

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

The Shareholders
Saudi Arabian Cooperative Insurance Co.
(A Saudi Joint Stock Company)
Kingdom of Saudi Arabia

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of Saudi Arabian Cooperative Insurance Co (the "Company") as at 30 September 2021 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and interim condensed statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

For Al-Bassam & Co.

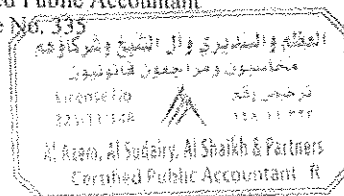
P. O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountants
P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia

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

Abdullah A. Al Azem
Certified Public Accountant
License No. 335

08 November 2021
03 Rabi ul Thani 1443H



SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

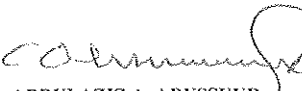
As at 30 September 2021

(All amounts in Saudi Riyals unless otherwise stated)

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Cash and cash equivalents	4	35,405,157	49,999,727
Murabaha deposits	5	266,471,108	341,916,296
Premiums and reinsurers' receivable - net	6	258,228,149	245,872,196
Reinsurers' share of unearned premiums	7b	57,233,474	39,420,956
Reinsurers' share of outstanding claims	7a	399,217,796	339,166,728
Reinsurers' share of claims incurred but not reported	7a	60,604,000	43,367,257
Deferred policy acquisition costs	7d	18,658,691	18,459,055
Available-for-sale investments	8a	1,923,080	1,923,080
Fair value through profit or loss investments	8b	92,600,784	90,028,540
Held-to-maturity investment	8c	76,409,560	35,531,657
Prepayments and other assets		67,102,592	58,309,900
Property and equipment		6,490,410	4,833,267
Intangible assets		11,830,194	9,803,358
Statutory deposit		30,000,000	30,000,000
Accrued income on statutory deposit		2,799,638	2,799,638
TOTAL ASSETS		1,384,974,633	1,311,431,655
LIABILITIES			
Policyholders' claims payable		16,567,973	21,607,449
Accrued expenses and other liabilities		51,396,056	64,916,997
Surplus distribution payable		5,577,137	5,577,137
Reinsurance balances payable		49,162,518	53,730,084
Unearned premiums	7b	297,429,149	265,548,157
Unearned reinsurance commission	7c	6,096,967	6,759,142
Outstanding claims and reserves	7a	471,868,721	385,850,240
Claims incurred but not reported	7a	142,537,000	117,468,630
Accounts payable		699,615	1,445,922
Employees' end-of-service benefits		20,919,191	18,705,950
Provision for zakat	9	5,414,078	10,517,581
Accrued commission income payable to SAMA		2,799,639	2,799,639
TOTAL LIABILITIES		1,070,468,044	954,926,928
EQUITY			
Share capital	10	300,000,000	300,000,000
Statutory reserve	12	29,473,371	29,473,371
(Accumulated losses)/retained earnings		(15,016,418)	26,981,720
Re-measurement reserve of end-of-service benefits		49,636	49,636
TOTAL EQUITY		314,506,589	356,504,727
TOTAL LIABILITIES AND EQUITY		1,384,974,633	1,311,431,655
COMMITMENTS AND CONTINGENCIES			

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MOHAN VARGHESE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


HASSAN ABDULLA DORAR ALI
PRESIDENT AND CEO

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME

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

(All amounts in Saudi Riyals unless otherwise stated)

Note	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
REVENUES				
Gross premiums written	7b	109,376,290	141,385,229	627,684,109
Reinsurance premiums ceded				665,858,355
- Local		(1,627,356)	(1,490,972)	(46,815,170)
- International (includes ceded through local broker)		(15,668,639)	(27,229,296)	(118,878,625)
	7b	(17,295,995)	(28,720,268)	(165,693,795)
Excess of loss expenses				(209,353,345)
- Local		(81,264)	(169,928)	(369,310)
- International		(10,371,480)	(16,995,310)	(18,550,147)
	7b	(10,452,744)	(17,165,238)	(18,919,457)
Net premiums written		81,627,551	95,499,723	443,070,857
Movement in unearned premiums, net		57,600,294	38,598,950	(14,068,474)
Net premiums earned		139,227,845	134,098,673	429,002,383
Reinsurance commissions	7c	4,471,698	4,772,188	14,554,750
Other underwriting income		100,054	971,621	1,075,201
NET REVENUES		143,799,597	139,842,482	444,632,334
				416,687,112
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	7a	111,541,502	117,609,144	383,889,644
Reinsurers' share of claims paid	7a	(6,939,722)	(28,006,614)	(79,572,381)
Net claims paid		104,601,780	89,602,530	304,317,263
Movement in OS claims, IBNR and other reserves, net		661,427	2,765,103	33,799,040
Net claims incurred	7a	105,263,207	92,367,633	338,116,303
Policy acquisition costs	7d	14,738,028	14,227,311	47,058,961
Inspection and supervision fees		1,148,990	1,395,924	5,888,757
TOTAL UNDERWRITING COSTS AND EXPENSES		121,150,225	107,990,868	391,064,021
NET UNDERWRITING INCOME		22,649,372	31,851,614	53,568,313
				113,109,194
OTHER INCOME/(EXPENSES)				
Income from investments		813,580	1,019,638	4,159,850
Unrealized gain from change in fair value of FVTPL investments	8b	1,929,183	8,745,630	2,572,244
Income from murabaha deposits		1,267,776	2,415,418	4,490,971
Other income		96,742	226,204	2,389,600
General and administrative expenses		(28,844,985)	(28,217,849)	(91,623,046)
Provision for doubtful debts	6	(5,546,809)	(3,370,949)	(13,461,299)
TOTAL OTHER INCOME/(EXPENSES)		(30,284,513)	(19,181,908)	(91,471,680)
Total (loss)/income for the period		(7,635,141)	12,669,706	(37,903,367)
Surplus attributed to the insurance operations		-	(193,046)	-
Total (loss)/income for the period attributable to the shareholders before zakat		(7,635,141)	12,476,660	(37,903,367)
Zakat charge for the period	9	(2,050,856)	(2,209,600)	(4,094,771)
Total (loss)/income for the period attributable to the shareholders after zakat		(9,685,997)	10,267,060	(41,998,138)
(Loss)/earnings per share	11			
Basic and diluted (loss)/earnings per share		(0.32)	0.34	(1.40)
Weighted average number of shares in issue throughout the period (in thousands)		30,000	30,000	30,000

MOHAN VARGHESE
CHIEF FINANCIAL OFFICER

ABDULAZIZ A. ABUSSUUD
BOARD MEMBER

HASSAN ABDULLA DORAR ALI
PRESIDENT AND CEO

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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

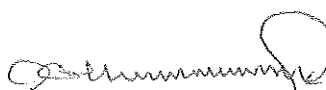
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME


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

(All amounts in Saudi Riyals unless otherwise stated)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Total (loss)/income for the period after zakat	(9,685,997)	10,460,106	(41,998,138)	36,772,046
Other comprehensive income:				
<i>Items that may be reclassified to statements of income in subsequent periods</i>				
Total comprehensive (loss)/income for the period after zakat	(9,685,997)	10,460,106	(41,998,138)	36,772,046
Total comprehensive income attributable to the insurance operations	-	(193,046)	-	(3,556,089)
Total comprehensive (loss)/income attributable to the shareholders after zakat	(9,685,997)	10,267,060	(41,998,138)	33,215,957


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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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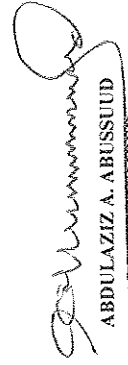
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY


For the nine-month period ended 30 September 2021

(All amounts in Saudi Riyals unless otherwise stated)

	2021			
	Share capital	Statutory reserve	Retained earnings/ (accumulated losses)	Re-measurement reserve of employees' end-of-service
Balance at the beginning of the period (Audited)	300,000,000	29,473,371	26,981,720	49,636
Comprehensive loss for the period:				
Total loss for the period attributable to the shareholders after zakat	-	-	(41,998,138)	-
Total comprehensive loss for the period	-	-	(41,998,138)	-
Balance at the end of the period (Unaudited)	300,000,000	29,473,371	(15,016,418)	49,636
				356,504,727
				(41,998,138)
				(41,998,138)
				314,506,589


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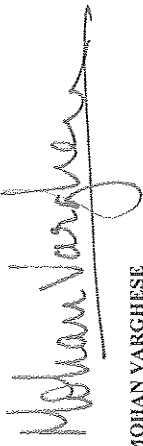
**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

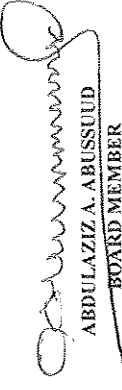
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY


For the nine-month period ended 30 September 2021

(All amounts in Saudi Riyals unless otherwise stated)

	2020			
			Re-	
		(Accumulated	measurement	
		losses)/	reserve of	
		retained	employees'	
	Statutory	earnings	end-of-	Total equity
	reserve		service	
Share capital				
Balance at the beginning of the period (Audited)	300,000,000	20,008,901	(10,876,161)	1,488,287
				310,621,027
Comprehensive income for the period:				
Total income for the period attributable to the shareholders after zakat	-	-	33,215,957	-
				33,215,957
Total comprehensive income for the period	-	-	33,215,957	-
				33,215,957
Balance at the end of the period (Unaudited)	300,000,000	20,008,901	22,339,796	1,488,287
				343,836,984


MOHAN VARGHESE
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**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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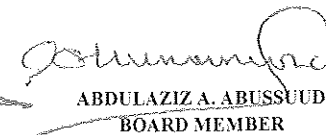
INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2021

(All amounts in Saudi Riyals unless otherwise stated)

(All amounts in Saudi Riyals unless otherwise stated)		Note	Nine-month period ended 30 September	
			2021 (Unaudited)	2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Total (loss)/income for the period before zakat			(37,903,367)	43,199,646
Adjustments for non-cash items:				
Depreciation of property and equipment			1,120,877	1,666,353
Amortization of intangible assets			1,348,019	1,373,796
Amortisation of held-to-maturity investment			(877,903)	192,936
Provision for doubtful receivables	6		13,461,299	3,622,595
Provision for employees' end-of-service benefits			2,951,256	2,520,000
Unrealized gain from change in fair value of FVTPL investments	8b		(2,572,244)	(1,671,959)
Changes in operating assets and liabilities:				
Premiums and reinsurers' receivable			(25,817,252)	(54,271,683)
Reinsurers' share of unearned premiums			(17,812,518)	(46,556,183)
Reinsurers' share of outstanding claims and reserves			(60,051,068)	7,800,754
Reinsurers' share of claims incurred but not reported			(17,236,743)	(6,275,752)
Deferred policy acquisition costs			(199,636)	(6,075,074)
Deferred excess of loss premiums			-	(62,823)
Prepayments and other assets			(8,792,693)	(14,460,692)
Policyholders claims payable			(5,039,476)	(10,798,621)
Accrued and other liabilities			(13,520,941)	6,251,986
Reinsurance balances payable			(4,567,566)	(22,458,019)
Unearned premiums			31,880,992	77,537,782
Unearned reinsurance commission			(662,175)	2,897,129
Outstanding claims and reserves			86,018,481	(23,816,028)
Claims incurred but not reported			25,068,370	1,924,616
Accounts payable			(746,307)	(335,830)
Cash used in operating activities			(33,950,595)	(37,795,071)
Employees' end-of-service benefits paid			(738,015)	(668,947)
Zakat paid	9		(9,198,273)	(7,100,477)
Net cash used in operating activities			(43,886,883)	(45,564,495)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions of property and equipment			(2,778,020)	(2,526,707)
Additions of intangible assets			(3,374,855)	(2,124,489)
Addition in held-to-maturity investment			(40,000,000)	(20,000,000)
Proceed on maturity of held-to-maturity investment			-	10,000,000
Additions in murabaha deposits			(183,000,000)	(729,930,778)
Proceed on disposal of murabaha deposits			258,445,188	764,130,778
Net cash from investing activities			29,292,313	19,548,804
Net change in cash and cash equivalents			(14,594,570)	(26,015,691)
Cash and cash equivalents at the beginning of the period	4		49,999,727	44,190,245
Cash and cash equivalents at the end of the period	4		35,405,157	18,174,554


 MOHAN VARGHESE
 CHIEF FINANCIAL OFFICER


 ABDULAZIZ A. ABUSSUUD
 BOARD MEMBER


 HASSAN ABDULLA DORAR ALI
 PRESIDENT AND CEO

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**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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

(All amounts in Saudi Riyals unless otherwise stated)

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Arabian Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company's principal lines of business include all classes of general and medical insurance. The Company was listed on the Saudi Stock Exchange ("Tadawul") on 20 Shaban 1428H, (corresponding to 3 September 2007).

Following are the details of the branches of the Company and their commercial registration numbers:

Branch Name	Branch	Commercial Registration Number	Date
Saudi Arabian Cooperative Insurance Company	Jeddah	4030208674	25 Safar 1432H (31 January 2011)
Saudi Arabian Cooperative Insurance Company	Khobar	2051044793	25 Safar 1432H (31 January 2011)
Saudi Arabian Cooperative Insurance Company	Qassim	1131034133	25 Safar 1432H (31 January 2011)

The Company has been licensed to conduct insurance business in the Kingdom of Saudi Arabia under co-operative principles in accordance with Royal Decree numbered 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to the Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Investment ("MOCI") issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Central Bank ("SAMA") issued a formal approval to transact insurance business, thus authorizing the Company to commence operations as soon as product approval and related formalities are completed.

The Board of Directors approved the distribution of the surplus from insurance operations 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 policy holders are to receive the remaining 10%. Any deficit arising on insurance operations is borne by the shareholders in full.

2 BASIS OF PREPARATION

(a) Basis of presentation and measurement

These interim condensed financials information (interim condensed financial statements) of the Company as at and for the period ended 30 September 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"), as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA), Law of Companies and the Company's by-laws.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS(UNAUDITED)

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

(All amounts in Saudi Riyals unless otherwise stated)

2 BASIS OF PREPARATION (continued)

(a) Basis of presentation and measurement (continued)

These interim condensed financial statements are prepared under the going concern concept and the historical cost convention, except for the measurement at fair value of available-for-sale investments, fair value through profit or loss investments and measurement at present value of employees' end-of-service benefit obligations. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: Held to maturity investments, Property and equipment, Intangible assets, Statutory deposit, Accrued income on statutory deposit, Employees' end-of-service benefits and Accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current.

The Company presents its interim condensed statement of financial position in order of liquidity. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the interim condensed financial statements accordingly (Note 18). 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.

The interim condensed statement of financial position, interim condensed statement of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows of the insurance operations and shareholders operations which are presented in Note 18 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations and is not required under IFRSs. SAMA implementing regulations requires 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, interim condensed statements of income, interim condensed statement of comprehensive income and interim condensed statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company-level interim condensed financial statements in compliance with IFRSs, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances and transactions 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 does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2020.

(b) Functional and presentation currency

These interim condensed financial statements have been presented in Saudi Riyal (SR), which is also the functional currency of the Company.

(c) Critical accounting judgments, estimates and assumptions

The preparation of interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the reporting period. 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.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS(UNAUDITED)

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

(All amounts in Saudi Riyals unless otherwise stated)

2 BASIS OF PREPARATION (continued)

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

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.

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed financial statements:

i) *The ultimate liability arising from claims made under insurance contracts*

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior period claims estimates are reassessed for adequacy and changes are made to the provision.

The provision for IBNR is an estimation of claims which are expected to be reported subsequent to the date of interim condensed statement of financial position, for which the insured event has occurred prior to the date of interim condensed statement of financial position. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using the past claims settlement trends to predict future claims settlement trends. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary has also used a segmentation approach including analyzing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

ii) *Impairment of investments*

The Company determines that financial assets are impaired when there has been a significant or prolonged decline in the fair values of the financial assets below its cost. The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

iii) *Impairment of receivables*

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired.

iv) *Fair value of financial instruments*

Fair values of available-for-sale investments and fair value through profit or loss investments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models used are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates.

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2 BASIS OF PREPARATION (continued)

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

v) *Deferred policy acquisition costs*

Certain acquisition costs related to sale of policies are recorded as deferred acquisition costs and are amortized over the related period of policy coverage. If the assumptions relating to future profitability of these policies are not realized, the amortization of these costs could be accelerated and this may also require additional impairment.

vi) *Premium deficiency reserve*

Estimation of the premium deficiency reserve, if any, is highly sensitive to a number of assumptions as to the future events and conditions. It is based on an expected loss ratio for the unexpired portion of the risks for written policies. To arrive at the estimate of the expected loss ratio, the actuary looks at the claims and premiums relationship which is expected to be realized in the future.

vii) *Impact of Covid-19*

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

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

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

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

Medical technical reserve

Based on the management's assessment, the management believes that the Government's decision to assume the medical treatment costs for both Saudi citizens and expatriates has helped in reducing any unfavourable impact. During the lockdown, the Company saw a decline in medical reported claims (majorly elective and non-chronic treatment claims) which resulted in a drop in claims experience. However, subsequent to the lifting of lockdown since 21 June 2020, the Company is experiencing a surge in claims which is in line with the expectations of the Company's management. The Company's management has duly considered the impact of surge in claims in the current estimate of future contractual cash flows of the insurance contracts in force as at 30 September 2021 for its liability adequacy test. Based on the results, the Company has booked an amount of SR 7.50 million as a premium deficiency reserve.

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2 BASIS OF PREPARATION (continued)

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

vii) Impact of Covid-19 (continued)

Motor technical reserves

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

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

For new policies written as per above circular, the premium is earned over the period of coverage i.e 14 month as per the Company accounting policy.

The Company has performed a liability adequacy test using current estimates of future cash flows under its insurance contracts at an aggregated (or "segmented") level for motor line of business.

Financial assets

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

Based on these assessments, the Company's management believes that the Covid-19 pandemic has had no material effects on Company's reported results for the three-month and nine-month periods ended 30 September 2021. The Company's management continues to monitor the situation closely.

Credit risk management

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

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3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020. There are no new standards issued, however, there are number of amendments to standards which are effective from 1 January 2021 and has been explained in Company's annual Financial Statements, but they do not have a material effect on the Company's Interim Condensed Financial Statements. The Company has not early adopted any standard (interpretation) or amendments that has been issued but which are not yet effective.

Standards issued but not yet effective

The Company has chosen not to early adopt the amendments and revisions to the IFRSs, which have been published and are mandatory for compliance for the Company with effect from future dates.

Standard/ Interpretation/ Amendment	Description	Effective from periods beginning on or after the following date
IFRS 9	Financial Instruments (refer below)	1-Jan-23
IFRS 17	Insurance Contracts (refer below)	1-Jan-23

A. IFRS 9 - Financial Instruments

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

a. Classification and measurement:

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

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

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

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

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

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. IFRS 9 - Financial Instruments (continued)

a. Classification and measurement: (continued)

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

b. Impairment:

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

c. Hedge accounting:

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

Effective date

The published effective date of IFRS 9 was 1st January 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on 12th 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 January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented.

The Company has performed a detailed assessment as of reporting date:

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

A. IFRS 9 - Financial Instruments (continued)

Impact assessment

As at 30 September 2021, the Company has total financial assets and insurance related assets amounting to SR 573 million (31 December 2020: SR 603 million) and SR 657 million (31 December 2020: SR 585 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 478 million (31 December 2020: SR 461 million). Other financial assets consist of available for sale investments amounting to SR 1.9 million (31 December 2020: SR 1.9 million). The Company expect to use the FVOCI classification of these financial assets based on the business model of the Company for debt securities and strategic nature of equity investments. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. Investment in funds classified under available for sale investments will be at FVSI under IFRS 9. Other financial assets have a fair value of SR 92.6 million as at 30 September 2021 with a fair value change during the period of SR 2.57 million.

The Company financial assets have low credit risk as at 30 September 2021 and 31 December 2020. 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.

B. IFRS 17 - Insurance Contracts

Overview

This standard has been published in 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).

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;

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. IFRS 17 - Insurance Contracts (continued)

Measurement (continued)

- 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 re-measured to be the sum of:

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

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

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

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

- 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.

Effective date

The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard-setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4 is currently 1 January 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after 1 January 2022. Further, on 17 March 2020, The (IASB) completed its discussions on the amendments to IFRS 17 and decided that the effective date of the Standard will be deferred to reporting periods beginning on or after 01 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intends to apply the Standard on its effective date.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. IFRS 17 - Insurance Contracts (continued)

Transition

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

Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts and reinsurance, [and investment contracts with discretionary participating features, if applicable] together with amendments to presentation and disclosures.

Impact

The Company has performed an initial impact assessment of the application and implementation of IFRS 17. As of the date of the publication of these financial statements, the final financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has undertaken an initial operational impact gap analysis and currently undergoing through detailed operational and financial impact assessment. Key gaps and their impact are as follows:

Impact Area	Summary of Impact
Financial Impact	The Company is in process to ascertain the financial impact on reported balances of year 2018. As the Company's most of insurance contracts are short-termed and short tailed entitling for premium allocation approach (PAA) which is largely similar to current account practice, no significant impact is expected.
Data impact	IFRS 17 has additional data requirements (e.g. premium due date for initial recognition, premium receipt data for the LFRC, RI contracts held break down into risk attaching or loss incurring for assessing contract boundaries, lower granularity to meet level of aggregation requirements and data for additional disclosures as per IFRS 17). Further extensive exercise will be carried out to ensure the required data is available.
IT systems impact	Detailed assessment needed of existing systems capabilities for IFRS 17 calculations, storage and reporting and whether new systems/calculation engines should be implemented.
Process impact	The company carried out an operational impact assessment exercise to assess the operational impact of implementing IFRS 17. Since, majority of the company's contracts would be measured under the premium allocation approach, the process impact is expected to be moderate.
Impact on Reinsurance arrangements	Further assessment is needed to confirm measurement approach for reinsurance arrangements where RI gross premium ceded does not automatically qualify for PAA.
Impact on policies and control frameworks	The Company's policies and procedures needs update to accommodate the changes in the Company's processes and systems related to IFRS 17 implementation. Detailed exercise for the purpose shall be carried out after ascertaining financial and operational gaps assessment.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

B. IFRS 17 - Insurance Contracts (continued)

Impact (continued)

The Company is currently in design phase of IFRS 17 implementation which requires developing and designing new processes and procedures for the business including any system developments required under IFRS 17 and detailed assessment of business requirements. Following are the main areas under design phase and status of the progress is as follows:

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

The Company has started its implementation process and has set up a project team, supervised by Company's CEO. Furthermore, to assess financial and operational impact of IFRS-17, the Company has hired Deloitte & Touche Advisory Saudi Limited (Deloitte) as their consultants.

The effective interpretations/improvement/amendments do not have material impact on these interim condensed financial statements of the company.

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4 CASH AND CASH EQUIVALENTS

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

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Cash at banks	35,388,767	49,984,698
Cash in hand	16,390	15,029
	<u>35,405,157</u>	<u>49,999,727</u>

Cash in banks are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

5 MURABAHA DEPOSITS

Murabaha deposits represents deposits with local banks that have investment grade credit ratings and have an original maturity of more than three months from date of acquisition. The deposits earn commission at rate ranging from 1.2% to 2.9% (31 December 2020: 1.2% to 3.4%) per annum.

6 PREMIUMS AND REINSURERS' RECEIVABLE - NET

Receivables comprise amounts due from the following:

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Policyholders		179,753,311	184,863,153
Brokers and agents		92,806,268	63,219,101
Related parties	16	51,500,035	58,876,953
Receivables from reinsurers		22,339,656	13,622,811
		<u>346,399,270</u>	<u>320,582,018</u>
Less:			
Provision for doubtful receivables - policyholders		(40,086,112)	(37,503,691)
Provision for doubtful receivables - brokers and agents		(19,577,438)	(14,945,722)
Provision for doubtful receivables - related parties	16	(25,215,809)	(19,632,503)
Provision for doubtful receivables - receivables from reinsurers		(3,291,762)	(2,627,906)
		<u>(88,171,121)</u>	<u>(74,709,822)</u>
		<u>258,228,149</u>	<u>245,872,196</u>

The movement in the provision for doubtful receivables is as follows:

Beginning of the period/year	74,709,822	70,676,467
Provision made during the period/year	13,461,299	4,033,355
End of the period/year	<u>88,171,121</u>	<u>74,709,822</u>

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7 MOVEMENT IN OUTSTANDING CLAIMS, UNEARNED PREMIUMS, UNEARNED REINSURANCE COMMISSION AND DEFERRED POLICY ACQUISITION COSTS	30 September 2021 (Unaudited)			31 December 2020 (Audited)		
	Gross	RI share	Net	Gross	RI share	Net
a) Outstanding claims and reserves						
Outstanding claims at end of the period/year	475,134,463	(399,217,796)	75,916,667	387,537,289	(339,166,728)	48,370,561
Other reserves at end of the period/year	8,848,000	-	8,848,000	8,691,319	-	8,691,319
Outstanding claims and reserves at end of the period/year	483,982,463	(399,217,796)	84,764,667	396,228,608	(339,166,728)	57,061,880
Less: realizable value of salvage and subrogation at end of the period/year	(12,113,742)	-	(12,113,742)	(10,378,368)	-	(10,378,368)
Outstanding claims and reserves at end of the period/year	471,868,721	(399,217,796)	72,650,925	385,850,240	(339,166,728)	46,683,512
Claims incurred but not reported at end of the period/year	142,537,000	(60,604,000)	81,933,000	117,468,630	(43,367,257)	74,101,373
Claims incurred during the period/year	614,405,721	(459,821,796)	154,583,925	503,318,870	(382,533,985)	120,784,885
	383,889,644	(79,572,381)	304,317,263	446,868,497	(78,890,405)	367,978,092
	(385,850,240)	339,166,728	(46,683,512)	(428,202,293)	364,623,633	(63,578,660)
Outstanding claims and reserves at beginning of the period/year	(117,468,630)	43,367,257	(74,101,373)	(122,763,884)	41,470,036	(81,293,848)
Claims incurred but not reported at beginning of the period/year	(503,318,870)	382,533,985	(120,784,885)	(550,966,177)	406,093,669	(144,872,508)
Claims incurred during the period/year	494,976,495	(156,860,192)	338,116,303	399,221,190	(55,330,721)	343,890,469
b) Unearned premiums						
Unearned premiums at beginning of the period/year	265,548,157	(39,420,956)	226,127,201	255,633,330	(34,093,154)	221,540,176
Premiums written during the period/year	627,684,109	(165,693,795)	461,990,314	795,037,966	(224,754,424)	570,283,542
Excess of loss expenses during the period/year	-	(18,919,457)	(18,919,457)	-	(37,298,767)	(37,298,767)
Premiums earned during the period/year	(595,803,117)	166,800,734	(429,002,383)	(785,123,139)	256,725,389	(528,397,750)
Unearned premiums at end of the period/year	297,429,149	(57,233,474)	240,195,675	265,548,157	(39,420,956)	226,127,201
c) Unearned reinsurance commission						
Beginning of the period/year				30 September 2021	31 December 2020	
Commission received during the period/year				(Unaudited)	(Audited)	
Commission earned during the period/year				6,759,142	6,714,158	
End of the period/year				13,892,575	31,102,465	
				(14,554,750)	(31,057,481)	
				6,096,967	6,759,142	

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**7 MOVEMENT IN OUTSTANDING CLAIMS, UNEARNED PREMIUMS, UNEARNED REINSURANCE
COMMISSION AND DEFERRED POLICY ACQUISITION COSTS (continued)**

d) Deferred policy acquisition costs	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Beginning of the period/year	18,459,055	16,877,051
Incurred during the period/year	47,258,597	59,818,818
Amortized during the period/year	(47,058,961)	(58,236,814)
End of the period/year	<u>18,658,691</u>	<u>18,459,055</u>

8 INVESTMENTS

(a) Available-for-sale investments

As at 30 September 2021 and 31 December 2020, Available-for-sale investment represents SR 1.9 million in respect of the Company's share in the capital of Najm for Insurance Services Company ("Najm") which represents a 3.85% capital holding in Najm.

(b) Fair value through profit or loss investments	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Beginning balance	90,028,540	90,671,601
Unrealized gain/(loss) from change in fair value	2,572,244	(643,061)
Ending balance	<u>92,600,784</u>	<u>90,028,540</u>

As at 30 September 2021 and 31 December 2020, fair value through profit or loss investments represents quoted equity instruments of Saudi Arabian Oil Company.

(c) Held-to-maturity investment

As at 30 September 2021, the Company's investment in Islamic bonds ("Sukuk"), issued by a local banks having a credit rating of "AA", amounted to SR 75 million (31 December 2020: SR 35 million) comprising of 75 Sukuk (31 December 2020: 35 Sukuk) denominated at Saudi Riyals 1 million each and a margin equivalent to 6 month SIBOR plus 195 basis points (31 December 2020: 6 month SIBOR plus 195 basis points), having maturity date of 27 May

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Beginning balance	35,531,657	10,192,936
Additions	40,000,000	25,000,000
Amortized during the period/year, net	877,903	338,721
Ending balance	<u>76,409,560</u>	<u>35,531,657</u>

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9 PROVISION FOR ZAKAT

a) Zakat payable

The movement in zakat payable during the period were as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of the period/year	10,517,581	9,047,924
Charge for the period/year	6,152,566	10,261,216
Prior year adjustment	(2,057,795)	-
Payments during the period/year	(9,198,273)	(8,791,559)
Balance at end of the period/year	<u>5,414,078</u>	<u>10,517,581</u>

b) Status of assessments

The Company has filed its zakat return for the financial years up to and including the year 2020 with the Zakat, Tax and Customs Authority (the "ZATCA") and received the final zakat certificate from the GAZT.

The Company has received final assessments for the years 2008 through 2018 with no additional zakat liability.

10 SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SR 300 million at 30 September 2021 (31 December 2020: SR 300 million) consisting of 30 million shares (31 December 2020: 30 million shares) of SR 10 each. Shareholding structure of the Company is as below:

	30 September 2021 (Unaudited)		31 December 2020 (Audited)	
	Authorised, issued and paid up		Authorised, issued and paid up	
	No. of Shares	SR'000	No. of Shares	SR'000
Saudi Arabian Insurance Company B.S.C	9,000,000	90,000,000	9,000,000	90,000,000
Others	21,000,000	210,000,000	21,000,000	210,000,000
	<u>30,000,000</u>	<u>300,000,000</u>	<u>30,000,000</u>	<u>300,000,000</u>

11 BASIC AND DILUTED (LOSS)/EARNING PER SHARE

Basic and diluted (loss)/earning per share for the period have been calculated by dividing the total net (loss)/ income for the period by the weighted average number of shares in issue throughout the period.

The basic and diluted (loss)/earning per share are as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Total (loss)/earning for the period attributable to the shareholders after zakat	(9,685,997)	10,267,060	(41,998,138)	33,215,957
Weighted average number of shares throughout the period (thousands)	30,000	30,000	30,000	30,000
Basic and diluted (loss)/earning per share	<u>(0.32)</u>	<u>0.34</u>	<u>(1.40)</u>	<u>1.11</u>

There are no diluted potential shares during the three-month and nine-month periods ended 30 September 2021 and 2020.

12 STATUTORY RESERVE

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year to the statutory reserve until it equals the value of share capital. Such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

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13 CAPITAL MANAGEMENT

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in the Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain a solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

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

The Company is in compliance with all externally imposed capital requirements with sound solvency margin. The capital structure of the Company as at 30 September 2021 consists of paid-up share capital of SR 300 million, statutory reserves of SR 29.5 million and accumulated losses of SR 15 million (31 December 2020: paid-up share capital of SR 300 million, statutory reserves of SR 29.5 million and retained earnings of SR 27 million) in the interim condensed statement of financial position.

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

14 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 transactions take place either:

- in the accessible principal market for the asset or liability, or
- in the accessible principal market, in the most advantageous accessible market for the asset or liability

The management assessed that cash and cash equivalent, accrual and other liabilities and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities,
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and
- Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the three-month and nine-month periods ended 30 September 2021 and year ended 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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14 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

a) Carrying amounts and fair value

The following table summarizes the financial assets recorded at fair value as of 30 September 2021 and 31 December 2020 by level of the fair value hierarchy.

As at 30 September 2021 (Unaudited)

	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
FVTPL investments	92,600,784	92,600,784	-	-	92,600,784
	<u>92,600,784</u>	<u>92,600,784</u>	<u>-</u>	<u>-</u>	<u>92,600,784</u>

As at 31 December 2020 (Audited)

	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets:					
FVTPL investments	90,028,540	90,028,540	-	-	90,028,540
	<u>90,028,540</u>	<u>90,028,540</u>	<u>-</u>	<u>-</u>	<u>90,028,540</u>

The fair values of other financial assets and liabilities, not included in the table above, are not materially different from the carrying values included in the financial statements.

b) Measurement of Fair values

Available-for-sale investment represents unquoted securities amounted to SR 1.9 million in respect of the Company's share in the capital of Najm. As at 30 September 2021 and 31 December 2020, the investment has not been measured at fair value in the absence of active market or other means of measuring their fair value reliably. However, the management believes that there is no major difference between the carrying value and fair value of the investment.

15 COMMITMENTS AND CONTINGENCIES

CONTINGENCIES

a. Legal proceedings and regulations

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

COMMITMENTS

b. During 2020, the Company entered into an agreement for the construction of the commercial building on the land under deed No. 2/214 located at the Salahuddin AL-Ayyubi Road, Riyadh, Kingdom of Saudi Arabia.

The Company is committed to half of the incurred capital expenditure for the acquisition of land and construction of the building, and the transaction will be recognized as the development progresses and upon completion of the transfer of the underlying right and obligations.

The estimated commitment as at balance sheet date but not recognized in the financial statement are as follows:

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Acquisition of the Land	12,663,500	12,663,500
Construction of the Building	38,000,000	38,000,000
	<u>50,663,500</u>	<u>50,663,500</u>

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16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, key management personnel of the Company and entities controlled, jointly controlled or subsequently influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions and are approved by the management.

The following are the details of the major related party transactions during the period and the related balances:

<i>Related party</i>	<i>Nature of transactions</i>	<i>Amount of transaction</i>		<i>Balance</i>	
		<i>Nine-month period ended 30 September</i>		<i>30 September</i>	
		<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<i>Amounts due to related parties are as follows:</i>					
ACE Insurance & Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums ceded through Broker	49,605,214	83,765,526		
	Commission received	43,906	13,674,591	-	10,111,497
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Premiums ceded	148,684	118,790		
	Commission received	17,346	18,632	828,571	128,083
ACE Insurance Agents Limited ("Agent") (Affiliate)	Premiums received through Agent	-	2,316,935		
	Commission expense	-	294,587	-	-
ACE Limited (Affiliate)				55,502	55,502
				884,073	10,295,082
<i>Amounts due from related party are as follows (note 6):</i>					
ACE Insurance & Reinsurance Brokers Limited ("Broker") (Affiliate)	Premiums received through Broker, net	119,431,057	128,808,574		
	Commission expense	11,056,524	12,082,873	51,500,035	58,876,953
	Provision for/(reversal) of doubtful debts	1,156,053	183,074	(25,215,809)	(19,632,503)
				26,284,226	39,244,450
				26,284,226	39,244,450

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16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel

Key management personnel of the Company include all directors (executives and non-executives) and senior management. The summary of compensation of key management personnel for the nine-month period ended 30 September is as follows:

	BOD members (Non-Executive)	Top Executives including the CEO and CFO
Nine-month period ended	Nine-month period ended 30	
30 September	September	
2021	2021	2020
(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	574,500	7,605,356
Bonus	-	3,758,860
Employees' end-of-service benefits	-	610,761
	574,500	11,974,977
		6,815,073

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17 SEGMENT INFORMATION

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 as stated below. Segment results do not include income from investments, income from murabaha deposits, other income, general and administrative expenses, and provision for doubtful debts. Accordingly, they are included in unallocated income and expenses.

Segment assets do not include cash and cash equivalents, murabaha deposits, premiums and reinsurers' receivable - net, available for sale investment, held-to-maturity investment, due from related parties, prepayments and other assets, property and equipment, intangible assets, statutory deposit and accrued income from statutory deposit. Accordingly, they are included in unallocated assets.

Segment liabilities do not include accrued and other liabilities, surplus distribution payable, reinsurance balances payable, accounts payable, employees' end-of-service benefits, provision for zakat, accrued commission income payable to SAMA. Accordingly, they are included in unallocated liabilities. All of the Company's operating assets and principal activities are located in the Kingdom of Saudi Arabia.

Three-month period ended 30 September 2021 (Unaudited) (SR '000)					
Operating segment	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Revenues					Total
Gross premiums written					
- Individual	59	6,338	11	-	-
- Micro enterprise	1,591	2,228	774	-	-
- Small enterprises	18,124	1,585	1,499	-	-
- Medium enterprises	25,902	3,645	8,755	-	-
- Large enterprise	15,420	8,556	14,889	-	-
	61,096	22,352	25,928	-	-
Reinsurance premiums ceded					
- Local	-	-	(1,627)	-	-
- International (includes premium ceded through local broker)	-	43	(15,712)	-	-
	-	43	(17,339)	-	-
Excess of loss expenses					
- Local	-	(68)	(13)	-	-
- International	(9,862)	(270)	(239)	-	-
	(9,862)	(338)	(252)	-	-
Net premiums written	51,234	22,057	8,337	-	-
					81,628

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17 SEGMENT INFORMATION (continued)

	Three-month period ended 30 September 2021 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Operating segment					Total
Net premiums written	51,234	22,057	8,337	-	81,628
Movement in unearned premiums, net	31,109	22,536	3,955	-	57,600
Net premiums earned	82,343	44,593	12,292	-	139,228
Reinsurance commissions	-	273	4,199	-	4,472
Other underwriting income	-	75	25	-	100
Net revenues	82,343	44,941	16,516	-	143,800
Underwriting costs and expenses					
Gross claims paid	67,718	38,235	5,589	-	111,542
Reinsurers' share of claims paid	-	(2,634)	(4,306)	-	(6,940)
Net claims paid	67,718	35,601	1,283	-	104,602
Movement in outstanding claims, IBNR and other reserves, net	3,070	(1,792)	(617)	-	661
Net claims incurred	70,788	33,809	666	-	105,263
Policy acquisition costs	4,709	4,695	5,334	-	14,738
Inspection and supervision fees	111	916	122	-	1,149
Total underwriting costs and expenses	75,608	39,420	6,122	-	121,150
Net underwriting income	6,735	5,521	10,394	-	22,650
Unallocated revenue					4,107
Unallocated expenses					(34,392)
Total loss for the period					(7,635)
Surplus attributed to the insurance operations					-
Total loss for the period attributable to the shareholders before zakat					(7,635)
Zakat					(2,051)
Total loss for the period attributable to the shareholders after zakat					(9,686)

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17 SEGMENT INFORMATION (Continued)

Operating segment	Three-month period ended 30 September 2020 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Revenues					Total
Gross premiums written					
- Individual	171	35,361	30	-	-
- Micro enterprise	2,309	1,090	1,159	-	-
- Small enterprises	16,616	1,721	2,157	-	-
- Medium enterprises	17,961	4,554	7,298	-	-
- Large enterprise	33,570	3,795	13,593	-	-
	70,627	46,521	24,237	-	-
					141,385
Reinsurance premiums ceded					
- Local	-	-	(1,491)	-	-
- International (includes premium ceded through local broker)	-	(9,885)	(17,344)	-	-
	-	(9,885)	(18,835)	-	-
					(28,720)
Excess of loss expenses					
- Local	-	(129)	(41)	-	-
- International	(16,638)	(516)	159	-	-
	(16,638)	(645)	118	-	-
	53,989	35,991	5,520	-	-
Net premiums written					95,500

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17 SEGMENT INFORMATION (continued)

	Three-month period ended 30 September 2020 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Operating segment					Total
Net premiums written	53,989	35,991	5,520	-	95,500
Movement in unearned premiums, net	14,824	18,788	4,987	-	38,599
Net premiums earned	68,813	54,779	10,507	-	134,099
Reinsurance commissions	-	160	4,612	-	4,772
Other underwriting income	528	280	164	-	972
Net revenues	69,341	55,219	15,283	-	139,843
Underwriting costs and expenses					
Gross claims paid	50,831	40,395	26,383	-	117,609
Reinsurers' share of claims paid	-	(3,181)	(24,826)	-	(28,007)
Net claims paid	50,831	37,214	1,557	-	89,602
Movement in outstanding claims, IBNR and other reserves, net	4,090	(1,461)	136	-	2,765
Net claims incurred	54,921	35,753	1,693	-	92,367
Policy acquisition costs	4,258	4,015	5,954	-	14,227
Inspection and supervision fees	1,059	223	114	-	1,396
Total underwriting costs and expenses	60,238	39,991	7,761	-	107,990
Net underwriting income	9,103	15,228	7,522	-	31,853
Unallocated revenue					12,407
Unallocated expenses					(31,590)
Total income for the period				11,093	12,670
Surplus attributed to the insurance operations				(354)	(193)
Total income for the period attributable to the shareholders before zakat					12,477
Zakat					(2,210)
Total income for the period attributable to the shareholders after zakat					10,267

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17 SEGMENT INFORMATION (Continued)

	Nine-month period ended 30 September 2021 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Operating segment					Total
Revenues					
Gross premiums written					
- Individual	789	39,710	46	-	-
- Micro enterprise	7,137	5,650	7,505	-	-
- Small enterprises	56,664	7,271	5,788	-	-
- Medium enterprises	135,029	26,830	24,155	-	-
- Large enterprise	99,009	44,104	167,997	-	-
	298,628	123,565	205,491	-	-
					40,545
					20,292
					69,723
					186,014
					311,110
					627,684
Reinsurance premiums ceded					
- Local	-	-	(46,815)	-	-
- International (includes premium ceded through local broker)	-	(290)	(118,589)	-	-
	-	(290)	(165,404)	-	-
					(46,815)
					(118,879)
					(165,694)
Excess of loss expenses					
- Local	-	(295)	(74)	-	-
- International	(15,291)	(1,164)	(2,095)	-	-
	(15,291)	(1,459)	(2,169)	-	-
					(369)
					(18,550)
					(18,919)
Net premiums written	283,337	121,816	37,918	-	-
Movement in unearned premiums, net	(31,681)	24,254	(6,641)	-	-
Net premiums earned	251,656	146,070	31,277	-	-
Reinsurance commissions	-	1,079	13,476	-	-
Other underwriting income	305	373	397	-	-
Net revenues	251,961	147,522	45,150	-	-
					444,633

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17 SEGMENT INFORMATION (Continued)

Operating segment	Nine-month period ended 30 September 2021 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Underwriting costs and expenses					Total
Gross claims paid	193,385	111,217	79,288	-	-
Reinsurers' share of claims paid	-	(5,522)	(74,051)	-	-
Net claims paid	193,385	105,695	5,237	-	-
Movement in outstanding claims, IBNR and other reserves, net	32,744	(642)	1,697	-	-
Net claims incurred	226,129	105,053	6,934	-	-
Policy acquisition costs	14,103	17,400	15,556	-	-
Inspection and supervision fees	3,674	1,421	794	-	-
Total underwriting costs and expenses	243,906	123,874	23,284	-	-
Net underwriting income	8,055	23,648	21,866	-	-
Unallocated revenue					9,414
Unallocated expenses					(1,026)
Total loss for the period					
Surplus attributed to the insurance operations					13,613
Total loss for the period attributable to the shareholders before zakat					(105,085)
Zakat					(37,903)
Total loss for the period attributable to the shareholders after zakat					(143,000)

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17 SEGMENT INFORMATION (Continued)

Operating segment	Nine-month period ended 30 September 2020 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Revenues					Total
Gross premiums written					
- Individual	483	95,302	517	-	-
- Micro enterprise	5,294	5,363	8,055	-	-
- Small enterprises	46,392	9,021	4,634	-	-
- Medium enterprises	92,279	27,807	29,876	-	-
- Large enterprise	116,645	27,327	196,863	-	-
	261,093	164,820	239,945	-	-
					96,302
					18,712
					60,047
					149,962
					340,835
					665,858
 Reinsurance premiums ceded					
- Local	-	-	(52,453)	-	-
- International (includes premium ceded through local broker)	-	(10,036)	(146,864)	-	-
	-	(10,036)	(199,317)	-	-
					(52,453)
					(156,900)
					(209,353)
 Excess of loss expenses					
- Local	-	(390)	(106)	-	-
- International	(28,839)	(1,561)	(3,258)	-	-
	(28,839)	(1,951)	(3,364)	-	-
					(496)
					(33,658)
					(34,154)
 Net premiums written	232,254	152,833	37,264	-	-
Movement in unearned premiums, net	(30,431)	7,058	(7,609)	-	-
Net premiums earned	201,823	159,891	29,655	-	-
Reinsurance commissions	-	673	17,914	-	-
Other underwriting income	2,010	2,560	2,161	-	-
Net revenues	203,833	163,124	49,730	-	-
					422,351
					(30,982)
					391,369
					18,587
					6,731
					416,687

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17 SEGMENT INFORMATION (Continued)

Operating segment	Nine-month period ended 30 September 2020 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
					Total
Underwriting costs and expenses					
Gross claims paid	156,747	121,142	60,939	-	-
Reinsurers' share of claims paid	233	(5,138)	(57,659)	-	-
Net claims paid	156,980	116,004	3,280	-	-
Movement in outstanding claims, IBNR and other reserves, net	(585)	(16,591)	(3,191)	-	-
Net claims incurred	156,395	99,413	89	-	-
Policy acquisition costs	12,691	12,223	17,057	-	-
Inspection and supervision fees	3,915	813	981	-	-
Total underwriting costs and expenses	173,001	112,449	18,127	-	-
Net underwriting income	30,832	50,675	31,603	-	-
Unallocated revenue					8,625
Unallocated expenses					(986)
Total income for the period					13,451
Surplus attributed to the insurance operations					(83,361)
Total income for the period attributable to the shareholders before zakat					43,200
Zakat					(3,556)
Total income for the period attributable to the shareholders after zakat					39,644
					(6,428)
					33,216

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17 SEGMENT INFORMATION (Continued)

Operating segment	As at 30 September 2021 (Unaudited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Total					
Assets					
Reinsurers' share of outstanding claims	-	8,729	390,489	-	-
Reinsurers' share of claims incurred but not reported	-	6,306	54,298	-	-
Reinsurers' share of unearned premiums	-	85	57,148	-	-
Deferred policy acquisition costs	7,597	4,918	6,144	-	-
Segment assets	7,597	20,038	508,079	-	-
Unallocated assets					350,613
Total assets					849,261
					1,384,975
Liabilities and equity					
Outstanding claims and reserves	39,355	26,315	406,199	-	-
Claims incurred but not reported	42,548	39,409	60,580	-	-
Unearned premiums	157,267	67,102	73,060	-	-
Unearned reinsurance commission	-	30	6,067	-	-
Segment liabilities	239,170	132,856	545,906	-	-
Unallocated liabilities and surplus					8,913
Total equity					314,507
Total liabilities and equity					1,384,975

Unallocated assets at 30 September 2021 consists mainly of murabaha deposits of SR 267 million, premiums and reinsurers' receivable - net of SR 258 million, cash and cash equivalents of SR 35.4 million, available-for-sale investment of SR 1.9 million, FVTPL investment of SR 92.6 million, held-to-maturity investment of SR 76.4 million and other assets of SR 118.2 million.

Unallocated liabilities and surplus at 30 September 2021 consists mainly of accrued and other liabilities of SR 51.4 million, reinsurance balances payable of SR 49.16 million, employees' end-of-service benefits of SR 20.9 million and other liabilities of SR 31.06 million.

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17 SEGMENT INFORMATION (Continued)

Operating segment	As at 31 December 2020 (Audited) (SR '000)				
	Medical	Motor	Property & casualty	Protection & savings	Shareholders' operations
Total					
Assets					
Reinsurers' share of outstanding claims	-	6,873	332,294	-	-
Reinsurers' share of claims incurred but not reported	-	3,166	40,201	-	-
Reinsurers' share of unearned premiums	-	6,544	32,877	-	-
Deferred policy acquisition costs	8,052	6,453	3,954	-	-
Segment assets	8,052	23,036	409,326	-	-
Unallocated assets					350,490
Total assets					871,018
					1,311,432
Liabilities and equity					
Outstanding claims and reserves	16,531	20,724	348,595	-	-
Claims incurred but not reported	32,628	40,646	44,195	-	-
Unearned premiums	125,585	97,741	42,222	-	-
Unearned reinsurance commission	-	1,019	5,740	-	-
Segment liabilities	174,744	160,130	440,752	-	-
Unallocated liabilities and surplus					14,763
Total equity					356,455
Total liabilities and equity					1,311,432

Unallocated assets at 31 December 2020 consists mainly of murabaha deposits of SR 342 million, premiums and reinsurers' receivable - net of SR 246 million, cash and cash equivalents of SR 50 million, Available-for-sale investment of SR 1.9 million, FVTPL investment of SR 90 million, Held-to-maturity investment of SR 35 million and other assets of SR 106 million.

Unallocated liabilities and surplus at 31 December 2020 consists mainly of accrued and other liabilities of SR 64.9 million, reinsurance balances payable of SR 53.7 million, employees' end-of-service benefits of SR 18.7 million and other liabilities of SR 41.9 million.

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18 SUPPLEMENTARY INFORMATION

18.1 Interim condensed statement of financial position

	Insurance Operations		Shareholders' Operations		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS						
Cash and cash equivalents	27,169,375	47,691,162	8,235,782	2,308,565	35,405,157	49,999,727
Murabaha deposits	108,029,173	134,474,361	158,441,935	207,441,935	266,471,108	341,916,296
Premiums and reinsurers' receivable - net	258,228,149	245,872,196	-	-	258,228,149	245,872,196
Reinsurers' share of unearned premiums	57,233,474	39,420,956	-	-	57,233,474	39,420,956
Reinsurers' share of outstanding claims and reserves	399,217,796	339,166,728	-	-	399,217,796	339,166,728
Reinsurers' share of claims incurred but not reported	60,604,000	43,367,257	-	-	60,604,000	43,367,257
Deferred policy acquisition costs	18,658,691	18,459,055	-	-	18,658,691	18,459,055
Available for sale investment	1,923,080	1,923,080	-	-	1,923,080	1,923,080
Fair value through profit or loss investments	-	-	92,600,784	90,028,540	92,600,784	90,028,540
Held-to-maturity investment	20,553,241	20,422,907	55,856,319	15,108,750	76,409,560	35,531,657
Prepayments and other assets	64,423,773	55,507,591	2,678,819	2,802,309	67,102,592	58,309,900
Property and equipment	6,490,410	4,833,267	-	-	6,490,410	4,833,267
Intangible assets	11,830,194	9,803,358	-	-	11,830,194	9,803,358
Statutory deposit	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Accrued income from statutory deposit	-	-	2,799,638	2,799,638	2,799,638	2,799,638
TOTAL ASSETS	1,034,361,356	960,941,918	350,613,277	350,489,737	1,384,974,633	1,311,431,655

Above stated assets do not include "Due from insurance operations" amounting to SR 27,193,356 (31 December 2020: 20,778,132) to be consistent with total assets presented in the statement of financial position.

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18 SUPPLEMENTARY INFORMATION (continued)

18.1 Interim condensed statement of financial position (continued)

	Insurance Operations		Shareholders' Operations		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
LIABILITIES						
Policyholders' claims payable	16,567,973	21,607,449	-	-	16,567,973	21,607,449
Accrued and other liabilities	51,396,056	64,916,997	-	-	51,396,056	64,916,997
Surplus distribution payable	5,577,137	5,577,137	-	-	5,577,137	5,577,137
Reinsurance balances payable	49,162,518	53,730,084	-	-	49,162,518	53,730,084
Unearned premiums	297,429,149	265,548,157	-	-	297,429,149	265,548,157
Unearned reinsurance commission	6,096,967	6,759,142	-	-	6,096,967	6,759,142
Outstanding claims and reserves	471,868,721	385,850,240	-	-	471,868,721	385,850,240
Claims incurred but not reported	142,537,000	117,468,630	-	-	142,537,000	117,468,630
Accounts payable	-	-	699,615	1,445,922	699,615	1,445,922
Employees' end-of-service benefits	20,919,191	18,705,950	-	-	20,919,191	18,705,950
Provision for zakat	-	-	5,414,078	10,517,581	5,414,078	10,517,581
Accrued commission income payable to SAMA	-	-	2,799,639	2,799,639	2,799,639	2,799,639
TOTAL LIABILITIES	1,061,554,712	940,163,786	8,913,332	14,763,142	1,070,468,044	954,926,928
EQUITY						
Share capital	-	-	300,000,000	300,000,000	300,000,000	300,000,000
Statutory reserve	-	-	29,473,371	29,473,371	29,473,371	29,473,371
(Accumulated losses)/retained earnings	-	-	(15,016,418)	26,981,720	(15,016,418)	26,981,720
Re-measurement reserve of end-of-service benefits	-	-	49,636	49,636	49,636	49,636
TOTAL EQUITY	-	-	314,506,589	356,504,727	314,506,589	356,504,727
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,061,554,712	940,163,786	323,419,921	371,267,869	1,384,974,633	1,311,431,655

Above stated liabilities do not include "Due to shareholders' operations" amounting to SR 27,193,356 (31 December 2020: 20,778,132) to be consistent with total liabilities presented in the statement of financial position.

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18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income

	Three-months period ended 30 September (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2021	2020	2021	2020	
REVENUES					
Gross premiums written	109,376,290	141,385,229	-	-	109,376,290
Reinsurance premiums ceded					
- Local	(1,627,356)	(1,490,972)	-	-	(1,627,356)
- International (includes premium ceded through local broker)	(15,668,639)	(27,229,296)	-	-	(15,668,639)
	(17,295,995)	(28,720,268)	-	-	(17,295,995)
					(28,720,268)
Excess of loss/ stop loss expenses					
- Local	(81,264)	(169,928)	-	-	(81,264)
- International	(10,371,480)	(16,995,310)	-	-	(10,371,480)
	(10,452,744)	(17,165,238)	-	-	(10,452,744)
					(17,165,238)
Net premiums written	81,627,551	95,499,723	-	-	81,627,551
Movement in unearned premiums, net	57,600,294	38,598,950	-	-	57,600,294
Net premiums earned	139,227,845	134,098,673	-	-	139,227,845
Reinsurance commissions	4,471,698	4,772,188	-	-	4,471,698
Other underwriting income	100,054	971,621	-	-	100,054
NET REVENUES	143,799,597	139,842,482	-	-	143,799,597
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	111,541,502	117,609,144	-	-	111,541,502
Reinsurers' share of claims paid	(6,939,722)	(28,006,614)	-	-	(6,939,722)
Net claims paid	104,601,780	89,602,530	-	-	104,601,780
Movement in outstanding claims, net	661,427	2,765,103	-	-	661,427
Net claims incurred	105,263,207	92,367,633	-	-	105,263,207
Policy acquisition costs	14,738,028	14,227,311	-	-	14,738,028
Inspection and supervision fees	1,148,990	1,395,924	-	-	1,148,990
TOTAL UNDERWRITING COSTS AND EXPENSES	121,150,225	107,990,868	-	-	121,150,225
					(107,990,868)
NET UNDERWRITING INCOME	22,649,372	31,851,614	-	-	22,649,372
					31,851,614

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18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income (continued)

	Three-months period ended 30 September (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2021	2020	2021	2020	2021
OTHER INCOME/(EXPENSES)					
Income from investments	143,019	114,723	670,561	904,915	813,580
Unrealised gain on fair value through profit or loss investments	-	-	1,929,183	8,745,630	1,929,183
Income from murabaha deposits	455,978	972,676	811,798	1,442,742	1,267,776
Other income	96,742	226,204	-	-	96,742
General and administrative expenses	(28,487,023)	(27,863,803)	(357,962)	(354,046)	(28,844,985)
Provision for doubtful receivables	(5,546,809)	(3,370,949)	-	-	(5,546,809)
TOTAL OTHER INCOME/(EXPENSES)	(33,338,093)	(29,921,149)	3,053,580	10,739,241	(30,284,513)
Total (loss)/income for the period	(10,688,721)	1,930,465	3,053,580	10,739,241	(7,635,141)
Total (loss)/income for the period attributed to shareholders before zakat	10,688,721	(1,737,419)	(10,688,721)	1,737,419	-
Total (loss)/income for the period before zakat	-	193,046	(7,635,141)	12,476,660	(7,635,141)
Zakat charge for the period	-	-	(2,050,856)	(2,209,600)	(2,050,856)
Total (loss)/income for the period after zakat	-	193,046	(9,685,997)	10,267,060	(9,685,997)

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18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income (continued)

	Nine-months period ended 30 September (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2021	2020	2021	2020	
REVENUES					
Gross premiums written	627,684,109	665,858,355	-	-	665,858,355
Reinsurance premiums ceded					
- Local	(46,815,170)	(52,452,671)	-	-	(52,452,671)
- International (includes premium ceded through local broker)	(118,878,625)	(156,900,674)	-	-	(156,900,674)
	(165,693,795)	(209,353,345)	-	-	(209,353,345)
Excess of loss/ stop loss expenses					
- Local	(369,310)	(496,259)	-	-	(496,259)
- International	(18,550,147)	(33,657,856)	-	-	(33,657,856)
	(18,919,457)	(34,154,115)	-	-	(34,154,115)
Net premiums written	443,070,857	422,350,895	-	-	443,070,857
Movement in unearned premiums, net	(14,068,474)	(30,981,599)	-	-	(14,068,474)
Net premiums earned	429,002,383	391,369,296	-	-	429,002,383
Reinsurance commissions	14,554,750	18,587,220	-	-	14,554,750
Other underwriting income	1,075,201	6,730,596	-	-	1,075,201
NET REVENUES	444,632,334	416,687,112	-	-	444,632,334
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	383,889,644	338,828,418	-	-	383,889,644
Reinsurers' share of claims paid	(79,572,381)	(62,563,975)	-	-	(79,572,381)
	304,317,263	276,264,443	-	-	304,317,263
Net claims paid	33,799,040	(20,366,410)	-	-	33,799,040
Movement in outstanding claims, net	338,116,303	255,898,033	-	-	338,116,303
Net claims incurred	47,058,961	41,970,839	-	-	47,058,961
Policy acquisition costs	5,888,757	5,709,046	-	-	5,888,757
Inspection and supervision fees			-	-	
TOTAL UNDERWRITING COSTS AND EXPENSES	391,064,021	303,577,918	-	-	391,064,021
NET UNDERWRITING INCOME	53,568,313	113,109,194	-	-	53,568,313

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18 SUPPLEMENTARY INFORMATION (continued)

18.2 Interim condensed statement of income (continued)

	Nine-months period ended 30 September (Unaudited)				
	Insurance Operations		Shareholders' Operations		Total
	2021	2020	2021	2020	2021
OTHER INCOME/(EXPENSES)					
Income from investments	435,168	261,771	3,724,682	1,999,662	4,159,850
Unrealised loss on fair value through profit or loss investments	-	-	2,572,244	1,671,959	2,572,244
Income from murabaha deposits	1,373,482	2,919,339	3,117,489	4,953,223	4,490,971
Other income	2,389,600	1,644,843	-	-	2,389,600
General and administrative expenses	(90,597,454)	(78,751,658)	(1,025,592)	(986,092)	(91,623,046)
Provision for doubtful receivables	(13,461,299)	(3,622,595)	-	-	(13,461,299)
TOTAL OTHER INCOME/(EXPENSES)	(99,860,503)	(77,548,300)	8,388,823	7,638,752	(91,471,680)
Total (loss)/income for the period	(46,292,190)	35,560,894	8,388,823	7,638,752	(37,903,367)
Total (loss)/income for the period attributed to shareholders before zakat	46,292,190	(32,004,805)	(46,292,190)	32,004,805	-
Total (loss)/income for the period before zakat	-	3,556,089	(37,903,367)	39,643,557	(37,903,367)
Zakat charge for the period	-	-	(4,094,771)	(6,427,600)	(4,094,771)
Total (loss)/income for the period after zakat	-	3,556,089	(41,998,138)	33,215,957	(41,998,138)

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18 SUPPLEMENTARY INFORMATION (continued)

18.3 Statement of comprehensive income

	Three-months period ended 30 September (Unaudited)			
	Insurance Operations		Shareholders' Operations	
	2021	2020	2021	2020
Total (loss)/income for the period	-	193,046	(9,685,997)	10,267,060
			(9,685,997)	10,460,106

Other comprehensive income:

Items that may be reclassified to statement of insurance operations' surplus in subsequent periods:

Total comprehensive (loss)/income for the period	-	193,046	(9,685,997)	10,267,060
			(9,685,997)	10,460,106

Nine-months period ended 30 September (Unaudited)

	Insurance Operations		Shareholders' Operations	
	2021		2020	
	2021	2020	2021	2020
Total (loss)/income for the period	-	3,556,089	(41,998,138)	33,215,957
			(41,998,138)	36,772,046

Other comprehensive income:

Items that may be reclassified to statement of insurance operations' surplus in subsequent periods:

Total comprehensive (loss)/income for the period	-	3,556,089	(41,998,138)	33,215,957
			(41,998,138)	36,772,046

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18 SUPPLEMENTARY INFORMATION (continued)

18.4 Interim condensed statement of cash flows

	Note	Nine-months period ended 30 September (Unaudited)				
		Insurance Operations		Shareholders' Operations		Total
		2021	2020	2021	2020	
CASH FLOWS FROM OPERATING ACTIVITIES						
Total (loss)/income for the period before zakat		(46,292,190)	35,560,894	8,388,823	7,638,752	43,199,646
Adjustments for non-cash items:						
Depreciation of property and equipment		1,120,877	1,666,353	-	-	1,666,353
Amortization of intangible assets		1,348,019	1,373,796	-	-	1,373,796
Amortisation of held-to-maturity investment		(877,903)	192,936	-	-	192,936
Reversal/(provision) for doubtful debts		13,461,299	3,622,595	-	-	3,622,595
Provision for employees' end-of-service benefits	6	2,951,256	2,520,000	-	-	2,520,000
Gain on disposal of available-for-sale investment		-	-	(2,572,244)	(1,671,959)	(1,671,959)
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable		(25,817,252)	(54,271,683)	-	-	(54,271,683)
Reinsurers' share of unearned premiums		(17,812,518)	(46,556,183)	-	-	(46,556,183)
Reinsurers' share of outstanding claims and reserves		(60,051,068)	7,800,754	-	-	7,800,754
Reinsurers' share of claims incurred but not reported		(17,236,743)	(6,275,752)	-	-	(6,275,752)
Deferred policy acquisition costs		(199,636)	(6,075,074)	-	-	(6,075,074)
Deferred excess of loss premiums		-	(62,823)	-	-	(62,823)
Prepayments and other assets		(8,916,183)	(14,852,774)	123,490	392,082	(14,460,692)
Policyholders claims payable		(5,039,476)	(10,798,621)	-	-	(10,798,621)
Accrued and other liabilities		(13,520,941)	6,251,986	-	-	6,251,986
Reinsurance balances payable		(4,567,566)	(22,458,019)	-	-	(22,458,019)
Unearned premiums		31,880,992	77,537,782	-	-	77,537,782
Unearned reinsurance commission		(662,175)	2,897,129	-	-	2,897,129
Outstanding claims and reserves		86,018,481	(23,816,028)	-	-	(23,816,028)
Claims incurred but not reported		25,068,370	1,924,616	-	-	1,924,616
Accounts payable		-	-	(746,307)	(335,830)	(335,830)
Cash from/(used in) operating activities		(39,144,357)	(43,818,116)	5,193,762	6,023,045	(37,795,071)

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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

(All amounts in Saudi Riyals unless otherwise stated)

18 SUPPLEMENTARY INFORMATION (continued)

18.4 Interim condensed statement of cash flows (continued)

	Note	Nine-months period ended 30 September (Unaudited)				
		Insurance Operations		Shareholders' Operations		Total
		2021	2020	2021	2020	2021
Employees' end-of-service benefits paid		(738,015)	(668,947)	-	-	(738,015)
Zakat paid	9	-	-	(9,198,273)	(7,100,477)	(9,198,273)
Net cash used in operating activities		(39,882,372)	(44,487,063)	(4,004,511)	(1,077,432)	(43,886,883)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions of property and equipment		(2,778,020)	(2,526,707)	-	-	(2,778,020)
Additions of intangible assets		(3,374,855)	(2,124,489)	-	-	(3,374,855)
Addition in held-to-maturity investment		-	(20,000,000)	(40,000,000)	-	(40,000,000)
Proceed on maturity of held-to-maturity investment		-	10,000,000	-	-	10,000,000
Additions in murabaha deposits		(45,000,000)	(542,300,000)	(138,000,000)	(187,630,778)	(729,930,778)
Proceed on disposal of murabaha deposits		71,445,188	579,200,000	187,000,000	184,930,778	764,130,778
Net cash from/(used in) investing activities		20,292,313	22,248,804	9,000,000	(2,700,000)	19,548,804

CASH FLOWS FROM FINANCING ACTIVITY

Due to shareholders' operations, net		(931,728)	2,522,085	931,728	(2,522,085)	-
Net cash (used in)/from financing activity		(931,728)	2,522,085	931,728	(2,522,085)	-
Net change in cash and cash equivalents		(20,521,787)	(19,716,174)	5,927,217	(6,299,517)	(26,015,691)
Cash and cash equivalents at the beginning of the period	4	47,691,162	34,551,340	2,308,565	9,638,905	44,190,245
Cash and cash equivalents at the end of the period	4	27,169,375	14,835,166	8,235,782	3,339,388	18,174,554

19 APPROVAL OF FINANCIAL STATEMENTS

The interim condensed financial statements was authorized for issue in accordance with a resolution of the Board of Directors on 27 Rabi l 1443H (corresponding to 3 Nov 2021).