<u>(393,070)</u>
Income attributed to shareholders before zakat and income tax							2,901,211
Zakat							(535,494)
Income tax							<u>(184,496)</u>
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS							<u>2,181,221</u>

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the nine month period ended 30 September 2022-
unaudited

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
REVENUE							
Gross written premiums	66,308,677	22,886,671	46,156,030	43,150,338	14,698,138	6,628,483	199,828,337
Less: Reinsurance premiums ceded							
- Local	(4,534,212)	(2,192,493)	-	-	(979,378)	(327,666)	(8,033,749)
- Foreign	(54,030,981)	(14,629,234)	-	(24,755,176)	(8,715,941)	(2,988,606)	(105,119,938)
Excess of loss expenses	(3,079,051)	(651,346)	(645,667)	(467,334)	(524,250)	(22,500)	(5,390,148)
Net premiums written	4,664,433	5,413,598	45,510,363	17,927,828	4,478,569	3,289,711	81,284,502
Change in unearned premiums	25,560,719	4,172,640	(5,279,199)	(1,326,811)	977,389	385,772	24,490,510
Changes in reinsurers' share of unearned premiums	(26,182,276)	(5,232,184)	162,743	221,027	(563,639)	(440,204)	(32,034,533)
Net premiums earned	4,042,876	4,354,054	40,393,907	16,822,044	4,892,319	3,235,279	73,740,479
Reinsurance commission income	10,308,875	3,918,833	-	2,535,306	1,678,383	2,947	18,444,344
TOTAL REVENUE	14,351,751	8,272,887	40,393,907	19,357,350	6,570,702	3,238,226	92,184,823
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(2,998,120)	(3,173,788)	(23,062,540)	(5,633,495)	(3,140,473)	(1,871,356)	(39,879,772)
Expenses incurred related to claims	(27,946)	(174,641)	(534,999)	(85,140)	(237,335)	-	(1,060,061)
Reinsurers' share of gross claims paid	2,167,383	2,148,690	6	3,754,262	2,501,129	1,309,450	11,880,920
Net claims and other benefits paid	(858,683)	(1,199,739)	(23,597,533)	(1,964,373)	(876,679)	(561,906)	(29,058,913)
Changes in outstanding claims	(62,091,715)	1,253,727	(4,450,172)	99,650	2,261,375	(2,286,729)	(65,213,864)
Changes in reinsurers' share of outstanding claims	56,036,532	(797,439)	1,091,720	352,558	(1,677,316)	2,011,730	57,017,785
Changes in claims incurred but not reported ("IBNR")	(2,657,809)	(6,449,916)	4,223,187	318,171	(1,522,029)	(1,257,817)	(7,346,213)
Changes in reinsurance share of IBNR	3,542,176	6,348,458	(1,843,931)	157,236	988,251	728,475	9,920,665
Net claims and other benefits incurred	(6,029,499)	(844,909)	(24,576,729)	(1,036,758)	(826,398)	(1,366,247)	(34,680,540)
Additional premium reserve	675,780	948,394	97,571	-	-	15,456	1,737,201
Other technical reserves	(884,326)	(320,268)	109,896	20,240	(21,523)	(132,065)	(1,228,046)
Policy acquisition costs	(4,937,576)	(1,792,219)	(3,184,478)	(2,804,583)	(732,523)	(938,631)	(14,390,010)
Other underwriting expenses	(446,905)	(131,033)	(4,574,901)	(369,072)	(92,292)	(40,826)	(5,655,029)
TOTAL UNDERWRITING COSTS AND EXPENSES	(11,622,526)	(2,140,035)	(32,128,641)	(4,190,173)	(1,672,736)	(2,462,313)	(54,216,424)
NET UNDERWRITING INCOME	2,729,225	6,132,852	8,265,266	15,167,177	4,897,966	775,913	37,968,399

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the nine month period ended 30 September 2022 -
unaudited (continued)

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
NET UNDERWRITING INCOME	2,729,225	6,132,852	8,265,266	15,167,177	4,897,966	775,913	37,968,399
OTHER (EXPENSES) / INCOME							
Allowance for impairment on doubtful debts							(1,490,602)
General and administrative expenses							(34,732,178)
Dividend							565,106
Interest and Commission income							4,789,213
Realized losses on disposal of investment held for trading							(100,833)
Unrealised losses on investments held for trading							(6,053,136)
Others income, net							4,341,906
TOTAL OTHER EXPENSES							(32,680,524)
Income before surplus attribution, zakat and income tax							5,287,875
Income attributed to insurance operations							(845,921)
Income attributed to shareholders before zakat and income tax							4,441,954
Zakat							(1,771,164)
Income tax							(271,662)
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS							2,399,128

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income

for the nine month period ended 30 September 2021-unaudited

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
REVENUE							
Gross written premiums	64,625,009	18,110,517	54,398,465	34,801,839	13,311,260	6,821,886	192,068,976
Less: Reinsurance premiums ceded							
- Local	(4,137,601)	(1,610,758)	-	-	(537,444)	-	(6,285,803)
- Foreign	(53,748,279)	(12,245,681)	(142)	(17,878,732)	(7,957,087)	(3,919,507)	(95,749,428)
Excess of loss expenses	(1,762,040)	(334,208)	(566,730)	(448,020)	(722,799)	(22,500)	(3,856,297)
Net premiums written	4,977,089	3,919,870	53,831,593	16,475,087	4,093,930	2,879,879	86,177,448
Change in unearned premiums	23,876,341	4,325,490	(8,979,096)	1,085,745	1,546,988	(1,784,562)	20,070,906
Changes in reinsurers' share of unearned premiums	(24,432,320)	(5,257,839)	(3,471)	(2,488,035)	(1,205,877)	1,185,408	(32,202,134)
Net premiums earned	4,421,110	2,987,521	44,849,026	15,072,797	4,435,041	2,280,725	74,046,220
Reinsurance commission income	8,999,754	3,775,511	298	2,053,536	2,337,379	2,915	17,169,393
TOTAL REVENUE	13,420,864	6,763,032	44,849,324	17,126,333	6,772,420	2,283,640	91,215,613
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(16,987,185)	(2,097,642)	(28,290,632)	(1,541,785)	(1,253,058)	(3,035,240)	(53,205,542)
Expenses incurred related to claims	(329,728)	(92,516)	(627,116)	(18,462)	(213,142)	-	(1,280,964)
Reinsurers' share of gross claims paid	16,294,580	1,716,496	144,543	907,008	964,883	1,979,514	22,007,024
Net claims and other benefits paid	(1,022,333)	(473,662)	(28,773,205)	(653,239)	(501,317)	(1,055,726)	(32,479,482)
Changes in outstanding claims	(3,007,870)	(7,174,155)	(3,844,857)	(1,251,665)	(5,475,588)	637,016	(20,117,119)
Changes in reinsurers' share of outstanding claims	3,057,906	6,855,254	165,588	1,982,736	4,839,423	(318,507)	16,582,400
Changes in claims incurred but not reported ("IBNR")	(3,345,378)	(4,306,951)	1,935,009	(4,215,107)	(533,440)	(397,106)	(10,862,973)
Changes in reinsurance share of IBNR	2,894,521	3,737,561	(162,574)	3,105,601	226,953	343,269	10,145,331
Net claims and other benefits incurred	(1,423,154)	(1,361,953)	(30,680,039)	(1,031,674)	(1,443,969)	(791,054)	(36,731,843)
Additional premium reserve	1,662,835	760,728	(1,322,135)	309,421	(5,213)	(120,223)	1,285,413
Other technical reserves	(278,835)	(453,906)	723	(278,354)	(188,096)	(4,520)	(1,202,988)
Policy acquisition costs	(4,142,271)	(1,395,846)	(3,182,998)	(2,284,130)	(760,372)	(519,893)	(12,285,510)
Other underwriting expenses	(656,611)	(105,495)	(2,717,829)	(344,359)	(187,386)	(75,620)	(4,087,300)
TOTAL UNDERWRITING COSTS AND EXPENSES	(4,838,036)	(2,556,472)	(37,902,278)	(3,629,096)	(2,585,036)	(1,511,310)	(53,022,228)
NET UNDERWRITING INCOME	8,582,828	4,206,560	6,947,046	13,497,237	4,187,384	772,330	38,193,385

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the nine month period ended 30 September 2021 - unaudited
(continued)

	<u>Property</u>	<u>Engineering</u>	<u>Motor</u>	<u>Casualty</u>	<u>Marine</u>	<u>Term life</u>	<u>Total</u>
NET UNDERWRITING INCOME	8,582,828	4,206,560	6,947,046	13,497,237	4,187,384	772,330	38,193,385
OTHER (EXPENSES) / INCOME							
Allowance for impairment on doubtful debts							(1,060,799)
General and administrative expenses							(29,709,743)
Dividend							489,253
Interest and Commission income							3,923,995
Realized losses on disposal of investment held for trading							(1,792)
Unrealised losses on investments held for trading							(1,237,895)
Others income, net							299,445
TOTAL OTHER EXPENSES							<u>(27,297,536)</u>
Income before surplus attribution, zakat and income tax							10,895,849
Income attributed to insurance operations							<u>(1,249,616)</u>
Income attributed to shareholders before zakat and income tax							9,646,233
Zakat							(1,549,165)
Income tax							<u>(600,850)</u>
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS							<u>7,496,218</u>

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19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Determination of fair value and fair value hierarchy

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

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

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

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

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

Financial instruments carried at fair value

	30 September 2022 (Unaudited)				
	Carrying value	Level 1	Level 2	Level 3	Total
Investments					
Insurance operations	35,879,791	33,710,255	2,169,536	-	35,879,791
Shareholders' operations	57,315,402	52,568,860	2,814,464	1,932,078	57,315,402
	<u>93,195,193</u>	<u>86,279,115</u>	<u>4,984,000</u>	<u>1,932,078</u>	<u>93,195,193</u>

Financial instruments carried at fair value

	31 December 2021 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
Investments					
Insurance operations	39,755,154	37,590,842	2,164,312	-	39,755,154
Shareholders' operations	64,327,602	59,587,836	2,807,688	1,932,078	64,327,602
	<u>104,082,756</u>	<u>97,178,678</u>	<u>4,972,000</u>	<u>1,932,078</u>	<u>104,082,756</u>

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

20. EARNINGS PER SHARE FOR THE PERIOD

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period. The earnings per share for the corresponding periods were adjusted to reflect the bonus issue.

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21. SUPPLEMENTARY STATEMENTS

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

a) Statement of financial position	30 September 2022 - (Unaudited)			31 December 2021 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
ASSETS						
Cash and cash equivalents	33,860,769	129,343,061	163,203,830	37,267,250	148,776,635	186,043,885
Premiums and re-insurance balance receivable-net	96,201,648	-	96,201,648	151,583,164	-	151,583,164
Reinsurers' share of unearned premiums	70,666,822	-	70,666,822	102,701,355	-	102,701,355
Reinsurers' share of outstanding claims	105,146,143	-	105,146,143	48,128,358	-	48,128,358
Reinsurers' share of claims incurred but not reported	58,230,179	-	58,230,179	48,309,514	-	48,309,514
Deferred policy acquisition costs	8,629,371	-	8,629,371	6,429,477	-	6,429,477
Deferred excess of loss premiums	1,789,214	-	1,789,214	-	-	-
Investments held for trading	35,879,791	55,383,324	91,263,115	39,755,154	62,395,524	102,150,678
Investments available for sale	-	1,932,078	1,932,078	-	1,932,078	1,932,078
Prepayments and other assets	21,686,612	1,490,981	23,177,593	12,299,818	11,098,116	23,397,934
Term deposits	25,899,143	81,464,587	107,363,730	-	57,236,755	57,236,755
Property and equipment	2,067,461	-	2,067,461	2,323,765	-	2,323,765
Intangible assets	4,237,391	-	4,237,391	2,798,598	-	2,798,598
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	30,000,000	30,000,000	-	30,000,000	30,000,000
Statutory deposit commission income	-	2,734,584	2,734,584	-	2,406,669	2,406,669
Amount due from insurance operations	-	32,058,741	32,058,741	-	27,874,745	27,874,745
TOTAL ASSETS	464,294,544	378,182,106	842,476,650	451,596,453	385,495,272	837,091,725
Less: inter-operations elimination	-	(32,058,741)	(32,058,741)	-	(27,874,745)	(27,874,745)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	464,294,544	346,123,365	810,417,909	451,596,453	357,620,527	809,216,980

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(All amounts expressed in Saudi Riyals unless otherwise stated)

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

a) Statement of financial position (continued)	30 September 2022 - (Unaudited)			31 December 2021- (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share holders' operations	Total
LIABILITIES						
Accounts payable	33,821,195	-	33,821,195	41,043,098	-	41,043,098
Accrued and other liabilities	6,207,774	2,744,763	8,952,537	8,832,716	3,918,843	12,751,559
Surplus distribution payable	3,025,947	-	3,025,947	2,180,026	-	2,180,026
Reinsurer's balances payable	53,454,715	-	53,454,715	85,044,497	-	85,044,497
Unearned premiums	112,511,370	-	112,511,370	137,001,880	-	137,001,880
Unearned reinsurance commission	10,449,038	-	10,449,038	9,130,990	-	9,130,990
Outstanding claims	125,700,267	-	125,700,267	60,486,403	-	60,486,403
Claims incurred but not reported	71,524,998	-	71,524,998	64,178,785	-	64,178,785
Additional premium reserves	1,087,521	-	1,087,521	2,824,722	-	2,824,722
Other technical reserves	6,421,257	-	6,421,257	5,193,211	-	5,193,211
End-of-service indemnities	11,194,603	-	11,194,603	10,968,262	-	10,968,262
Provision for zakat and income tax	-	10,439,115	10,439,115	-	19,305,244	19,305,244
Statutory deposit commission payable to SAMA	-	2,734,584	2,734,584	-	2,406,669	2,406,669
Accumulated surplus from insurance operations	32,058,741	-	32,058,741	27,874,745	-	27,874,745
TOTAL LIABILITIES	467,457,426	15,918,462	483,375,888	454,759,335	25,630,756	480,390,091
Less: inter-operations elimination	(32,058,741)	-	(32,058,741)	(27,874,745)	-	(27,874,745)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	435,398,685	15,918,462	451,317,147	426,884,590	25,630,756	452,515,346
EQUITY						
Share capital	-	300,000,000	300,000,000	-	300,000,000	300,000,000
Statutory reserve	-	40,407,527	40,407,527	-	39,927,701	39,927,701
Retained earnings	-	21,856,117	21,856,117	-	19,936,815	19,936,815
Re-measurement of defined benefit obligation reserve	(3,162,882)	-	(3,162,882)	(3,162,882)	-	(3,162,882)
TOTAL EQUITY	(3,162,882)	362,263,644	359,100,762	(3,162,882)	359,864,516	356,701,634
TOTAL LIABILITIES AND EQUITY	432,235,803	378,182,106	810,417,909	423,721,708	385,495,272	809,216,980

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(All amounts expressed in Saudi Riyals unless otherwise stated)

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

b) Interim condensed statement of income (unaudited)	Nine months ended 30 September 2022			Nine months ended 30 September 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUE						
Gross written premiums	199,828,337	-	199,828,337	192,068,976	-	192,068,976
Less: Reinsurance premiums ceded						
Local	(8,033,749)	-	(8,033,749)	(6,285,803)	-	(6,285,803)
Foreign	(105,119,938)	-(105,119,938)	(95,749,428)	-(95,749,428)	-	(95,749,428)
Excess of loss expenses	(5,390,148)	-	(5,390,148)	(3,856,297)	-	(3,856,297)
Net premiums written	81,284,502	-	81,284,502	86,177,448	-	86,177,448
Changes in unearned premiums						
Changes in reinsurer share of unearned premiums						
Net premiums earned	73,740,479	-	73,740,479	74,046,220	-	74,046,220
Reinsurance commissions	18,444,344	-	18,444,344	17,169,393	-	17,169,393
TOTAL REVENUE	92,184,823	-	92,184,823	91,215,613	-	91,215,613
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(39,879,772)	-	(39,879,772)	(53,205,542)	-	(53,205,542)
Expenses incurred related to claims	(1,060,061)	-	(1,060,061)	(1,280,964)	-	(1,280,964)
Reinsurers' share of gross claims paid	11,880,920	-	11,880,920	22,007,024	-	22,007,024
NET CLAIMS AND OTHER BENEFITS PAID	(29,058,913)	-	(29,058,913)	(32,479,482)	-	(32,479,482)
Changes in outstanding claims	(65,213,864)	-	(65,213,864)	(20,117,119)	-	(20,117,119)
Changes in reinsurer share of outstanding claims	57,017,785	-	57,017,785	16,582,400	-	16,582,400
Changes in claims incurred but not reported	(7,346,213)	-	(7,346,213)	(10,862,973)	-	(10,862,973)
Changes in reinsurer share of incurred but not reported	9,920,665	-	9,920,665	10,145,331	-	10,145,331
Net claims incurred	(34,680,540)	-	(34,680,540)	(36,731,843)	-	(36,731,843)
Additional premium reserve	1,737,201	-	1,737,201	1,285,413	-	1,285,413
Other technical reserves	(1,228,046)	-	(1,228,046)	(1,202,988)	-	(1,202,988)
Policy acquisition costs	(14,390,010)	-	(14,390,010)	(12,285,510)	-	(12,285,510)
Other underwriting expenses	(5,655,029)	-	(5,655,029)	(4,087,300)	-	(4,087,300)
TOTAL UNDERWRITING COSTS AND EXPENSES	(54,216,424)	-	(54,216,424)	(53,022,228)	-	(53,022,228)
NET UNDERWRITING INCOME	37,968,399	-	37,968,399	38,193,385	-	38,193,385
OTHER OPERATING (EXPENSES) / INCOME						
Allowance for doubtful debts	(1,490,602)	-	(1,490,602)	(1,060,799)	-	(1,060,799)
General and administrative expenses	(30,367,791)	(4,364,387)	(34,732,178)	(25,559,831)	(4,149,912)	(29,709,743)
Dividend	225,612	339,494	565,106	192,596	296,657	489,253
Interest and commission income	971,513	3,817,700	4,789,213	932,345	2,991,650	3,923,995
Realized losses on disposal of investment held for trading	(64,879)	(35,954)	(100,833)	(769)	(1,023)	(1,792)
Unrealised losses on investments held at fair value	(3,124,952)	(2,928,184)	(6,053,136)	(500,207)	(737,688)	(1,237,895)
Other income, net	4,341,906	-	4,341,906	299,445	-	299,445
TOTAL OTHER EXPENSES	(29,509,193)	(3,171,331)	(32,680,524)	(25,697,220)	(1,600,316)	(27,297,536)
Income / (loss) before surplus attribution, zakat and income tax	8,459,206	(3,171,331)	5,287,875	12,496,165	(1,600,316)	10,895,849
Surplus transferred to shareholders	(7,613,285)	7,613,285	-	(11,246,549)	11,246,549	-
Net Income for the period before zakat and income tax	845,921	4,441,954	5,287,875	1,249,616	9,646,233	10,895,849
Zakat income tax	-	(1,771,164)	(1,771,164)	-	(1,549,165)	(1,549,165)
Net result from insurance operations after shareholders' transfer of surplus to shareholders	845,921	2,399,128	3,245,049	1,249,616	7,496,218	8,745,834
Weighted average number of outstanding shares		30,000,000			30,000,000	
Earnings per share for the period		0.08			0.25	

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

	Nine month ended 30 September 2022			Nine month ended 30 September 2021		
b) Interim condensed statement of comprehensive income (unaudited) – (continued)	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income	845,921	2,399,128	3,245,049	1,249,616	7,496,218	8,745,834
Other comprehensive income	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	845,921	2,399,128	3,245,049	1,249,616	7,496,218	8,745,834
	Three month period ended 30 September 2022			Three month period ended 30 September 2021		
c) Interim condensed statement of income (unaudited)	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUE						
Gross written premiums	55,666,760	-	55,666,760	42,902,941	-	42,902,941
Less: Reinsurance premiums ceded						
Local	(2,556,807)	-	(2,556,807)	(1,319,107)	-	(1,319,107)
Foreign	(27,225,807)	-	(27,225,807)	(22,371,831)	-	(22,371,831)
Excess of loss expenses	(1,789,218)	-	(1,789,218)	(1,213,749)	-	(1,213,749)
Net premiums written	24,094,928	-	24,094,928	17,998,254	-	17,998,254
Changes in unearned premiums	20,441,324	-	20,441,324	28,781,698	-	28,781,698
Changes in reinsurers' share of unearned premiums	(20,150,080)	-	(20,150,080)	(21,381,302)	-	(21,381,302)
Net premiums earned	24,386,172	-	24,386,172	25,398,650	-	25,398,650
Reinsurance commissions	6,355,835	-	6,355,835	5,674,278	-	5,674,278
TOTAL REVENUES	30,742,007	-	30,742,007	31,072,928	-	31,072,928
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(19,172,263)	-	(19,172,263)	(19,755,717)	-	(19,755,717)
Expenses incurred related to claims	(398,461)	-	(398,461)	(471,617)	-	(471,617)
Reinsurers' share of gross claims paid	7,409,655	-	7,409,655	7,799,866	-	7,799,866
NET CLAIMS AND OTHER BENEFITS PAID	(12,161,069)	-	(12,161,069)	(12,427,468)	-	(12,427,468)
Changes in outstanding claims	(48,231,141)	-	(48,231,141)	(2,115,172)	-	(2,115,172)
Changes in reinsurance share of outstanding claims	47,610,583	-	47,610,583	2,517,171	-	2,517,171
Changes in claims incurred but not reported ("IBNR")	(8,170,673)	-	(8,170,673)	(3,404,887)	-	(3,404,887)
Changes in reinsurance share of IBNR	8,339,854	-	8,339,854	2,754,797	-	2,754,797
Net claims and other benefits incurred	(12,612,446)	-	(12,612,446)	(12,675,559)	-	(12,675,559)
Additional premium reserves	707,218	-	707,218	(48,988)	-	(48,988)
Other technical reserves	(806,369)	-	(806,369)	(256,592)	-	(256,592)
Policy acquisition costs	(5,101,422)	-	(5,101,422)	(4,221,743)	-	(4,221,743)
Other underwriting expenses	(2,038,426)	-	(2,038,426)	(1,643,130)	-	(1,643,130)
TOTAL UNDERWRITING COSTS AND EXPENSES	(19,851,445)	-	(19,851,445)	(18,846,012)	-	(18,846,012)
NET UNDERWRITING INCOME	10,890,562	-	10,890,562	12,226,916	-	12,226,916
OTHER (EXPENSES) / INCOME						
Allowance for impairment on doubtful debts	(244,273)	-	(244,273)	84,580	-	84,580
General and administrative expenses	(10,779,497)	(1,505,193)	(12,284,690)	(8,600,208)	(1,476,573)	(10,076,781)
Dividend	77,038	115,541	192,579	66,033	101,265	167,298
Interest and commission income	358,886	1,572,237	1,931,123	302,910	982,070	1,284,980
Realized loss on disposal of investment held for trading	-	-	-	(6,067)	(7,871)	(13,938)
Unrealised losses on investments held for trading	(818,334)	(1,324,397)	(2,142,731)	(146,648)	(235,306)	(381,954)
Others income, net	3,328,666	-	3,328,666	3,180	-	3,180
TOTAL OTHER EXPENSES	(8,077,514)	(1,141,812)	(9,219,326)	(8,296,220)	(636,415)	(8,932,635)

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

c) Interim condensed statement of income (unaudited) - (continued)	Three month period ended 30 September			Three month period ended 30 September		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Income / (loss) before surplus attribution, zakat and income tax	2,813,048	(1,141,812)	1,671,236	3,930,696	(636,415)	3,294,281
Surplus transferred to shareholders	(2,531,743)	2,531,743	-	(3,537,626)	3,537,626	-
Net Income for the period before zakat and income tax	281,305	1,389,931	1,671,236	393,070	2,901,211	3,294,281
Zakat	-	(719,766)	(719,766)	-	(535,494)	(535,494)
income tax	-	(284,910)	(284,910)	-	(184,496)	(184,496)
Net result from insurance operations after shareholders' transfer of surplus to shareholders	281,305	385,255	666,560	393,070	2,181,221	2,574,291
Weighted average number of outstanding shares		30,000,000		-	30,000,000	-
Earnings per share		0.01			0.07	
	Three month ended 30 September 2022			Three month ended 30 September 2021		
c) Interim condensed statement of comprehensive income (unaudited)	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Net result from insurance operations after shareholders' transfer of surplus to shareholders	281,305	385,255	666,560	393,070	2,181,221	2,574,291
Other comprehensive income	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	281,305	385,255	666,560	393,070	2,181,221	2,574,291

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

d) Interim condensed statement of cash flows (unaudited)

	30 September 2022			30 September 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash flows from operating activities						
Net income before surplus distribution, zakat and income tax for the period	845,921	4,441,954	5,287,875	1,249,616	9,646,233	10,895,849
Adjustments for:						
Depreciation of property and equipment	478,504	-	478,504	267,849	-	267,849
Depreciation of right of use assets	-	-	-	808,875	-	808,875
Amortization of intangible assets	202,341	-	202,341	196,552	-	196,552
Gain on sale of property and equipment	-	-	-	(4,000)	-	(4,000)
Allowance for impairment of doubtful debts	1,490,602	-	1,490,602	1,060,799	-	1,060,799
Unrealized losses on investments held for trading	3,124,952	2,928,184	6,053,136	500,207	737,688	1,237,895
Realized losses / (gains) on Investments held for trading	64,879	35,954	100,833	769	1,023	1,792
Interest on lease obligations	-	-	-	3,563	-	3,563
Provision for end-of-service indemnities	1,287,965	-	1,287,965	1,084,043	-	1,084,043
	7,495,164	7,406,092	14,901,256	5,168,273	10,384,944	15,553,217
Changes in:						
Premiums and insurance balances receivable	53,890,914	-	53,890,914	39,273,845	-	39,273,845
Reinsurers' share of unearned premiums	32,034,533	-	32,034,533	32,202,134	-	32,202,134
Reinsurers' share of outstanding claims	(57,017,785)	-	(57,017,785)	(16,582,400)	-	(16,582,400)
Reinsurers' share of claims Incurred but not reported	(9,920,665)	-	(9,920,665)	(10,145,331)	-	(10,145,331)
Deferred policy acquisition costs	(2,199,894)	-	(2,199,894)	(1,423,934)	-	(1,423,934)
Deferred excess of loss premiums	(1,789,214)	-	(1,789,214)	(1,213,751)	-	(1,213,751)
Prepaid and other assets	(9,386,794)	9,607,135	220,341	373,075	(1,556,596)	(1,183,521)
Accounts payable	(7,221,903)	-	(7,221,903)	2,986,753	-	2,986,753
Accrued and other liabilities	(2,624,942)	(1,174,080)	(3,799,022)	(10,443,081)	(560,555)	(11,003,636)
Reinsurers' balances payable	(31,589,782)	-	(31,589,782)	(41,753,293)	-	(41,753,293)
Gross unearned premiums	(24,490,510)	-	(24,490,510)	(20,070,906)	-	(20,070,906)
Unearned reinsurance commission income	1,318,048	-	1,318,048	814,081	-	814,081
Outstanding claims	65,213,864	-	65,213,864	20,117,119	-	20,117,119
Claims incurred but not reported	7,346,213	-	7,346,213	10,862,973	-	10,862,973
Additional premium reserves	(1,737,201)	-	(1,737,201)	(1,285,413)	-	(1,285,413)
Other technical reserves	1,228,046	-	1,228,046	1,202,988	-	1,202,988
Cash generated from operations	20,548,092	15,839,147	36,387,239	10,083,132	8,267,793	18,350,925
Surplus paid to policyholders	-	-	-	(1,802)	-	(1,802)
Zakat and income tax paid	-	(10,908,955)	(10,908,955)	-	(11,609,770)	(11,609,770)
End-of-service indemnities paid	(1,061,624)	-	(1,061,624)	(271,479)	-	(271,479)
Net cash generated from / (used in) operating activities	19,486,468	4,930,192	24,416,660	9,809,851	(3,341,977)	6,467,874

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

d) Interim condensed statement of cash flows (continued)

	30 September 2022			30 September 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash flows from investing activities						
Purchase of investments held for trading	(5,585,488)	(4,087,122)	(9,672,610)	(2,924,271)	(4,137,527)	(7,061,798)
Proceeds from disposal of investments held for Trading	6,271,020	8,135,184	14,406,204	5,035,173	6,882,227	11,917,400
Additions in/ maturities in term deposits	(25,899,143)	(24,227,832)	(50,126,975)	25,333,510	(45,188,223)	(19,854,713)
Purchase of property and equipment	(222,200)	-	(222,200)	(1,826,368)	-	(1,826,368)
Proceeds from sale of property and equipment	-	-	-	4,000	-	4,000
Purchase of intangible assets	(1,641,134)	-	(1,641,134)	(2,515,248)	-	(2,515,248)
Net cash (used in) / generated from investing activities	(27,076,945)	(20,179,770)	(47,256,715)	23,106,796	(42,443,523)	(19,336,727)
Cash flows from financing activities						
Payment for lease obligations	-	-	-	(1,122,227)	-	(1,122,227)
Interoperation balances	4,183,996	(4,183,996)	-	(17,200,515)	17,200,515	-
Statutory deposit	-	-	-	-	(10,000,000)	(10,000,000)
Net cash (used in) / generated from financing Activities	4,183,996	(4,183,996)	-	(18,322,742)	7,200,515	(11,122,227)
Net increase / (decrease) in cash and cash equivalents	(3,406,481)	(19,433,574)	(22,840,055)	14,593,905	(38,584,985)	(23,991,080)
Cash and cash equivalents at 1 January	37,267,250	148,776,635	186,043,885	39,264,419	96,529,223	135,793,642
Cash and cash equivalent at 30 September	33,860,769	129,343,061	163,203,830	53,858,324	57,944,238	111,802,562

22. COMPARATIVE FIGURES RECLASSIFICATIONS

During the period, management has reclassified the presentation of dividend income by presenting it separately from interest and commission income in the interim condensed statement of income for better presentation. Accordingly, dividend income amounting to SR 167,298 and SR 489,253 for the three and nine month periods ended 30 September 2021 respectively, has been reclassified to confirm with current period presentation.

The above reclassifications did not have any effect on the statement of financial position, total comprehensive income and earnings per share.

23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 3 November 2022G corresponding to 9 Rabi 1444H.