AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED SEPTEMBER 30, 2020 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM FINANCIAL
INFORMATION

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020

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PKF Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

Report on review of interim financial information

To the shareholders of Al Sagr Cooperative Insurance Company:
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Sagr Cooperative Insurance Company (a Saudi Joint Stock Company) (the "Company") as of September 30, 2020 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period ended September 30, 2020 and notes, comprising a summary of significant accounting policies and other explanatory notes. 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"), as 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

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INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS			
Cash and cash equivalents	5	**315,934,889**	255,104,408
Short-term deposits	6	**50,000,000**	120,130,556
Premiums and insurers' balances receivable - net	7	**75,708,663**	94,924,166
Reinsurers' share of unearned premiums	8	**23,920,047**	15,100,022
Reinsurers' share of outstanding claims	8	**39,806,697**	70,047,887
Reinsurers' share of claims incurred but not reported	8	**14,567,143**	13,902,786
Deferred policy acquisition costs		**10,142,711**	11,860,665
Investments			
Held-to-maturity investments	9	**30,000,000**	110,000,000
Financial assets at fair value through profit or loss	9	**100,700,033**	98,111,866
Available-for-sale investments	9	**42,259,405**	39,093,682
Prepaid expenses and other assets		**34,716,405**	24,058,296
Long-term deposits	6	**101,250,000**	101,250,000
Property and equipment		**3,734,093**	4,143,639
Intangible assets		**1,721,502**	1,596,438
Goodwill	10	**25,513,750**	25,513,750
Statutory deposit	11	**40,000,000**	40,000,000
Accrued income on statutory deposit	11	**5,455,910**	4,753,639
TOTAL ASSETS		**915,431,248**	1,029,591,800
LIABILITIES			
Accounts payable		**5,024,082**	5,417,406
Accrued and other liabilities		**30,124,190**	32,154,043
Reinsurers' balances payable		**4,543,144**	5,333,811
Unearned premiums	8	**198,727,902**	230,733,866
Unearned reinsurance commission		**4,597,168**	2,197,204
Outstanding claims	8	**148,363,918**	169,692,335
Claims incurred but not reported	8	**72,739,677**	63,180,565
Additional premium reserves	8	**19,156,307**	17,314,969
Other technical reserves	8	**3,417,039**	2,045,033
Due to a related party	12	**1,123,750**	1,123,750
Employee benefit obligations		**10,228,961**	9,664,194
Zakat payable	13	**50,930,348**	45,730,348
Accrued commission income payable to SAMA	11	**5,455,910**	4,753,639
Dividend payable		**370,743**	370,743
Surplus distribution payable		**44,406,230**	44,432,361
TOTAL LIABILITIES		**599,209,369**	634,144,267
EQUITY			
Share capital	14	**400,000,000**	400,000,000
Statutory reserve	15	**47,342,202**	47,342,202
Accumulated losses	1	**(138,321,724)**	(57,434,850)
Remeasurement reserve of employee benefit obligations		**471,446**	471,446
Fair value reserve on investments		**6,729,955**	5,068,735
TOTAL EQUITY		**316,221,879**	395,447,533
TOTAL LIABILITIES AND EQUITY		**915,431,248**	1,029,591,800

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2020 (Unaudited)	Three-month period ended September 30, 2019 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
REVENUES					
Gross premiums written	22	**107,792,051**	118,084,569	**302,292,936**	317,358,443
Reinsurance premiums ceded:					
- Foreign		**(20,096,994)**	(12,325,931)	**(32,534,838)**	(25,124,724)
- Local		**(1,753,147)**	(367,202)	**(2,335,337)**	(1,091,507)
Excess of loss premiums:					
- Foreign		**(7,088,561)**	(185,282)	**(15,867,487)**	(10,146,133)
- Local		**(943,424)**	(1,472,530)	**(2,421,694)**	(1,981,963)
Net premiums written		**77,909,925**	103,733,624	**249,133,580**	279,014,116
Changes in unearned premiums	8	**2,332,340**	(12,169,661)	**32,005,964**	(18,329,827)
Changes in reinsurers' share of unearned premiums	8	**12,708,229**	5,245,191	**8,820,025**	3,027,026
Net premiums earned		**92,950,494**	96,809,154	**289,959,569**	263,711,315
Reinsurance commissions		**1,933,250**	1,099,440	**4,564,865**	3,518,466
Total revenues		**94,883,744**	97,908,594	**294,524,434**	267,229,781
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid	22	**(117,637,492)**	(97,714,840)	**(340,925,170)**	(197,044,100)
Reinsurers' share of claims paid		**7,740,984**	1,384,574	**57,197,597**	10,660,484
Claims handling expenses		**(2,736,337)**	(3,846,352)	**(9,467,909)**	(11,238,293)
Net claims and other benefits paid		**(112,632,845)**	(100,176,618)	**(293,195,482)**	(197,621,909)
Changes in outstanding claims	8	**(12,647,308)**	(11,147,537)	**21,328,417**	(57,896,524)
Changes in reinsurers' share of outstanding claims	8	**6,323,543**	17,629,451	**(30,241,190)**	16,101,180
Changes in claims incurred but not reported	8	**6,476,570**	(9,389,373)	**(9,559,112)**	(11,689,783)
Changes in reinsurers' share of claims incurred but not reported	8	**1,693,682**	31,021	**664,357**	(3,968,019)
Net claims and other benefits incurred		**(110,786,358)**	(103,053,056)	**(311,003,010)**	(255,075,055)

(continued)

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2020 (Unaudited)	Three-month period ended September 30, 2019 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
Policy acquisition costs		**(5,837,978)**	(6,588,057)	**(17,874,454)**	(19,136,946)
Changes in additional premium reserves	8	**711,068**	(5,162,840)	**(1,841,338)**	1,128,828
Changes in other technical reserves	8	**384,924**	(250,517)	**(1,372,006)**	301,016
Other underwriting expenses		**(1,569,117)**	(2,112,859)	**(7,249,044)**	(3,327,179)
Total underwriting costs and expenses, net		**(117,097,461)**	(117,167,329)	**(339,339,852)**	(276,109,336)
NET UNDERWRITING LOSS		**(22,213,717)**	(19,258,735)	**(44,815,418)**	(8,879,555)
OTHER OPERATING (EXPENSES) INCOME					
Reversal of allowance for (allowance for) doubtful debts	7	**2,831,889**	1,427,189	**(1,752,467)**	(4,709,276)
General and administrative expenses		**(16,190,511)**	(14,686,315)	**(48,749,783)**	(41,930,854)
Investment and commission income		**1,784,945**	5,544,488	**10,365,913**	18,939,315
Changes in fair value of financial assets at fair value through profit or loss - net	9	**2,061,225**	-	**3,905,222**	318,842
Realized gain on available-for-sale investments	9	**912,146**	786,777	**353,892**	2,182,552
Other income		**1,279,004**	242,111	**5,005,767**	1,420,830
Total other operating expenses, net		**(7,321,302)**	(6,685,750)	**(30,871,456)**	(23,778,591)
Total loss for the period before surplus attribution and zakat		**(29,535,019)**	(25,944,485)	**(75,686,874)**	(32,658,146)
Surplus attributed to the insurance operations		**-**	-	**-**	-
Total loss for the period before zakat		**(29,535,019)**	(25,944,485)	**(75,686,874)**	(32,658,146)
Zakat expense		**(1,200,000)**	(2,100,000)	**(5,200,000)**	(6,700,000)
Total loss for the period attributable to the shareholders		**(30,735,019)**	(28,044,485)	**(80,886,874)**	(39,358,146)

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended September 30, 2020 (Unaudited)	Three-month period ended September 30, 2019 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
Weighted average number of outstanding shares	16	**40,000,000**	40,000,000	**40,000,000**	40,000,000
Loss per share (expressed in Saudi Riyals per share)					
Basic loss per share	16	**(0.77)**	(0.70)	**(2.02)**	(0.98)
Diluted loss per share	16	**(0.77)**	(0.70)	**(2.02)**	(0.98)

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Three-month period ended September 30, 2020 (Unaudited)	Three-month period ended September 30, 2019 (Unaudited)	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
Total loss for the period attributable to the shareholders	**(30,735,019)**	(28,044,485)	**(80,886,874)**	(39,358,146)
Other comprehensive income (loss):				
Items that will be reclassified to the interim condensed statement of income in subsequent periods				
Net change in fair value of available-for-sale investments	**4,080,091**	(2,039,630)	**1,661,220**	109,558
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(26,654,928)**	(30,084,115)	**(79,225,654)**	(39,248,588)

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	**Share capital**	**Statutory reserve**	**Accumulated losses (Note 1)**	**Remeasurement reserve of employee benefit obligations**	**Fair value reserve on investments**	**Total**
At January 1, 2020 *(Audited)*		**400,000,000**	**47,342,202**	**(57,434,850)**	**471,446**	**5,068,735**	**395,447,533**
Total comprehensive (loss) income for the period							
Total loss for the period attributable to the shareholders		**-**	**-**	**(80,886,874)**	**-**	**-**	**(80,886,874)**
Net change in fair value of available-for-sale investments	9	**-**	**-**	**-**	**-**	**1,661,220**	**1,661,220**
Total comprehensive (loss) income for the period		**-**	**-**	**(80,886,874)**	**-**	**1,661,220**	**(79,225,654)**
At September 30, 2020 *(Unaudited)*		**400,000,000**	**47,342,202**	**(138,321,724)**	**471,446**	**6,729,955**	**316,221,879**
At January 1, 2019 *(Audited)*		400,000,000	47,342,202	(9,173,544)	561,191	3,164,117	441,893,966
Total comprehensive (loss) income for the period							
Total loss for the period attributable to the shareholders		-	-	(39,358,146)	-	-	(39,358,146)
Net change in fair value of available-for-sale investments	9	-	-	-	-	109,558	109,558
Total comprehensive (loss) income for the period		-	-	(39,358,146)	-	109,558	(39,248,588)
At September 30, 2019 *(Unaudited)*		400,000,000	47,342,202	(48,531,690)	561,191	3,273,675	402,645,378

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Total loss for the period before surplus attribution and zakat		**(75,686,874)**	(32,658,146)
Adjustments for non-cash items:			
Depreciation of property and equipment		**836,243**	795,614
Amortization of intangible assets		**470,436**	240,400
Provision for employee benefit obligations		**1,854,501**	1,759,434
Changes in fair value of financial assets at fair value through profit or loss	9	**(3,905,222)**	(318,842)
Realized gain on available-for-sale investments	9	**(353,892)**	(2,182,552)
Allowance for doubtful debts	7	**1,752,467**	4,709,276
Changes in operating assets and liabilities:			
Premiums and insurance balances receivable - net	7	**15,029,305**	7,913,323
Reinsurers' share of unearned premiums	8	**(8,820,025)**	(3,027,026)
Reinsurers' share of outstanding claims	8	**30,241,190**	(16,101,180)
Reinsurers' share of claims incurred but not reported	8	**(664,357)**	3,968,019
Deferred policy acquisition costs		**1,717,954**	499,325
Prepaid expenses and other assets		**(10,658,109)**	(4,023,736)
Accounts payable		**(393,324)**	(256,685)
Accrued and other liabilities		**(1,447,253)**	796,968
Reinsurers' balances payable		**(790,667)**	2,578,282
Unearned premiums		**(32,005,964)**	18,329,827
Unearned reinsurance commission		**2,399,964**	982,494
Outstanding claims	8	**(19,503,417)**	57,896,524
Claims incurred but not reported	8	**9,559,112**	11,689,783
Additional premium reserves	8	**1,841,338**	(1,128,828)
Other technical reserves	8	**1,372,006**	(301,016)
Employee benefit obligations paid		**(1,289,734)**	(1,401,205)
Zakat paid		**-**	(4,940,173)
Accrued commission income payable to SAMA		**702,271**	1,016,522
Surplus distribution payable		**-**	(64,199)
Net cash (utilized in) generated from operating activities		**(87,742,051)**	46,772,203

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AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in short term deposits		**(50,000,000)**	(358,451,356)
Liquidation of short-term deposits		**120,130,556**	301,576,871
Accrued income on statutory deposit		**(702,271)**	(1,016,522)
Purchase of property and equipment		**(426,697)**	(958,962)
Additions to intangible assets		**(595,500)**	(1,061,370)
Purchase of available-for-sale investments	9	**(32,664,378)**	(26,861,479)
Purchase of financial assets at fair value through profit or loss	9	**(136,854)**	-
Proceeds from disposal of financial assets at fair value through profit or loss	9	**1,453,909**	8,791,581
Proceeds from disposal of available-for-sale investments	9	**31,513,767**	25,642,944
Proceeds from disposal of held-to maturity investments		**80,000,000**	-
Net cash generated from (utilized in) investing activities		**148,572,532**	(52,338,293)
Net change in cash and cash equivalents		**60,830,481**	(5,566,090)
Cash and cash equivalents, beginning of the period		**255,104,408**	286,496,819
Cash and cash equivalents, end of the period		**315,934,889**	280,930,729
Supplemental non-cash information:			
Net change in fair value reserve for available-for-sale investments		**1,661,220**	109,558
Surplus distribution payable adjusted against:			
- Insurance premium receivable from policyholders		**26,131**	363,277
- VAT receivable on unearned premium		**-**	862,600
Settlement of premium receivable from a shareholder through rent due to the shareholder		**582,600**	-
Settlement of premium receivable from a shareholder through outstanding claims		**1,825,000**	-

The accompanying notes from 1 to 22 form an integral part of this interim condensed financial information.

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General - Legal status and principal activities

Al Sagr Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company established in Dammam, Kingdom of Saudi Arabia and incorporated on 26 Muharram 1429H (corresponding to February 4, 2008) under commercial registration ("CR") number 1010243765 which was later amended to 2051036871 dated 22 Rabi' I 1429H (corresponding to March 30, 2008). The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to October 9, 2006). The Company's registered address is P.O. Box 3501, Dammam 32241, Kingdom of Saudi Arabia.

The purpose of the Company is to transact in cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia (the "Law") and its implementing regulations. The Company obtained license from the Saudi Arabian Monetary Authority ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/13/20083, dated 23 Rabi' I 1429H (corresponding to March 31, 2008). The Company commenced insurance operations on 4 Muharram 1430H (corresponding to January 1, 2009). On 11 Ramadan 1436H (corresponding to June 28, 2015), the Company received approval from SAMA to cancel its reinsurance license.

The loss for the three-month and nine-month periods ended September 30, 2020 is mainly attributable to the substantial increase in the medical claims. Management has formulated and implemented corrective measures which, among others, include better pricing strategies and diversification of insurance portfolio. Results from such measures are expected to reflect positively in the three-month period ending December 31, 2020 and such positive trend as a result of corrective measures are expected to continue, provided that the underlying projections of the business and economic conditions continue to be realized.

On 29 Dhul Qada 1442H (corresponding to July 20, 2020), the Board of Directors of the Company resolved to utilise the statutory reserve amounting to Saudi Riyals 47.3 million to absorb a portion of the accumulated losses of the Company. On 29 Muharram 1442H (corresponding to September 17, 2020), the Company received SAMA's approval in relation to the utilisation of statutory reserve to absorb the accumulated losses. Subsequent to the reporting date, the Company's shareholders, in an ordinary general assembly meeting held on 10 Rabi'I 1442H (corresponding to October 27, 2020), approved the Board of Director's recommendation to utilise the statutory reserve to absorb a portion of the accumulated losses. The impact of such adjustment of statutory reserve will be reflected in the annual financial statements of the Company for the year ending December 31, 2020.

The Company operates through three main branches and various point of sale stores located in the Kingdom of Saudi Arabia. Following are the CR numbers of three main branches:

Branch Type	**Location**	**CR number**
Regional branch	Dammam	2051036871
Regional branch	Jeddah	4030182618
Regional branch	Riyadh	1010243765

2. Basis of preparation

(a) Statement of compliance

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

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The interim condensed statements of financial position, income, comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented on pages 45 to 59 of the financial information have been provided as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires 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, income, comprehensive income and cash flows prepared for the insurance operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

In preparing the Company's financial information in compliance with IAS 34 as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

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

In accordance with the requirements of Implementing Regulations for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per the by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full.

(b) Basis of measurement

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of employee benefit obligations, financial assets at fair value through profit or loss and available-for-sale investments.

(c) Basis of presentation

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 current: cash and cash equivalents, short-term deposits, premiums and insurers' balances receivable - net, prepaid expenses and other assets, available-for-sale investments, financial assets at fair value through profit or loss, accrued income on statutory deposit, accounts payable, accrued and other liabilities, reinsurers' balances payable, due to a related party, outstanding claims, claims incurred but not reported ("IBNR"), additional premium reserves, other technical reserves, outstanding claims and claims incurred but not reported, zakat payable, accrued commission income payable to SAMA and dividend payable. The following balances would generally be classified as non-current: long-term deposits, held-to-maturity investments, property and equipment, intangible assets, goodwill, statutory deposit, employee benefit obligations and surplus distribution payable. The balances which are of mixed in nature i.e. include both current and non-current portions include reinsurers' share of unearned premiums, deferred policy acquisition costs, unearned premiums and unearned reinsurance commission.

2 Basis of preparation (continued)

(c) Basis of preparation (continued)

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

The interim condensed financial information does not include all the information required for the annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2019.

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as of and for the year ended December 31, 2019.

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

In response to the spread of Covid-19 in the Kingdom of Saudi Arabia and its consequential disruption to social and economic activities, the Company's management has assessed its impact on the Company's operations and has taken a series of proactive and preventive measures to ensure:

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

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

(i) Impact of Covid-19

Medical technical reserves

The Company's management believes that the Saudi Arabian government initiative of providing free healthcare to infected and suspected patients has helped in reducing any unfavourable impact. During the period of lockdowns and curfews as implemented by the Saudi Arabian government, the Company experienced a decline in medical reported claims (mainly elective and non-chronic treatment claims) which resulted in a decrease in claims experience which could have resulted from the deferral of certain medical treatments. Accordingly, the Company's management has duly considered the impact of such deferral of medical claims in the current estimate of future contractual cashflows of the insurance contracts in force as at September 30, 2020 for its liability adequacy test. Based on the results, the Company has recognized an amount of Saudi Riyals 3.1 million (December 31, 2019: Nil, June 30, 2020: additional premium reserves of Saudi Riyals 9.7 million, March 31, 2020: Nil) as claims Incurred But Not Reported ("IBNR) for the issued medical policies to account for the above explained deferral.

2. Basis of preparation (continued)

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

(i) Impact of Covid-19 (continued)

Motor technical reserves

In response to the Covid-19 pandemic, SAMA issued a circular 189 (the "Circular") dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Amongst other things, the Circular instructed the insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing two months of additional coverage for all new retail motor insurance policies written within one month of the date of the Circular.

Management, in conjunction with its appointed actuary, deliberated on a variety of internal factors and the Company prospectively assessed the sufficiency of its unexpired risk reserves in relation to those existing retail Motor policies impacted by the Circular. For new retail motor policies issued as per the above Circular, the premium is earned over the period of twelve months as the impact of earnings over the period of coverage i.e. fourteen months is not considered significant by management for the period ended September 30, 2020 and subsequent periods. The Company's management has duly considered the impact of such existing and new retail motor policies impacted by the Circular on claims in the current estimate of future contractual cashflows of the insurance contracts in force as at September 30, 2020 for its liability adequacy test. As a result, the Company has maintained a premium deficiency reserve of Saudi Riyals 5.7 million on such policies as at September 30, 2020 (December 31, 2019: Nil, June 30, 2020: additional premium deficiency reserve of Saudi Riyals 9.7 million, March 31, 2020: Nil).

Financial assets - investments and loans and receivables

For held-to-maturity investments and financial assets designated as loans and receivables, the Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. These include factors such as significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. For available-for-sale investments and at fair value through profit or loss, the Company has performed an assessment to determine whether there is a significant decline in the fair value of these investments to below cost along with other qualitative factors such as prolonged decline in the value of investments for equity instruments and / or occurrence of a credit default event in case of debt instruments. Based on these assessments, the Company believes that the Covid-19 pandemic has had no material effect on the Company's reported results for the nine-month period ended September 30, 2020. The Company continues to monitor the situation closely.

(ii) Liability arising from claims under insurance contracts

Considerable judgement by management is required in the estimation of amounts due to policyholders arising from claims made under insurance policies. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of statement of financial position and for the expected ultimate cost of IBNR claims at the reporting date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions, if any, are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and claims incurred but not reported, on a quarterly basis.

2. Basis of preparation (continued)

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

(ii) Liability arising from claims under insurance contracts (continued)

The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

(iii) Impairment of premiums and insurance balances receivable and goodwill

An estimate of the uncollectible amount of premiums receivable, if any, is made when collection of the full amount of the receivables as per the original terms of the insurance policy is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and an allowance applied according to the length of time past due and Company's past experience.

The recoverable amount of goodwill is estimated based on the present value of the future cash flows expected to be derived from the asset. In case, the recoverable amount is less than carrying value, the difference is charged to statement of income as impairment loss.

(iv) Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment. In addition, the Company evaluates other factors, including normal volatility in share price for quoted investments and the future cash flows and the discount factors for unquoted investments.

(f) Seasonality of operations

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

3. Significant Accounting Policies

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2019.

3.1 New standards, amendments and interpretations not yet applied by the Company

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

In July 2014, the IASB published IFRS 9 Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. The standard incorporates new classification and measurements requirements for financial assets, the introduction of an expected credit loss impairment model which will replace the incurred loss model of IAS 39, and new hedge accounting requirements. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. A financial asset is measured at amortized or at fair value through other comprehensive income, if certain conditions are met. Assets not meeting either of the above 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.

3. Significant Accounting Policies (continued)

3.1 New standards, amendments and interpretations not yet applied by the Company (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 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. 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. The hedge accounting requirements are more closely aligned with risk management practices and follow a more principle-based approach.

In September 2016, the IASB published amendments to IFRS 4 Insurance Contracts that address the accounting consequences of the application of IFRS 9 to insurers prior to the publication of the forthcoming accounting standard for insurance contracts. The amendments introduce two options for insurers: the deferral approach and the overlay approach. The deferral approach provides an entity, if eligible, with a temporary exemption from applying IFRS 9 until the earlier of the effective date of a new insurance contract standard or 2023. The overlay approach allows an entity to remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contracts standard is applied.

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

For detailed impact assessment of IFRS 9 adoption, refer to Note 3.2 to the annual financial statements for the year ended December 31, 2019.

- **IFRS 17, 'Insurance Contracts'**

Applicable for the period beginning on or after January 1, 2023 and will supersede IFRS 4. Earlier adoption is permitted if IFRS 9 has also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance contracts that will affect the interim condensed statements of financial position, income and comprehensive income. The Company has decided not to early adopt this new standard.

For detailed impact assessment of IFRS 17 adoption, reference to the annual financial statements for the year ended December 31, 2019 should be made as mentioned above.

3.2 Risk management

The Company's activities expose it to variety of financial risks: market risk (including commission rate risk, currency risk and price risk), credit risk and liquidity risk.

The interim condensed financial information does not include all the financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2019. There have been no changes in any risk management policies since the year end except that the Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required.

4. Segmental information

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2019.

Segment results do not include general and administration expenses, allowances for doubtful debts, investment and commission income, changes in fair value of financial assets at fair value through profit or loss - net, realized gain (loss) on available-for-sale investments and other income.

Segment assets do not include cash and cash equivalents, term deposits, premiums and insurers' balances receivable - net, investments, prepaid expenses and other assets, property and equipment, intangible assets, goodwill, statutory deposits, accrued income on statutory deposit and, accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payable, accrued and other liabilities, reinsurer's balances payable, due to a related party, employee benefit obligations, zakat payable, accrued commission income payable to SAMA, dividend payable and surplus distribution payable and, accordingly, they are included in unallocated liabilities.

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

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- Medical
- Motor
- Property and casualty and
- Protection and savings

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

Where intersegment transactions were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments, which will then be eliminated at the level of financial statements of the Company.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at September 30, 2020 and December 31, 2019, its total revenues, expenses, and net income for the three-month and nine-month periods ended September 30, 2020 and September 30, 2019, is as follows:

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
September 30, 2020 (Unaudited)							
Assets							
Reinsurers' share of unearned premiums	43,343	149,412	23,727,292	-	23,920,047	-	23,920,047
Reinsurers' share of outstanding claims	10,124,517	1,630,262	28,051,918	-	39,806,697	-	39,806,697
Reinsurers' share of claims incurred but not reported	3,839,179	-	10,727,964	-	14,567,143	-	14,567,143
Deferred policy acquisition costs	5,334,230	2,051,447	2,757,034	-	10,142,711	-	10,142,711
Segment assets	19,341,269	3,831,121	65,264,208	-	88,436,598	-	88,436,598
Unallocated assets					339,099,703	487,894,947	826,994,650
Total assets					427,536,301	487,894,947	915,431,248
Total liabilities and equity							
Unearned premiums	104,059,236	68,107,675	26,560,991	-	198,727,902	-	198,727,902
Unearned reinsurance commission	7,152	29,882	4,560,134	-	4,597,168	-	4,597,168
Outstanding claims	108,229,005	7,101,315	33,033,598	-	148,363,918	-	148,363,918
Claims incurred but not reported	46,535,505	13,987,771	12,216,401	-	72,739,677	-	72,739,677
Additional premium reserves	13,378,729	5,682,837	94,741	-	19,156,307	-	19,156,307
Other technical reserves	1,260,766	1,551,034	605,239	-	3,417,039	-	3,417,039
Segmental liabilities	273,470,393	96,460,514	77,071,104	-	447,002,011	-	447,002,011
Unallocated liabilities and equity					95,975,887	372,453,350	468,429,237
Total liabilities and equity					542,977,898	372,453,350	915,431,248

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
December 31, 2019 (Audited)							
Assets							
Reinsurers' share of unearned premiums	21,055	299,142	14,779,825	-	15,100,022	-	15,100,022
Reinsurers' share of outstanding claims	9,101,519	806,428	60,139,940	-	70,047,887	-	70,047,887
Reinsurers' share of claims incurred but not reported	3,955,169	-	9,947,617	-	13,902,786	-	13,902,786
Deferred policy acquisition costs	9,339,983	1,264,584	1,256,098	-	11,860,665	-	11,860,665
Segment assets	22,417,726	2,370,154	86,123,480	-	110,911,360	-	110,911,360
Unallocated assets					412,843,722	505,836,718	918,680,440
Total assets					523,755,082	505,836,718	1,029,591,800
Total liabilities and equity							
Unearned premiums	185,647,721	28,251,670	16,834,475	-	230,733,866	-	230,733,866
Unearned reinsurance commission	3,474	59,828	2,133,902	-	2,197,204	-	2,197,204
Outstanding claims	96,564,331	9,445,269	63,682,735	-	169,692,335	-	169,692,335
Claims incurred but not reported	47,941,445	4,496,465	10,742,655	-	63,180,565	-	63,180,565
Additional premium reserves	15,686,802	1,466,944	161,223	-	17,314,969	-	17,314,969
Other technical reserves	918,829	796,803	329,401	-	2,045,033	-	2,045,033
Segmental liabilities	346,762,602	44,516,979	93,884,391	-	485,163,972	-	485,163,972
Unallocated liabilities and equity					96,070,537	448,357,291	544,427,828
Total liabilities and equity					581,234,509	448,357,291	1,029,591,800

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
For the three-month period ended September 30, 2020 (Unaudited)							
REVENUES							
Gross premiums written	66,343,599	18,156,516	23,291,936	-	107,792,051	-	107,792,051
Reinsurance premiums ceded:							
- Foreign	(28,301)	-	(20,068,693)	-	(20,096,994)	-	(20,096,994)
- Local	-	(75,099)	(1,678,048)	-	(1,753,147)	-	(1,753,147)
Excess of loss premiums:							
- Foreign	(5,026,050)	(1,857,789)	(204,722)	-	(7,088,561)	-	(7,088,561)
- Local	(655,305)	(226,407)	(61,712)	-	(943,424)	-	(943,424)
Net premiums written	60,633,943	15,997,221	1,278,761	-	77,909,925	-	77,909,925
Changes in unearned premiums	2,386,933	12,762,772	(12,817,365)	-	2,332,340	-	2,332,340
Changes in reinsurers' share of unearned premiums	13,772	(19,458)	12,713,915	-	12,708,229	-	12,708,229
Net premiums earned	63,034,648	28,740,535	1,175,311	-	92,950,494	-	92,950,494
Reinsurance commissions	(4,761)	18,912	1,919,099	-	1,933,250	-	1,933,250
Total revenues	63,029,887	28,759,447	3,094,410	-	94,883,744	-	94,883,744

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(100,434,686)	(16,504,127)	(698,679)	-	(117,637,492)	-	(117,637,492)
Reinsurers' share of claims paid	7,097,142	100,200	543,642	-	7,740,984	-	7,740,984
Claims handling expenses	(2,729,712)	(6,625)	-	-	(2,736,337)	-	(2,736,337)
Net claims and other benefits paid	(96,067,256)	(16,410,552)	(155,037)	-	(112,632,845)	-	(112,632,845)
Changes in outstanding claims	(5,020,263)	(1,966,245)	(5,660,800)	-	(12,647,308)	-	(12,647,308)
Changes in reinsurers' share of outstanding claims	1,791,394	107,931	4,424,218	-	6,323,543	-	6,323,543
Changes in claims incurred but not reported	12,470,488	(2,855,758)	(3,138,160)	-	6,476,570	-	6,476,570
Changes in reinsurers' share of claims incurred but not reported	(1,028,816)	(28,882)	2,751,380	-	1,693,682	-	1,693,682
Net claims and other benefits incurred	(87,854,453)	(21,153,506)	(1,778,399)	-	(110,786,358)	-	(110,786,358)
Policy acquisition costs	(4,028,270)	(988,892)	(820,816)	-	(5,837,978)	-	(5,837,978)
Changes in additional premium reserves	(3,687,383)	4,407,921	(9,470)	-	711,068	-	711,068
Changes in other technical reserves	474,529	(65,618)	(23,987)	-	384,924	-	384,924
Other underwriting expenses	(1,258,917)	(260,471)	(49,729)	-	(1,569,117)	-	(1,569,117)
Total underwriting costs and expenses, net	(96,354,494)	(18,060,566)	(2,682,401)	-	(117,097,461)	-	(117,097,461)
NET UNDERWRITING (LOSS) INCOME	(33,324,607)	10,698,881	412,009	-	(22,213,717)	-	(22,213,717)

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
OTHER OPERATING (EXPENSES) INCOME							
Reversal of allowance for doubtful debts					2,831,889	-	2,831,889
General and administrative expenses					(15,406,595)	(783,916)	(16,190,511)
Investment and commission income					672,486	1,112,459	1,784,945
Changes in fair value of financial assets at fair value through profit or loss - net					328,125	1,733,100	2,061,225
Realized income on available-for-sale investments					684,474	227,672	912,146
Other income					1,279,004	-	1,279,004
Total other operating (expenses) income, net					(9,610,617)	2,289,315	(7,321,302)
Total (loss) income for the period before surplus attribution and zakat					(31,824,334)	2,289,315	(29,535,019)
Surplus transferred to the insurance operations					-	-	-
Total (loss) income for the period before zakat					(31,824,334)	2,289,315	(29,535,019)
Zakat expense					-	(1,200,000)	(1,200,000)
Total (loss) income for the period attributed to the shareholders					(31,824,334)	1,089,315	(30,735,019)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	**Motor**	**Property and casualty**	**Protection and savings**	**Total**	**Shareholders' operations**	**Total**
For the three-month period ended September 30, 2019 (Unaudited)							
REVENUES							
Gross premiums written	96,371,524	7,744,056	13,968,989	-	118,084,569	-	118,084,569
Reinsurance premiums ceded:							
- Foreign	(35,089)	-	(12,290,842)	-	(12,325,931)	-	(12,325,931)
- Local	-	(137,690)	(229,512)	-	(367,202)	-	(367,202)
Excess of loss premiums:							
- Foreign	277,907	(270,390)	(192,799)	-	(185,282)	-	(185,282)
- Local	(1,402,907)	(21,923)	(47,700)	-	(1,472,530)	-	(1,472,530)
Net premiums written	95,211,435	7,314,053	1,208,136	-	103,733,624	-	103,733,624
Changes in unearned premiums	(8,513,825)	1,873,505	(5,529,341)	-	(12,169,661)	-	(12,169,661)
Changes in reinsurers' share of unearned premiums	16,560	(43,743)	5,272,374	-	5,245,191	-	5,245,191
Net premiums earned	86,714,170	9,143,815	951,169	-	96,809,154	-	96,809,154
Reinsurance commissions	3,057	36,286	1,060,097	-	1,099,440	-	1,099,440
Total revenues	86,717,227	9,180,101	2,011,266	-	97,908,594	-	97,908,594

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(89,670,963)	(6,500,110)	(1,543,767)	-	(97,714,840)	-	(97,714,840)
Reinsurers' share of claims paid	12,272	116,026	1,256,276	-	1,384,574	-	1,384,574
Claims handling expenses	(3,834,226)	(12,126)	-	-	(3,846,352)	-	(3,846,352)
Net claims and other benefits paid	(93,492,917)	(6,396,210)	(287,491)	-	(100,176,618)	-	(100,176,618)
Changes in outstanding claims	4,925,244	6,638,274	(22,711,055)	-	(11,147,537)	-	(11,147,537)
Changes in reinsurers' share of outstanding claims	7,179	(2,945,558)	20,567,830	-	17,629,451	-	17,629,451
Changes in claims incurred but not reported	(9,289,762)	(1,356,468)	1,256,857	-	(9,389,373)	-	(9,389,373)
Changes in reinsurers' share of claims incurred but not reported	1,190,254	29,932	(1,189,165)	-	31,021	-	31,021
Net claims and other benefits incurred	(96,660,002)	(4,030,030)	(2,363,024)	-	(103,053,056)	-	(103,053,056)
Policy acquisition costs	(5,677,603)	(376,991)	(533,463)	-	(6,588,057)	-	(6,588,057)
Changes in additional premium reserves	(5,233,849)	230,373	(159,364)	-	(5,162,840)	-	(5,162,840)
Changes in other technical reserves	(153,023)	(410,005)	312,511	-	(250,517)	-	(250,517)
Other underwriting expenses	(1,952,646)	(334,328)	174,115	-	(2,112,859)	-	(2,112,859)
Total underwriting costs and expenses, net	(109,677,123)	(4,920,981)	(2,569,225)	-	(117,167,329)	-	(117,167,329)
NET UNDERWRITING (LOSS) INCOME	(22,959,896)	4,259,120	(557,959)	-	(19,258,735)	-	(19,258,735)

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
OTHER OPERATING (EXPENSES) INCOME							
Reversal of allowance for doubtful debts					1,427,189	-	1,427,189
General and administrative expenses					(14,316,242)	(370,073)	(14,686,315)
Investment and commission income					2,154,841	3,389,647	5,544,488
Realized gain on available-for-sale investments					(43,216)	829,993	786,777
Other income					242,111	-	242,111
Total other operating (expenses) income, net					(10,535,317)	3,849,567	(6,685,750)
Total (loss) income for the period before surplus attribution and zakat					(29,794,052)	3,849,567	(25,944,485)
Surplus attributed to the insurance operations					-	-	-
Total (loss) income for the period before zakat					(29,794,052)	3,849,567	(25,944,485)
Zakat expense					-	(2,100,000)	(2,100,000)
Total (loss) income for the period attributable to the shareholders					(29,794,052)	1,749,567	(28,044,485)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	**Motor**	**Property and casualty**	**Protection and savings**	**Total**	**Shareholders' operations**	**Total**
For the nine-month period ended September 30, 2020 (Unaudited)							
REVENUES							
Gross premiums written	**154,062,555**	**108,320,879**	**39,909,502**	**-**	**302,292,936**	**-**	**302,292,936**
Reinsurance premiums ceded:						**-**	
- Foreign	**(77,388)**	**-**	**(32,457,450)**	**-**	**(32,534,838)**	**-**	**(32,534,838)**
- Local	**-**	**(202,338)**	**(2,132,999)**	**-**	**(2,335,337)**	**-**	**(2,335,337)**
Excess of loss premiums:				**-**		**-**	
- Foreign	**(12,924,139)**	**(2,273,450)**	**(669,898)**	**-**	**(15,867,487)**	**-**	**(15,867,487)**
- Local	**(1,920,460)**	**(390,872)**	**(110,362)**	**-**	**(2,421,694)**	**-**	**(2,421,694)**
Net premiums written	**139,140,568**	**105,454,219**	**4,538,793**	**-**	**249,133,580**	**-**	**249,133,580**
Changes in unearned premiums	**81,588,485**	**(39,856,005)**	**(9,726,516)**	**-**	**32,005,964**	**-**	**32,005,964**
Changes in reinsurers' share of unearned premiums	**22,288**	**(149,730)**	**8,947,467**	**-**	**8,820,025**	**-**	**8,820,025**
Net premiums earned	**220,751,341**	**65,448,484**	**3,759,744**	**-**	**289,959,569**	**-**	**289,959,569**
Reinsurance commissions	**9,092**	**70,414**	**4,485,359**	**-**	**4,564,865**	**-**	**4,564,865**
Total revenues	**220,760,433**	**65,518,898**	**8,245,103**	**-**	**294,524,434**	**-**	**294,524,434**

(Continued)

AL SAGR COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020
(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(266,797,704)	(35,891,145)	(38,236,321)	-	(340,925,170)	-	(340,925,170)
Reinsurers' share of claims paid	19,233,568	229,792	37,734,237	-	57,197,597	-	57,197,597
Claims handling expenses	(9,416,292)	(51,617)	-	-	(9,467,909)	-	(9,467,909)
Net claims and other benefits paid	(256,980,428)	(35,712,970)	(502,084)	-	(293,195,482)	-	(293,195,482)
Changes in outstanding claims	(11,664,674)	2,343,954	30,649,137	-	21,328,417	-	21,328,417
Changes in reinsurers' share of outstanding claims	1,022,998	823,834	(32,088,022)	-	(30,241,190)	-	(30,241,190)
Changes in claims incurred but not reported	1,405,940	(9,491,306)	(1,473,746)	-	(9,559,112)	-	(9,559,112)
Changes in reinsurers' share of claims incurred but not reported	(115,990)	-	780,347	-	664,357	-	664,357
Net claims and other benefits incurred	(266,332,154)	(42,036,488)	(2,634,368)	-	(311,003,010)	-	(311,003,010)
Policy acquisition costs	(13,235,489)	(2,426,268)	(2,212,697)	-	(17,874,454)	-	(17,874,454)
Changes in additional premium reserves	2,308,073	(4,215,893)	66,482	-	(1,841,338)	-	(1,841,338)
Changes in other technical reserves	(341,937)	(754,231)	(275,838)	-	(1,372,006)	-	(1,372,006)
Other underwriting expenses	(5,356,312)	(1,620,415)	(272,317)	-	(7,249,044)	-	(7,249,044)
Total underwriting costs and expenses, net	(282,957,819)	(51,053,295)	(5,328,738)	-	(339,339,852)	-	(339,339,852)
NET UNDERWRITING (LOSS) INCOME	(62,197,386)	14,465,603	2,916,365	-	(44,815,418)	-	(44,815,418)

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	**Motor**	**Property and casualty**	**Protection and savings**	**Total**	**Shareholders' operations**	**Total**
OTHER OPERATING (EXPENSES) INCOME							
Allowance for doubtful debts					(1,752,467)	-	(1,752,467)
General and administrative expenses					(47,021,566)	(1,728,217)	(48,749,783)
Investment and commission income					4,187,455	6,178,458	10,365,913
Changes in fair value of financial assets at fair value through profit or loss - net					900,000	3,005,222	3,905,222
Realized (loss) income on available-for-sale investments					(538,341)	892,233	353,892
Other income					5,005,767	-	5,005,767
Total other operating (expenses) income, net					(39,219,152)	8,347,696	(30,871,456)
Total (loss) income for the period before surplus attribution and zakat					(84,034,570)	8,347,696	(75,686,874)
Surplus attributed to the insurance operations					-	-	-
Total (loss) income for the period before zakat					(84,034,570)	8,347,696	(75,686,874)
Zakat expense					-	(5,200,000)	(5,200,000)
Total (loss) income for the period attributable to the shareholders					(84,034,570)	3,147,696	(80,886,874)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	**Motor**	**Property and casualty**	**Protection and savings**	**Total**	**Shareholders' operations**	**Total**
For the nine-month period ended September 30, 2019 (Unaudited)							
REVENUES							
Gross premiums written	255,775,760	31,903,425	29,679,258	-	317,358,443	-	317,358,443
Reinsurance premiums ceded:							
- Foreign	(73,341)	-	(25,051,383)	-	(25,124,724)	-	(25,124,724)
- Local	-	(476,868)	(614,639)	-	(1,091,507)	-	(1,091,507)
Excess of loss premiums:							
- Foreign	(8,737,307)	(820,057)	(588,769)	-	(10,146,133)	-	(10,146,133)
- Local	(1,740,407)	(146,156)	(95,400)	-	(1,981,963)	-	(1,981,963)
Net premiums written	245,224,705	30,460,344	3,329,067	-	279,014,116	-	279,014,116
Changes in unearned premiums	(10,066,629)	(4,822,111)	(3,441,087)	-	(18,329,827)	-	(18,329,827)
Changes in reinsurers' share of unearned premiums	39,681	(46,921)	3,034,266	-	3,027,026	-	3,027,026
Net premiums earned	235,197,757	25,591,312	2,922,246	-	263,711,315	-	263,711,315
Reinsurance commissions	5,554	104,758	3,408,154	-	3,518,466	-	3,518,466
Total revenues	235,203,311	25,696,070	6,330,400	-	267,229,781	-	267,229,781

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	**Motor**	**Property and casualty**	**Protection and savings**	**Total**	**Shareholders' operations**	**Total**
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(176,038,677)	(18,172,896)	(2,832,527)	-	(197,044,100)	-	(197,044,100)
Reinsurers' share of claims paid	7,899,239	342,280	2,418,965	-	10,660,484	-	10,660,484
Claims handling expenses	(11,205,285)	(33,008)	-	-	(11,238,293)	-	(11,238,293)
Net claims and other benefits paid	(179,344,723)	(17,863,624)	(413,562)	-	(197,621,909)	-	(197,621,909)
Changes in outstanding claims	(43,614,544)	6,831,837	(21,113,817)	-	(57,896,524)	-	(57,896,524)
Changes in reinsurers' share of outstanding claims	9,033	(2,866,915)	18,959,062	-	16,101,180	-	16,101,180
Changes in claims incurred but not reported	(13,163,026)	(3,919,718)	5,392,961	-	(11,689,783)	-	(11,689,783)
Changes in reinsurers' share of claims incurred but not reported	1,190,082	(368,711)	(4,789,390)	-	(3,968,019)	-	(3,968,019)
Net claims and other benefits incurred	(234,923,178)	(18,187,131)	(1,964,746)	-	(255,075,055)	-	(255,075,055)
Policy acquisition costs	(16,349,070)	(1,047,539)	(1,740,337)	-	(19,136,946)	-	(19,136,946)
Changes in additional premium reserves	3,030,526	(1,756,888)	(144,810)	-	1,128,828	-	1,128,828
Changes in other technical reserves	(66,147)	(504,746)	871,909	-	301,016	-	301,016
Other underwriting expenses	(3,553,143)	(313,362)	539,326	-	(3,327,179)	-	(3,327,179)
Total underwriting costs and expenses, net	(251,861,012)	(21,809,666)	(2,438,658)	-	(276,109,336)	-	(276,109,336)
NET UNDERWRITING (LOSS) INCOME	(16,657,701)	3,886,404	3,891,742	-	(8,879,555)	-	(8,879,555)

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

	Insurance operations						
	Medical	Motor	Property and casualty	Protection and savings	Total	Shareholders' operations	Total
OTHER OPERATING (EXPENSES) INCOME							
Allowance for doubtful debts					(4,709,276)	-	(4,709,276)
General and administrative expenses					(40,797,243)	(1,133,611)	(41,930,854)
Investment and commission income					6,054,076	12,885,239	18,939,315
Changes in fair value of financial assets at fair value through profit or loss - net					318,842	-	318,842
Realized gain on available-for-sale investments					231,882	1,950,670	2,182,552
Other income					1,420,830	-	1,420,830
Total other operating (expenses) income, net					(37,480,889)	13,702,298	(23,778,591)
Total (loss) income for the period before surplus attribution and zakat					(46,360,444)	13,702,298	(32,658,146)
Surplus attributed to the insurance operations					-	-	-
Total (loss) income for the period before zakat					(46,360,444)	13,702,298	(32,658,146)
Zakat expense					-	(6,700,000)	(6,700,000)
Total (loss) income for the period attributable to the shareholders					(46,360,444)	7,002,298	(39,358,146)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Segmental information (continued)

4.1 Gross premiums written - categorization

	Three-month period ended September 30, 2020 (Unaudited)				
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	**7,271,968**	**1,948,911**	**20,746,820**	**-**	**29,967,699**
Medium corporates	**24,744,535**	**2,224,707**	**636,374**	**-**	**27,605,616**
Small enterprises	**24,876,898**	**691,016**	**614,949**	**-**	**26,182,863**
Micro enterprises	**9,435,797**	**222,013**	**77,021**	**-**	**9,734,831**
Retail	**14,401**	**13,069,869**	**1,216,772**	**-**	**14,301,042**
	66,343,599	**18,156,516**	**23,291,936**	**-**	**107,792,051**

	Three-month period ended September 30, 2019 (Unaudited)				
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	20,099,083	2,010,631	5,660,632	-	27,770,346
Medium corporates	19,226,443	2,683,907	7,643,905	-	29,554,255
Small enterprises	42,734,962	1,563,482	339,372	-	44,637,816
Micro enterprises	12,124,257	383,862	72,795	-	12,580,914
Retail	2,186,779	1,102,174	252,285	-	3,541,238
	96,371,524	7,744,056	13,968,989	-	118,084,569

	Nine-month period ended September 30, 2020 (Unaudited)				
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	**17,016,396**	**8,081,110**	**32,791,063**	**-**	**57,888,569**
Medium corporates	**39,707,298**	**8,175,974**	**1,309,160**	**-**	**49,192,432**
Small enterprises	**61,802,780**	**3,883,010**	**2,721,939**	**-**	**68,407,729**
Micro enterprises	**33,437,698**	**577,196**	**418,118**	**-**	**34,433,012**
Retail	**2,098,383**	**87,603,589**	**2,669,222**	**-**	**92,371,194**
	154,062,555	**108,320,879**	**39,909,502**	**-**	**302,292,936**

	Nine-month period ended September 30, 2019 (Unaudited)				
	Medical	Motor	Property and casualty	Protection and savings	Total
Large corporates	56,668,135	10,345,035	12,958,460	-	79,971,630
Medium corporates	46,587,434	6,751,172	11,535,995	-	64,874,601
Small enterprises	92,438,093	4,601,943	1,065,067	-	98,105,103
Micro enterprises	37,117,116	1,286,410	466,370	-	38,869,896
Retail	22,964,982	8,918,865	3,653,366	-	35,537,213
	255,775,760	31,903,425	29,679,258	-	317,358,443

5. Cash and cash equivalents

	Insurance operations		**Shareholders' operations**	
	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**	**September 30, 2020 (Unaudited)**	**December 31, 2019 (Audited)**
Cash in hand	**37,000**	30,000	-	-
Cash at banks - current accounts	**34,230,920**	26,121,952	**99,802,742**	20,353
Time deposits	**97,300,535**	118,477,827	**84,563,692**	110,454,276
	131,568,455	144,629,779	**184,366,434**	110,474,629

Cash at banks is placed with counterparties that have investment grade credit ratings. As at September 30, 2020, time deposits are placed with local banks denominated in Saudi Riyals with original maturities of less than three months from the date of placement and earned commission income at an average rate of 0.21% to 2.15% per annum (December 31, 2019: 2.35% to 3.35% per annum).

6. Short-term and long-term deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earn commission income at an average rate of 2.10% to 3.68% per annum (December 31, 2019: 2.45% to 4.80%) per annum.

Long-term deposits represent deposits with maturity of more than one year from the date of placement and are placed with banks carrying commission income at an average rate of 2.70% to 2.90% per annum (December 31, 2019: 2.79% to 2.98%) per annum.

7. Premiums and insurers' balances receivable - net

	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**
Policyholders	**95,949,405**	107,387,793
Premiums receivable from related parties	**11,613,081**	13,634,740
Receivable from insurance and reinsurance companies	**6,090,754**	10,093,743
	113,653,240	131,116,276
Less: allowance for doubtful debts	**(37,944,577)**	(36,192,110)
	75,708,663	94,924,166

Movement in the allowance for doubtful debts is as follows:

	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**
At the beginning of period / year	**36,192,110**	26,343,746
Charge for the period / year	**1,752,467**	9,848,364
At the end of period / year	**37,944,577**	36,192,110

(All amounts expressed in Saudi Riyals unless otherwise stated)

8. Technical reserves

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**
Gross outstanding claims	**148,363,918**	169,692,335
Gross claims incurred but not reported	**72,739,677**	63,180,565
Less:		
Reinsurers' share of outstanding claims	**(39,806,697)**	(70,047,887)
Reinsurers' share of claims incurred but not reported	**(14,567,143)**	(13,902,786)
Net outstanding claims	**166,729,755**	148,922,227
Additional premium reserves:		
Premium deficiency reserve	**19,061,566**	17,314,969
Unexpired risk reserve	**94,741**	-
	19,156,307	17,314,969
Other technical reserves:		
Non-proportional reinsurance accrual reserve	**482,584**	482,584
Unallocated loss adjustment expense reserve	**2,934,455**	1,562,449
	3,417,039	2,045,033
Net outstanding claims and reserves	**189,303,101**	168,282,229

8.2 Movement in net unearned premiums

Movement in net unearned premiums comprise of the following:

	Nine-month period ended September 30, 2020 (Unaudited)		
	Gross	**Reinsurance**	**Net**
Balance as at the beginning of the period	**230,733,866**	**(15,100,022)**	**215,633,844**
Balance as at the end of the period	**198,727,902**	**(23,920,047)**	**174,807,855**
Changes in unearned premiums	**32,005,964**	**8,820,025**	**40,825,989**
Premium written during the period	**302,292,936**	**(34,870,175)**	**267,422,761**
Excess of loss premiums			
- Foreign	**-**	**(15,867,487)**	**(15,867,487)**
- Local	**-**	**(2,421,694)**	**(2,421,694)**
Net premium earned	**334,298,900**	**(44,339,331)**	**289,959,569**

(All amounts expressed in Saudi Riyals unless otherwise stated)

8. Technical reserves (continued)

8.2 Movement in net unearned premiums (continued)

	Year ended December 31, 2019 (Audited)		
	Gross	**Reinsurance**	**Net**
Balance as at the beginning of the year	182,879,757	(12,851,688)	170,028,069
Balance as at the end of the year	230,733,866	(15,100,022)	215,633,844
Changes in unearned premiums	(47,854,109)	2,248,334	(45,605,775)
Premium written during the year	455,702,761	(32,475,269)	423,227,492
Excess of loss premiums	-	(31,154,557)	(31,154,557)
Net premium earned	407,848,652	(61,381,492)	346,467,160

9. Investments

a) Investments are classified as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**	**September 30, 2020 (Unaudited)**	**December 31, 2019 (Audited)**
Held-to-maturity investments	**30,000,000**	30,000,000	**-**	80,000,000
Financial assets at fair value through profit or loss	**29,981,621**	30,535,530	**70,718,412**	67,576,336
Available-for-sale investments	**13,372,245**	12,608,045	**28,887,160**	26,485,637
	73,353,866	73,143,575	**99,605,572**	174,061,973

b) Category wise investment analysis is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**	**September 30, 2020 (Unaudited)**	**December 31, 2019 (Audited)**
Quoted	**72,109,438**	71,899,147	**99,605,572**	174,061,973
Unquoted	**1,244,428**	1,244,428	**-**	-
	73,353,866	73,143,575	**99,605,572**	174,061,973

c) The analysis of the composition of investments is as follows:

	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**
Mutual funds	**100,700,033**	98,111,866
Ordinary shares	**42,259,405**	39,093,682
Sukuks	**30,000,000**	110,000,000
Total	**172,959,438**	247,205,548

9. Investments (continued)

c) The analysis of the composition of investments is as follows: (continued)

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

All investments are denominated in Saudi Riyals and United States Dollars. As at the reporting date investments amounting to Saudi Riyals 100.7 million (December 31, 2019: Saudi Riyals 95.6 million) are denominated in United States Dollars.

d) Movement in financial assets at fair value through profit or loss is as follows:

	Insurance operations		**Shareholders' operations**	
	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**	**September 30, 2020 (Unaudited)**	**December 31, 2019 (Audited)**
At the beginning of the period / year	**30,535,530**	22,483,264	**67,576,336**	15,866,224
Acquisitions during the period / year	**-**	18,750,000	**136,854**	49,875,000
Disposals during the period / year	**(1,453,909)**	(10,137,971)	**-**	(724,312)
Changes in fair value - net	**900,000**	(559,763)	**3,005,222**	2,559,424
At the end of period / year	**29,981,621**	30,535,530	**70,718,412**	67,576,336

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

	Insurance operations		**Shareholders' operations**	
	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**	**September 30, 2020 (Unaudited)**	**December 31, 2019 (Audited)**
At the beginning of the period / year	**12,608,045**	11,082,765	**26,485,637**	21,947,001
Acquisitions during the period / year	**26,718,889**	21,976,091	**5,945,489**	10,574,902
Disposals during the period / year	**(25,813,792)**	(21,529,506)	**(5,699,975)**	(10,037,156)
Unrealised gains	**397,444**	392,447	**1,263,776**	1,512,171
Realised (losses) gains on disposal	**(538,341)**	686,248	**892,233**	2,488,719
At the end of period / year	**13,372,245**	12,608,045	**28,887,160**	26,485,637

(All amounts expressed in Saudi Riyals unless otherwise stated)

9. Investments (continued)

f) Held-to-maturity investments are as follows:

Insurance operations

Security	Issuer	Maturity	Location	Profit margin	Amortised cost	
					September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**
Sukuk	Financial institution	10 years	Saudi Arabia	6 months SIBOR plus 1.40%	**30,000,000**	30,000,000

Shareholders' operations

Security	Issuer	Maturity	Location	Profit margin	Amortised cost	
					September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**
Sukuk	Financial institution	10 years	Saudi Arabia	6 months SIBOR plus 1.15%	**-**	30,000,000
Sukuk	Financial institution	10 years	Saudi Arabia	6 months SIBOR plus 1.30%	**-**	50,000,000
					-	80,000,000

g) Geographical concentration:

The maximum exposure to credit and price risk for financial assets at fair value through profit or loss, available-for-sale and held-to-maturity investments at the reporting date by geographic region is as follows:

	Insurance operations		Shareholders' operations	
	September 30, 2020 (Unaudited)	**December 31, 2019 (Audited)**	**September 30, 2020 (Unaudited)**	**December 31, 2019 (Audited)**
Kingdom of Saudi Arabia	**63,022,245**	61,358,045	**28,887,160**	106,485,637
Singapore	**10,331,621**	11,785,530	**-**	-
United States of America	**-**	-	**18,211,892**	17,701,336
United Arab Emirates	**-**	-	**52,506,520**	49,875,000
	73,353,866	73,143,575	**99,605,572**	174,061,973

10. Goodwill

The Company commenced its insurance operations on January 1, 2009. The Company's General Assembly approved on February 1, 2009 for the Company to enter into an agreement whereby it acquired the insurance portfolio and net assets of Al Sagr Saudi Insurance Company with effect from January 1, 2009 at a goodwill of Saudi Riyals 39 million as set forth in SAMA's letter in this respect after completing the related procedures as required under SAMA's letter on November 10, 2008. The Company has later adjusted goodwill amount by reducing Saudi Riyals 13.5 million in line with SAMA correspondence in this respect bringing it to Saudi Riyals 25.5 million. The Company has paid Saudi Riyals 9.9 million during 2011 and Saudi Riyals 15.6 million in 2012 against goodwill to the shareholders of Al Sagr Saudi Insurance Company.

As at the reporting date, impairment testing, based on expected discounted cash flows was performed. The assumptions used involve a considerable degree of estimation on the part of management. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The most significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

- Weighted average cost of capital of 10%; and
- Long-term growth rate of 2.2%.

Although management believes that the assumptions used to evaluate potential impairment are reasonable, with a significant portion based on the actual performance achieved in the past, such assumptions are inherently subjective.

Based on the assumptions made, the expected discounted future cash flows exceeded the carrying amount of goodwill and accordingly no impairment has been recognised.

A sensitivity analysis has been performed and an increase of 0.5% in the weighted average cost of capital and a decrease of 0.5% in the long-term growth have no impact on the result of impairment tests.

11. Statutory deposit

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

12. Related party transactions and balances

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Related party transactions and balances (continued)

a) The following are the details of major related party transactions during the period and year ended, and the related balances at the end of the period/year:

	Transactions for the nine-month period ended		Balances receivable (payable) as at	
	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Shareholders				
Gross premium written	**11,182,207**	11,010,413	-	-
Premiums receivable from related parties	-	-	**11,613,085**	13,759,507
Rent expense	**(879,847)**	(751,702)	-	-
Consultancy services	**(552,278)**	(881,822)	-	-
Reinsurance commission income	**30,433**	20,921	-	-
Reinsurance share of claims paid	**177,610**	150,529	-	-
Reinsurance premium ceded	**(443,076)**	(440,957)	-	-
Claims incurred	**(4,740,084)**	(5,349,959)	-	-
Directors' remuneration and meeting fee	-	-	**(35,000)**	(2,203,111)
Gross outstanding claims	-	-	**(2,179,954)**	(3,449,927)
Reinsurance premium payable	-	-	**(634,398)**	(390,273)
Accrued expenses payable	-	-	**(284,095)**	-

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

	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
Salaries and benefits	**7,732,831**	7,187,253
Employee benefit obligations	**384,928**	435,389
	8,117,759	7,622,642

c) Due to a related party

Due to a related party represents amounts payable to Al Sagr Saudi Insurance Company (B.S.C).

d) The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the by-laws of the Company.

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. Zakat

a) Zakat charge for the period

The charge for the period for zakat is as follows:

	Nine-month period ended September 30, 2020 (Unaudited)	Nine-month period ended September 30, 2019 (Unaudited)
Charge for the period	**5,200,000**	6,700,000

b) Zakat base

The principal elements of zakat base are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Opening shareholders' equity	**395,447,533**	441,893,966
Non-current assets	**152,161,505**	151,743,716
Held-to-maturity investments	**30,000,000**	110,000,000
Goodwill	**25,513,750**	25,513,750
Net loss for the period / year before zakat	**(75,686,874)**	(39,861,306)

The difference between the financial results and adjusted net income is mainly due to adjustments for certain costs based on relevant regulations.

c) Movement in the provision for zakat during the period / year

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
At the beginning of the period / year	**45,730,348**	42,270,521
Provision for the period / year	**5,200,000**	8,400,000
Paid during the period / year	**-**	(4,940,173)
At the end of the period / year	**50,930,348**	45,730,348

d) Shareholding subject to zakat

The following is the shareholding percentage subject to zakat in the interim condensed financial information and financial statements as at the end of the period/year:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Shareholding subject to zakat	**100%**	100%

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. **Zakat** (continued)

e) Zakat assessments

During the nine-month period ended September 30, 2020, the Company received final zakat assessments for the years from 2012 to 2018. Total additional zakat liability as per the assessments amounted to Saudi Riyals 36.2 million for such years. The Company has filed an appeal against the assessments and in-parallel has submitted a case with the General Secretariat of Zakat Committees (high committees). Management is of the view that GAZT will reconsider the assessments and will allow for certain deductions from the zakat base, and believes that the level of the existing provision of Saudi Riyals 51 million for zakat maintained by the Company is presently sufficient to cover such uncertain zakat position.

14. Share capital

The authorized, issued and paid up share capital of the Company was Saudi Riyals 400 million at September 30, 2020, consisting of 40 million shares (December 31, 2019: Saudi Riyals 400 million consisting of 40 million shares) of Saudi Riyals 10 each.

15. Statutory reserve

In accordance with the By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company. Also see Note 1.

16. Basic and diluted loss per share

Basic and diluted loss per share for the three-month and nine-month periods ended September 30, 2020 and 2019 is calculated by dividing total loss for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

	For the three-month period ended September 30 (Unaudited)	
	2020	**2019**
Total loss for the period attributable to the shareholders	**(30,735,019)**	(28,044,485)
Weighted average number of ordinary shares for basic and diluted loss per share	**40,000,000**	40,000,000
Basic and diluted loss per share	**(0.77)**	(0.70)

	For the nine-month period ended September 30 (Unaudited)	
	2020	**2019**
Total loss for the period attributable to the shareholders	**(80,886,874)**	(39,358,146)
Weighted average number of ordinary shares for basic and diluted loss per share	**40,000,000**	40,000,000
Basic and diluted loss per share	**(2.02)**	(0.98)

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Fair value of financial instruments

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

- Level 1 - quoted (unadjusted) market prices in active markets 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.

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

	September 30, 2020 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Mutual funds - financial assets at fair value through profit or loss	**-**	**100,700,033**	**-**	**100,700,033**
Ordinary shares - available-for-sale	**41,014,977**	**-**	**1,244,428**	**42,259,405**
	41,014,977	**100,700,033**	**1,244,428**	**142,959,438**
Financial assets not measured at fair value				
Sukuks - held-to-maturity	**-**	**30,000,000**	**-**	**30,000,000**
Total investments	**41,014,977**	**130,700,033**	**1,244,428**	**172,959,438**

	December 31, 2019 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Mutual funds - financial assets at fair value through profit or loss	-	98,111,866	-	98,111,866
Ordinary shares - available-for-sale	37,849,254	-	1,244,428	39,093,682
	37,849,254	98,111,866	1,244,428	137,205,548
Financial assets not measured at fair value				
Sukuks - held-to-maturity	-	110,000,000	-	110,000,000
Total investments	37,849,254	208,111,866	1,244,428	247,205,548

During the period, there have been no transfers between level 1, level 2 and level 3.

17. Fair value of financial instruments (continued)

The valuation of publicly traded investments classified under level 1 is based upon the closing market price of that security as of the valuation date, less a discount if the security is restricted. Fair values of private mutual funds classified in Level 2 are determined based on the investees' latest reported net assets values as at the date of interim condensed statement of financial position taking into account the fair value of underlying investments by the fund. The fair value of Level 2 fixed income investments and funds are taken from reliable and third-party sources including Reuters, Bloomberg, etc. Fair values of other investments classified in Level 3 are determined based on discounted cash flows, which incorporate assumptions regarding an appropriate credit spread. Level 3 available-for-sale investment also comprises equity investment of 4,444 shares of Najm for Insurance Services (Najm) (December 31, 2019: 4,444 shares) and 80,000 shares of Saudi NextCare (December 31, 2019: 80,000 shares), respectively. As at September 30, 2020 and December 31, 2019, such investment is carried at cost as management considers that the recent available information is insufficient to determine fair value and the cost represents the best estimate of fair value in the current circumstances.

Cash and cash equivalents, short-term deposits, premiums and insurers' balances receivable - net, reinsurers' share of outstanding claims, statutory deposit, accrued income on statutory deposits and the financial labilities except employee benefit obligations are measured at amortized cost.

18. Commitments and contingencies

a) Legal proceedings

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

b) Capital commitments

At September 30, 2020, the Company had outstanding commitment of Saudi Riyals 3.5 million in respect of purchase of investments relating to a mutual fund (December 31, 2019: Saudi Riyals 3.6 million).

19. Capital risk management

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

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

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

The Company's management, through various scenario analyses as required by SAMA, has assessed the potential impact of Covid-19 on the Company's solvency margin by performing stress testing for various variables such as gross premium growth, increase in employee cost, year-to-date loss ratios, outstanding premium provisions, etc. and the related impact on the revenue, profitability, loss ratios and solvency ratios. The Company's management has concluded that, based on the stress testing performed, the solvency margin of the Company has no material changes as at September 30, 2020. As the situation is fluid and rapidly evolving, the Company will continue to reassess its position and the related impact on a regular basis.

20. Subsequent events

Subsequent to the reporting date, the Company's shareholders**, in an ordinary general assembly meeting held on 10 Rabi'I 1442H (corresponding to October 27, 2020),** approved the Board of Director's recommendation to utilise the statutory reserve to absorb the accumulated losses of the Company (see Note 1).

21. Approval of the interim condensed financial information

The interim condensed financial information has been approved by the Board of Directors on 17 Rabi' I 1442H (corresponding to November 3, 2020).

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information

As required by the SAMA Implementing Regulations, 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 are separately disclosed for both insurance operations and shareholders' operations as follows:

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

		September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS							
Cash and cash equivalents	5	**131,568,455**	**184,366,434**	**315,934,889**	144,629,779	110,474,629	255,104,408
Short-term deposits	6	**-**	**50,000,000**	**50,000,000**	50,030,556	70,100,000	120,130,556
Premiums and insurers' balances receivable - net	7	**75,708,663**	**-**	**75,708,663**	94,924,166	-	94,924,166
Reinsurers' share of unearned premiums	8	**23,920,047**	**-**	**23,920,047**	15,100,022	-	15,100,022
Reinsurers' share of outstanding claims	8	**39,806,697**	**-**	**39,806,697**	70,047,887	-	70,047,887
Reinsurers' share of claims incurred but not reported	8	**14,567,143**	**-**	**14,567,143**	13,902,786	-	13,902,786
Deferred policy acquisition costs		**10,142,711**	**-**	**10,142,711**	11,860,665	-	11,860,665
Held-to-maturity investments	9	**30,000,000**	**-**	**30,000,000**	30,000,000	80,000,000	110,000,000
Financial assets at fair value through profit or loss	9	**29,981,621**	**70,718,412**	**100,700,033**	30,535,530	67,576,336	98,111,866
Available-for-sale investments	9	**13,372,245**	**28,887,160**	**42,259,405**	12,608,045	26,485,637	39,093,682
Prepaid expenses and other assets		**26,763,124**	**7,953,281**	**34,716,405**	18,125,569	5,932,727	24,058,296
Long-term deposits	6	**26,250,000**	**75,000,000**	**101,250,000**	26,250,000	75,000,000	101,250,000
Property and equipment		**3,734,093**	**-**	**3,734,093**	4,143,639	-	4,143,639
Intangible assets		**1,721,502**	**-**	**1,721,502**	1,596,438	-	1,596,438
Goodwill	10	**-**	**25,513,750**	**25,513,750**	-	25,513,750	25,513,750
Statutory deposit	11	**-**	**40,000,000**	**40,000,000**	-	40,000,000	40,000,000
Accrued income on statutory deposit	11	**-**	**5,455,910**	**5,455,910**	-	4,753,639	4,753,639
Amounts due from shareholders		**115,441,597**	**-**	**115,441,597**	57,479,427	-	57,479,427
TOTAL ASSETS		**542,977,898**	**487,894,947**	**1,030,872,845**	581,234,509	505,836,718	1,087,071,227
Less: inter-operations elimination		**(115,441,597)**	**-**	**(115,441,597)**	(57,479,427)	-	(57,479,427)
TOTAL ASSETS		**427,536,301**	**487,894,947**	**915,431,248**	523,755,082	505,836,718	1,029,591,800

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

		September 30, 2020 (Unaudited)			December 31, 2019 (Audited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES							
Accounts payable		**5,024,082**	**-**	**5,024,082**	5,417,406	-	5,417,406
Accrued and other liabilities		**30,078,065**	**46,125**	**30,124,190**	29,924,804	2,229,239	32,154,043
Reinsurers' balances payable		**4,543,144**	**-**	**4,543,144**	5,333,811	-	5,333,811
Unearned premiums	8	**198,727,902**	**-**	**198,727,902**	230,733,866	-	230,733,866
Unearned reinsurance commission		**4,597,168**	**-**	**4,597,168**	2,197,204	-	2,197,204
Outstanding claims	8	**148,363,918**	**-**	**148,363,918**	169,692,335	-	169,692,335
Claims incurred but not reported	8	**72,739,677**	**-**	**72,739,677**	63,180,565	-	63,180,565
Additional premium reserves	8	**19,156,307**	**-**	**19,156,307**	17,314,969	-	17,314,969
Other technical reserves	8	**3,417,039**	**-**	**3,417,039**	2,045,033	-	2,045,033
Due to a related party	12	**-**	**1,123,750**	**1,123,750**	-	1,123,750	1,123,750
Employee benefit obligations		**10,228,961**	**-**	**10,228,961**	9,664,194	-	9,664,194
Zakat payable	13	**-**	**50,930,348**	**50,930,348**	-	45,730,348	45,730,348
Accrued commission income payable to SAMA	11	**-**	**5,455,910**	**5,455,910**	-	4,753,639	4,753,639
Dividend payable		**-**	**370,743**	**370,743**	-	370,743	370,743
Amounts due to insurance operations		**-**	**115,441,597**	**115,441,597**	-	57,479,427	57,479,427
Surplus distribution payable		**44,406,230**	**-**	**44,406,230**	44,432,361	-	44,432,361
TOTAL LIABILITIES		**541,282,493**	**173,368,473**	**714,650,966**	579,936,548	111,687,146	691,623,694
Less: inter-operations elimination		**-**	**(115,441,597)**	**(115,441,597)**	-	(57,479,427)	(57,479,427)
TOTAL LIABILITIES		**541,282,493**	**57,926,876**	**599,209,369**	579,936,548	54,207,719	634,144,267

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	Note	September 30, 2020 (Unaudited) Insurance operations	Shareholders' operations	Total	December 31, 2019 (Audited) Insurance operations	Shareholders' operations	Total
EQUITY							
Share capital	14	-	**400,000,000**	**400,000,000**	-	400,000,000	400,000,000
Statutory reserve	15	-	**47,342,202**	**47,342,202**	-	47,342,202	47,342,202
Accumulated losses		-	**(138,321,724)**	**(138,321,724)**	-	(57,434,850)	(57,434,850)
Re-measurement reserve of employee benefit obligations		**471,446**	-	**471,446**	471,446	-	471,446
Fair value reserve on investments		**1,223,959**	**5,505,996**	**6,729,955**	826,515	4,242,220	5,068,735
TOTAL EQUITY		**1,695,405**	**314,526,474**	**316,221,879**	1,297,961	394,149,572	395,447,533
TOTAL LIABILITIES AND EQUITY		**542,977,898**	**372,453,350**	**915,431,248**	581,234,509	448,357,291	1,029,591,800

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30,

		2020 (Unaudited)			2019 (Unaudited)		
	Note	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES							
Gross written premiums		**107,792,051**	**-**	**107,792,051**	118,084,569	-	118,084,569
Reinsurance premiums ceded:							
- Foreign		**(20,096,994)**	**-**	**(20,096,994)**	(12,325,931)	-	(12,325,931)
- Local		**(1,753,147)**	**-**	**(1,753,147)**	(367,202)	-	(367,202)
Excess of loss premiums:							
- Foreign		**(7,088,561)**	**-**	**(7,088,561)**	(185,282)	-	(185,282)
- Local		**(943,424)**	**-**	**(943,424)**	(1,472,530)	-	(1,472,530)
Net premiums written		**77,909,925**	**-**	**77,909,925**	103,733,624	-	103,733,624
Changes in unearned premiums		**2,332,340**	**-**	**2,332,340**	(12,169,661)	-	(12,169,661)
Changes in reinsurers' share of unearned premiums		**12,708,229**	**-**	**12,708,229**	5,245,191	-	5,245,191
Net premiums earned	8	**92,950,494**	**-**	**92,950,494**	96,809,154	-	96,809,154
Reinsurance commissions		**1,933,250**	**-**	**1,933,250**	1,099,440	-	1,099,440
Total revenues		**94,883,744**	**-**	**94,883,744**	97,908,594	-	97,908,594
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid		**(117,637,492)**	**-**	**(117,637,492)**	(97,714,840)	-	(97,714,840)
Reinsurers' share of claims paid		**7,740,984**	**-**	**7,740,984**	1,384,574	-	1,384,574
Claims handling expenses		**(2,736,337)**	**-**	**(2,736,337)**	(3,846,352)	-	(3,846,352)
Net claims and other benefits paid		**(112,632,845)**	**-**	**(112,632,845)**	(100,176,618)	-	(100,176,618)

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

		2020 (Unaudited)			**2019 (Unaudited)**		
	Note	**Insurance operations**	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
Changes in outstanding claims	8	**(12,647,308)**	**-**	**(12,647,308)**	(11,147,537)	-	(11,147,537)
Changes in reinsurers' share of outstanding claims	8	**6,323,543**	**-**	**6,323,543**	17,629,451	-	17,629,451
Changes in claims incurred but not reported	8	**6,476,570**	**-**	**6,476,570**	(9,389,373)	-	(9,389,373)
Changes in reinsurers' share of claims incurred but not reported	8	**1,693,682**	**-**	**1,693,682**	31,021	-	31,021
Net claims and other benefits incurred		**(110,786,358)**	**-**	**(110,786,358)**	(103,053,056)	-	(103,053,056)
Policy acquisition costs		**(5,837,978)**	**-**	**(5,837,978)**	(6,588,057)	-	(6,588,057)
Changes in additional premium reserves		**711,068**	**-**	**711,068**	(5,162,840)	-	(5,162,840)
Changes in other technical reserves		**384,924**	**-**	**384,924**	(250,517)	-	(250,517)
Other underwriting expenses		**(1,569,117)**	**-**	**(1,569,117)**	(2,112,859)	-	(2,112,859)
Total underwriting costs and expenses, net		**(117,097,461)**	**-**	**(117,097,461)**	(117,167,329)	-	(117,167,329)
NET UNDERWRITING LOSS		**(22,213,717)**	**-**	**(22,213,717)**	(19,258,735)	-	(19,258,735)
OTHER OPERATING (EXPENSES) INCOME							
Reversal of allowance for doubtful debts	7	**2,831,889**	**-**	**2,831,889**	1,427,189	-	1,427,189
General and administration expenses		**(15,406,595)**	**(783,916)**	**(16,190,511)**	(14,316,242)	(370,073)	(14,686,315)
Investment and commission income		**672,486**	**1,112,459**	**1,784,945**	2,154,841	3,389,647	5,544,488
Changes in fair value of financial assets at fair value through profit or loss – net	9	**328,125**	**1,733,100**	**2,061,225**	-	-	-
Realized income (loss) on available-for-sale investments	9	**684,474**	**227,672**	**912,146**	(43,216)	829,993	786,777
Other income		**1,279,004**	**-**	**1,279,004**	242,111	-	242,111

(Continued)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

		2020 (Unaudited)			**2019 (Unaudited)**		
	Note	**Insurance operations**	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
Total other operating expenses, net		**(9,610,617)**	**2,289,315**	**(7,321,302)**	(10,535,317)	3,849,567	(6,685,750)
Total (loss) income for the period before surplus attribution and zakat		**(31,824,334)**	**2,289,315**	**(29,535,019)**	(29,794,052)	3,849,567	(25,944,485)
Zakat expense		**-**	**(1,200,000)**	**(1,200,000)**	-	(2,100,000)	(2,100,000)
Total (loss) income for the period		**(31,824,334)**	**1,089,315**	**(30,735,019)**	(29,794,052)	1,749,567	(28,044,485)
Deficit transferred to the shareholders' operations		**31,824,334**	**(31,824,334)**	**-**	29,794,052	(29,794,052)	-
Total loss for the period after transfer of deficit		**-**	**(30,735,019)**	**(30,735,019)**	-	(28,044,485)	(28,044,485)
Weighted average number of outstanding shares	16		**40,000,000**			40,000,000	
Loss per share (expressed in Saudi Riyals per share)							
Basic loss per share	16		**(0.77)**			(0.70)	
Diluted loss per share	16		**(0.77)**			(0.70)	

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2020(Unaudited)			2019 (Unaudited)		
	Insurance operations	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
Total loss for the period attributable to the shareholders	**-**	**(30,735,019)**	**(30,735,019)**	-	(28,044,485)	(28,044,485)
Other comprehensive income (loss)						
Items that will be reclassified to interim condensed statement of income in subsequent periods						
Net change in fair value of available-for-sale investments	**1,164,739**	**2,915,352**	**4,080,091**	(420,307)	(1,619,323)	(2,039,630)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**1,164,739**	**(27,819,667)**	**(26,654,928)**	(420,307)	(29,663,808)	(30,084,115)

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

	2020 (Unaudited)			2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Gross premiums written	**302,292,936**	**-**	**302,292,936**	317,358,443	-	317,358,443
Reinsurance premiums ceded:						
- Foreign	**(32,534,838)**	**-**	**(32,534,838)**	(25,124,724)	-	(25,124,724)
- Local	**(2,335,337)**	**-**	**(2,335,337)**	(1,091,507)	-	(1,091,507)
Excess of loss premiums:						
- Foreign	**(15,867,487)**	**-**	**(15,867,487)**	(10,146,133)	-	(10,146,133)
- Local	**(2,421,694)**		**(2,421,694)**	(1,981,963)	-	(1,981,963)
Net premiums written	**249,133,580**	**-**	**249,133,580**	279,014,116	-	279,014,116
Changes in unearned premiums	**32,005,964**	**-**	**32,005,964**	(18,329,827)	-	(18,329,827)
Changes in reinsurers' share of unearned premiums	**8,820,025**	**-**	**8,820,025**	3,027,026	-	3,027,026
Net premiums earned	**289,959,569**	**-**	**289,959,569**	263,711,315	-	263,711,315
Reinsurance commissions	**4,564,865**	**-**	**4,564,865**	3,518,466	-	3,518,466
Total revenues	**294,524,434**	**-**	**294,524,434**	267,229,781	-	267,229,781
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	**(340,925,170)**	**-**	**(340,925,170)**	(197,044,100)	-	(197,044,100)
Reinsurers' share of claims paid	**57,197,597**	**-**	**57,197,597**	10,660,484	-	10,660,484
Claims handling expenses	**(9,467,909)**	**-**	**(9,467,909)**	(11,238,293)	-	(11,238,293)
Net claims and other benefits paid	**(293,195,482)**	**-**	**(293,195,482)**	(197,621,909)	-	(197,621,909)

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2020 (Unaudited)			2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Changes in outstanding claims	**21,328,417**	**-**	**21,328,417**	(57,896,524)	-	(57,896,524)
Changes in reinsurers' share of outstanding claims	**(30,241,190)**	**-**	**(30,241,190)**	16,101,180	-	16,101,180
Changes in claims incurred but not reported	**(9,559,112)**	**-**	**(9,559,112)**	(11,689,783)	-	(11,689,783)
Changes in reinsurers' share of claims incurred but not reported	**664,357**	**-**	**664,357**	(3,968,019)		(3,968,019)
Net claims and other benefits incurred	**(311,003,010)**	**-**	**(311,003,010)**	(255,075,055)	-	(255,075,055)
Policy acquisition costs	**(17,874,454)**	**-**	**(17,874,454)**	(19,136,946)	-	(19,136,946)
Changes in additional premium reserves	**(1,841,338)**	**-**	**(1,841,338)**	1,128,828	-	1,128,828
Changes in other technical reserves	**(1,372,006)**	**-**	**(1,372,006)**	301,016	-	301,016
Other underwriting expenses	**(7,249,044)**	**-**	**(7,249,044)**	(3,327,179)	-	(3,327,179)
Total underwriting costs and expenses, net	**(339,339,852)**	**-**	**(339,339,852)**	(276,109,336)	-	(276,109,336)
NET UNDERWRITING LOSS	**(44,815,418)**	**-**	**(44,815,418)**	(8,879,555)	-	(8,879,555)
OTHER OPERATING (EXPENSES) INCOME						
Allowance for doubtful debts	**(1,752,467)**	**-**	**(1,752,467)**	(4,709,276)	-	(4,709,276)
General and administrative expenses	**(47,021,566)**	**(1,728,217)**	**(48,749,783)**	(40,797,243)	(1,133,611)	(41,930,854)
Investment and commission income	**4,187,455**	**6,178,458**	**10,365,913**	6,054,076	12,885,239	18,939,315
Changes in fair value of financial assets at fair value through profit or loss - net	**900,000**	**3,005,222**	**3,905,222**	318,842	-	318,842
Realized (loss) income on available-for-sale investments	**(538,341)**	**892,233**	**353,892**	231,882	1,950,670	2,182,552
Other income	**5,005,767**	**-**	**5,005,767**	1,420,830	-	1,420,830

(Continued)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2020 (Unaudited)			**2019 (Unaudited)**		
	Insurance operations	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
Total other operating expenses, net	**(39,219,152)**	**8,347,696**	**(30,871,456)**	(37,480,889)	13,702,298	(23,778,591)
Total (loss) income for the period before surplus attribution and zakat	**(84,034,570)**	**8,347,696**	**(75,686,874)**	(46,360,444)	13,702,298	(32,658,146)
Zakat expense	**-**	**(5,200,000)**	**(5,200,000)**	-	(6,700,000)	(6,700,000)
Total (loss) income for the period	**(84,034,570)**	**3,147,696**	**(80,886,874)**	(46,360,444)	7,002,298	(39,358,146)
Deficit transferred to the shareholders' operations	**84,034,570**	**(84,034,570)**	**-**	46,360,444	(46,360,444)	-
Total loss for the period after transfer of deficit		**(80,886,874)**	**(80,886,874)**	-	(39,358,146)	(39,358,146)
Weighted average number of outstanding shares		**40,000,000**			40,000,000	
Loss per share (expressed in Saudi Riyals per share)						
Basic loss per share		**(2.02)**			(0.98)	
Diluted loss per share		**(2.02)**			(0.98)	

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF INCOME FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2020 (Unaudited)			**2019 (Unaudited)**		
	Insurance operations	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
Total loss for the period attributable to the shareholders	**-**	**(80,886,874)**	**(80,886,874)**	-	(39,358,146)	(39,358,146)
Other comprehensive income (loss):						
Items that will be reclassified to the interim condensed statement of income in subsequent periods						
Net change in fair value of available-for-sale-investments	**397,444**	**1,263,776**	**1,661,220**	(28,283)	137,841	109,558
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	**397,444**	**(79,623,098)**	**(79,225,654)**	(28,283)	(39,220,305)	(39,248,588)

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30,

	2020 (Unaudited)			2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Total loss for the period before surplus attribution and zakat	**-**	**(75,686,874)**	**(75,686,874)**	-	(32,658,146)	(32,658,146)
Adjustments for non-cash items:						
Depreciation of property and equipment	**836,243**	**-**	**836,243**	795,614	-	795,614
Amortization of intangible assets	**470,436**	**-**	**470,436**	240,400	-	240,400
Provision for employee benefit obligations	**1,854,501**	**-**	**1,854,501**	1,759,434	-	1,759,434
Unrealized gains on financial assets at fair value through profit or loss – net	**(900,000)**	**(3,005,222)**	**(3,905,222)**	(318,842)	-	(318,842)
Realized gain (loss) on available-for-sale investments	**538,341**	**(892,233)**	**(353,892)**	(231,882)	(1,950,670)	(2,182,552)
Allowance for doubtful debts	**1,752,467**	**-**	**1,752,467**	4,709,276	-	4,709,276
Changes in operating assets and liabilities:						
Premiums and insurers' balances receivable - net	**15,029,305**	**-**	**15,029,305**	7,913,323	-	7,913,323
Reinsurers' share of unearned premiums	**(8,820,025)**	**-**	**(8,820,025)**	(3,027,026)	-	(3,027,026)
Reinsurers' share of outstanding claims	**30,241,190**	**-**	**30,241,190**	(16,101,180)	-	(16,101,180)
Reinsurers' share of claims Incurred but not reported	**(664,357)**	**-**	**(664,357)**	3,968,019	-	3,968,019
Deferred policy acquisition costs	**1,717,954**	**-**	**1,717,954**	499,325	-	499,325

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2020 (Unaudited)			2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Prepaid expenses and other assets	**(8,637,555)**	**(2,020,554)**	**(10,658,109)**	(769,506)	(3,254,230)	(4,023,736)
Accounts payable	**(393,324)**	**-**	**(393,324)**	(256,685)	-	(256,685)
Accrued and other liabilities	**735,861**	**(2,183,114)**	**(1,447,253)**	2,980,468	(2,183,500)	796,968
Reinsurers' balances payable	**(790,667)**	**-**	**(790,667)**	2,578,282	-	2,578,282
Unearned premiums	**(32,005,964)**	**-**	**(32,005,964)**	18,329,827	-	18,329,827
Unearned reinsurance commission	**2,399,964**	**-**	**2,399,964**	982,494	-	982,494
Outstanding claims	**(19,503,417)**	**-**	**(19,503,417)**	57,896,524	-	57,896,524
Claims incurred but not reported	**9,559,112**	**-**	**9,559,112**	11,689,783	-	11,689,783
Additional premium reserves	**1,841,338**	**-**	**1,841,338**	(1,128,828)	-	(1,128,828)
Other technical reserves	**1,372,006**	**-**	**1,372,006**	(301,016)	-	(301,016)
Employee benefit obligations paid	**(1,289,734)**	**-**	**(1,289,734)**	(1,401,205)	-	(1,401,205)
Zakat paid	**-**	**-**	**-**	-	(4,940,173)	(4,940,173)
Accrued commission income payable to SAMA	**-**	**702,271**	**702,271**	-	1,016,522	1,016,522
Surplus distribution payable	**-**	**-**	**-**	(64,199)	-	(64,199)
Amounts due to (from) insurance operations	**78,883,782**	**(78,883,782)**	**-**	129,567	(129,567)	-
Amounts due (from) to shareholders' operations	**(136,845,952)**	**136,845,952**	**-**	(46,360,444)	46,360,444	-
Net cash (utilized in) generated from operating activities	**(62,618,495)**	**(25,123,556)**	**(87,742,051)**	44,511,523	2,260,680	46,772,203

(Continued)

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2020 (Unaudited)			2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Placement in short-term deposits	**(50,000,000)**	**-**	**(50,000,000)**	(158,030,556)	(200,420,800)	(358,451,356)
Liquidation of short-term deposits	**100,030,556**	**20,100,000**	**120,130,556**	121,256,071	180,320,800	301,576,871
Accrued income on statutory deposit	**-**	**(702,271)**	**(702,271)**	-	(1,016,522)	(1,016,522)
Purchases of property and equipment	**(426,697)**	**-**	**(426,697)**	(958,962)	-	(958,962)
Additions to intangible assets	**(595,500)**	**-**	**(595,500)**	(1,061,370)	-	(1,061,370)
Proceeds from disposal of financial assets at fair value through profit or loss	**1,453,909**	**-**	**1,453,909**	8,124,292	667,289	8,791,581
Proceeds from disposal of available-for-sale investments	**25,813,792**	**5,699,975**	**31,513,767**	17,373,469	8,269,475	25,642,944
Purchase of financial assets at fair value through profit or loss	**-**	**(136,854)**	**(136,854)**	-	-	-
Proceeds from disposal of investments held to maturity	**-**	**80,000,000**	**80,000,000**	-	-	-
Purchase of available-for-sale investments	**(26,718,889)**	**(5,945,489)**	**(32,664,378)**	(18,064,396)	(8,797,083)	(26,861,479)
Net cash generated from (utilized in) investing activities	**49,557,171**	**99,015,361**	**148,572,532**	(31,361,452)	(20,976,841)	(52,338,293)
Net change in cash and cash equivalents	**(13,061,324)**	**73,891,805**	**60,830,481**	13,150,071	(18,716,161)	(5,566,090)
Cash and cash equivalents, beginning of the period	**144,629,779**	**110,474,629**	**255,104,408**	156,227,789	130,269,030	286,496,819
Cash and cash equivalents, end of the period	**131,568,455**	**184,366,434**	**315,934,889**	169,377,860	111,552,869	280,930,729

(All amounts expressed in Saudi Riyals unless otherwise stated)

22. Supplementary information (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, (continued)

	2020 (Unaudited)			2019 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Supplemental non-cash information:						
Net change in fair value reserve for available-for-sale investments	**397,444**	**1,263,776**	**1,661,220**	(28,283)	137,841	109,558
Surplus distribution payable adjusted against:						
- Insurance premium receivable from policyholders	**26,131**	**-**	**26,131**	363,277	-	363,277
- VAT receivable on unearned premium	**-**	**-**	**-**	862,600	-	862,600
Settlement of premium receivable from a shareholder through rent due to shareholder	**582,600**	**-**	**582,600**	-	-	-
Settlement of premium receivable from a shareholder through outstanding claims	**1,825,000**	**-**	**1,825,000**	-	-	-