
**SAUDI RE FOR COOPERATIVE REINSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE
2020**

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



KPMG Al Fozan & Partners
Certified Public Accountants

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

**TO: THE SHAREHOLDERS OF SAUDI RE FOR COOPERATIVE REINSURANCE
COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Saudi Re for Cooperative Reinsurance Company** (the "Company") as at 30 June 2020, the related interim condensed statement of income and interim condensed statement of comprehensive income for the three month and six month periods then ended and interim condensed statement of changes in equity and interim condensed statement of cash flows for the six month period then ended and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 June 2020 of the Company are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.

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

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



KPMG Al Fozan & Partners
Certified Public Accountants

P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Hani Hamzah A. Bedairi
Certified Public Accountant
License No. 460



**20 Dhul Hijjah 1441H
10 August 2020**

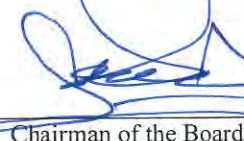
Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
ASSETS			
Bank balances and cash	5	33,984,469	13,169,059
Time deposits		220,917,469	378,031,179
Accrued special commission income from time deposits		4,551,771	7,974,404
Premium receivables, net	4	265,589,400	233,392,376
Investments held at fair value through income statement	7	478,874,709	417,847,821
Held-to-maturity investments	8	117,501,219	37,500,000
Accrued reinsurance premiums	2	669,056,029	467,070,866
Retroceded share of unearned premiums	9	65,969,417	50,836,786
Deferred excess of loss premiums		264,805	11,743,563
Retroceded share of outstanding claims	10	266,119,674	282,718,771
Retroceded share of claims incurred but not reported	10	33,110,621	34,812,075
Deferred policy acquisition costs		184,051,291	106,279,101
Prepaid expenses, deposits and other assets		246,382,122	244,639,898
Property and equipment, net		33,657,772	33,575,528
Accrued special commission income from bonds and sukuk		2,541,804	2,793,154
Investment in an equity accounted investee	14	108,290,314	101,445,631
Statutory deposit	6	121,500,000	121,500,000
Accrued income on statutory deposit	0	19,332,010	17,992,463
TOTAL ASSETS		2,871,694,896	2,563,322,675
LIABILITIES			
Accounts payable		32,382,311	39,928,645
Retrocession balances payable		16,393,315	46,173,239
Accrued retroceded premiums		31,427,275	21,741,812
Unearned premiums	9	710,174,662	401,997,592
Outstanding claims	10	771,576,819	737,229,272
Claims incurred but not reported	10	329,432,925	355,254,946
Unearned retrocession commission		11,295,874	8,396,072
Accrued expenses and other liabilities		14,626,208	19,420,788
End of service indemnities		9,406,987	8,828,705
Provision for zakat and tax	12	30,190,733	23,742,062
Accrued commission income payable to SAMA	6	19,332,010	17,992,463
TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS		1,976,239,119	1,680,705,596
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		8,392,364	7,546,140
TOTAL REINSURANCE OPERATIONS' SURPLUS		8,392,364	7,546,140
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS		1,984,631,483	1,688,251,736
EQUITY			
Share capital	11	810,000,000	810,000,000
Statutory reserve		17,904,115	17,904,115
Retained earnings		61,980,152	49,113,416
Other reserves		(2,820,854)	(1,946,592)
TOTAL EQUITY		887,063,413	875,070,939
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND EQUITY		2,871,694,896	2,563,322,675


Managing Director / Chief Executive Officer


Chairman of the Board


Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME

For the three month and six month periods ended 30 June 2020

	For the three month period ended		For the six month period ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Notes	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR	(Unaudited) SR
REVENUES				
Gross written premiums	131,336,825	82,206,513	659,054,479	506,527,074
Retroceded premiums	(42,558,211)	(35,727,179)	(73,415,401)	(49,164,963)
Excess of loss expenses	(6,849,693)	(6,355,071)	(14,387,549)	(14,541,316)
Net written premiums	81,928,921	40,124,263	571,251,529	442,820,795
Changes in unearned premiums, net	73,534,724	100,175,027	(293,044,438)	(128,327,744)
Net earned premiums	155,463,645	140,299,290	278,207,091	314,493,051
Retrocession commissions	3,330,159	4,950,730	5,359,753	8,632,721
TOTAL REVENUES	158,793,804	145,250,020	283,566,844	323,125,772
UNDERWRITING COSTS AND EXPENSES				
Gross claims paid	(75,972,778)	(81,870,204)	(188,862,393)	(190,455,090)
Retroceded share of claims paid	30,185,017	11,924,979	55,966,356	39,264,368
Net claims paid	(45,787,761)	(69,945,225)	(132,896,037)	(151,190,722)
Changes in outstanding claims, net	(49,431,291)	(6,727,378)	(50,946,641)	(18,491,446)
Changes in incurred but not reported claims, net	(6,039,799)	(10,360,671)	24,120,568	(38,629,853)
Net claims incurred	(101,258,851)	(87,033,274)	(159,722,110)	(208,312,021)
Policy acquisition costs and profit commissions	(45,884,851)	(40,843,408)	(91,290,831)	(85,740,619)
Other underwriting expenses	(1,947,890)	(838,361)	(3,290,257)	(1,680,091)
TOTAL UNDERWRITING COSTS AND EXPENSES	(149,091,592)	(128,715,043)	(254,303,198)	(295,732,731)
NET UNDERWRITING INCOME	9,702,212	16,534,977	29,263,646	27,393,041
OTHER OPERATING INCOME / (EXPENSES)				
Special commission income from time deposits	2,938,699	4,788,905	6,654,662	8,537,333
Realized (loss) / gains on investments held at fair value through income statement	(1,689,065)	550,953	(927,616)	1,359,462
Unrealized (loss) / gains on investments held at fair value through income statement	(16,227)	1,777,889	(212,310)	19,844,598
Special commission income from bonds and sukuk	3,402,133	1,020,628	4,518,136	1,821,676
Dividend income	1,017,628	1,830,312	1,017,628	2,003,151
Share of profit of equity accounted investee	3,922,291	5,921,483	7,718,945	7,422,661
Investment management expenses	(218,182)	(576,115)	(466,843)	(916,572)
Net investment income	9,357,277	15,314,055	18,302,602	40,072,309
Other income	346,902	249,219	672,459	495,700
(Charge) / reversal for doubtful debts	--	(318,531)	(457,676)	517,929
General and administrative expenses	(10,429,608)	(12,746,296)	(22,363,881)	(24,132,968)
Board of directors' remunerations, meetings fees and expenses	(628,969)	(579,832)	(1,297,839)	(1,159,020)
Foreign exchange translation gains / (losses)	989,466	49,088	(3,957,680)	576,607
Total income for the period before zakat and tax	9,337,280	18,502,680	20,161,631	43,763,598
Total income attributed to the reinsurance operations	(311,755)	(762,176)	(846,224)	(1,193,812)
Net income for the period before zakat and tax	9,025,525	17,740,504	19,315,407	42,569,786
Zakat and tax charge for the period	(3,525,023)	(3,653,747)	(6,448,671)	(7,047,936)
Net income for the period after zakat and tax attributable to the shareholders	5,500,502	14,086,757	12,866,736	35,521,850
Basic and diluted earnings per share for the period	0.07	0.17	0.16	0.44

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the three month and six month periods ended 30 June 2020

	For the three month period ended		For the six month period ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	SR	SR	SR	SR
Net income for the period after zakat and tax attributable to shareholder	5,500,502	14,086,757	12,866,736	35,521,850
<i>Other comprehensive income</i>				
Items that may be classified to income statement subsequently				
Share of foreign currency translation reserve of an equity accounted investee	(133,437)	(1,350,003)	(874,262)	(1,229,892)
Total comprehensive income for the period	5,367,065	12,736,754	11,992,474	34,291,958





Managing Director / Chief Executive Officer Chairman of the Board Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2020

	GCC Shareholders and General Public				Non – GCC Shareholders				Total				
	Share Capital	Statutory reserve	Retained earnings	Other reserves	Share capital	Statutory reserve	Retained earnings	Other reserves	Share Capital	Statutory reserve	Retained earnings	Other reserves	Total
	SR	SR	SR		SR	SR	SR		SR	SR	SR		SR
Balance as at 1 January 2020 (Audited)	749,907,990	16,575,765	42,683,543	(1,821,931)	60,092,010	1,328,350	6,429,873	(124,661)	810,000,000	17,904,115	49,113,416	(1,946,592)	875,070,939
Transferred during the period	10,001,660	221,161	3,392,702	(4,284)	(10,001,660)	(221,161)	(3,392,702)	4,284					
Net profit for the period	--	--	12,071,058	--	--	--	795,678	--	--	--	12,866,736	--	12,866,736
Other comprehensive income	--	--	--	(820,198)	--	--	--	(54,064)	--	--	--	(874,262)	(874,262)
Total comprehensive income for the period	--	--	12,071,058	(820,198)	--	--	795,678	(54,064)	--	--	12,866,736	(874,262)	11,992,474
Balance as at 30 June 2020 (Unaudited)	759,909,650	16,796,926	58,147,303	(2,646,413)	50,090,350	1,107,189	3,832,849	(174,441)	810,000,000	17,904,115	61,980,152	(2,820,854)	887,063,413
Balance as at 1 January 2019 (Audited)	783,693,750	8,528,901	9,431,953	1,019,067	26,306,250	286,359	3,326,044	55,549	810,000,000	8,815,260	12,757,997	1,074,616	832,647,873
Transferred during the period	(4,276,640)	(46,542)	(51,470)	(5,561)	4,276,640	46,542	51,470	5,561	--	--	--	--	--
Net profit for the period	--	--	33,973,703	--	--	--	1,548,147	--	--	--	35,521,850	--	35,521,850
Other comprehensive income	--	--	--	(1,183,454)	--	--	--	(46,438)	--	--	--	(1,229,892)	(1,229,892)
Total comprehensive income for the period	--	--	33,973,703	(1,183,454)	--	--	1,548,147	(46,438)	--	--	35,521,850	(1,229,892)	34,291,958
Balance as at 30 June 2019 (Unaudited)	779,417,110	8,482,359	43,354,186	(169,948)	30,582,890	332,901	4,925,661	14,672	810,000,000	8,815,260	48,279,847	(155,276)	866,939,831

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

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

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2020

	30 June 2020 (Unaudited) SR	30 June 2019 (Unaudited) SR
OPERATING ACTIVITIES		
Total income for the period before zakat & tax	20,161,631	43,763,598
<i>Adjustments to reconcile net income for the period before zakat and tax to net cash generated from operating activities:</i>		
Employees' end of service benefits	1,153,697	725,165
Depreciation of property and equipment	1,122,164	855,060
Realized loss / (gains) on investments held at fair value through income statement	927,616	(1,359,462)
Unrealized loss / (gains) on investments held at fair value through income statement	212,310	(19,844,598)
Share of profit of equity accounted investee	(7,718,945)	(7,422,661)
Charge / (reversal) of doubtful debts	457,676	(517,929)
Operating income before changes in operating assets and liabilities	16,316,149	16,199,173
Changes in operating assets and liabilities:		
Premiums receivable, gross	(32,654,701)	(19,021,190)
Accrued reinsurance premiums	(201,985,163)	(159,353,893)
Retroceded share of unearned premiums	(15,132,631)	(11,118,533)
Unearned premiums	308,177,070	139,446,277
Retroceded share of outstanding claims	16,599,097	(12,546,666)
Retroceded share of claims incurred but not reported	1,701,454	37,912,088
Deferred acquisition costs	(77,772,190)	(31,844,907)
Deferred excess of loss premiums	11,478,758	11,281,479
Prepaid expenses, deposits and other assets	(1,742,224)	(1,888,035)
Accounts payable	(7,546,334)	8,689,411
Retrocession balances payable	(29,779,924)	(4,199,274)
Accrued retroceded premiums	9,685,463	12,582,090
Outstanding claims	34,347,547	31,038,114
Claims incurred but not reported	(25,822,021)	717,765
Unearned commission income	2,899,802	3,057,675
Accrued expenses and other liabilities	(4,794,580)	(2,542,709)
	3,975,572	18,408,865
Zakat and income tax paid	--	(12,793,825)
Employees' end of service benefits paid	(575,414)	(369,183)
Net cash generated from operating activities	3,400,158	5,245,857
INVESTING ACTIVITIES		
Time deposits	122,448,835	(238,322,116)
Accrued special commission income on time deposits	3,422,633	(2,818,790)
Accrued special commission income from bonds and sukuk	251,350	(1,697,941)
Purchase of property and equipment	(1,204,408)	(1,732,160)
Additions in investments held at fair value through income statement	(261,068,174)	(97,732,000)
Additions in held-to-maturity investments	(80,001,219)	(37,500,000)
Proceeds from disposal of investments held at fair value through income statement	198,901,360	323,614,231
Net cash used in investing activities	(17,249,623)	(56,188,776)
DECREASE IN CASH AND CASH EQUIVALENTS	(13,849,465)	(50,942,919)
Cash and cash equivalents at the beginning of the period*	47,833,934	81,635,536
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	33,984,469	30,692,617

*Includes time deposits less than three months amounting to SR 34,664,875

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

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

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month and six month periods ended 30 June 2020

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Re for Cooperative Reinsurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumada Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company’s registered office is at 4130 Northern Ring Road Al Wadi, Unit number 1, Riyadh 13313-6684, Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative reinsurance and related activities inside and outside the Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

Statement of compliance

The interim condensed financial statements of the Company as at and for the period ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”).

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: bank balances and cash, time deposits, accrued special commission income from time deposits, premium receivables, net, investments held at fair value through income statement, deferred excess of loss premiums, retroceded share of outstanding claims, prepaid expenses, deposits and other assets, accrued special commission income from bonds and sukuk, accounts payable, retrocession balances payable, outstanding claims, accrued expenses and other liabilities, provision for zakat and income tax and accumulated surplus. The following balances would generally be classified as non-current: accrued reinsurance premiums, retroceded share of unearned premiums, retroceded share of claims incurred but not reported, deferred policy acquisition costs, property and equipment, net, Investment in an equity accounted investee, statutory deposit, accrued income on statutory deposit, accrued retroceded premiums, unearned premiums, claims incurred but not reported, unearned retrocession commission, employees end of service benefits and accrued commission income payable to SAMA.

The interim condensed statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders’ operations which are presented in Note 16 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations.

In preparing the Company’s interim condensed financial information in compliance with IFRS, the balances and transactions of the reinsurance operations are amalgamated and combined with those of the shareholders’ operations. Interoperation balances, transactions and unrealised gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the reinsurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

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

The accompanying unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as at 31 December 2019.

Surplus is distributed between reinsurance operations and shareholders operations in accordance with the implementing regulations issued by the SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from reinsurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on reinsurance operations is transferred to the shareholders' operation in full.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Reinsurance and Shareholders’ operations and presents the interim condensed financial statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is determined by the management and Board of Directors.

In accordance with the Article 70 (2g) of the Insurance Implementing Regulations of SAMA, a minimum of 20% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid-up capital of the Company. This reserve is not available for distribution.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month and six month periods ended 30 June 2020

2. BASIS OF PREPARATION (CONTINUED)

Basis of measurement

These unaudited interim condensed financial statements have been prepared on the historical cost basis, except for the measurement at fair value of investments held at fair value through income statement and Investment in an equity accounted investee which is accounted for under the equity method and End of Service Benefits (EOSB) at present value.

Functional and presentation currency

These unaudited interim condensed financial statements have been presented in Saudi Arabian Riyals (SAR), which is the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest SAR.

Fiscal year

The Company's fiscal year is aligned with the calendar year i.e. it begins at 1 January and ends at 31 December.

Critical accounting judgments, estimates and assumptions

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

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies, the risk management policies and the key sources of estimation uncertainty except for estimation of accrued reinsurance premium as mentioned below, were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2019. Further, the Company has considered the following:

- On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.
- In response to the spread of the Covid-19 virus in the GCC, non-GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company's management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:
 - the health and safety of its employees and the wider community where it is operating
 - the continuity of its business throughout the world is protected and kept intact.

- **Change in estimates of accrued reinsurance premium**

Effective 1 January 2020, the Company has revised method of estimating accrued reinsurance premium to enhance objectivity and consistency in the process. Accordingly, the accrued reinsurance premium at the reporting date is now determined by using actuarial techniques unlike previous basis of estimated premium income (EPI) recommended by the underwriters. The change has not resulted in a material adjustment in the interim condensed statement of income, however it has resulted in an increase in accrued reinsurance premium balance as of 30 June 2020 by SR 15 million. The change in the estimation of accrued reinsurance premium has not only impacted the gross written premium for the period but also various elements including retroceded premium, change in unearned premium, net, retrocession commissions, changes in incurred but not reported claims, net, policy acquisition cost and profit commissions, other underwriting expenses and their related balances in the statement of financial position.

The management believes that it is not practicable for the Company to quantify and disclose the impact of the change in the estimation methodology on the individual financial statement captions as it would require undue cost and effort to recompute impact on individual elements.

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month and six month periods ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019.

A) Standards issued but not yet effective

The following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards, which have been published and are mandatory for compliance for the Company with effect from future dates.

IFRS 9 – Financial Instruments

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

Classification and measurement

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

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

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

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

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

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

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

Impairment

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

Effective date

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

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of
 - a) the effective date of a new insurance contract standard; or

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3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)

A) Standards issued but not yet effective (Continued)

Effective date (Continued)

- b) annual reporting periods beginning on or after January 1, 2023. On 17 March 2020, the International Accounting Standards Board ("IASB") decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from January 1, 2021 to January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or;
- 2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a preliminary assessment which included below:

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

Impact assessment

The Company is currently assessing the impact of the application and implementation of IFRS 9. As of the date of the publication of these interim condensed financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company.

The Company is currently assessing the impact on application and implementation of IFRS 9, however the Company expects the classification and measurement of financial assets to be impacted from implementation of IFRS 9 as company is yet to perform a detailed review.

IFRS 17 Insurance Contracts

Overview

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

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

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

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

Measurement

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

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

- b) the fulfilment cash flows (FCF), which comprise:
- probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
 - and a risk adjustment for non-financial risk;

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3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)

A) Standards issued but not yet effective (Continued)

IFRS 17 Insurance Contracts (continued)

Measurement (continued)

- c) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

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

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

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

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

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

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

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The General Measurement Model remains applicable for the measurement of the liability for incurred claims.

However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

Effective date

The Company intends to apply the Standard on its effective date i.e. 1 January 2023. The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. On 17 March 2020, the IASB completed its discussions on the amendments to IFRS 17 Insurance Contracts that were proposed for public consultation in June 2019. It decided that the effective date of the Standard will be deferred to annual reporting periods beginning on or after 1 January 2023. The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied.

Transition

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

Presentation and Disclosures

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

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For the three month and six month periods ended 30 June 2020

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)

A) Standards issued but not yet effective (Continued)

IFRS 17 Insurance Contracts (continued)

Impact assessment:

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these interim condensed financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company expects a material impact on measurement and disclosure of reinsurance and retrocession that will affect both the statement of income and the statement of financial position. The Company has decided not to early adopt this new standard.

The Company has started its implementation process and has set up a project team, supervised by an IFRS executive management committee.

4. PREMIUM RECEIVABLES, NET

Reinsurance operations

	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Policyholders	267,382,000	235,474,039
Related parties (note 13)	1,858,785	1,112,046
Less: provision for doubtful debts	(3,651,385)	(3,193,709)
	<u>265,589,400</u>	<u>233,392,376</u>

5. CASH AND CASH EQUIVALENTS

	<u>Reinsurance operations</u>	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Cash in hand	40,000	40,000
Bank balances	24,022,065	6,021,323
Total Bank balances and cash (A)	<u>24,062,065</u>	<u>6,061,323</u>
Deposits maturing within 3 months from the acquisition date (B)	-	21,586,875
Total Cash and cash equivalents for reinsurance operations	<u>24,062,065</u>	<u>27,648,198</u>
	<u>Shareholders' operations</u>	
	31 June 2020 (Unaudited)	31 December 2019 (Audited)
Bank balances (C)	9,922,404	7,107,736
Deposits maturing within 3 months from the acquisition date (D)	--	13,078,000
Total Cash and cash equivalents for shareholders' operations	<u>9,922,404</u>	<u>20,185,736</u>
Total Bank balances and cash (A+C)	<u>33,984,469</u>	<u>13,169,059</u>
Total Deposits maturing within 3 months from acquisition date (B+D)*	<u>--</u>	<u>34,664,875</u>
Total Cash and cash equivalents for reinsurance operations and shareholders' operations	<u>33,984,469</u>	<u>47,833,934</u>

*Included within time deposits

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6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2019: SR 121.5 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Accrued commission income payable to SAMA". The accrued commission on the deposit as at 30 June 2020 is SAR 19,332,010 (31 December 2019: 17,992,463) and has also been disclosed in assets as "Accrued income on statutory deposit".

7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

i. Investments held at fair value through income statement consist of the following as at:

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	91,796,597	218,512,966	310,309,563	40,877,141	197,916,148	238,793,289
Investment funds	--	97,354,549	97,354,549	--	71,081,131	71,081,131
Equities	--	--	--	--	17,460,885	17,460,885
Fixed-rate bonds/sukuk	--	51,210,597	51,210,597	--	50,512,516	50,512,516
Floating-rate bonds/sukuk	--	20,000,000	20,000,000	--	40,000,000	40,000,000
	91,796,597	387,078,112	478,874,709	40,877,141	376,970,680	417,847,821

ii. Determination of fair value and fair values hierarchy:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at 30 June 2020 and 31 December 2019, the investment in money market funds amounting to SR 91.80 million (31 December 2019 SR 40.88 million) is classified as level 2 investments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	30 June 2020 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	218,512,966	--	218,512,966
Investment funds	--	--	97,354,549	97,354,549
Equities	--	--	--	--
Fixed-rate bonds/sukuk	--	--	51,210,597	51,210,597
Floating-rate bonds/sukuk	--	--	20,000,000	20,000,000
	--	218,512,966	168,565,146	387,078,112

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7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	31 December 2019 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	197,916,148	--	197,916,148
Investment funds	--	--	71,081,131	71,081,131
Equities	17,460,885	--	--	17,460,885
Fixed-rate bonds/sukuk	--	--	50,512,516	50,512,516
Floating-rate bonds/sukuk	--	--	40,000,000	40,000,000
	<u>17,460,885</u>	<u>197,916,148</u>	<u>161,593,647</u>	<u>376,970,680</u>

Fair values of investment funds is based on the NAV calculated on the basis of the fair value of the underlying real estate as disclosed in the fund's latest available financial statements. The Discounted Cash flow (DCF) model has been used to value the debt securities. This model considers the present value of net cash flows to be generated from the debt security, discounted at the market yield of similar quoted instruments. The estimate is adjusted for the effect of non-marketability of the debt securities. The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy.

	Opening	Purchase	Sale/Matured	Realized loss	Unrealized gain	Closing
For the six-month period ended 30 June 2020 (Unaudited)	<u>161,593,647</u>	<u>21,800,000</u>	<u>(20,000,000)</u>	<u>--</u>	<u>5,171,499</u>	<u>168,565,146</u>
For the year ended 31 December 2019 (Audited)	<u>116,387,865</u>	<u>46,081,132</u>	<u>(1,047,575)</u>	<u>(340,290)</u>	<u>512,515</u>	<u>161,593,647</u>

Sensitivity Analysis

For the fair value of level 3 investments, reasonable possible changes at the reporting date to one of the unobservable inputs, holding other inputs constant, would have the following effects.

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Investments held at fair value through income statement	<u>51,210,597</u>	<u>50,512,516</u>
Impact on Unrealized Gain for the period / year ended:		
If increased by 5% in market rate	<u>(64,873)</u>	<u>(134,430)</u>
If decreased by 5% in market rate	<u>64,873</u>	<u>134,430</u>

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 30 June 2020 and year ended 31 December 2019.

iv. Investment in real-estate investment funds have various unobservable inputs.

v. The movements of investments held at fair value through income statement are as follows:

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	40,877,141	376,970,680	417,847,821	56,100,346	496,473,761	552,574,107
Additions	65,986,974	195,081,200	261,068,174	38,572,307	315,673,142	354,245,449
Disposals	(14,196,699)	(184,704,661)	(198,901,360)	(54,204,897)	(452,462,698)	(506,667,595)
Unrealized (losses)/ gains	(1,029,569)	817,259	(212,310)	216,118	3,576,588	3,792,706
Realized gains/(losses)	158,750	(1,086,366)	(927,616)	193,267	13,709,887	13,903,154
Closing balance	<u>91,796,597</u>	<u>387,078,112</u>	<u>478,874,709</u>	<u>40,877,141</u>	<u>376,970,680</u>	<u>417,847,821</u>

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7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

vi. The analysis of the composition of investments for shareholder's operations is as follows:

	30 June 2020 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	218,512,966	--	218,512,966
Investment funds	--	97,354,549	97,354,549
Equities	--	--	--
Fixed-rate bonds/sukuk	--	51,210,597	51,210,597
Floating-rate bonds/sukuk	--	20,000,000	20,000,000
	218,512,966	168,565,146	387,078,112
31 December 2019 (Audited)			
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	197,916,148	--	197,916,148
Investment funds	--	71,081,131	71,081,131
Equities	17,460,885	--	17,460,885
Fixed-rate bonds/sukuk	--	50,512,516	50,512,516
Floating-rate bonds/sukuk	--	40,000,000	40,000,000
	215,377,033	161,593,647	376,970,680

As at 30 June 2019 and 31 December 2019, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

- vii. Average credit ratings of all fixed and floating rates sukuk and bonds are within the investment grades i.e. BBB and above.
- viii. The geographical split of investments held at fair value through income statement is as follows:

	Domestic		International		Total	
	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
<i>Reinsurance operations</i>						
Money Market Funds	91,796,597	40,877,141	--	--	91,796,597	40,877,141
	91,796,597	40,877,141	--	--	91,796,597	40,877,141

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7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	Domestic		International		Total	
	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Shareholders' operations						
Money Market Funds	218,512,966	197,916,148	--	--	218,512,966	197,916,148
Investment funds	97,354,549	71,081,131	--	--	97,354,549	71,081,131
Equities	--	17,460,885	--	--	--	17,460,885
Fixed-Rate Bonds/Sukuk	41,210,597	40,480,100	10,000,000	10,032,416	51,210,597	50,512,516
Floating-Rate Bonds/Sukuk	20,000,000	40,000,000	--	--	20,000,000	40,000,000
	377,078,112	366,938,264	10,000,000	10,032,416	387,078,112	376,970,680
Total	468,874,709	407,815,405	10,000,000	10,032,416	478,874,709	417,847,821

8. HELD-TO-MATURITY INVESTMENTS

Held to maturity investments consist of the following as at:

	Shareholders' operations	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
At the beginning of the period/year	37,500,000	--
Purchases	80,001,219	37,500,000
Disposals/Maturities	--	--
Balance at the end of the period / year	117,501,219	37,500,000
	Shareholders' operations	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
STC Sukuk (A)	37,500,000	37,500,000
Omani Bonds (B)	80,001,219	--

(A) This represents investment in local issued Sukuk amounting to SR 37.5 million (31 December 2019: SR 37.5 million).

The interest rate on the Sukuk is 3.89% and it will be maturing in year 2029. The credit rating of the counter party is A1 by Moody's and A- by Standard & Poors credit quality agencies. The accrued income on this investment as at 30 June 2020 amounted to SR 194,500 (December 31, 2019: SR 210,708).

(B) This represent investment in GCC issued Bonds amounting to SR 80.0 million (31 December 2019: SR Nil). The interest rate on the Bonds are 4.32% and it will be maturing in years 2022/23/25. The credit rating of the counter party is Ba3 by Moody's and BB- by Standard & Poors credit quality agencies. The accrued income on this investment as at 30 June 2020 amounted to SR 746,842 (December 31, 2019: SR Nil).

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9. UNEARNED PREMIUM

Reinsurance operations

	30 June 2020 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	401,997,592	(50,836,786)	351,160,806
Premiums written during the period	659,054,479	(87,802,949)	571,251,530
Premium earned	(350,877,409)	72,670,318	(278,207,091)
Changes in unearned premiums	308,177,070	(15,132,631)	293,044,439
Closing balance	710,174,662	(65,969,417)	644,205,245

	31 December 2019 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	380,171,285	(33,080,894)	347,090,391
Premiums written during the year	792,847,561	(146,242,284)	646,605,277
Premiums earned	(771,021,254)	128,486,392	(642,534,862)
Changes in unearned premiums	21,826,307	(17,755,892)	4,070,415
Closing balance	401,997,592	(50,836,786)	351,160,806

10. CLAIMS RESERVES

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Reinsurance operations		
Outstanding claims	771,576,819	737,229,272
Claims incurred but not reported	329,432,925	355,254,946
	1,101,009,744	1,092,484,218
Less:		
- Retroceded share of outstanding claims	266,119,674	282,718,771
- Retroceded share of claims incurred but not reported	33,110,621	34,812,075
	299,230,295	317,530,846
Net outstanding claims reserves	801,779,449	774,953,372

11. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 810 million at 30 June 2020 (31 December 2019: SAR 810 million) consisting of 81 million shares (December 31, 2019: 81 million shares) of SAR 10 each.

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

	30 June 2020 (Unaudited)		
	Authorized and issued		Paid up
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	81,000,000	10	810,000,000

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11. SHARE CAPITAL (CONTINUED)

	31 December 2019 (Audited)		
	Authorized and issued	Paid up	
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	81,000,000	10	810,000,000

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.

12. PROVISION FOR ZAKAT AND TAX

A summary of the Company's share capital and percentages of ownership are follows:

	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	SR	%	SR	%
Saudi Shareholders	743,855,400	91.83%	734,022,000	90.62%
GCC Shareholders	16,054,200	1.98%	15,876,000	1.96%
GCC Shareholders and general public	759,909,600	93.81%	749,898,000	92.58%
Non-GCC Shareholders	50,090,400	6.19%	60,102,000	7.42%
Total	810,000,000	100%	810,000,000	100%

As of 30 June 2020, and 31 December 2019, the authorized, issued and fully paid-up share capital of the Company consists of 81 million shares of SAR 10 each. The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian Zakat and Income Tax regulations.

The zakat and tax liability as at period / year end are as follows:

	30 June 2020 SR (Unaudited)	31 December 2019 SR (Audited)
Provision for zakat	29,721,826	23,300,536
Provision for tax	468,907	441,526
	30,190,733	23,742,062

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12 PROVISION FOR ZAKAT AND TAX (CONTINUED)

The zakat and tax charges for the six month period ended are as follows:

	30 June 2020 SR (Unaudited)	30 June 2019 SR (Unaudited)
Zakat charge for the period	6,421,291	6,989,074
Tax charge for the period	27,380	58,862
	6,448,671	7,047,936

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the General Authority of Zakat and Income Tax (GAZT), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.58% and 0.43% respectively as at 30 June 2020 and 31 December 2019.

Status of assessment

The Company has filed its tax / Zakat returns for the years ended 31 December 2014 to 2018 with the General Authority of Zakat and Income Tax (GAZT). The Company received the final assessments for the years up to 31 December 2013 and the assessments for the years ended 31 December 2014 to 2018 are still outstanding.

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms, which are approved by the management.

Details of transactions and balances with related parties during the period other than those which have been disclosed elsewhere in these financial statements are disclosed below.

Related party	Nature of transactions	Amount of transactions for the six-month period ended		Balance as at	
		30 June 2020 (Unaudited) SR	30 June 2019 (Unaudited) SR	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Board of Directors	- Consulting fees	36,924	75,644	--	--
	- Remunerations, meetings fees and expenses	550,121	1,144,020	2,358,754	1,875,000
Key management Personnel	- Short term benefits	6,419,013	5,519,045	1,442,027	2,854,771
	- End of service benefits	700,451	234,307	3,865,253	3,164,802
Companies represented by the Board members	- Gross written premiums	127,625,029	52,682,285	1,858,785	1,112,046
	- Claims incurred	--	521,097	--	2,829,748
	- Commissions expense	47,373,752	17,678,584	--	--
	- Investments	(4,897,146)	--	87,099,762	88,246,912
	- Investments management fees	217,403	--	--	--

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. Companies represented by the Board members include Probitas Holding (Bermuda) Limited (including its subsidiaries), Ashmore Investment Saudi Arabia, and Mamda Re.

Balances with related parties are included in accrued expenses and other liabilities and employees' end of service indemnities as shown in the interim condensed statement of financial position.

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14 INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

Shareholders' operations	30 June 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Balance at the beginning of the period / year	101,445,631	97,293,816
Addition during the period / year	--	--
Share of profit of an equity accounted investee for the period / year	7,718,945	5,114,506
Share in foreign currency translation adjustments for the period / year	(874,262)	(962,691)
Balance at the end of the period / year	108,290,314	101,445,631

This represents investment in 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL"). The Company has accounted for this investment as an equity accounted investee. PHBL operates in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

15 SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business and geographical segments have been approved by the Management Committee in respect of the Company's activities, assets and liabilities as stated below.

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15. SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments

The Company revises periodically its estimated gross written premiums and related retroceded premium upon receipt of actual information from cedants. In some business segments, this results in negative gross written premiums, positive retroceded premiums and negative net written premiums for the period when the revision take place.

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the three-month period ended										
30 June 2020 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	9,877,978	37,249,617	30,605,395	3,721,430	5,228,238	15,442,940	7,005,389	(2,059,742)	24,265,580	131,336,825
Retroceded premiums	(2,236,366)	(2,561,072)	(33,740,374)	--	(619,752)	--	--	--	(3,400,647)	(42,558,211)
Excess of loss expenses	(1,347,463)	(2,073,727)	(189,396)	1,659	364,056	(239,850)	--	--	(3,364,972)	(6,849,693)
Net written premiums	6,294,149	32,614,818	(3,324,375)	3,723,089	4,972,542	15,203,090	7,005,389	(2,059,742)	17,499,961	81,928,921
Changes in unearned premiums, net	10,130,438	4,334,548	10,778,776	11,505,852	4,823,490	(7,075,047)	4,789,390	28,351,595	5,895,682	73,534,724
Net earned premiums	16,424,587	36,949,366	7,454,401	15,228,941	9,796,032	8,128,043	11,794,779	26,291,853	23,395,643	155,463,645
Retrocession commissions	(856,336)	366,660	637,898	--	983,851	4,604	--	--	2,193,482	3,330,159
<u>TOTAL REVENUES</u>	15,568,251	37,316,026	8,092,299	15,228,941	10,779,883	8,132,647	11,794,779	26,291,853	25,589,125	158,793,804
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(11,356,521)	(22,689,705)	(2,944,251)	(3,069,106)	(6,966,181)	(3,651,247)	(7,148,865)	--	(18,146,902)	(75,972,778)
Retroceded share of claims paid	47,294	4,916,552	5,143,034	--	3,696,010	--	--	--	16,382,127	30,185,017
Net claims paid	(11,309,227)	(17,773,153)	2,198,783	(3,069,106)	(3,270,171)	(3,651,247)	(7,148,865)	--	(1,764,775)	(45,787,761)
Changes in outstanding claims, net	5,692,721	(2,157,300)	(12,387,282)	(2,055,286)	(1,544,362)	(5,697,198)	215,412	--	(31,497,996)	(49,431,291)
Changes in Incurred but not reported claims, net	211,210	2,920,458	2,927,314	(2,003,721)	(457,188)	1,954,593	(2,895,316)	(17,600,018)	8,902,869	(6,039,799)
Net claims incurred	(5,405,296)	(17,009,995)	(7,261,185)	(7,128,113)	(5,271,721)	(7,393,852)	(9,828,769)	(17,600,018)	(24,359,902)	(101,258,851)
Policy acquisition costs and profit commissions	(5,473,743)	(10,415,822)	(2,720,208)	(2,998,764)	(3,246,893)	(1,480,363)	(626,079)	(12,192,460)	(6,730,519)	(45,884,851)
Other underwriting expenses	(461,591)	(407,213)	(215,526)	(292,012)	(34,497)	(117,624)	(130,027)	10,299	(299,699)	(1,947,890)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(11,340,630)	(27,833,030)	(10,196,919)	(10,418,889)	(8,553,111)	(8,991,839)	(10,584,875)	(29,782,179)	(31,390,120)	(149,091,592)
NET UNDERWRITING INCOME / (LOSS)	4,227,621	9,482,996	(2,104,620)	4,810,052	2,226,772	(859,192)	1,209,904	(3,490,326)	(5,800,995)	9,702,212

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15 SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the three-month period ended 30 June 2019 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	9,912,719	28,460,718	3,406,272	5,312,656	5,437,923	20,779,400	(5,846,878)	(8,657,217)	23,400,920	82,206,513
Retroceded premiums	(2,434,489)	(6,221,792)	(198,293)	--	(19,388,852)	--	--	--	(7,483,753)	(35,727,179)
Excess of loss expenses	(1,418,832)	(1,698,465)	(201,638)	--	(53,413)	(182,512)	--	--	(2,800,211)	(6,355,071)
Net written premiums	6,059,398	20,540,461	3,006,341	5,312,656	(14,004,342)	20,596,888	(5,846,878)	(8,657,217)	13,116,956	40,124,263
Changes in unearned premiums, net	10,395,937	24,672,312	9,070,683	12,021,947	24,331,723	(7,080,090)	6,611,017	19,010,722	1,140,776	100,175,027
Net earned premiums	16,455,335	45,212,773	12,077,024	17,334,603	10,327,381	13,516,798	764,139	10,353,505	14,257,732	140,299,290
Retrocession commissions	449,977	1,209,952	75,933	--	1,158,120	--	--	--	2,056,748	4,950,730
<u>TOTAL REVENUES</u>	16,905,312	46,422,725	12,152,957	17,334,603	11,485,501	13,516,798	764,139	10,353,505	16,314,480	145,250,020
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(12,091,830)	(22,058,562)	(1,944,382)	(3,776,005)	(13,505,377)	(10,273,013)	(3,970,852)	--	(14,250,183)	(81,870,204)
Retroceded share of claims paid	126,966	259,285	28,379	--	3,341,426	--	--	--	8,168,923	11,924,979
Net claims paid	(11,964,864)	(21,799,277)	(1,916,003)	(3,776,005)	(10,163,951)	(10,273,013)	(3,970,852)	--	(6,081,260)	(69,945,225)
Changes in outstanding claims, net	1,092,910	(4,906,562)	(1,455,656)	(5,493,076)	712,526	1,009,675	(1,445,986)	--	3,758,791	(6,727,378)
Changes in Incurred but not reported claims, net	859,325	746,819	(3,045,562)	(3,361,224)	6,848,040	(1,122,963)	3,271,017	(5,957,554)	(8,598,569)	(10,360,671)
Net claims incurred	(10,012,629)	(25,959,020)	(6,417,221)	(12,630,305)	(2,603,385)	(10,386,301)	(2,145,821)	(5,957,554)	(10,921,038)	(87,033,274)
Policy acquisition costs and profit commissions	(6,491,666)	(14,628,005)	(4,095,827)	(2,549,673)	(4,118,421)	(1,407,315)	(198,695)	(3,933,835)	(3,419,971)	(40,843,408)
Other underwriting expenses	(82,625)	(263,171)	(62,954)	(87,691)	(77,124)	(68,332)	(3,821)	(24,249)	(168,394)	(838,361)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(16,586,920)	(40,850,196)	(10,576,002)	(15,267,669)	(6,798,930)	(11,861,948)	(2,348,337)	(9,915,638)	(14,509,403)	(128,715,043)
NET UNDERWRITING INCOME / (LOSS)	318,392	5,572,529	1,576,955	2,066,934	4,686,571	1,654,850	(1,584,198)	437,867	1,805,077	16,534,977

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15 SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the six-month period ended										
30 June 2020 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	130,253,799	119,808,371	70,549,556	57,955,061	33,187,662	25,792,571	21,090,654	112,790,427	87,626,378	659,054,479
Retroceded premiums	(26,302,130)	(10,545,628)	(30,122,626)	--	63,457	(1,851,861)	--	--	(4,656,613)	(73,415,401)
Excess of loss expenses	(2,492,365)	(7,094,495)	(213,722)	230,478	(13,631)	(479,700)	--	--	(4,324,114)	(14,387,549)
Net written premiums	101,459,304	102,168,248	40,213,208	58,185,539	33,237,488	23,461,010	21,090,654	112,790,427	78,645,651	571,251,529
Changes in unearned premiums, net	(49,550,403)	(52,407,577)	(19,682,336)	(25,359,357)	(26,577,430)	(6,696,577)	(8,540,442)	(72,820,753)	(31,409,563)	(293,044,438)
Net earned premiums	51,908,901	49,760,671	20,530,872	32,826,182	6,660,058	16,764,433	12,550,212	39,969,674	47,236,088	278,207,091
Retrocession commissions	1,859,489	450,012	(462,616)	--	516,336	6,021	--	--	2,990,511	5,359,753
<u>TOTAL REVENUES</u>	53,768,390	50,210,683	20,068,256	32,826,182	7,176,394	16,770,454	12,550,212	39,969,674	50,226,599	283,566,844
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(18,673,734)	(52,190,179)	(26,996,438)	(15,322,595)	(17,653,464)	(16,452,449)	(19,446,925)	--	(22,126,609)	(188,862,393)
Retroceded share of claims paid	506,995	8,727,885	22,154,393	--	7,992,524	--	--	--	16,584,559	55,966,356
Net claims paid	(18,166,739)	(43,462,294)	(4,842,045)	(15,322,595)	(9,660,940)	(16,452,449)	(19,446,925)	--	(5,542,050)	(132,896,037)
Changes in outstanding claims, net	8,465,581	(9,472,575)	(7,263,786)	(1,112,532)	(2,315,784)	(5,632,646)	(3,899,340)	--	(29,715,559)	(50,946,641)
Changes in Incurred but not reported claims, net	8,102,962	15,272,709	(2,418,488)	3,270,507	1,704,725	5,639,611	15,610,431	(28,190,421)	5,128,532	24,120,568
Net claims incurred	(1,598,196)	(37,662,160)	(14,524,319)	(13,164,620)	(10,271,999)	(16,445,484)	(7,735,834)	(28,190,421)	(30,129,077)	(159,722,110)
Policy acquisition costs and profit commissions	(18,578,331)	(15,625,767)	(10,958,712)	(7,008,911)	(4,433,184)	(2,631,451)	(741,356)	(18,722,530)	(12,590,589)	(91,290,831)
Other underwriting expenses	(651,269)	(598,505)	(352,716)	(289,692)	(165,906)	(128,963)	(105,453)	(563,952)	(433,801)	(3,290,257)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(20,827,796)	(53,886,432)	(25,835,747)	(20,463,223)	(14,871,089)	(19,205,898)	(8,582,643)	(47,476,903)	(43,153,467)	(254,303,198)
NET UNDERWRITING INCOME / (LOSS)	32,940,594	(3,675,749)	(5,767,491)	12,362,959	(7,694,695)	(2,435,444)	3,967,569	(7,507,229)	7,073,132	29,263,646

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15 SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the six month period ended 30 June 2019 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	50,728,674	137,040,336	39,973,713	52,541,934	49,679,679	32,441,291	19,400,107	52,525,122	72,196,218	506,527,074
Retroceded premiums	(4,421,677)	(12,435,159)	(275,786)	--	(19,270,149)	--	--	--	(12,762,192)	(49,164,963)
Excess of loss expenses	(2,117,337)	(6,043,114)	(403,276)	--	(105,456)	(376,342)	--	--	(5,495,791)	(14,541,316)
Net written premiums	44,189,660	118,562,063	39,294,651	52,541,934	30,304,074	32,064,949	19,400,107	52,525,122	53,938,235	442,820,795
Changes in unearned premiums, net	(8,514,041)	(27,173,341)	(13,794,753)	(11,106,234)	(5,666,286)	(8,215,696)	(10,425,959)	(20,655,352)	(22,776,082)	(128,327,744)
Net earned premiums	35,675,619	91,388,722	25,499,898	41,435,700	24,637,788	23,849,253	8,974,148	31,869,770	31,162,153	314,493,051
Retrocession commissions	868,150	2,343,212	222,687	--	1,780,968	(5,438)	--	--	3,423,142	8,632,721
<u>TOTAL REVENUES</u>	36,543,769	93,731,934	25,722,585	41,435,700	26,418,756	23,843,815	8,974,148	31,869,770	34,585,295	323,125,772
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(19,940,355)	(69,418,931)	(7,536,727)	(17,527,789)	(17,044,144)	(21,003,771)	(6,819,381)	--	(31,163,992)	(190,455,090)
Retroceded share of claims paid	500,160	14,777,754	1,966,965	--	3,341,426	--	--	--	18,678,063	39,264,368
Net claims paid	(19,440,195)	(54,641,177)	(5,569,762)	(17,527,789)	(13,702,718)	(21,003,771)	(6,819,381)	--	(12,485,929)	(151,190,722)
Changes in outstanding claims, net	(11,275,927)	(1,917,174)	(1,725,911)	(8,170,710)	(1,222,021)	2,475,587	(137,523)	--	3,482,233	(18,491,446)
Changes in Incurred but not reported claims, net	(1,564,971)	3,969,848	(5,827,065)	(7,932,952)	3,251,240	2,876,419	(2,943,530)	(21,860,320)	(8,598,522)	(38,629,853)
Net claims incurred	(32,281,093)	(52,588,503)	(13,122,738)	(33,631,451)	(11,673,499)	(15,651,765)	(9,900,434)	(21,860,320)	(17,602,218)	(208,312,021)
Policy acquisition costs and profit commissions	(12,945,736)	(28,425,596)	(8,694,404)	(4,905,510)	(8,364,733)	(2,584,832)	(753,031)	(12,300,446)	(6,766,331)	(85,740,619)
Other underwriting expenses	(160,359)	(518,359)	(135,772)	(207,098)	(156,528)	(115,679)	(44,871)	(111,022)	(230,403)	(1,680,091)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(45,387,188)	(81,532,458)	(21,952,914)	(38,744,059)	(20,194,760)	(18,352,276)	(10,698,336)	(34,271,788)	(24,598,952)	(295,732,731)
NET UNDERWRITING (LOSS) / INCOME	(8,843,419)	12,199,476	3,769,671	2,691,641	6,223,996	5,491,539	(1,724,188)	(2,402,018)	9,986,343	27,393,041

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15 SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 30 June 2020 (Unaudited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	24,062,065	9,922,404	33,984,469
Time deposits	--	--	--	--	--	--	--	--	--	61,786,528	159,130,941	220,917,469
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	210,518	4,341,253	4,551,771
Premium receivables, net	55,735,936	95,627,244	65,170,571	33,176,068	20,816,720	26,165,641	7,023,543	412,725	91,322,214	(129,861,262)	--	265,589,400
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	91,796,597	387,078,112	478,874,709
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	--	117,501,219	117,501,219
Accrued reinsurance premiums	107,963,424	120,106,724	41,394,317	50,562,929	37,212,810	33,219,698	19,295,840	196,730,083	62,570,204	--	--	669,056,029
Retroceded share of unearned premiums	28,340,623	6,111,127	23,024,543	--	2,295,976	930,990	--	--	5,266,158	--	--	65,969,417
Deferred excess of loss premiums	--	--	--	--	--	264,805	--	--	--	--	--	264,805
Retroceded share of outstanding claims	6,918,140	29,822,600	82,723,235	(995,031)	3,054,799	1,624,678	--	--	142,971,253	--	--	266,119,674
Retroceded share of claims incurred but not reported	2,194,907	4,657,751	4,758,794	248,636	5,792,397	822,783	15	1,670	14,633,668	--	--	33,110,621
Deferred policy acquisition costs	36,760,992	42,161,521	13,945,975	7,995,096	13,004,626	564,858	470,444	59,425,145	9,722,634	--	--	184,051,291
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	174,111,129	72,270,993	246,382,122
Property and equipment, net	--	--	--	--	--	--	--	--	--	4,414,463	29,243,309	33,657,772
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,541,804	2,541,804
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	108,290,314	108,290,314
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	19,332,010	19,332,010
TOTAL ASSETS	237,914,022	298,486,967	231,017,435	90,987,698	82,177,328	63,593,453	26,789,842	256,569,623	326,486,131	226,520,038	1,031,152,359	2,871,694,896

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

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For the three month and six month periods ended 30 June 2020

15. SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 30 June 2020 (Unaudited)												
LIABILITIES												
Accounts payable	(1,802,168)	5,962,491	(232,901)	(742,668)	(464,073)	252,319	671,812	--	(10,288,947)	39,026,446	--	32,382,311
Retrocession balances payable	--	--	--	--	--	--	--	--	--	16,393,315	--	16,393,315
Accrued retroceded premiums	15,852,304	6,109,359	111,920	36,356	1,072,373	73,543	--	--	8,171,420	--	--	31,427,275
Unearned premiums	142,119,858	150,825,820	64,598,805	43,652,820	47,031,386	28,891,038	16,631,703	154,260,764	62,162,468	--	--	710,174,662
Outstanding claims	93,145,624	210,100,809	118,081,837	53,902,240	28,873,168	31,972,523	11,325,960	--	224,174,658	--	--	771,576,819
Claims incurred but not reported	24,283,641	33,900,559	19,290,095	46,625,439	27,667,390	20,469,544	9,843,672	116,851,941	30,500,644	--	--	329,432,925
Unearned retrocession commission	(5,567,494)	18,609,984	(735,865)	--	(287,495)	(9,310)	--	--	(713,946)	--	--	11,295,874
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	12,040,105	2,586,103	14,626,208
End of service indemnities	--	--	--	--	--	--	--	--	--	9,406,987	--	9,406,987
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	30,190,733	30,190,733
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	19,332,010	19,332,010
TOTAL LIABILITIES	268,031,765	425,509,022	201,113,891	143,474,187	103,892,749	81,649,657	38,473,147	271,112,705	314,006,297	76,866,853	52,108,846	1,976,239,119

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For the three month and six month periods ended 30 June 2020

15 SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2019												
ASSETS												
Bank balances and cash	--	--	--	--	--	--	--	--	--	6,061,323	7,107,736	13,169,059
Time deposits	--	--	--	--	--	--	--	--	--	138,195,362	239,835,817	378,031,179
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	1,728,030	6,246,374	7,974,404
Premium receivables, net	41,176,448	93,225,725	16,348,014	25,012,608	19,080,882	9,079,607	6,077,569	(308,692)	74,556,629	(50,856,414)	--	233,392,376
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	40,877,141	376,970,680	417,847,821
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	45,237,422	92,142,828	31,036,428	28,103,983	31,708,390	38,383,493	16,671,462	133,976,736	49,810,124	--	--	467,070,866
Retroceded share of unearned premiums	7,061,901	5,456,335	6,597,140	--	9,593,658	--	--	--	22,127,752	--	--	50,836,786
Deferred excess of loss premiums	3,015,897	3,794,146	403,280	--	99,749	--	--	--	4,430,491	--	--	11,743,563
Retroceded share of outstanding claims	6,785,245	46,220,224	116,859,302	(995,031)	3,542,132	1,626,261	--	--	108,680,638	--	--	282,718,771
Retroceded share of claims incurred but not reported	3,755,287	4,727,577	3,431,631	32,904	8,726,492	--	--	--	14,138,184	--	--	34,812,075
Deferred policy acquisition costs	20,867,565	27,478,912	6,844,095	3,257,350	7,274,190	1,313,273	129,394	31,879,345	7,234,977	--	--	106,279,101
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	171,904,335	72,735,563	244,639,898
Property and equipment, net	--	--	--	--	--	--	--	--	--	3,941,322	29,634,206	33,575,528
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,793,154	2,793,154
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	101,445,631	101,445,631
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	17,992,463	17,992,463
TOTAL ASSETS	127,899,765	273,045,747	181,519,890	55,411,814	80,025,493	50,402,634	22,878,425	165,547,389	280,978,795	311,851,099	1,013,761,624	2,563,322,675

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For the three month and six month periods ended 30 June 2020

15 SEGMENTAL INFORMATION (CONTINUED)

15.1 Business segments (continued)

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2019												
LIABILITIES												
Accounts payable	(4,835,815)	7,007,543	(16,377,915)	5,093,599	(1,891,045)	(1,585,379)	1,147,290	--	(20,746,114)	72,116,481	--	39,928,645
Retrocession balances payable	--	--	--	--	--	--	--	--	--	46,173,239	--	46,173,239
Accrued retroceded premiums	1,176,668	2,625,156	787,215	--	6,995,292	73,543	--	--	10,083,938	--	--	21,741,812
Unearned premiums	71,388,608	97,227,443	28,929,678	18,293,464	27,725,120	21,263,471	8,091,261	81,440,011	47,638,536	--	--	401,997,592
Outstanding claims	101,508,874	216,947,133	144,953,939	52,744,829	27,148,368	26,341,460	7,426,620	--	160,158,049	--	--	737,229,272
Claims incurred but not reported	33,946,957	49,242,742	15,544,440	49,680,204	32,306,225	25,366,145	25,454,102	88,661,520	35,052,611	--	--	355,254,946
Unearned retrocession commission	1,283,599	1,972,899	91,998	--	1,966,475	--	--	--	3,081,101	--	--	8,396,072
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	15,509,872	3,910,916	19,420,788
Employees' end of service benefits	--	--	--	--	--	--	--	--	--	8,828,705	--	8,828,705
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	23,742,062	23,742,062
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	17,992,463	17,992,463
TOTAL LIABILITIES	204,468,891	375,022,916	173,929,355	125,812,096	94,250,435	71,459,240	42,119,273	170,101,531	235,268,121	142,628,297	45,645,441	1,680,705,596

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month and six month periods ended 30 June 2020

15 SEGMENTAL INFORMATION (CONTINUED)

15.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 30 June 2020 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	65,786,554	(871,983)	1,157,760	67,327,839	(2,063,345)	131,336,825
Retroceded premiums	(42,041,367)	104,059	18,541	(639,444)	--	(42,558,211)
Excess of loss expenses	(2,949,016)	(887,617)	(368,573)	(2,592,086)	(52,401)	(6,849,693)
Net written premiums	20,796,171	(1,655,541)	807,728	64,096,309	(2,115,746)	81,928,921
Changes in unearned premiums, net	26,317,451	20,268,008	9,095,036	(11,423,307)	29,277,536	73,534,724
Net earned premiums	47,113,622	18,612,467	9,902,764	52,673,002	27,161,790	155,463,645
Retrocession commissions	2,711,797	32,431	4,239	581,692	--	3,330,159
<u>TOTAL REVENUES</u>	49,825,419	18,644,898	9,907,003	53,254,694	27,161,790	158,793,804
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(33,658,907)	(12,717,193)	(5,372,297)	(23,744,721)	(479,660)	(75,972,778)
Retroceded share of claims paid	23,092,114	25,475	--	7,067,428	--	30,185,017
Net claims paid	(10,566,793)	(12,691,718)	(5,372,297)	(16,677,293)	(479,660)	(45,787,761)
Changes in outstanding claims, net	(8,373,656)	2,546,753	1,480,916	(45,540,776)	455,472	(49,431,291)
Changes in Incurred but not reported claims, net	2,167,355	688,676	1,909,941	6,565,924	(17,371,695)	(6,039,799)
Net claims incurred	(16,773,094)	(9,456,289)	(1,981,440)	(55,652,145)	(17,395,883)	(101,258,851)
Policy acquisition costs and profit commissions	(10,932,107)	(4,871,362)	(3,719,279)	(14,085,122)	(12,276,981)	(45,884,851)
Other underwriting expenses	(1,027,374)	(325,271)	(122,641)	(465,063)	(7,541)	(1,947,890)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(28,732,575)	(14,652,922)	(5,823,360)	(70,202,330)	(29,680,405)	(149,091,592)
NET UNDERWRITING INCOME / (LOSS)	21,092,844	3,991,976	4,083,643	(16,947,636)	(2,518,615)	9,702,212

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15 SEGMENTAL INFORMATION (CONTINUED)

15.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 30 June 2019 (Unaudited)						
Reinsurance operations' results						
REVENUES						
Gross written premiums	30,100,424	9,127,446	8,193,427	43,467,929	(8,682,713)	82,206,513
Retroceded premiums	(16,318,584)	(38,605)	(3,806)	(19,366,184)	--	(35,727,179)
Excess of loss expenses	(2,123,254)	(1,136,945)	(344,133)	(2,691,374)	(59,365)	(6,355,071)
Net written premiums	11,658,586	7,951,896	7,845,488	21,410,371	(8,742,078)	40,124,263
Changes in unearned premiums, net	30,066,486	16,370,338	2,267,040	31,459,959	20,011,204	100,175,027
Net earned premiums	41,725,072	24,322,234	10,112,528	52,870,330	11,269,126	140,299,290
Retrocession commissions	3,866,641	8,646	1,765	1,073,678	--	4,950,730
TOTAL REVENUES	45,591,713	24,330,880	10,114,293	53,944,008	11,269,126	145,250,020
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(22,722,651)	(14,302,620)	(4,556,874)	(40,288,059)	--	(81,870,204)
Retroceded share of claims paid	8,583,105	2,422	--	3,339,452	--	11,924,979
Net claims paid	(14,139,546)	(14,300,198)	(4,556,874)	(36,948,607)	--	(69,945,225)
Changes in outstanding claims, net	(6,861,252)	280,987	(833,048)	1,057,523	(371,588)	(6,727,378)
Changes in Incurred but not reported claims, net	(4,421,407)	2,079,853	(597,496)	(638,283)	(6,783,338)	(10,360,671)
Net claims incurred	(25,422,205)	(11,939,358)	(5,987,418)	(36,529,367)	(7,154,926)	(87,033,274)
Policy acquisition costs and profit commissions	(12,560,355)	(7,535,875)	(2,832,924)	(13,859,782)	(4,054,472)	(40,843,408)
Other underwriting expenses	(342,453)	(118,169)	(54,189)	(294,450)	(29,100)	(838,361)
TOTAL UNDERWRITING COSTS AND EXPENSES	(38,325,013)	(19,593,402)	(8,874,531)	(50,683,599)	(11,238,498)	(128,715,043)
NET UNDERWRITING INCOME	7,266,700	4,737,478	1,239,762	3,260,409	30,628	16,534,977

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15 SEGMENTAL INFORMATION (CONTINUED)

15.2 Geographical segments

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the six month period ended 30 June 2020 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	222,455,087	70,010,973	29,906,457	222,767,348	113,914,614	659,054,479
Retroceded premiums	(73,792,986)	(120,022)	(160,644)	658,251	--	(73,415,401)
Excess of loss expenses	(8,841,205)	(1,031,264)	(862,562)	(3,600,116)	(52,402)	(14,387,549)
Net written premiums	139,820,896	68,859,687	28,883,251	219,825,483	113,862,212	571,251,529
Changes in unearned premiums, net	(52,758,927)	(34,122,246)	(11,566,230)	(119,628,257)	(74,968,778)	(293,044,438)
Net earned premiums	87,061,969	34,737,441	17,317,021	100,197,226	38,893,434	278,207,091
Retrocession commissions	4,960,536	(65,244)	62,856	401,605	--	5,359,753
<u>TOTAL REVENUES</u>	92,022,505	34,672,197	17,379,877	100,598,831	38,893,434	283,566,844
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(88,871,823)	(30,611,167)	(11,596,263)	(57,254,217)	(528,923)	(188,862,393)
Retroceded share of claims paid	43,525,150	1,668,080	--	10,600,373	172,753	55,966,356
Net claims paid	(45,346,673)	(28,943,087)	(11,596,263)	(46,653,844)	(356,170)	(132,896,037)
Changes in outstanding claims, net	(8,355,726)	1,217,262	1,077,259	(44,986,472)	101,036	(50,946,641)
Changes in Incurred but not reported claims, net	26,176,100	8,618,536	6,275,076	10,651,285	(27,600,429)	24,120,568
Net claims incurred	(27,526,299)	(19,107,289)	(4,243,928)	(80,989,031)	(27,855,563)	(159,722,110)
Policy acquisition costs and profit commissions	(26,644,673)	(9,348,404)	(6,003,604)	(30,842,212)	(18,451,938)	(91,290,831)
Other underwriting expenses	(1,107,260)	(350,055)	(149,532)	(1,113,837)	(569,573)	(3,290,257)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(55,278,232)	(28,805,748)	(10,397,064)	(112,945,080)	(46,877,074)	(254,303,198)
NET UNDERWRITING INCOME / (LOSS)	36,744,273	5,866,449	6,982,813	(12,346,249)	(7,983,640)	29,263,646

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15 SEGMENTAL INFORMATION (CONTINUED)

15.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the six month period ended 30 June 2019 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	165,445,344	56,577,676	33,544,177	194,722,096	56,237,781	506,527,074
Retroceded premiums	(29,767,141)	(146,307)	(4,034)	(19,247,481)	--	(49,164,963)
Excess of loss expenses	(4,553,871)	(3,489,478)	(674,236)	(5,772,976)	(50,755)	(14,541,316)
Net written premiums	131,124,332	52,941,891	32,865,907	169,701,639	56,187,026	442,820,795
Changes in unearned premiums, net	(32,912,864)	(3,952,702)	(12,430,518)	(56,670,738)	(22,360,922)	(128,327,744)
Net earned premiums	98,211,468	48,989,189	20,435,389	113,030,901	33,826,104	314,493,051
Retrocession commissions	6,973,420	15,352	3,431	1,640,518	--	8,632,721
<u>TOTAL REVENUES</u>	105,184,888	49,004,541	20,438,820	114,671,419	33,826,104	323,125,772
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(81,857,775)	(28,734,120)	(11,992,424)	(67,881,696)	10,925	(190,455,090)
Retroceded share of claims paid	35,320,788	57,885	29,529	3,856,166	--	39,264,368
Net claims paid	(46,536,987)	(28,676,235)	(11,962,895)	(64,025,530)	10,925	(151,190,722)
Changes in outstanding claims, net	(4,425,366)	(1,351,952)	1,250,137	(12,238,020)	(1,726,245)	(18,491,446)
Changes in Incurred but not reported claims, net	(10,172,942)	(276,175)	(43,813)	(5,062,345)	(23,074,578)	(38,629,853)
Net claims incurred	(61,135,295)	(30,304,362)	(10,756,571)	(81,325,895)	(24,789,898)	(208,312,021)
Policy acquisition costs and profit commissions	(24,535,831)	(14,650,469)	(5,704,741)	(28,297,734)	(12,551,844)	(85,740,619)
Other underwriting expenses	(604,034)	(241,316)	(102,663)	(611,078)	(121,000)	(1,680,091)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(86,275,160)	(45,196,147)	(16,563,975)	(110,234,707)	(37,462,742)	(295,732,731)
<u>NET UNDERWRITING INCOME / (LOSS)</u>	18,909,728	3,808,394	3,874,845	4,436,712	(3,636,638)	27,393,041

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For the three month and six month periods ended 30 June 2020
15 SEGMENTAL INFORMATION (CONTINUED)
15.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 30 June 2020								
(Unaudited)								
ASSETS								
Bank balances and cash	18,797,045	--	--	5,265,020	--	--	9,922,404	33,984,469
Time deposits	--	--	--	61,786,528	--	--	159,130,941	220,917,469
Accrued special commission income from time deposits	--	--	--	210,518	--	--	4,341,253	4,551,771
Premium receivables, net	109,295,648	55,637,172	45,952,650	49,154,267	2,273,579	3,276,084	--	265,589,400
Investments held at fair value through income statement	--	--	--	--	--	91,796,597	387,078,112	478,874,709
Held-to-maturity investments	--	--	--	--	--	--	117,501,219	117,501,219
Accrued reinsurance premiums	182,328,703	70,756,885	24,860,901	193,480,390	197,629,150	--	--	669,056,029
Retroceded share of unearned premiums	63,382,068	262,677	28,696	2,295,976	--	--	--	65,969,417
Deferred excess of loss premiums	132,402	52,961	79,442	--	--	--	--	264,805
Retroceded share of outstanding claims	242,748,859	12,668,721	1,013,794	9,688,300	--	--	--	266,119,674
Retroceded share of claims incurred but not reported	24,061,889	1,698,985	510,478	6,947,915	(108,646)	--	--	33,110,621
Deferred policy acquisition costs	40,307,379	23,003,116	8,173,782	53,073,847	59,493,167	--	--	184,051,291
Prepaid expenses, deposits and other assets	64,523,614	--	--	147,206	109,440,309	--	72,270,993	246,382,122
Property and equipment, net	3,091,077	--	--	1,323,386	--	--	29,243,309	33,657,772
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,541,804	2,541,804
Investment in an equity accounted investee	--	--	--	--	--	--	108,290,314	108,290,314
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	19,332,010	19,332,010
TOTAL ASSETS	748,668,684	164,080,517	80,619,743	383,373,353	368,727,559	95,072,681	1,031,152,359	2,871,694,896
LIABILITIES								
Accounts payable	7,879,975	11,637,073	4,942,921	623,980	2,015,793	5,282,569	--	32,382,311
Retrocession balances payable	--	--	--	--	--	16,393,315	--	16,393,315
Accrued retroceded premiums	20,850,811	410,947	88,588	1,323,654	11,543	8,741,732	--	31,427,275
Unearned premiums	--	232,962,488	80,550,632	30,108,897	210,118,841	156,433,804	--	710,174,662
Outstanding claims	--	405,413,270	128,821,682	20,989,745	213,762,290	2,589,832	--	771,576,819
Claims incurred but not reported	--	96,458,433	36,737,350	12,075,198	66,272,115	117,889,829	--	329,432,925
Unearned retrocession commission	(7,198,932)	(45,311)	(5,530)	(431,660)	--	18,977,307	--	11,295,874
Accrued expenses and other liabilities	--	--	--	--	--	12,040,105	2,586,103	14,626,208
End of service indemnities	--	--	--	--	--	9,406,987	--	9,406,987
Provision for zakat and tax	--	--	--	--	--	--	30,190,733	30,190,733
Accrued commission income payable to SAMA	--	--	--	--	--	--	19,332,010	19,332,010
TOTAL LIABILITIES	21,531,854	746,836,900	251,135,643	64,689,814	492,180,582	347,755,480	52,108,846	1,976,239,119

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15 SEGMENTAL INFORMATION (CONTINUED)

15.2 Geographical segments (continued)

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2019								
ASSETS								
Bank balances and cash	5,300,551	--	--	760,772	--	--	7,107,736	13,169,059
Time deposits	78,881,124	--	--	59,314,238	--	--	239,835,817	378,031,179
Accrued special commission income from time deposits	863,471	--	--	864,559	--	--	6,246,374	7,974,404
Premium receivables, net	112,557,458	45,533,263	23,783,305	53,855,741	(3,313,544)	976,153	--	233,392,376
Investments held at fair value through income statement	--	--	--	--	--	40,877,141	376,970,680	417,847,821
Held-To-Maturity investment	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	136,607,255	52,954,230	28,976,678	113,640,819	134,891,884	--	--	467,070,866
Retroceded share of unearned premiums	41,115,249	126,581	1,298	9,593,658	--	--	--	50,836,786
Deferred excess of loss premiums	10,684,229	1,059,334	--	--	--	--	--	11,743,563
Retroceded share of outstanding claims	244,360,997	20,333,649	1,582,715	16,441,410	--	--	--	282,718,771
Retroceded share of claims incurred but not reported	23,801,093	916,722	204,631	9,842,863	46,766	--	--	34,812,075
Deferred policy acquisition costs	30,013,241	13,651,794	5,381,604	25,344,262	31,888,200	--	--	106,279,101
Prepaid expenses, deposits and other assets	15,058,631	--	--	155,394	--	156,690,309	72,735,564	244,639,898
Property and equipment, net	2,472,186	--	--	1,469,136	--	--	29,634,206	33,575,528
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,793,154	2,793,154
Investment in an equity accounted investee	--	--	--	--	--	--	101,445,631	101,445,631
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	17,992,463	17,992,463
TOTAL ASSETS	701,715,485	134,575,573	59,930,231	291,282,852	163,513,306	198,543,603	1,013,761,625	2,563,322,675
LIABILITIES								
Accounts payable	12,420,446	11,542,237	2,519,498	8,790,765	2,087,962	2,567,737	--	39,928,645
Retrocession balances payable	--	--	--	--	--	46,173,239	--	46,173,239
Accrued retroceded premiums	533,382	(1,124,041)	(311,533)	7,243,582	--	15,400,422	--	21,741,812
Unearned premiums	157,880,145	46,341,278	18,504,245	97,806,899	81,465,025	--	--	401,997,592
Outstanding claims	402,401,571	136,453,774	22,019,223	173,189,167	3,165,537	--	--	737,229,272
Claims incurred but not reported	121,578,164	44,964,529	18,261,640	80,004,135	90,446,478	--	--	355,254,946
Unearned retrocession commission	6,404,367	24,928	302	1,966,475	--	--	--	8,396,072
Accrued expenses and other liabilities	--	--	--	--	--	15,509,872	3,910,916	19,420,788
Employees' end of service benefits	8,828,705	--	--	--	--	--	--	8,828,705
Provision for zakat and tax	--	--	--	--	--	--	23,742,062	23,742,062
Accrued commission income payable to SAMA	--	--	--	--	--	--	17,992,463	17,992,463
TOTAL LIABILITIES	710,046,780	238,202,705	60,993,375	369,001,023	177,165,002	79,651,270	45,645,441	1,680,705,596

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16 SUPPLEMENTARY INFORMATION

Interim condensed statement of financial position

	30 June 2020 (Unaudited)			31 December 2019 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
ASSETS						
Bank balances and cash	24,062,065	9,922,404	33,984,469	6,061,323	7,107,736	13,169,059
Time deposits	61,786,528	159,130,941	220,917,469	138,195,362	239,835,817	378,031,179
Accrued special commission income from time deposits	210,518	4,341,253	4,551,771	1,728,030	6,246,374	7,974,404
Premium receivables, net	265,589,400	--	265,589,400	233,392,376	--	233,392,376
Investments held at fair value through income statement	91,796,597	387,078,112	478,874,709	40,877,141	376,970,680	417,847,821
Held-to-maturity investments	--	117,501,219	117,501,219	--	37,500,000	37,500,000
Accrued reinsurance premiums	669,056,029	--	669,056,029	467,070,866	--	467,070,866
Retroceded share of unearned premiums	65,969,417	--	65,969,417	50,836,786	--	50,836,786
Deferred excess of loss premiums	264,805	--	264,805	11,743,563	--	11,743,563
Retroceded share of outstanding claims	266,119,674	--	266,119,674	282,718,771	--	282,718,771
Retroceded share of claims incurred but not reported	33,110,621	--	33,110,621	34,812,075	--	34,812,075
Deferred policy acquisition costs	184,051,291	--	184,051,291	106,279,101	--	106,279,101
Prepaid expenses, deposits and other assets	174,111,129	72,270,993	246,382,122	171,904,334	72,735,564	244,639,898
Property and equipment, net	4,414,463	29,243,309	33,657,772	3,941,322	29,634,206	33,575,528
Accrued special commission income from bonds and sukuk	--	2,541,804	2,541,804	--	2,793,154	2,793,154
Investment in an equity accounted investee	--	108,290,314	108,290,314	--	101,445,631	101,445,631
Statutory deposit	--	121,500,000	121,500,000	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	19,332,010	19,332,010	--	17,992,463	17,992,463
Due from shareholders' operations*	89,921,583	--	89,921,583	90,986,728	--	90,986,728
TOTAL ASSETS	1,930,464,120	1,031,152,359	2,961,616,479	1,640,547,778	1,013,761,625	2,654,309,403
LIABILITIES						
Accounts payable	32,382,311	--	32,382,311	39,928,645	--	39,928,645
Retrocession balances payable	16,393,315	--	16,393,315	46,173,239	--	46,173,239
Accrued retroceded premiums	31,427,275	--	31,427,275	21,741,812	--	21,741,812
Unearned premiums	710,174,662	--	710,174,662	401,997,592	--	401,997,592
Outstanding claims	771,576,819	--	771,576,819	737,229,272	--	737,229,272
Claims incurred but not reported	329,432,925	--	329,432,925	355,254,946	--	355,254,946
Unearned retrocession commission	11,295,874	--	11,295,874	8,396,072	--	8,396,072
Accrued expenses and other liabilities	12,040,105	2,586,103	14,626,208	15,509,872	3,910,916	19,420,788
End of service indemnities	9,406,987	--	9,406,987	8,828,705	--	8,828,705
Accumulated surplus	8,392,364	--	8,392,364	7,546,140	--	7,546,140
Provision for zakat and tax	--	30,190,733	30,190,733	--	23,742,062	23,742,062
Accrued commission income payable to SAMA	--	19,332,010	19,332,010	--	17,992,463	17,992,463
Due to reinsurance operations*	--	89,921,583	89,921,583	--	90,986,728	90,986,728
TOTAL LIABILITIES	1,932,522,637	142,030,429	2,074,553,066	1,642,606,295	136,632,169	1,779,238,464
EQUITY						
Share capital	--	810,000,000	810,000,000	--	810,000,000	810,000,000
Statutory reserve	--	17,904,115	17,904,115	--	17,904,115	17,904,115
Other reserves	(2,058,517)	(762,337)	(2,820,854)	(2,058,517)	111,925	(1,946,592)
Retained earnings	--	61,980,152	61,980,152	--	49,113,416	49,113,416
TOTAL EQUITY	(2,058,517)	889,121,930	887,063,413	(2,058,517)	877,129,456	875,070,939
TOTAL LIABILITIES AND EQUITY	1,930,464,120	1,031,152,359	2,961,616,479	1,640,547,778	1,013,761,625	2,654,309,403

Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)
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16

SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income

	For the three month period ended 30 June 2020 (Unaudited)			For the three month period ended 30 June 2019 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	131,336,825	--	131,336,825	82,206,513	--	82,206,513
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(42,558,211)	--	(42,558,211)	(35,727,179)	--	(35,727,179)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(6,849,693)	--	(6,849,693)	(6,355,071)	--	(6,355,071)
Net written premiums	81,928,921	--	81,928,921	40,124,263	--	40,124,263
Changes in unearned premiums, net	73,534,724	--	73,534,724	100,175,027	--	100,175,027
Net earned premiums	155,463,645	--	155,463,645	140,299,290	--	140,299,290
Retrocession commissions	3,330,159	--	3,330,159	4,950,730	--	4,950,730
TOTAL REVENUES	158,793,804	--	158,793,804	145,250,020	--	145,250,020
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(75,972,778)	--	(75,972,778)	(81,870,204)	--	(81,870,204)
Retroceded share of claims paid	30,185,017	--	30,185,017	11,924,979	--	11,924,979
Net claims paid	(45,787,761)	--	(45,787,761)	(69,945,225)	--	(69,945,225)
Changes in outstanding claims, net	(49,431,291)	--	(49,431,291)	(6,727,378)	--	(6,727,378)
Changes in Incurred but not reported claims, net	(6,039,799)	--	(6,039,799)	(10,360,671)	--	(10,360,671)
Net claims incurred	(101,258,851)	--	(101,258,851)	(87,033,274)	--	(87,033,274)
Policy acquisition costs and profit commissions	(45,884,851)	--	(45,884,851)	(40,843,408)	--	(40,843,408)
Other underwriting expenses	(1,947,890)	--	(1,947,890)	(838,361)	--	(838,361)
TOTAL UNDERWRITING COSTS AND EXPENSES	(149,091,592)	--	(149,091,592)	(128,715,043)	--	(128,715,043)
NET UNDERWRITING INCOME	9,702,212	--	9,702,212	16,534,977	--	16,534,977
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	1,327,893	1,610,806	2,938,699	2,030,885	2,758,020	4,788,905
Realized gains / (loss) on investments held at fair value through income statement	64,422	(1,753,487)	(1,689,065)	--	550,953	550,953
Unrealized (losses) / gains on investments held at fair value through income statement	(1,149,725)	1,133,498	(16,227)	15,136	1,762,753	1,777,889
Special commission income from bonds and sukuk	--	3,402,133	3,402,133	--	1,020,628	1,020,628
Dividend income	--	1,017,628	1,017,628	--	1,830,312	1,830,312
Share of profit of equity accounted investee	--	3,922,291	3,922,291	--	5,921,483	5,921,483
Investment management expenses	(33,702)	(184,480)	(218,182)	(46,579)	(529,536)	(576,115)
Net investment income	208,888	9,148,389	9,357,277	1,999,442	13,314,613	15,314,055
Other income	68,998	277,904	346,902	--	249,219	249,219
Reversal/(Allowance) for doubtful debts	--	--	--	(318,531)	--	(318,531)
General and administrative expenses	(8,165,587)	(2,264,021)	(10,429,608)	(10,643,218)	(2,103,078)	(12,746,296)
Board of directors' remunerations, meetings fees and expenses	--	(628,969)	(628,969)	--	(579,832)	(579,832)
Foreign exchange translation losses	1,303,039	(313,573)	989,466	49,088	--	49,088
Total income for the period before zakat and tax	3,117,550	6,219,730	9,337,280	7,621,758	10,880,922	18,502,680
Transfer of surplus to shareholders' operations	(2,805,795)	2,805,795	--	(6,859,582)	6,859,582	--
Net income for the period before zakat and tax	311,755	9,025,525	9,337,280	762,175	17,740,504	18,502,679
Zakat and tax charge for the period	--	(3,525,023)	(3,525,023)	--	(3,653,747)	(3,653,747)
Net income for the period after zakat and tax and shareholders' appropriations	311,755	5,500,502	5,812,257	762,175	14,086,757	14,848,932

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16 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income (continued)

	For the six month period ended 30 June 2020 (Unaudited)			For the six month period ended 30 June 2019 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	659,054,479	--	659,054,479	506,527,074	--	506,527,074
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(73,415,401)	--	(73,415,401)	(49,164,963)	--	(49,164,963)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(14,387,549)	--	(14,387,549)	(14,541,316)	--	(14,541,316)
Net written premiums	571,251,529	--	571,251,529	442,820,795	--	442,820,795
Changes in unearned premiums, net	(293,044,438)	--	(293,044,438)	(128,327,744)	--	(128,327,744)
Net earned premiums	278,207,091	--	278,207,091	314,493,051	--	314,493,051
Retrocession commissions	5,359,753	--	5,359,753	8,632,721	--	8,632,721
TOTAL REVENUES	283,566,844	--	283,566,844	323,125,772	--	323,125,772
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(188,862,393)	--	(188,862,393)	(190,455,090)	--	(190,455,090)
Retroceded share of claims paid	55,966,356	--	55,966,356	39,264,368	--	39,264,368
Net claims paid	(132,896,037)	--	(132,896,037)	(151,190,722)	--	(151,190,722)
Changes in outstanding claims, net	(50,946,641)	--	(50,946,641)	(18,491,446)	--	(18,491,446)
Changes in Incurred but not reported claims, net	24,120,568	--	24,120,568	(38,629,853)	--	(38,629,853)
Net claims incurred	(159,722,110)	--	(159,722,110)	(208,312,021)	--	(208,312,021)
Policy acquisition costs and profit commissions	(91,290,831)	--	(91,290,831)	(85,740,619)	--	(85,740,619)
Other underwriting expenses	(3,290,257)	--	(3,290,257)	(1,680,091)	--	(1,680,091)
TOTAL UNDERWRITING COSTS AND EXPENSES	(254,303,198)	--	(254,303,198)	(295,732,731)	--	(295,732,731)
NET UNDERWRITING INCOME	29,263,646	--	29,263,646	27,393,041	--	27,393,041
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	2,914,297	3,740,365	6,654,662	3,802,646	4,734,687	8,537,333
Realized gains on investments held at fair value through income statement	158,750	(1,086,366)	(927,616)	193,268	1,166,194	1,359,462
Unrealized gains / (losses) on investments held at fair value through income statement	(1,029,569)	817,259	(212,310)	25,002	19,819,596	19,844,598
Special commission income from bonds and sukuk	--	4,518,136	4,518,136	--	1,821,676	1,821,676
Dividend income	--	1,017,628	1,017,628	--	2,003,151	2,003,151
Share of profit of equity accounted investee	--	7,718,945	7,718,945	--	7,422,661	7,422,661
Investment management expenses	(56,854)	(409,989)	(466,843)	(93,906)	(822,666)	(916,572)
Net investment income	1,986,624	16,315,978	18,302,602	3,927,010	36,145,299	40,072,309
Other income	69,000	603,459	672,459	--	495,700	495,700
Allowance for doubtful debts	(457,676)	--	(457,676)	517,929	--	517,929
General and administrative expenses	(18,755,250)	(3,608,631)	(22,363,881)	(20,463,699)	(3,669,269)	(24,132,968)
Board of directors' remunerations, meetings fees and expenses	--	(1,297,839)	(1,297,839)	--	(1,159,020)	(1,159,020)
Foreign exchange translation losses	(3,644,106)	(313,574)	(3,957,680)	576,607	--	576,607
Total income for the period before zakat and tax	8,462,238	11,699,393	20,161,631	11,950,888	31,812,710	43,763,598
Transfer of surplus to shareholders' operations	(7,616,014)	7,616,014	--	(10,757,076)	10,757,076	--
Net income for the period before zakat and tax	846,224	19,315,407	20,161,631	1,193,812	42,569,786	43,763,598
Zakat and tax charge for the period	--	(6,448,671)	(6,448,671)	--	(7,047,936)	(7,047,936)
Net income for the period after zakat and tax and shareholders' appropriations	846,224	12,866,736	13,712,960	1,193,812	35,521,850	36,715,662

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For the three month and six month periods ended 30 June 2020
16 SUPPLEMENTARY INFORMATION (CONTINUED)
Interim condensed statement of comprehensive income

	For the three month period ended 30 June 2020 (Unaudited)			For the three month period ended 30 June 2019 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Net income for the period after zakat and tax	311,755	5,500,502	5,812,257	762,175	14,086,757	14,848,932
Other comprehensive income						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve an equity accounted investee	--	(133,437)	(133,437)	--	(1,350,003)	(1,350,003)
Total comprehensive income for the period	311,755	5,367,065	5,678,820	762,175	12,736,754	13,498,929
Reconciliation:						
Less: Net income attributable to reinsurance operations transferred to surplus payable			(311,755)			(762,175)
Total comprehensive income for the period			5,367,065			12,736,754
	For the six month period ended 30 June 2020 (Unaudited)			For the six month period ended 30 June 2019 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Net income for the period after zakat and tax	846,224	12,866,736	13,712,960	1,193,812	35,521,850	36,715,662
Other comprehensive income						
Items that may be classified to income statement subsequently						
Share of foreign currency translation reserve an equity accounted investee	--	(874,262)	(874,262)	--	(1,229,892)	(1,229,892)
Total comprehensive income for the period	846,224	11,992,474	12,838,698	1,193,812	34,291,958	35,485,770
Reconciliation:						
Less: Net income attributable to reinsurance operations transferred to surplus payable			(846,224)	--	--	(1,193,812)
Total comprehensive income for the period			11,992,474			34,291,958

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16 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the six month period ended 30 June 2020 (Unaudited)			For the six month period ended 30 June 2019 (Unaudited)		
OPERATING ACTIVITIES						
Total income for the period before zakat and tax	846,224	19,315,407	20,161,631	1,193,812	42,569,786	43,763,598
Adjustments to reconcile net income for the period to net cash from operating activities:						
Employees' end of service benefits	1,153,697	--	1,153,697	725,165	--	725,165
Depreciation of property and equipment	731,351	390,813	1,122,164	447,587	407,473	855,060
Realized gains on investments held at fair value through income statement	(158,750)	1,086,366	927,616	(193,268)	(1,166,194)	(1,359,462)
Unrealized (gains) / loss on investments held at fair value through income statement	1,029,569	(817,259)	212,310	(25,002)	(19,819,596)	(19,844,598)
Share of profit of an equity accounted investee	--	(7,718,945)	(7,718,945)	--	(7,422,661)	(7,422,661)
(Reversal) / Provision for doubtful receivable	457,676	--	457,676	(517,929)	--	(517,929)
Operating income before changes in operating assets and liabilities	4,059,767	12,256,382	16,316,149	1,630,365	14,568,808	16,199,173
Changes in operating assets and liabilities:						
Premiums receivable, gross	(32,654,701)	--	(32,654,701)	(19,021,190)	--	(19,021,190)
Accrued reinsurance premiums	(201,985,163)	--	(201,985,163)	(159,353,893)	--	(159,353,893)
Retroceded share of unearned premiums	(15,132,631)	--	(15,132,631)	(11,118,533)	--	(11,118,533)
Unearned premiums	308,177,070	--	308,177,070	139,446,277	--	139,446,277
Retroceded share of outstanding claims	16,599,097	--	16,599,097	(12,546,666)	--	(12,546,666)
Retroceded share of claims incurred but not reported	1,701,454	--	1,701,454	37,912,088	--	37,912,088
Deferred acquisition costs	(77,772,190)	--	(77,772,190)	(31,844,907)	--	(31,844,907)
Deferred excess of loss premiums	11,478,758	--	11,478,758	11,281,479	--	11,281,479
Prepaid expenses, deposits and other assets	(2,206,794)	464,570	(1,742,224)	(1,713,919)	(174,116)	(1,888,035)
Accounts payable	(7,546,334)	--	(7,546,334)	8,689,411	--	8,689,411
Retrocession balances payable	(29,779,924)	--	(29,779,924)	(4,199,274)	--	(4,199,274)
Accrued retroceded premiums	9,685,463	--	9,685,463	12,582,090	--	12,582,090
Outstanding claims	34,347,547	--	34,347,547	31,038,114	--	31,038,114
Claims incurred but not reported	(25,822,021)	--	(25,822,021)	717,765	--	717,765
Unearned commission income	2,899,802	--	2,899,802	3,057,675	--	3,057,675
Accrued expenses and other liabilities	(3,469,767)	(1,324,813)	(4,794,580)	(137,229)	(2,405,480)	(2,542,709)
Cash (used in) / generated from operating activities	(7,420,567)	11,396,139	3,975,572	6,419,653	11,989,212	18,408,865
Zakat and income tax paid	--	--	--	--	(12,793,825)	(12,793,825)
Employees' end of service benefits paid	(575,414)	--	(575,414)	(369,183)	--	(369,183)
Net cash (used in) / generated from operating activities	(7,995,981)	11,396,139	3,400,158	6,050,470	(804,613)	5,245,857

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16 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows (continued)

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the six month period ended 30 June 2020 (Unaudited)			For the six month period ended 30 June 2019 (Unaudited)		
INVESTING ACTIVITIES						
Time deposits	54,821,959	67,626,876	122,448,835	(114,558,303)	(123,763,813)	(238,322,116)
Accrued special commission income on time deposits	1,517,512	1,905,121	3,422,633	(302,826)	(2,515,964)	(2,818,790)
Accrued special commission income from bonds and sukuk		251,350	251,350	--	(1,697,941)	(1,697,941)
Purchase of property and equipment	(1,204,408)	--	(1,204,408)	(1,732,160)	--	(1,732,160)
Additions in investments held at fair value through income statement	(65,986,974)	(195,081,200)	(261,068,174)	--	(97,732,000)	(97,732,000)
Additions in held-to-maturity investments	--	(80,001,219)	(80,001,219)	--	(37,500,000)	(37,500,000)
Proceeds from disposal of investments held at fair value through income statement	14,196,699	184,704,661	198,901,360	54,204,896	269,409,335	323,614,231
Net cash generated from / (used in) investing activities	3,344,788	(20,594,411)	(17,249,623)	(62,388,393)	6,199,617	(56,188,776)
FINANCING ACTIVITIES						
Due to / from reinsurance / shareholders' operations*	1,065,060	(1,065,060)	--	2,473,675	(2,473,675)	--
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,586,133)	(10,263,332)	(13,849,465)	(53,864,248)	2,921,329	(50,942,919)
Cash and cash equivalents at the beginning of the period**	27,648,198	20,185,736	47,833,934	72,093,146	9,542,390	81,635,536
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	24,062,065	9,922,404	33,984,469	18,228,898	12,463,719	30,692,617

* These items are not included in the statement of financial position and the statement of cash flows.

**Includes time deposits less than three months for reinsurance operation and shareholders' operations amounting to SR 21,586,875 and SR 13,078,000 respectively.

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17 COMMITMENTS AND CONTINGENCIES

As at 30 June 2020 the Company has deposited and pledged SR 37,330,434 (31 December 2019: SR 37,330,434) with local bank to obtain the standby letter of credit towards Fund At Lloyds (FAL) for its participation in a Lloyds Syndicates and for 2017 and 2018 underwriting years. In addition, the Company has deposited SR 109,440,309 (31 December 2019: 109,440,309) with Lloyd's London as FAL for its continued participation in a Lloyds Syndicates and for 2018 and 2019 underwriting year. Upon issuance of stand by letter of credit, the deposit with Lloyds will be withdrawn.

18 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three and six month periods ended 30 June 2020 and 30 June 2019 have been calculated by dividing net income for the period by the weighted average number of ordinary shares issued and outstanding at the end of the period.

19 FAIR VALUE

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

- In the principal market of the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company's management believe that the carrying value of all financial assets and liabilities, other than those disclosed in note 7, approximate their fair values at the interim condensed financial statements.

20 IMPACT OF COVID-19 OUTBREAK

In response to the spread of the Covid-19 in GCC and other territories and its resulting disruptions to the social and economic activities in those markets, management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, and wider community. Notwithstanding these challenges, the Company's operations currently remain largely unaffected as the insurance industry is facilitated by the Government through free treatments of the COVID-19 affected patients. Based on these factors, the Company's management believes that the COVID -19 pandemic has had no direct material effects on Company's reported results for the six-month period ended 30 June 2020 since the insurance industry is facilitated by the Government through free treatments of the COVID-19 affected patients.

Furthermore, no material claims have been reported at this stage, the Company is closely monitoring its exposure, including (i) the operational impact on its business, (ii) the consequences of a deterioration in macroeconomic conditions or of a slowdown in the flow of people, goods and services, especially on new business volumes, (iii) the extent of reinsurance coverage impacted, including retrocession cover, and (iv) change in asset prices and financial conditions.

21 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 14 Dhul-Hijjah 1441H corresponding to 4 August 2020.