

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED  
30 SEPTEMBER 2022**

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 30 SEPTEMBER 2022**

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Ernst & Young Professional Services  
(Professional LLC)  
Paid-up capital (SR 5,500,000 – Five million  
five hundred thousand Saudi Riyal)  
King's Road Tower – 13<sup>th</sup> Floor  
King Abdulaziz Road (Malek Road)  
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Kingdom of Saudi Arabia  
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## INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
Bupa Arabia for Cooperative Insurance Company  
(A Saudi Joint Stock Company)  
Kingdom of Saudi Arabia

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bupa Arabia for Cooperative Insurance Company (the "Company") as at 30 September 2022, and the related interim condensed consolidated statements of income, comprehensive income for the three-month and nine-month periods then ended and the related interim statements of changes in equity and cash flows for the nine-month period then ended, and other explanatory notes (collectively referred to as "the interim condensed consolidated financial statements").

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

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

for PricewaterhouseCoopers  
Certified Public Accountants

Mufaddal A. Ali  
Certified Public Accountant  
License No. 447

Jeddah, Kingdom of Saudi Arabia  
13 Rabi Al-Thani 1444H  
Corresponding to 7 November 2022G

for Ernst & Young Professional  
Services

Hussain Saleh Asiri  
Certified Public Accountant  
License No. 414



**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2022**

	Notes	30 September 2022 (Unaudited) SAR'000	31 December 2021 (Audited) SAR'000
<b><u>ASSETS</u></b>			
Cash and cash equivalents	4	741,914	960,758
Premiums receivable – net	5	2,935,013	1,761,300
Reinsurers' share of unearned premiums	9.1	28,006	27,935
Reinsurers' share of outstanding claims	9.2	4,850	7,207
Reinsurers' share of claims incurred but not reported	9.2	12,000	7,829
Deferred policy acquisition costs		284,084	201,042
Investments	6	3,998,340	5,703,773
Prepaid expenses and other assets		130,400	113,254
Term deposits	7	6,588,531	3,093,720
Fixtures, furniture and equipments – net		68,106	69,771
Right-of-use assets – net		171,658	112,616
Intangible assets – net		59,830	67,277
Deferred tax asset	15	48,892	39,735
Goodwill		98,000	98,000
Statutory deposit	8	120,000	120,000
Accrued income on statutory deposit	8	15,876	14,885
<b>TOTAL ASSETS</b>		<b>15,305,500</b>	<b>12,399,102</b>
<b><u>LIABILITIES</u></b>			
Accrued and other liabilities		721,015	604,774
Lease liability		188,027	125,333
Insurance operations' surplus payable		214,618	190,060
Reinsurers' balances payable		20,738	25,397
Unearned premiums	9.1	6,612,073	4,709,555
Outstanding claims	9.2	560,898	601,168
Claims incurred but not reported	9.2	2,244,032	1,413,888
Premium deficiency reserve	9.2	63,484	74,602
Claims handling reserve	9.2	27,050	21,797
Due to related parties	14	5,962	33,723
Provision for end-of-service benefits (EOSB)		172,875	152,286
Provision for zakat and income tax	15	304,050	236,610
Accrued income payable to SAMA	8	15,876	14,885
<b>TOTAL LIABILITIES</b>		<b>11,150,698</b>	<b>8,204,078</b>
<b><u>EQUITY</u></b>			
Share capital	16	1,200,000	1,200,000
Statutory reserve	17	992,210	992,210
Share based payments reserve		48,326	43,500
Shares held under employees share scheme		(78,235)	(53,356)
Retained earnings		1,987,262	1,790,700
Re-measurement reserve for end-of-service benefits (EOSB)		(23,638)	(23,638)
Investments fair value reserve – related to shareholders		61,096	236,633
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,187,021</b>	<b>4,186,049</b>
Investments fair value reserve – related to policyholders		(32,219)	8,975
<b>TOTAL EQUITY</b>		<b>4,154,802</b>	<b>4,195,024</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>15,305,500</b>	<b>12,399,102</b>

Chairman

  
**NADER AL-MUTAIRI**  
 Director, Deputy CEO and CFO

Director and Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

	Notes	Three-month period ended 30 September (Unaudited)		Nine-month period ended 30 September (Unaudited)	
		2022 SAR'000	2021 SAR'000	2022 SAR'000	2021 SAR'000
<b>REVENUES</b>					
Gross premiums written		4,176,336	3,458,784	11,400,035	9,281,283
Reinsurance premiums ceded – Local		(561)	(1,366)	(3,802)	(3,917)
Reinsurance premiums ceded – International		(10,614)	(11,245)	(66,173)	(50,150)
<b>Net premiums written</b>		<b>4,165,161</b>	<b>3,446,173</b>	<b>11,330,060</b>	<b>9,227,216</b>
Changes in unearned premiums – net		(823,690)	(734,271)	(1,902,447)	(1,448,377)
<b>Net premiums earned</b>		<b>3,341,471</b>	<b>2,711,902</b>	<b>9,427,613</b>	<b>7,778,839</b>
Other revenues		19,863	-	19,863	-
<b>Total revenues</b>		<b>3,361,334</b>	<b>2,711,902</b>	<b>9,447,476</b>	<b>7,778,839</b>
<b>UNDERWRITING AND OTHER DIRECT COSTS</b>					
Gross claims paid		(2,729,806)	(2,397,325)	(7,152,797)	(6,711,649)
Reinsurers' share of claims paid		-	6,250	11,252	18,750
<b>Net claims paid</b>		<b>(2,729,806)</b>	<b>(2,391,075)</b>	<b>(7,141,545)</b>	<b>(6,692,899)</b>
Changes in outstanding claims		(12,937)	49,928	40,270	(59,386)
Changes in claims incurred but not reported		3,490	40,879	(830,144)	171,291
Changes in premium deficiency reserve		(22,912)	52,997	11,118	138,706
Changes in claims handling reserves		(861)	(380)	(5,253)	158
Reinsurance share of changes in outstanding claims		1,017	1,468	(2,357)	4,363
Reinsurance share of changes in claims incurred but not reported		1,057	(1,125)	4,171	(1,046)
<b>Net claims incurred</b>		<b>(2,760,952)</b>	<b>(2,247,308)</b>	<b>(7,923,740)</b>	<b>(6,438,813)</b>
Policy acquisition costs		(146,346)	(121,465)	(410,419)	(245,513)
Other costs		(8,124)	-	(8,124)	-
<b>Total underwriting and other direct costs</b>		<b>(2,915,422)</b>	<b>(2,368,773)</b>	<b>(8,342,283)</b>	<b>(6,684,326)</b>
<b>NET UNDERWRITING &amp; OTHER ACTIVITIES GROSS INCOME</b>		<b>445,912</b>	<b>343,129</b>	<b>1,105,193</b>	<b>1,094,513</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>					
Allowance for doubtful receivables		(26,014)	(8,615)	(80,071)	(34,976)
General and administrative expenses		(175,114)	(152,245)	(464,318)	(422,865)
Selling and marketing expenses		(33,837)	(27,468)	(94,536)	(81,925)
Investment income – net		187,791	80,912	368,338	214,664
Other income – net		1,323	10,093	25,578	30,327
<b>Total other operating (expenses) / income</b>		<b>(45,851)</b>	<b>(97,323)</b>	<b>(245,009)</b>	<b>(294,775)</b>
<b>Income before surplus, zakat &amp; income tax</b>		<b>400,061</b>	<b>245,806</b>	<b>860,184</b>	<b>799,738</b>
<b>Income attributed to the insurance operations (transferred to surplus payable)</b>	1	<b>(24,738)</b>	<b>(17,529)</b>	<b>(55,884)</b>	<b>(62,432)</b>
<b>Income attributed to the shareholders before zakat and income tax</b>		<b>375,323</b>	<b>228,277</b>	<b>804,300</b>	<b>737,306</b>
Zakat charge	15	(21,855)	(19,337)	(62,164)	(54,970)
Income tax charge	15	(32,874)	(31,224)	(70,889)	(76,759)
<b>NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>		<b>320,594</b>	<b>177,716</b>	<b>671,247</b>	<b>605,577</b>
<b>Weighted average number of ordinary outstanding shares (in thousands)</b>		<b>119,458</b>	<b>119,608</b>	<b>119,478</b>	<b>119,557</b>
<b>Basic and diluted earnings per share (expressed in SAR per share)</b>	19	<b>2.68</b>	<b>1.49</b>	<b>5.62</b>	<b>5.07</b>

Chairman

  
NADEL ASHOK  
Director, Deputy CEO and CFO

Director and Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022

	Three-month period ended		Nine-month period ended	
	30 September (Unaudited)		30 September (Unaudited)	
	2022	2021	2022	2021
	SAR'000	SAR'000	SAR'000	SAR'000
<b>NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>	<b>320,594</b>	177,716	<b>671,247</b>	605,577
<b>Other comprehensive income</b>				
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>				
Net changes in fair value of available-for-sale investments – net:				
- related to shareholders	(123,301)	(5,591)	(175,537)	81,149
- related to policyholders	(15,592)	(2,742)	(41,194)	(9,849)
	<u>(138,893)</u>	<u>(8,333)</u>	<u>(216,731)</u>	<u>71,300</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>181,701</b>	169,383	<b>454,516</b>	676,877

  
Chairman

  
Director, Deputy CEO and CFO

  
Director and Chief Executive Officer

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BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Related to shareholders' operations						Investments fair value reserve related to shareholders' operations	Total shareholders' operations equity	Investments fair value reserve – related to policyholders operations	Total equity
	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve for employees' EOSB				
2022	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
<b>Balance at 31 December 2021 (audited)</b>	<b>1,200,000</b>	<b>992,210</b>	<b>43,500</b>	<b>(53,356)</b>	<b>1,790,700</b>	<b>(23,638)</b>	<b>236,633</b>	<b>4,186,049</b>	<b>8,975</b>	<b>4,195,024</b>
Net income for the period attributed to shareholders after zakat and income tax	-	-	-	-	671,247	-	-	671,247	-	671,247
Actuarial losses on end-of-service benefits	-	-	-	-	-	-	-	-	-	-
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	(175,537)	(175,537)	(41,194)	(216,731)
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>671,247</b>	<b>-</b>	<b>(175,537)</b>	<b>495,710</b>	<b>(41,194)</b>	<b>454,516</b>
Share based payment transactions	-	-	16,449	-	-	-	-	16,449	-	16,449
Delivery of shares held under employees share scheme	-	-	(11,623)	11,623	-	-	-	-	-	-
Purchase of shares held under employees share scheme	-	-	-	(36,502)	-	-	-	(36,502)	-	(36,502)
Dividends declared	-	-	-	-	(540,000)	-	-	(540,000)	-	(540,000)
Income tax refundable from non-Saudi shareholders (note 15)	-	-	-	-	65,315	-	-	65,315	-	65,315
<b>Balance at 30 September 2022 (unaudited)</b>	<b>1,200,000</b>	<b>992,210</b>	<b>48,326</b>	<b>(78,235)</b>	<b>1,987,262</b>	<b>(23,638)</b>	<b>61,096</b>	<b>4,187,021</b>	<b>(32,219)</b>	<b>4,154,802</b>

Chairman

Director, Deputy CEO and CFO

Director and Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)  
 FOR NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Related to shareholders' operations						Investments fair value reserve related to shareholders' operations	Total shareholders' operations equity	Investments fair value reserve – related to policyholders operations	Total equity
	Share capital	Statutory reserve	Share based payments reserve	Shares held under employees share scheme	Retained earnings	Re-measurement reserve of employees' EOSB				
2021	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Balance at 31 December 2020 (audited)	1,200,000	867,096	32,800	(48,779)	1,684,003	(31,173)	174,848	3,878,795	24,058	3,902,853
Net income for the period attributed to shareholders after zakat and income tax	-	-	-	-	605,577	-	-	605,577	-	605,577
Actuarial losses on end-of-service benefits	-	-	-	-	-	-	-	-	-	-
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	81,149	81,149	(9,849)	71,300
Total comprehensive income for the period	-	-	-	-	605,577	-	81,149	686,726	(9,849)	676,877
Share based payment transactions	-	-	15,670	-	-	-	-	15,670	-	15,670
Delivery of shares held under employees share scheme	-	-	(9,523)	9,523	-	-	-	-	-	-
Dividends declared	-	-	-	-	(408,000)	-	-	(408,000)	-	(408,000)
Income tax refundable from non-Saudi shareholders (note 15)	-	-	-	-	14,241	-	-	14,241	-	14,241
Balance at 30 September 2021 (unaudited)	<u>1,200,000</u>	<u>867,096</u>	<u>38,947</u>	<u>(39,256)</u>	<u>1,895,821</u>	<u>(31,173)</u>	<u>255,997</u>	<u>4,187,432</u>	<u>14,209</u>	<u>4,201,641</u>

Chairman

Director, Deputy CEO and CFO

Director and Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.



**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**  
**FOR NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

Notes	Nine-month period ended 30 September	
	2022 SAR'000	2021 SAR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income attributed to shareholders before zakat and income tax	804,300	737,306
<u>Adjustments for non-cash items:</u>		
Net income attributed to insurance operations	55,884	62,432
Depreciation of Fixtures, furniture and equipments	11,850	11,221
Loss on sale of Fixtures, furniture and equipments	267	-
Loss on sale of Intangible assets	326	-
Amortization of right-of-use assets	15,308	11,978
Amortization of intangible assets	9,672	10,729
Provision for employees share scheme	16,449	15,670
Allowance for doubtful receivables	80,071	34,976
Commission income on term deposits	(87,089)	(45,077)
Unrealized (gains) / loss on investments held as FVSI	(2,055)	(2,715)
Realized gains on investments	(279,194)	(53,391)
Provision for end-of-service benefits	27,284	11,932
Finance cost	4,658	4,523
	<b>657,731</b>	<b>799,584</b>
<u>Changes in operating assets and liabilities:</u>		
Premiums receivable	(1,253,784)	(1,124,127)
Reinsurers' share of unearned premiums	(71)	3,241
Reinsurers' share of outstanding claims	2,357	(4,363)
Reinsurers' share of claims incurred but not reported	(4,171)	1,046
Deferred policy acquisition costs	(83,042)	(160,154)
Prepaid expenses and other assets	75,321	80,197
Accrued and other liabilities	116,241	97,463
Reinsurers' balances payable	(4,659)	13,383
Unearned premiums	1,902,518	1,445,136
Outstanding claims	(40,270)	59,386
Claims incurred but not reported	830,144	(171,291)
Premium deficiency reserve	(11,118)	(138,706)
Claims handling reserve	5,253	(158)
Due to related parties	37,554	(67,961)
	<b>2,230,004</b>	<b>832,676</b>
End-of-service benefits paid	(6,695)	(3,494)
Surplus paid to policyholders	(31,326)	(44,406)
Zakat and income tax paid	(74,770)	(187,514)
<b>Net cash generated from operating activities</b>	<b>2,117,213</b>	<b>597,262</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Placement in term deposits	7 (5,441,723)	(1,443,327)
Proceeds from maturity of term deposits	7 2,034,001	1,838,055
Additions to investments	6 (7,879,950)	(12,168,101)
Disposals of investments	9,557,434	11,326,799
Additions to Fixtures, furniture and equipments	(10,480)	(8,491)
Proceeds from sale of Fixtures, furniture and equipments	28	-
Additions to intangible assets	(2,551)	(13,144)
<b>Net cash used in investing activities</b>	<b>(1,743,241)</b>	<b>(468,209)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of shares held under employees share scheme	(36,502)	-
Dividend paid	(540,000)	(408,000)
Lease liability paid	(16,314)	(18,840)
<b>Net cash used in financing activities</b>	<b>(592,816)</b>	<b>(426,840)</b>
Net change in cash and cash equivalents	(218,844)	(297,787)
Cash and cash equivalents at beginning of the period	960,758	633,251
<b>Cash and cash equivalents at end of the period</b>	<b>741,914</b>	<b>335,464</b>
<u>Non-cash transactions</u>		
Unrealized (loss)/gain on available-for-sale investments	(216,731)	71,300
Recognition of lease liability / right-of-use assets	74,350	2,929
Income tax refundable from non-saudi shareholders	65,315	14,241

Chairman

  
**NADER ASHOOR** Director and Chief Executive Officer  
 Director, Deputy CEO and CFO

The accompanying notes from 1 to 22 an integral part of these interim condensed consolidated financial statements.

# BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AS AT 30 SEPTEMBER 2022

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Bupa Arabia for Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce’s resolution number 138/K dated 24 Rabi Thani 1429H (corresponding to 1 May 2008). The Commercial Registration number of the Company is 4030178881 dated 5 Jumad Awwal 1429H (corresponding to 11 May 2008). The Registered Office of the Company is situated at:

Al-Khalediyah District,  
Prince Saud Al Faisal Street,  
Front of Saudi Airlines Cargo Building,  
P.O. Box 23807, Jeddah 21436,  
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/74 dated 29 Shabaan 1428H (corresponding to 11 September 2007) pursuant to the Council of Ministers’ Resolution No 279 dated 28 Shabaan 1428H (corresponding to 10 September 2007).

The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia in accordance with its articles of association, and applicable regulations in the Kingdom of Saudi Arabia. The Company underwrites medical insurance only.

The Board of Directors approves the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by the Saudi Central Bank (“SAMA”), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

The Company has the following subsidiary:

Name of the Subsidiary	Registration Number	Country of incorporation	Ownership	Principal business activity
Bupa Arabia For Third Party Administration	4030605585	Saudi Arabia	100%	Claims management services

These interim condensed consolidated financial statements comprise the Company and its subsidiary (together referred to as the “Group”). The subsidiary has commenced operations in July 2022 and prior to that subsidiary was dormant.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The interim condensed consolidated financial statements of the Company have been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”)’ as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through statement of income (FVSI) and available-for-sale investments and liabilities for defined benefit obligations [Employees’ end of service benefits (“EOSB”)] recorded at the present value using the projected unit credit method. The Company’s interim consolidated statement of financial position is presented in order of liquidity. Except for available-for-sale investments, Fixtures, furniture and equipments, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit, provision for end-of-service benefits (EOSB) and accrued income payable to SAMA, all other assets and liabilities are of short-term nature, unless stated otherwise.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
AS AT 30 SEPTEMBER 2022

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

**(a) Statement of compliance (continued)**

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for “Insurance operations” and “Shareholders’ operations”. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. Note 20 to these interim condensed consolidated financial statements provides the interim consolidated statement of financial position, interim consolidated statement of income, interim consolidated statement of comprehensive income and interim consolidated statement of cash flows of the insurance operations and shareholders operations, separately.

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2021.

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

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and all amounts are rounded off to the nearest thousand, unless otherwise indicated.

**(b) Critical accounting judgments, estimates and assumptions**

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying disclosures notes including disclosure of contingent liabilities. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company’s accounting policies, and the key sources of estimating uncertainty including the risk management policies, were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2021. However, the Company has reviewed the key sources of estimating uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic and implications of the Council of Health Insurance’s (“CHI”) Circular 895 of Article 11 dated 17 December 2020 and Circular 965 dated 14 March 2022. For further details, please see note 9 to these interim condensed consolidated financial statements. Management will continue to assess the situation, and reflect any required changes in future reporting periods.

**(c) Basis of consolidation**

The interim condensed consolidated financial statements include the financial statements of the Company and the financial statements of the subsidiary, as stated in note 1. The financial statements of the subsidiary is prepared for the same reporting period as that of the Company, using consistent accounting policies. Adjustments have been made to the interim condensed consolidated financial statements of the subsidiary, where necessary, to align with the Company’s interim condensed consolidated financial statements.

Subsidiary is the investee that is controlled by the Group. The Group controls an investee only when it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect amount of its returns.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**2. BASIS OF PREPARATION (continued)**

**(c) Basis of consolidation (continued)**

When the Group has less than a majority of the voting or similar rights of an investee entity, it considers relevant facts and circumstances in assessing whether it has power over the entity, including:

- The contractual arrangement with the other voters of the investee entity;
- Rights arising from other contractual arrangements; and
- The Group's current and potential voting rights granted by equity instruments such as shares.

The Group re-assesses whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more elements of control. Subsidiaries are consolidated from the date on which the control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in the consolidated statement of income; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to the condensed consolidated statement of income or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(d) Seasonality of operations**

Due to the seasonality of operations, operating profits are expected to fluctuate from one period to another.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 except as mentioned below:

**a) *New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Group***

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
Amendments to IFRS 3	Reference to the Conceptual Framework

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

The Group intends to use the practical expedients in future periods if they become applicable.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) *Standards issued but not yet effective*

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

<u>Standard/ Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS 17	Insurance Contracts	See note below
IFRS 9	Financial Instruments	See note below
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

**IFRS 17 – Insurance Contracts**

**Overview**

This standard which was published on May 18, 2017 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 2005, IFRS 17 provides the following different measurement models:

The General model is based on the following “building blocks”:

- a) the Fulfilment Cash Flows (FCF), which consists of:
  - 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
  - and a risk adjustment for non-financial risk.
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:
  - the liability for remaining coverage, which of consists of the FCF related to future services and the CSM of the group at that date; and
  - and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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 statement of income. Interest is also accreted on the CSM at rates locked in at initial recognition of a contract (i.e. discount rate used at inception to determine the present value of the estimated cash flows). Moreover, the CSM will be released into statement of income based on coverage units, reflecting the quantity of the benefits provided and the expected coverage duration of the remaining contracts in the group.

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

- i) changes in the entity’s share of the fair value of underlying items, and
- ii) changes in the effect of the time value of money and 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 the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows, unless the Company chooses to recognise the payments as an expense. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

***Effective date***

The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently 1 January 2023. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intend to apply the standard on its effective date.

***Transition***

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

***Presentation and disclosures***

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

***Impact***

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The impact of transitioning to the new standard is not expected to have a material impact on equity as at 1 January 2022.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

***Impact (continued)***

For further details on the impact assessment of IFRS 17 adoption, reference to the annual financial statements for the year ended 31 December 2021 should be made.

As of the date of the publication of these interim condensed consolidated financial statements, the Company has already submitted Phase 3 Implementation plan to SAMA and multiple dry run results using 2020, 2021 and June 2022 data, respectively.

***IFRS 9 - Financial Instruments***

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

***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 statement of income. 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 statement of income upon sale, if both conditions are met:

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

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

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

Additionally, for financial liabilities that are designated as at fair value through statement of income, 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 statement of income.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

*IFRS 9 – Financial Instruments (continued)*

*Impairment*

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

*Hedge accounting*

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

*Effective date*

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

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of:
  - a) the effective date of a new insurance contract standard; or
  - b) annual reporting periods beginning on or after 1 January 2023. 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 statement of income the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company performed a detailed assessment beginning 1 January 2017: (1) The carrying amount of the Company’s liabilities arising from contracts within the scope of IFRS 4 (including deposit components or embedded derivatives unbundled from insurance contracts) were compared to the total carrying amount of all its liabilities; and (2) the total carrying amount of the company’s liabilities connected with insurance were compared to the total carrying amount of all its liabilities. Based on these assessments the Company determined that it is eligible for the temporary exemption. Consequently, the Company has decided to defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard.

*Impact*

The Company is still finalizing its assessment to measure the impact of applying and implementing IFRS 9. For further details, reference to the annual financial statements for the year ended 31 December 2021 should be made.

As of the date of the publication of these interim condensed consolidated financial statements, the Company has already submitted Phase 1 Gap Analysis to SAMA and dry run results to SAMA using 2021 data.



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	30 September 2022 (Unaudited)		
	Insurance operations	Shareholders' operations	Total
	SAR'000		
Bank balances	586,066	155,848	741,914
Term deposits	-	-	-
	<u>586,066</u>	<u>155,848</u>	<u>741,914</u>
	31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total
	SAR'000		
Bank balances	430,300	30,067	460,367
Term deposits	500,391	-	500,391
	<u>930,691</u>	<u>30,067</u>	<u>960,758</u>

The amount payable to/receivable from shareholders' operations is settled by transfer of cash at each reporting date. During the nine-months period ended 30 September 2022, the insurance operations transferred cash of SAR 45.9 million to the shareholders' operations (31 December 2021: SAR 435 million).

**5. PREMIUMS RECEIVABLE - NET**

Premium receivable amounts are due from the following:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
	SAR'000	SAR'000
Policyholders	2,171,825	1,401,823
Brokers	1,061,262	590,833
	<u>3,233,087</u>	<u>1,992,656</u>
Provision for doubtful receivables	(298,074)	(231,356)
<b>Premiums receivable – net</b>	<u><b>2,935,013</b></u>	<u><b>1,761,300</b></u>

**6. INVESTMENTS**

Investments are classified as follows:

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SAR'000					
Held as FVSI	289,956	897,533	1,187,489	1,808,199	1,449,736	3,257,935
Available-for-sale	755,226	1,530,146	2,285,372	691,230	1,423,358	2,114,588
Held to maturity	250,000	275,479	525,479	100,000	231,250	331,250
	<u>1,295,182</u>	<u>2,703,158</u>	<u>3,998,340</u>	<u>2,599,429</u>	<u>3,104,344</u>	<u>5,703,773</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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6. INVESTMENTS (continued)

(i) Investments held as FVSI comprise of the following:

	30 September 2022 (Unaudited)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SAR'000				
Sukuks	11,014	6,890	36,044	20,671	74,619
Funds	272,052	-	840,818	-	1,112,870
	<u>283,066</u>	<u>6,890</u>	<u>876,862</u>	<u>20,671</u>	<u>1,187,489</u>
	31 December 2021 (Audited)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SAR'000				
	Sukuks	18,014	-	55,045	-
Funds	1,782,875	7,310	1,372,761	21,930	3,184,876
	<u>1,800,889</u>	<u>7,310</u>	<u>1,427,806</u>	<u>21,930</u>	<u>3,257,935</u>

(ii) Available-for-sale investments comprise of the following:

	30 September 2022 (Unaudited)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SAR'000				
Sukuks	573,595	147,383	979,343	110,215	1,810,536
Funds	-	34,248	157,206	26,287	217,741
Equities	-	-	189,398	23,622	213,020
Investments in discretionary portfolios	-	-	44,075	-	44,075
	<u>573,595</u>	<u>181,631</u>	<u>1,370,022</u>	<u>160,124</u>	<u>2,285,372</u>
	31 December 2021 (Audited)				
	Insurance operations		Shareholders' operations		Total
	Domestic	International	Domestic	International	
	SAR'000				
	Sukuks	470,858	183,613	793,312	105,726
Funds	-	36,759	127,646	17,287	181,692
Equities	-	-	316,826	12,372	329,198
Investments in discretionary portfolios	-	-	50,189	-	50,189
	<u>470,858</u>	<u>220,372</u>	<u>1,287,973</u>	<u>135,385</u>	<u>2,114,588</u>

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**6. INVESTMENTS (continued)**

(iii) Held to maturity investments comprise of the following:

	<b>30 September 2022 (Unaudited)</b>				
	<b>Insurance operations</b>		<b>Shareholders' operations</b>		<b>Total</b>
	<b>Domestic</b>	<b>International</b>	<b>Domestic</b>	<b>International</b>	
	<b>SAR'000</b>				
Sukuks	<b>250,000</b>	-	<b>200,479</b>	<b>75,000</b>	<b>525,479</b>
	<b>250,000</b>	-	<b>200,479</b>	<b>75,000</b>	<b>525,479</b>

  

	<b>31 December 2021 (Audited)</b>				
	<b>Insurance operations</b>		<b>Shareholders' operations</b>		<b>Total</b>
	<b>Domestic</b>	<b>International</b>	<b>Domestic</b>	<b>International</b>	
	<b>SAR'000</b>				
Sukuks	100,000	-	156,250	75,000	331,250
	100,000	-	156,250	75,000	331,250

The movements in the investments balance are as follows:

	<b>30 September 2022 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
	<b>SAR'000</b>		
Balance at the beginning of the period	<b>2,599,429</b>	<b>3,104,344</b>	<b>5,703,773</b>
Purchased during the period	<b>3,790,966</b>	<b>4,088,984</b>	<b>7,879,950</b>
Disposed during the period	<b>(5,063,518)</b>	<b>(4,493,916)</b>	<b>(9,557,434)</b>
Unrealized (losses) / gains during the period, net	<b>(31,695)</b>	<b>3,746</b>	<b>(27,949)</b>
	<b>1,295,182</b>	<b>2,703,158</b>	<b>3,998,340</b>

  

	<b>31 December 2021 (Audited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
	<b>SAR'000</b>		
Balance at the beginning of the year	3,568,181	2,461,265	6,029,446
Purchased during the year	8,132,760	7,033,358	15,166,118
Disposed during the year	(9,088,960)	(6,452,176)	(15,541,136)
Unrealized (losses) / gains during the year, net	(12,552)	61,897	49,345
	<b>2,599,429</b>	<b>3,104,344</b>	<b>5,703,773</b>

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**7. TERM DEPOSITS**

The term deposits are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structures with a small allocation in Mudaraba structures. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than three-month to more than one year and yield financial income at rates ranging from 1.05% to 4.95% per annum (2021: from 0.95% to 4.30% per annum). The movements in term deposits during the period ended 30 September 2022 are as follows:

	<b>30 September 2022 (Unaudited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
	<b>SAR'000</b>		
Balance at the beginning of the period	<b>2,007,922</b>	<b>1,085,798</b>	<b>3,093,720</b>
Matured during the period	<b>(1,536,438)</b>	<b>(497,563)</b>	<b>(2,034,001)</b>
Placed during the period	<b>4,645,854</b>	<b>795,869</b>	<b>5,441,723</b>
Commission income earned during the period	<b>64,786</b>	<b>22,303</b>	<b>87,089</b>
	<b><u>5,182,124</u></b>	<b><u>1,406,407</u></b>	<b><u>6,588,531</u></b>
	<b>31 December 2021 (Audited)</b>		
	<b>Insurance operations</b>	<b>Shareholders' Operations</b>	<b>Total</b>
	<b>SAR'000</b>		
Balance at the beginning of the year	1,645,292	1,151,255	2,796,547
Matured during the year	(1,507,552)	(466,960)	(1,974,512)
Placed during the year	1,839,000	374,328	2,213,328
Commission income earned during the year	31,182	27,175	58,357
	<b><u>2,007,922</u></b>	<b><u>1,085,798</u></b>	<b><u>3,093,720</u></b>

**8. STATUTORY DEPOSIT**

As required by SAMA Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid-up share capital, amounting to SAR 120 million, in a bank designated by SAMA. Accrued income on this deposit is payable to SAMA amounting to SAR 15.9 million (2021: SAR 14.9 million) and this deposit cannot be withdrawn without approval from SAMA.

**9. TECHNICAL RESERVES**

**9.1 Movement in unearned premiums**

Movements in unearned premiums are as follows:

	<b>Nine-month ended 30 September 2022 (Unaudited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>SAR'000</b>		
Balance at 1 January 2022	<b>4,709,555</b>	<b>(27,935)</b>	<b>4,681,620</b>
Premium written/(ceded) during the period	<b>11,400,035</b>	<b>(69,975)</b>	<b>11,330,060</b>
Premium earned during the period	<b>(9,497,517)</b>	<b>69,904</b>	<b>(9,427,613)</b>
	<b><u>6,612,073</u></b>	<b><u>(28,006)</u></b>	<b><u>6,584,067</u></b>
	<b>Year ended 31 December 2021 (Audited)</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>SAR'000</b>		
Balance at 1 January 2021	4,023,331	(20,108)	4,003,223
Premium written/(ceded) during the year	11,382,194	(86,082)	11,296,112
Premium earned during the year	(10,695,970)	78,255	(10,617,715)
	<b><u>4,709,555</u></b>	<b><u>(27,935)</u></b>	<b><u>4,681,620</u></b>

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**9. TECHNICAL RESERVES (continued)**

**9.2 Net outstanding claims and reserves**

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

	Note	<b>30 September 2022 (Unaudited) SAR'000</b>	31 December 2021 (Audited) SAR'000
Outstanding claims		<b>560,898</b>	601,168
Claims incurred but not reported		<b>2,244,032</b>	1,413,888
Premium deficiency reserve	9.2 (b)	<b>63,484</b>	74,602
Claims handling reserves		<b>27,050</b>	21,797
		<b>2,895,464</b>	2,111,455
Less:			
- Reinsurers' share of outstanding claims		<b>(4,850)</b>	(7,207)
- Reinsurers' share of claims incurred but not reported		<b>(12,000)</b>	(7,829)
		<b>(16,850)</b>	(15,036)
<b>Net outstanding claims and reserves</b>		<b>2,878,614</b>	2,096,419

*9.2 (a) Impact of Government Providers*

The Council of Health Insurance ("CHI") issued Circular 895, dated 17/12/2020, regarding the enforcement of Article 11 of the Cooperative Health Insurance Law, requesting medical insurance companies, effective 1/1/2021, to include all accredited government healthcare providers in their medical network while complying with the approved financial compensation structure. The circular is expected to have a material impact on future medical claims considering the mandated prices and protocols regulating the relationship between government health facilities and insurance companies. Given the many uncertainties surrounding the actual rollout and application of Circular 895, management continues monitoring the situation closely, while reassessing and updating its estimates and judgments on a regular basis.

*9.2 (b) COVID-19 Expenses*

CCHI issued Circular 965, dated 14/3/2022, stating that insurance companies will be covering all expenses resulting from suspected and confirmed cases with COVID-19. The coverage will include all policies currently in force which results in deficiency in Unearned Premium Reserve ("UPR") and hence the company will hold a Premium Deficiency Reserve ("PDR") balance of SAR 63.5 million, as at the date of these financial statements. The PDR calculation follows SAMA Circular 173 dated 16/01/2019, which requires insurance companies to hold a PDR in case the relevant UPR is insufficient to cover related projected claims and expenses.

**10. FIDUCIARY ASSETS**

During the year ended 31 December 2018, after obtaining SAMA's approvals, the Company entered into a Third Party Administration agreement (TPA) with a customer under which the company facilitates healthcare services to the customer's employees with specific terms and conditions. The agreement is effective from 1 March 2018.

In order to fulfil the commitment relating to this agreement, the Company receives funds in advance from the customer to settle anticipated claims from medical service providers. As the Company acts as an agent, the relevant bank balance and outstanding claims at the reporting date, are excluded from the interim consolidated statement of financial position. The assets and liabilities held in fiduciary capacity amounted to SAR 355 million as of 30 September 2022 (31 December 2021: SAR 260 million).

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**11. COMMITMENTS AND CONTINGENCIES**

The Company's commitments and contingencies are as follows:

- i) The Company is subject to legal proceedings in the ordinary course of business. There was no material change in the status of legal proceedings during the current period from the status disclosed as at 31 December 2021.
- ii) As of 30 September 2022 total letters of guarantee issued by banks on behalf of the Company amounted to SAR 115 million (2021: SAR 128 million).
- iii) Refer to Note 15 for zakat and tax related matters.

**12. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

**a) Determination of fair value and fair value hierarchy**

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

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

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

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

**b) Carrying amounts and fair value**

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

	Fair value			Total	Carrying value
	Level 1	Level 2	Level 3		
	SAR'000			SAR'000	SAR'000
<b>30 September 2022 (Unaudited)</b>					
<b>Financial assets measured at fair value</b>					
- Investments held as FVSI	-	1,187,489	-	1,187,489	1,187,489
- Available-for-sale investments	1,465,850	769,613	49,909	2,285,372	2,285,372
	<u>1,465,850</u>	<u>1,957,102</u>	<u>49,909</u>	<u>3,472,861</u>	<u>3,472,861</u>
<b>31 December 2021 (Audited)</b>					
<b>Financial assets measured at fair value</b>					
- Investments held as FVSI	-	3,257,935	-	3,257,935	3,257,935
- Available for sale investments	1,421,562	670,903	22,123	2,114,588	2,114,588
	<u>1,421,562</u>	<u>3,928,838</u>	<u>22,123</u>	<u>5,372,523</u>	<u>5,372,523</u>

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**12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**c) Measurement of fair value**

**Valuation technique and significant unobservable inputs**

The following table shows the valuation techniques used in measuring Level 2 fair value at 30 September 2022 and 31 December 2021, as well as the significant unobservable inputs used.

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Floating rate sukuks and funds	Valuations are based on quotations as received by the custodians at the end of each period and on published net asset value (NAV) closing prices.	Not applicable	Not applicable

**13. OPERATING SEGMENTS**

The Company only issues short-term insurance contracts for providing health care services ('medical insurance'). All the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management reporting purposes, the operations are monitored in two customer categories, based on the number of members covered. Major customers represent members of large corporations, and all others are considered as non-major. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing the performance of operating segments in line with the strategic decisions. No inter-segment transactions occurred during the period.

Operating segments do not include shareholders' operations of the Company.

Segment results do not include investment and commission income, other income, selling and marketing expenses and general and administration expenses.

Segment assets do not include cash and cash equivalents, fixtures, furniture and equipments, right-of-use assets, term deposits, investments, and prepaid expenses and other assets. Segment liabilities do not include reinsurance balance payable, accrued and other liabilities, due to shareholders' operations, share based payment and policyholders' share of surplus from insurance operations.

Consistent with the Company's internal reporting, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities as stated below:

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13. OPERATING SEGMENTS (continued)

Operating segments	At 30 September 2022 (Unaudited)				
	Insurance operations			Shareholder' operations	Total
	Major customers	Non- Major customers	Total Insurance operations		
SAR'000					
<b>Assets</b>					
Premiums receivable – net	2,057,759	877,254	2,935,013	-	2,935,013
Reinsurers' share of unearned premiums	13,563	14,443	28,006	-	28,006
Reinsurers' share of outstanding claims	2,134	2,716	4,850	-	4,850
Reinsurers' share of claims incurred but not reported	5,962	6,038	12,000	-	12,000
Deferred policy acquisition costs	152,815	131,269	284,084	-	284,084
Unallocated assets			7,156,529	4,885,018	12,041,547
<b>Total assets</b>			<b>10,420,482</b>	<b>4,885,018</b>	<b>15,305,500</b>
<b>Liabilities</b>					
Unearned premiums	3,201,899	3,410,174	6,612,073	-	6,612,073
Outstanding claims	401,342	159,556	560,898	-	560,898
Claims incurred but not reported	1,596,979	647,053	2,244,032	-	2,244,032
Premium deficiency reserve	30,742	32,742	63,484	-	63,484
Claims handling reserve	19,303	7,747	27,050	-	27,050
Unallocated liabilities			945,164	697,997	1,643,161
<b>Total liabilities</b>			<b>10,452,701</b>	<b>697,997</b>	<b>11,150,698</b>

\*shareholders' operations includes, amongst others, balances of the subsidiary of the Company, net of eliminations.

Operating segments	At 31 December 2021 (Audited)				
	Insurance operations			Shareholders' operations	Total
	Major customers	Non-Major customers	Total Insurance operations		
SAR'000					
<b>Assets</b>					
Premiums receivable – net	1,034,713	726,587	1,761,300	-	1,761,300
Reinsurers' share of unearned premiums	15,353	12,582	27,935	-	27,935
Reinsurers' share of outstanding claims	2,560	4,647	7,207	-	7,207
Reinsurers' share of claims incurred but not reported	2,623	5,206	7,829	-	7,829
Deferred policy acquisition costs	114,645	86,397	201,042	-	201,042
Unallocated assets			5,638,040	4,755,749	10,393,789
<b>Total assets</b>			<b>7,643,353</b>	<b>4,755,749</b>	<b>12,399,102</b>
<b>Liabilities</b>					
Unearned premiums	2,588,246	2,121,309	4,709,555	-	4,709,555
Outstanding claims	425,245	175,923	601,168	-	601,168
Claims incurred but not reported	1,000,536	413,352	1,413,888	-	1,413,888
Premium deficiency reserve	40,999	33,603	74,602	-	74,602
Claims handling reserve	15,421	6,376	21,797	-	21,797
Unallocated liabilities			813,368	569,700	1,383,068
<b>Total liabilities</b>			<b>7,634,378</b>	<b>569,700</b>	<b>8,204,078</b>



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13. OPERATING SEGMENTS (continued)

Operating segments	Three-month period ended 30 September 2022		
	(Unaudited)		
	Major customers	Non-Major customers	Total
	SAR'000	SAR'000	
<b>REVENUES</b>			
Gross premiums written	3,139,078	1,037,258	4,176,336
Reinsurance premiums ceded – Local	(422)	(139)	(561)
Reinsurance premiums ceded – International	(7,978)	(2,636)	(10,614)
<b>Net premiums written</b>	<b>3,130,678</b>	<b>1,034,483</b>	<b>4,165,161</b>
Changes in unearned premiums – net	(902,864)	79,174	(823,690)
<b>Net premiums earned</b>	<b>2,227,814</b>	<b>1,113,657</b>	<b>3,341,471</b>
Other revenues (unallocated)	-	-	19,863
<b>Total Revenues</b>	<b>2,227,814</b>	<b>1,113,657</b>	<b>3,361,334</b>
<b>UNDERWRITING AND OTHER DIRECT COSTS</b>			
Gross claims paid	(1,880,552)	(849,254)	(2,729,806)
Reinsurers' share of claims paid	-	-	-
<b>Net claims paid</b>	<b>(1,880,552)</b>	<b>(849,254)</b>	<b>(2,729,806)</b>
Changes in outstanding claims	(9,162)	(3,775)	(12,937)
Changes in claims incurred but not reported	4,258	(768)	3,490
Changes in premium deficiency reserve	(14,645)	(8,267)	(22,912)
Changes in claims handling reserves	(602)	(259)	(861)
Reinsurance share of changes in outstanding claims	656	361	1,017
Reinsurance share of changes in claims incurred but not reported	1,659	(602)	1,057
<b>Net claims incurred</b>	<b>(1,898,388)</b>	<b>(862,564)</b>	<b>(2,760,952)</b>
Policy acquisition costs	(78,001)	(68,345)	(146,346)
Other costs (unallocated)	-	-	(8,124)
<b>TOTAL UNDERWRITING AND OTHER DIRECT COSTS</b>	<b>(1,976,389)</b>	<b>(930,909)</b>	<b>(2,915,422)</b>
<b>NET UNDERWRITING &amp; OTHER ACTIVITIES GROSS INCOME</b>	<b>251,425</b>	<b>182,748</b>	<b>445,912</b>
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Allowance for doubtful receivables			(26,014)
Unallocated income			189,114
Unallocated expenses			(208,951)
<b>TOTAL OTHER OPERATING INCOME/(EXPENSES)</b>			<b>(45,851)</b>
<b>Income before Surplus, Zakat &amp; Income Tax</b>			<b>400,061</b>
Income attributed to insurance operations (transfer to surplus payable)			(24,738)
<b>Income attributed to the shareholders before zakat and income tax</b>			<b>375,323</b>
Zakat charge			(21,855)
Income tax charge			(32,874)
<b>NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>			<b>320,594</b>
<b>Gross Premium Written details</b>			<b>Three-month period ended 30 September 2022</b>
			<b>SAR'000</b>
Corporates			3,378,797
Medium Enterprises			541,134
Small Enterprises			215,187
Micro Enterprises			29,648
Individuals			11,570
<b>Total Gross Premium Written</b>			<b>4,176,336</b>

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13. OPERATING SEGMENTS (continued)

Operating segments	Three-month period ended 30 September 2021 (Unaudited)		
	Major customers	Non-Major customers	Total
	SAR'000	SAR'000	
<b>REVENUES</b>			
Gross premiums written	2,634,173	824,611	3,458,784
Reinsurance premiums ceded – Local	(1,040)	(326)	(1,366)
Reinsurance premiums ceded – International	(8,564)	(2,681)	(11,245)
<b>Net premiums written</b>	<b>2,624,569</b>	<b>821,604</b>	<b>3,446,173</b>
Changes in unearned premiums – net	(800,786)	66,515	(734,271)
<b>Net premiums earned</b>	<b>1,823,783</b>	<b>888,119</b>	<b>2,711,902</b>
Other revenues (unallocated)	-	-	-
<b>Total Revenues</b>	<b>1,823,783</b>	<b>888,119</b>	<b>2,711,902</b>
<b>UNDERWRITING AND OTHER DIRECT COSTS</b>			
Gross claims paid	(1,667,952)	(729,373)	(2,397,325)
Reinsurers' share of claims paid	4,348	1,902	6,250
<b>Net claims paid</b>	<b>(1,663,604)</b>	<b>(727,471)</b>	<b>(2,391,075)</b>
Changes in outstanding claims	38,459	11,469	49,928
Changes in claims incurred but not reported	30,705	10,174	40,879
Changes in premium deficiency reserve	19,855	33,142	52,997
Changes in claims handling reserves	(193)	(187)	(380)
Reinsurance share of changes in outstanding claims	647	821	1,468
Reinsurance share of changes in claims incurred but not reported	(254)	(871)	(1,125)
<b>Net claims incurred</b>	<b>(1,574,385)</b>	<b>(672,923)</b>	<b>(2,247,308)</b>
Policy acquisition costs	(72,879)	(48,586)	(121,465)
Other costs (unallocated)	-	-	-
<b>TOTAL UNDERWRITING AND OTHER DIRECT COSTS</b>	<b>(1,647,264)</b>	<b>(721,509)</b>	<b>(2,368,773)</b>
<b>NET UNDERWRITING &amp; OTHER ACTIVITIES GROSS INCOME</b>	<b>176,519</b>	<b>166,610</b>	<b>343,129</b>
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Allowance for doubtful receivables			(8,615)
Unallocated income			91,005
Unallocated expenses			(179,713)
<b>TOTAL OTHER OPERATING INCOME/(EXPENSES)</b>			<b>(97,323)</b>
<b>Income before Surplus, Zakat &amp; Income Tax</b>			<b>245,806</b>
Income attributed to insurance operations (transfer to surplus payable)			(17,529)
<b>Income attributed to the shareholders before zakat and income tax</b>			<b>228,277</b>
Zakat charge			(19,337)
Income tax charge			(31,224)
<b>NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>			<b>177,716</b>
<b>Gross Premium Written details</b>			<b>Three-month period ended 30 September 2021 SAR'000</b>
Corporates			2,852,556
Medium Enterprises			391,445
Small Enterprises			188,823
Micro Enterprises			20,688
Individuals			5,272
<b>Total Gross Premium Written</b>			<b>3,458,784</b>

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13. OPERATING SEGMENTS (continued)

Operating segments	Nine-month period ended 30 September 2022 (Unaudited)		
	Major customers SAR'000	Non-Major customers SAR'000	Total
<b>REVENUES</b>			
Gross premiums written	6,974,779	4,425,256	11,400,035
Reinsurance premiums ceded – Local	(2,415)	(1,387)	(3,802)
Reinsurance premiums ceded – International	(35,201)	(30,972)	(66,173)
<b>Net premiums written</b>	<b>6,937,163</b>	<b>4,392,897</b>	<b>11,330,060</b>
Changes in unearned premiums – net	(615,443)	(1,287,004)	(1,902,447)
<b>Net premiums earned</b>	<b>6,321,720</b>	<b>3,105,893</b>	<b>9,427,613</b>
Other revenues (unallocated)	-	-	19,863
<b>Total Revenues</b>	<b>6,321,720</b>	<b>3,105,893</b>	<b>9,447,476</b>
<b>UNDERWRITING AND OTHER DIRECT COSTS</b>			
Gross claims paid	(4,970,425)	(2,182,372)	(7,152,797)
Reinsurers' share of claims paid	7,856	3,396	11,252
<b>Net claims paid</b>	<b>(4,962,569)</b>	<b>(2,178,976)</b>	<b>(7,141,545)</b>
Changes in outstanding claims	23,903	16,367	40,270
Changes in claims incurred but not reported	(596,443)	(233,701)	(830,144)
Changes in premium deficiency reserve	10,257	861	11,118
Changes in claims handling reserves	(3,882)	(1,371)	(5,253)
Reinsurance share of changes in outstanding claims	(426)	(1,931)	(2,357)
Reinsurance share of changes in claims incurred but not reported	3,339	832	4,171
<b>Net claims incurred</b>	<b>(5,525,821)</b>	<b>(2,397,919)</b>	<b>(7,923,740)</b>
Policy acquisition costs	(221,624)	(188,795)	(410,419)
Other costs (unallocated)	-	-	(8,124)
<b>TOTAL UNDERWRITING AND OTHER DIRECT COSTS</b>	<b>(5,747,445)</b>	<b>(2,586,714)</b>	<b>(8,342,283)</b>
<b>NET UNDERWRITING &amp; OTHER ACTIVITIES GROSS INCOME</b>	<b>574,275</b>	<b>519,179</b>	<b>1,105,193</b>
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Allowance for doubtful receivables			(80,071)
Unallocated income			393,916
Unallocated expenses			(558,854)
<b>TOTAL OTHER OPERATING INCOME/(EXPENSES)</b>			<b>(245,009)</b>
<b>Income before Surplus, Zakat &amp; Income Tax</b>			<b>860,184</b>
Income attributed to insurance operations (transfer to surplus payable)			(55,884)
<b>Income attributed to the shareholders before zakat and income tax</b>			<b>804,300</b>
Zakat charge			(62,164)
Income tax charge			(70,889)
<b>NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>			<b>671,247</b>
<b>Gross Premium Written details</b>			<b>Nine-month period ended 30 September 2022</b>
			<b>SAR'000</b>
Corporates			8,594,710
Medium Enterprises			1,999,838
Small Enterprises			694,127
Micro Enterprises			82,099
Individuals			29,261
<b>Total Gross Premium Written</b>			<b>11,400,035</b>

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**13. OPERATING SEGMENTS (continued)**

Operating segments	Nine-month period ended 30 September 2021		
	(Unaudited)		
	Major customers	Non-Major customers	Total
	SAR'000	SAR'000	
<b>REVENUES</b>			
Gross premiums written	6,304,457	2,976,826	9,281,283
Reinsurance premiums ceded – Local	(2,593)	(1,324)	(3,917)
Reinsurance premiums ceded – International	(33,193)	(16,957)	(50,150)
<b>Net premiums written</b>	<b>6,268,671</b>	<b>2,958,545</b>	<b>9,227,216</b>
Changes in unearned premiums – net	(1,041,445)	(406,932)	(1,448,377)
<b>Net premiums earned</b>	<b>5,227,226</b>	<b>2,551,613</b>	<b>7,778,839</b>
Other revenues (unallocated)	-	-	-
<b>Total Revenues</b>	<b>5,227,226</b>	<b>2,551,613</b>	<b>7,778,839</b>
<b>UNDERWRITING AND OTHER DIRECT COSTS</b>			
Gross claims paid	(4,767,442)	(1,944,207)	(6,711,649)
Reinsurers' share of claims paid	13,329	5,421	18,750
<b>Net claims paid</b>	<b>(4,754,113)</b>	<b>(1,938,786)</b>	<b>(6,692,899)</b>
Changes in outstanding claims	(38,157)	(21,229)	(59,386)
Changes in claims incurred but not reported	142,863	28,428	171,291
Changes in premium deficiency reserve	111,430	27,276	138,706
Changes in claims handling reserves	373	(215)	158
Reinsurance share of changes in outstanding claims	1,522	2,841	4,363
Reinsurance share of changes in claims incurred but not reported	(143)	(903)	(1,046)
<b>Net claims incurred</b>	<b>(4,536,225)</b>	<b>(1,902,588)</b>	<b>(6,438,813)</b>
Policy acquisition costs	(147,308)	(98,205)	(245,513)
Other costs (unallocated)	-	-	-
<b>TOTAL UNDERWRITING AND OTHER DIRECT COSTS</b>	<b>(4,683,533)</b>	<b>(2,000,793)</b>	<b>(6,684,326)</b>
<b>NET UNDERWRITING &amp; OTHER ACTIVITIES GROSS INCOME</b>	<b>543,693</b>	<b>550,820</b>	<b>1,094,513</b>
<b>OTHER OPERATING INCOME/(EXPENSES)</b>			
Allowance for doubtful receivables			(34,976)
Unallocated income			244,991
Unallocated expenses			(504,790)
<b>TOTAL OTHER OPERATING INCOME/(EXPENSES)</b>			<b>(294,775)</b>
<b>Income before Surplus, Zakat &amp; Income Tax</b>			<b>799,738</b>
Income attributed to insurance operations (transfer to surplus payable)			(62,432)
<b>Income attributed to the shareholders before zakat and income tax</b>			<b>737,306</b>
Zakat charge			(54,970)
Income tax charge			(76,759)
<b>NET INCOME ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>			<b>605,577</b>
<b>Gross Premium Written details</b>			
			Nine-month period ended 30 September 2021
			SAR'000
Corporates			7,066,362
Medium Enterprises			1,561,903
Small Enterprises			583,058
Micro Enterprises			55,547
Individuals			14,413
<b>Total Gross Premium Written</b>			<b>9,281,283</b>

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**14. RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, Board members and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Contract pricing policies and terms are conducted on an arm's length basis and transactions are approved by the Company's management or where required and applicable the Company's Board of Directors. The following are the details of the major related party transactions during the period and their related balances:

<u>Related party</u>	<u>Nature of transaction</u>	<u>Amount of transactions for the period ended</u>		<u>Receivable/(payable) balance as at</u>	
		<b>30 September 2022</b> <b>(Unaudited)</b> <b>SAR'000</b>	30 September 2021 <b>(Unaudited)</b> <b>SAR'000</b>	<b>30 September 2022</b> <b>(Unaudited)</b> <b>SAR'000</b>	31 December 2021 <b>(Audited)</b> <b>SAR'000</b>
Shareholders and others	Insurance premium written	<b>200,650</b>	208,476	<b>10,946**</b>	2,726**
Shareholders	Reinsurance Premium ceded	<b>(50,966)</b>	(34,484)	<b>(14,650)*</b>	(19,672)*
Shareholders and others	Claims paid	<b>82,526</b>	126,490	<b>(10,074)***</b>	(17,289)***
Shareholders	Medical costs charged by providers	<b>157,488</b>	117,402	<b>(17,220)***</b>	(19,696)***
Shareholders	Expenses charged to/from a related party – net	<b>98</b>	874	<b>1,958*</b>	1,024*
Shareholders	Tax equalisation - net	<b>65,315</b>	14,241	<b>30,797*</b>	12,369*
Shareholders	Board members fees	<b>663</b>	605	<b>(450)*</b>	(833)*
Bupa Middle East Holdings Two W.L.L.	Trade mark fee	<b>23,617</b>	19,496	<b>(23,617)*</b>	(26,611)*

\* Amounts due to related parties amounted to SAR 5,962 thousand (2021: SAR 33,723 thousand).

\*\* Amounts included in premium receivables.

\*\*\* Amounts are included in outstanding claims.

The remuneration of the key management personnel during the period ended 30 September is as follows:

	<b>30 September 2022</b> <b>(Unaudited)</b> <b>SAR'000</b>	30 September 2021 <b>(Unaudited)</b> <b>SAR'000</b>
Short-term benefits	<b>21,806</b>	22,035
Long-term benefits	<b>11,469</b>	13,014
	<b>33,275</b>	<b>35,049</b>

Short-term benefits include salaries, allowances, annual bonuses and incentives whilst long-term benefits include employees' end of service benefits and the shares held under employees share scheme.

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**15. ZAKAT AND INCOME TAX**

Breakup of zakat and income tax charge for the nine-month period ended 30 September 2022 and 2021 is as follows:

	<b>Nine-months period ended 30 September 2022 (Unaudited) SAR'000</b>	Nine-months period ended 30 September 2021 (Unaudited) SAR'000
Current zakat charge	<b>62,164</b>	54,970
Current income tax charge	<b>80,046</b>	79,293
Deferred tax charge (note 15.a)	<b>(9,157)</b>	(2,534)
	<b>70,889</b>	76,759
	<b>133,053</b>	131,729

a) The reconciliation of deferred tax is as follows:

	<b>30 September 2022 (Unaudited) SAR'000</b>	31 December 2021 (Audited) SAR'000	30 September 2021 (Unaudited) SAR'000
Opening deferred tax asset	<b>39,735</b>	37,941	37,941
Deferred tax charge	<b>9,157</b>	1,794	2,534
	<b>48,892</b>	39,735	40,475

Movements in the Zakat and income tax accrued during the period ended 30 September 2022 and year ended 31 December 2021, respectively, are as follows:

	<b>Zakat payable (Unaudited) SAR'000</b>	<b>Income tax payable (Unaudited) SAR'000</b>	<b>Total 30 September 2022 (Unaudited) SAR'000</b>	<b>Total 31 December 2021 (Audited) SAR'000</b>
Balance at beginning of the period/year	<b>202,820</b>	<b>33,790</b>	<b>236,610</b>	317,199
Provided during the period/year	<b>62,164</b>	<b>80,046</b>	<b>142,210</b>	106,925
Payments during the period/year	<b>(11,173)</b>	<b>(63,597)</b>	<b>(74,770)</b>	(187,514)
Balance at end of the period/year	<b>253,811</b>	<b>50,239</b>	<b>304,050</b>	236,610

**Status of assessments**

**Bupa Arabia For Cooperative Insurance Company**

The Company has filed its zakat and income tax returns for the financial years up to and including the year 2021 with the Zakat, Tax and Customs Authority.

The Company has finalized its corporate income tax, zakat and withholding tax with the Zakat, Tax and Custom Authority for the fiscal periods 2008 through 2016 and 2018. For the year 2017 assessments, totaling SAR 35.8 million in additional Zakat and tax, the Company has escalated the matter to the General Secretariat of Tax Committees (the "GSTC") and their review is awaited. The management believes that these assessments are appropriately provisioned.

**Bupa Arabia For Third Party Administration**

The Company has filed its zakat returns for the financial years up to the year ended 31 December 2021 with the Zakat, Tax and Customs Authority (ZATCA). The due Zakat under these years and these returns are still under the review of ZATCA.

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**16. SHARE CAPITAL**

The authorised, issued and paid-up capital of the Company is SAR 1,200 million at 30 September 2022 (31 December 2021: SAR 1,200 million) consisting of 120 million shares (31 December 2021: 120 million shares) of SAR 10 each. Shareholding structure of the Company is as below:

	<b>30 September 2022</b>		<b>31 December 2021</b>	
	<b>(Unaudited)</b>		<b>(Audited)</b>	
	<b>Holding</b>		<b>Holding</b>	
	<b>percentage</b>	<b>SAR'000</b>	<b>percentage</b>	<b>SAR'000</b>
Major shareholders	<b>50.59%</b>	<b>607,068</b>	52.3%	628,066
General Public	<b>49.41%</b>	<b>592,932</b>	47.7%	571,934
	<b>100%</b>	<b>1,200,000</b>	100%	1,200,000

The total shareholders' equity as of 30 September 2022 for Saudi shareholders is SAR 2,371 million (31 December 2021: SAR 2,394 million) and foreign shareholder is SAR 1,816 million (31 December 2021: SAR 1,792 million) after incorporating their respective shareholding percentage and impact of Zakat, income tax and other adjustments. The above equity is arrived after allocating the net income after zakat of SAR 394.3 million (31 December 2021: SAR 373.5 million) and net income after income tax of SAR 277 million (31 December 2021: SAR 252 million) to Saudi and foreign shareholders, respectively.

**Proposed issuance of bonus shares:**

During the period, the Board of Directors of the Company recommended issuance of bonus shares by the utilization of SAR 300 million of the Company's existing retained earnings by issuing 1 bonus share for every 4 shares held. The proposed bonus share issuance will be approved by the forthcoming extraordinary general assembly meeting subsequent to receiving the Capital Market Authority's approval on 12 October 2022 (subsequent event).

**17. STATUTORY RESERVE**

As required by the Saudi Arabian Insurance Regulations, 20% of the shareholders' income shall be set aside as a statutory reserve until this reserve amounts to 100% of the paid-up share capital. The Company carry out this transfer on an annual basis at 31 December. As at 30 September 2022, SAR 992.2 million (31 December 2021: SAR 992.2 million) had been set aside as a statutory reserve, representing 83% (31 December 2021: 83%) of the paid-up share capital.

**18. CAPITAL MANAGEMENT**

Objectives are set by the Board of Directors of the Company to maintain healthy capital ratios to support its business objectives and maximise 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 the risk characteristics of the Company's activities. 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 regulatory capital requirements during the reported financial period.

**19. EARNINGS PER SHARE**

The basic and diluted earnings per share has been calculated by dividing net income after zakat and income tax for the period by the weighted average number of ordinary shares issued and outstanding at the period end. Weighted average number of ordinary share outstanding at the period end are the ordinary shares issued adjusted for share held under employees share scheme as at 30 September 2022.

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20. SUPPLEMENTARY INFORMATION

**Interim consolidated financial position**

	<i>30 September 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	586,066	155,848	741,914	930,691	30,067	960,758
Premiums receivables – net	2,935,013	-	2,935,013	1,761,300	-	1,761,300
Reinsurers' share of unearned premiums	28,006	-	28,006	27,935	-	27,935
Reinsurers' share of outstanding claims	4,850	-	4,850	7,207	-	7,207
Reinsurers' share of claims Incurred but not reported	12,000	-	12,000	7,829	-	7,829
Deferred policy acquisition costs	284,084	-	284,084	201,042	-	201,042
Investments	1,295,182	2,703,158	3,998,340	2,599,429	3,104,344	5,703,773
Prepaid expenses and other assets	93,157	37,243	130,400	99,998	13,256	113,254
Term deposits	5,182,124	1,406,407	6,588,531	2,007,922	1,085,798	3,093,720
Fixtures, furniture and equipments– net	-	68,106	68,106	-	69,771	69,771
Right-of-use assets – net	-	171,658	171,658	-	112,616	112,616
Intangible assets – net	-	59,830	59,830	-	67,277	67,277
Deferred tax asset	-	48,892	48,892	-	39,735	39,735
Goodwill	-	98,000	98,000	-	98,000	98,000
Statutory deposit	-	120,000	120,000	-	120,000	120,000
Accrued income on statutory deposit	-	15,876	15,876	-	14,885	14,885
<b>TOTAL ASSETS</b>	<b>10,420,482</b>	<b>4,885,018</b>	<b>15,305,500</b>	<b>7,643,353</b>	<b>4,755,749</b>	<b>12,399,102</b>



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20. SUPPLEMENTARY INFORMATION (continued)

**Interim consolidated financial position (continued)**

	30 September 2022 (Unaudited)			31 December 2021 (Audited)		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>
<b><u>LIABILITIES</u></b>						
Accrued and other liabilities	709,808	11,207	721,015	597,911	6,863	604,774
Lease Liability	-	188,027	188,027	-	125,333	125,333
Insurance operations' surplus payable	214,618	-	214,618	190,060	-	190,060
Reinsurers' balances payable	20,738	-	20,738	25,397	-	25,397
Unearned premiums	6,612,073	-	6,612,073	4,709,555	-	4,709,555
Outstanding claims	560,898	-	560,898	601,168	-	601,168
Claims incurred but not reported	2,244,032	-	2,244,032	1,413,888	-	1,413,888
Premium deficiency reserve	63,484	-	63,484	74,602	-	74,602
Claims handling reserve	27,050	-	27,050	21,797	-	21,797
Due to related parties	-	5,962	5,962	-	33,723	33,723
Provision for end-of-service benefits (EOSB)	-	172,875	172,875	-	152,286	152,286
Provision for zakat and income tax	-	304,050	304,050	-	236,610	236,610
Accrued income payable to SAMA	-	15,876	15,876	-	14,885	14,885
<b>TOTAL LIABILITIES</b>	<b>10,452,701</b>	<b>697,997</b>	<b>11,150,698</b>	<b>7,634,378</b>	<b>569,700</b>	<b>8,204,078</b>
<b><u>EQUITY</u></b>						
Share capital	-	1,200,000	1,200,000	-	1,200,000	1,200,000
Statutory reserve	-	992,210	992,210	-	992,210	992,210
Share based payments reserve	-	48,326	48,326	-	43,500	43,500
Shares held under employees share scheme	-	(78,235)	(78,235)	-	(53,356)	(53,356)
Retained earnings	-	1,987,262	1,987,262	-	1,790,700	1,790,700
Re-measurement reserve for employees' EOSB	-	(23,638)	(23,638)	-	(23,638)	(23,638)
Investments fair value reserve	(32,219)	61,096	28,877	8,975	236,633	245,608
<b>TOTAL EQUITY</b>	<b>(32,219)</b>	<b>4,187,021</b>	<b>4,154,802</b>	<b>8,975</b>	<b>4,186,049</b>	<b>4,195,024</b>
<b><u>TOTAL LIABILITIES AND EQUITY</u></b>	<b>10,420,482</b>	<b>4,885,018</b>	<b>15,305,500</b>	<b>7,643,353</b>	<b>4,755,749</b>	<b>12,399,102</b>

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20. SUPPLEMENTARY INFORMATION (continued)

**Interim consolidated statement of income**

	<i>Three-month period ended 30 September (Unaudited)</i>						<i>Nine-month period ended 30 September (Unaudited)</i>					
	2022			2021			2022			2021		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	SAR '000	
<b>REVENUES</b>												
Gross premiums written	4,176,336	-	4,176,336	3,458,784	-	3,458,784	11,400,035	-	11,400,035	9,281,283	-	9,281,283
Reinsurance premiums ceded – Local	(561)	-	(561)	(1,366)	-	(1,366)	(3,802)	-	(3,802)	(3,917)	-	(3,917)
Reinsurance premiums ceded – International	(10,614)	-	(10,614)	(11,245)	-	(11,245)	(66,173)	-	(66,173)	(50,150)	-	(50,150)
<b>Net premiums written</b>	<b>4,165,161</b>	<b>-</b>	<b>4,165,161</b>	<b>3,446,173</b>	<b>-</b>	<b>3,446,173</b>	<b>11,330,060</b>	<b>-</b>	<b>11,330,060</b>	<b>9,227,216</b>	<b>-</b>	<b>9,227,216</b>
Changes in unearned premiums – net	(823,690)	-	(823,690)	(734,271)	-	(734,271)	(1,902,447)	-	(1,902,447)	(1,448,377)	-	(1,448,377)
<b>Net premiums earned</b>	<b>3,341,471</b>	<b>-</b>	<b>3,341,471</b>	<b>2,711,902</b>	<b>-</b>	<b>2,711,902</b>	<b>9,427,613</b>	<b>-</b>	<b>9,427,613</b>	<b>7,778,839</b>	<b>-</b>	<b>7,778,839</b>
Other revenues	-	19,863	19,863	-	-	-	-	19,863	19,863	-	-	-
<b>Total Revenues</b>	<b>3,341,471</b>	<b>19,863</b>	<b>3,361,334</b>	<b>2,711,902</b>	<b>-</b>	<b>2,711,902</b>	<b>9,427,613</b>	<b>19,863</b>	<b>9,447,476</b>	<b>7,778,839</b>	<b>-</b>	<b>7,778,839</b>
<b>UNDERWRITING AND OTHER DIRECT COSTS</b>												
Gross claims paid	(2,729,806)	-	(2,729,806)	(2,397,325)	-	(2,397,325)	(7,152,797)	-	(7,152,797)	(6,711,649)	-	(6,711,649)
Reinsurers' share of claims paid	-	-	-	6,250	-	6,250	11,252	-	11,252	18,750	-	18,750
<b>Net claims paid</b>	<b>(2,729,806)</b>	<b>-</b>	<b>(2,729,806)</b>	<b>(2,391,075)</b>	<b>-</b>	<b>(2,391,075)</b>	<b>(7,141,545)</b>	<b>-</b>	<b>(7,141,545)</b>	<b>(6,692,899)</b>	<b>-</b>	<b>(6,692,899)</b>
Changes in outstanding claims	(12,937)	-	(12,937)	49,928	-	49,928	40,270	-	40,270	(59,386)	-	(59,386)
Changes in claims incurred but not reported	3,490	-	3,490	40,879	-	40,879	(830,144)	-	(830,144)	171,291	-	171,291
Changes in premium deficiency reserve	(22,912)	-	(22,912)	52,997	-	52,997	11,118	-	11,118	138,706	-	138,706
Changes in claims handling reserves	(861)	-	(861)	(380)	-	(380)	(5,253)	-	(5,253)	158	-	158
Reinsurance share of changes in outstanding claims	1,017	-	1,017	1,468	-	1,468	(2,357)	-	(2,357)	4,363	-	4,363
Reinsurance share of changes in claims incurred but not reported	1,057	-	1,057	(1,125)	-	(1,125)	4,171	-	4,171	(1,046)	-	(1,046)
<b>Net claims incurred</b>	<b>(2,760,952)</b>	<b>-</b>	<b>(2,760,952)</b>	<b>(2,247,308)</b>	<b>-</b>	<b>(2,247,308)</b>	<b>(7,923,740)</b>	<b>-</b>	<b>(7,923,740)</b>	<b>(6,438,813)</b>	<b>-</b>	<b>(6,438,813)</b>
Policy acquisition costs	(146,346)	-	(146,346)	(121,465)	-	(121,465)	(410,419)	-	(410,419)	(245,513)	-	(245,513)
Other costs	-	(8,124)	(8,124)	-	-	-	-	(8,124)	(8,124)	-	-	-
<b>TOTAL UNDERWRITING AND OTHER DIRECT COSTS</b>	<b>(2,907,298)</b>	<b>(8,124)</b>	<b>(2,915,422)</b>	<b>(2,368,773)</b>	<b>-</b>	<b>(2,368,773)</b>	<b>(8,334,159)</b>	<b>(8,124)</b>	<b>(8,342,283)</b>	<b>(6,684,326)</b>	<b>-</b>	<b>(6,684,326)</b>

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20. SUPPLEMENTARY INFORMATION (continued)

**Interim consolidated statement of income (continued)**

	Three-month period ended 30 September (Unaudited)						Nine-month period ended 30 September (Unaudited)					
	2022			2021			2022			2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
<b>NET UNDERWRITING &amp; OTHER ACTIVITIES GROSS INCOME</b>	<b>434,173</b>	<b>11,739</b>	<b>445,912</b>	343,129	-	343,129	<b>1,093,454</b>	<b>11,739</b>	<b>1,105,193</b>	1,094,513	-	1,094,513
<b>OTHER OPERATING INCOME/(EXPENSES)</b>												
Allowance for doubtful receivables	(26,014)	-	(26,014)	(8,615)	-	(8,615)	(80,071)	-	(80,071)	(34,976)	-	(34,976)
General and administrative expenses	(170,842)	(4,272)	(175,114)	(149,477)	(2,768)	(152,245)	(456,480)	(7,838)	(464,318)	(414,267)	(8,598)	(422,865)
Selling and marketing expenses	(33,837)	-	(33,837)	(27,468)	-	(27,468)	(94,536)	-	(94,536)	(81,925)	-	(81,925)
Investment income – net	43,026	144,765	187,791	19,087	61,825	80,912	98,592	269,746	368,338	64,657	150,007	214,664
Other income – net	871	452	1,323	(1,366)	11,459	10,093	(2,119)	27,697	25,578	(3,686)	34,013	30,327
<b>TOTAL OTHER OPERATING INCOME/(EXPENSES)</b>	<b>(186,796)</b>	<b>140,945</b>	<b>(45,851)</b>	(167,839)	70,516	(97,323)	<b>(534,614)</b>	<b>289,605</b>	<b>(245,009)</b>	(470,197)	175,422	(294,775)
<b>Income before Surplus, Zakat &amp; Income Tax</b>	<b>247,377</b>	<b>152,684</b>	<b>400,061</b>	175,290	70,516	245,806	<b>558,840</b>	<b>301,344</b>	<b>860,184</b>	624,316	175,422	799,738
Transfer of surplus to shareholders	(222,639)	222,639	-	(157,761)	157,761	-	(502,956)	502,956	-	(561,884)	561,884	-
<b>NET RESULTS FROM OPERATIONS</b>	<b>24,738</b>	<b>375,323</b>	<b>400,061</b>	17,529	228,277	245,806	<b>55,884</b>	<b>804,300</b>	<b>860,184</b>	62,432	737,306	799,738
Zakat charge	-	(21,855)	(21,855)	-	(19,337)	(19,337)	-	(62,164)	(62,164)	-	(54,970)	(54,970)
Income tax charge	-	(32,874)	(32,874)	-	(31,224)	(31,224)	-	(70,889)	(70,889)	-	(76,759)	(76,759)
<b>NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>	<b>24,738</b>	<b>320,594</b>	<b>345,332</b>	17,529	177,716	195,245	<b>55,884</b>	<b>671,247</b>	<b>727,131</b>	62,432	605,577	668,009
Weighted average number of ordinary outstanding shares (in thousands)	<u>119,458</u>			<u>119,608</u>			<u>119,478</u>			<u>119,557</u>		
Basic and diluted earnings per share (Expressed in SAR per share)	<u>2.68</u>			<u>1.49</u>			<u>5.62</u>			<u>5.07</u>		

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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20. SUPPLEMENTARY INFORMATION (continued)

**Interim consolidated statement of comprehensive income**

	<i>Three month period ended 30 September (Unaudited)</i>						<i>Nine month period ended 30 September (Unaudited)</i>					
	<i>2022</i>			<i>2021</i>			<i>2022</i>			<i>2021</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
Net income attributed after zakat and income tax	24,738	320,594	345,332	17,529	177,716	195,245	55,884	671,247	727,131	62,432	605,577	668,009
Other comprehensive (loss) /income												
<i>Items that are or may be reclassified to interim condensed statement of income in subsequent periods</i>												
- Net change in fair value of available-for-sale investments	(15,592)	(123,301)	(138,893)	(2,742)	(5,591)	(8,333)	(41,194)	(175,537)	(216,731)	(9,849)	81,149	71,300
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>9,146</b>	<b>197,293</b>	<b>206,439</b>	14,787	172,125	186,912	<b>14,690</b>	<b>495,710</b>	<b>510,400</b>	52,583	686,726	739,309
Reconciliation:												
Less: Net income attributable to insurance operations transferred to surplus payable			(24,738)			(17,529)			(55,884)			(62,432)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			<b>181,701</b>			<b>169,383</b>			<b>454,516</b>			<b>676,877</b>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
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20. SUPPLEMENTARY INFORMATION (continued)

**Interim consolidated statement of cash flows**

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	2022			2021		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income attributed to the shareholders before zakat and income tax	-	804,300	804,300	-	737,306	737,306
<u>Adjustments for non-cash items:</u>						
Net income attributed to the insurance operations	55,884	-	55,884	62,432	-	62,432
Depreciation of Fixtures, furniture and equipments	11,850	-	11,850	11,221	-	11,221
Loss on sale of Fixtures, furniture and equipments	-	267	267	-	-	-
Loss on sale of Intangible assets	-	326	326	-	-	-
Amortization of Right-of-use assets	15,308	-	15,308	11,978	-	11,978
Amortization of intangible assets	9,672	-	9,672	10,729	-	10,729
Provision for employees share scheme	-	16,449	16,449	-	15,670	15,670
Allowance for doubtful receivables	80,071	-	80,071	34,976	-	34,976
Commission income on term deposits	(64,786)	(22,303)	(87,089)	(24,101)	(20,976)	(45,077)
Unrealized (gains) / loss on investments held as FVSI	55	(2,110)	(2,055)	(3,057)	342	(2,715)
Realized gains on investments	(250,877)	(28,317)	(279,194)	(4,617)	(48,774)	(53,391)
Provision for end-of-service benefits	-	27,284	27,284	-	11,932	11,932
Finance cost	-	4,658	4,658	-	4,523	4,523
	(142,823)	800,554	657,731	99,561	700,023	799,584
<u>Changes in operating assets and liabilities:</u>						
Premiums receivable	(1,253,784)	-	(1,253,784)	(1,124,127)	-	(1,124,127)
Reinsurers' share of unearned premiums	(71)	-	(71)	3,241	-	3,241
Reinsurers' share of outstanding claims	2,357	-	2,357	(4,363)	-	(4,363)
Reinsurers' share of claims incurred but not reported	(4,171)	-	(4,171)	1,046	-	1,046
Deferred policy acquisition costs	(83,042)	-	(83,042)	(160,154)	-	(160,154)
Prepaid expenses and other assets	78,380	(3,059)	75,321	55,218	24,979	80,197
Accrued and other liabilities	111,899	4,342	116,241	97,534	(71)	97,463
Reinsurers' balances payable	(4,659)	-	(4,659)	13,383	-	13,383
Unearned premiums	1,902,518	-	1,902,518	1,445,136	-	1,445,136
Outstanding claims	(40,270)	-	(40,270)	59,386	-	59,386
Claims incurred but not reported	830,144	-	830,144	(171,291)	-	(171,291)
Premium deficiency reserve	(11,118)	-	(11,118)	(138,706)	-	(138,706)
Claims handling reserve	5,253	-	5,253	(158)	-	(158)
Due to related parties	-	37,554	37,554	-	(67,961)	(67,961)
	1,390,613	839,391	2,230,004	175,706	656,970	832,676
Due to shareholders' operations	132,466	(132,466)	-	(30,803)	30,803	-
End-of-service benefits paid	-	(6,695)	(6,695)	-	(3,494)	(3,494)
Surplus paid to policyholders	(31,326)	-	(31,326)	(44,406)	-	(44,406)
Zakat and income tax paid	-	(74,770)	(74,770)	-	(187,514)	(187,514)
<b>Net cash generated from operating activities</b>	<b>1,491,753</b>	<b>625,460</b>	<b>2,117,213</b>	<b>100,497</b>	<b>496,765</b>	<b>597,262</b>

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20. SUPPLEMENTARY INFORMATION (continued)

**Interim consolidated statement of cash flows (continued)**

	<i>Nine-month period ended 30 September (Unaudited)</i>					
	<i>2022</i>			<i>2021</i>		
	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Share-holders' operations</i>	<i>Total</i>
<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	<i>SAR'000</i>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Placement in term deposits	(4,645,854)	(795,869)	(5,441,723)	(1,239,000)	(204,327)	(1,443,327)
Proceeds from maturity of term deposits	1,536,924	497,077	2,034,001	1,406,055	432,000	1,838,055
Additions to investments	(3,790,966)	(4,088,984)	(7,879,950)	(6,310,355)	(5,857,746)	(12,168,101)
Disposals of investments	5,063,518	4,493,916	9,557,434	5,996,383	5,330,416	11,326,799
Additions of Fixtures, furniture and equipments	-	(10,480)	(10,480)	-	(8,491)	(8,491)
Proceeds from sale of Fixtures, furniture and equipments	-	28	28	-	-	-
Additions to intangible assets	-	(2,551)	(2,551)	-	(13,144)	(13,144)
<b>Net cash (used in ) / generated from investing activities</b>	<b>(1,836,378)</b>	<b>93,137</b>	<b>(1,743,241)</b>	<b>(146,917)</b>	<b>(321,292)</b>	<b>(468,209)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>						
Purchase of shares held under employees share scheme	-	(36,502)	(36,502)	-	-	-
Dividend paid	-	(540,000)	(540,000)	-	(408,000)	(408,000)
Lease liability paid	-	(16,314)	(16,314)	-	(18,840)	(18,840)
<b>Net cash used in financing activity</b>	<b>-</b>	<b>(592,816)</b>	<b>(592,816)</b>	<b>-</b>	<b>(426,840)</b>	<b>(426,840)</b>
Net change in cash and cash equivalents	(344,625)	125,781	(218,844)	(46,420)	(251,367)	(297,787)
Cash and cash equivalents at the beginning of the period	930,691	30,067	960,758	195,232	438,019	633,251
<b>Cash and cash equivalents at the end of the period</b>	<b>586,066</b>	<b>155,848</b>	<b>741,914</b>	<b>148,812</b>	<b>186,652</b>	<b>335,464</b>

21. DIVIDENDS

During the period ended 30 September 2022, the Company's Board of Directors proposed to pay dividends for the year ended 31 December 2021 of SAR 4.5 per share, totalling SAR 540 million to its shareholders. The dividends were approved by the shareholders in the Extraordinary General Assembly meeting and paid during the period.

22. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors, on 7 Rabih Al-Thani 1444 H corresponding to 1 November 2022.