

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED
SEPTEMBER 30, 2021**

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REVIEW REPORT (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021**

INDEX	PAGE
Independent auditors' review report	1
Interim condensed statement of financial position	2 - 3
Interim condensed statement of income	4 - 5
Interim condensed statement of comprehensive income	6
Interim condensed statement of changes in equity	7
Interim condensed statement of cash flows	8 - 9
Notes to the interim condensed financial statements	10 - 39

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

To The Shareholders of
Walaa Cooperative Insurance Company
(A Saudi Joint Stock Company)
Al Khobar
Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Walaa Cooperative Insurance Company (A Saudi Joint Stock Company) ("the Company") as at September 30, 2021, the related interim condensed statements of income and comprehensive income for the three and nine month periods then ended, and the interim condensed statements of changes in equity and cash flows for the nine month period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

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

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



Abdullah M. AlAzem
License No. 335

El Sayed El Ayouty & Co.
Certified Public Accountants
P. O. Box 780
Jeddah 21421
Kingdom of Saudi Arabia



Mohamed El Sayed El Ayouty
License No. 211

01 November 2021
26 Rabi ul Awal 1443H



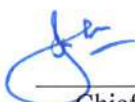
WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

	Notes	September 30, 2021 - (Unaudited)	December 31, 2020 - (Audited)
SAR'000			
ASSETS			
Cash and cash equivalents	5	458,853	687,297
Short term deposits		201,659	217,274
Long term deposits		50,000	50,000
Premiums and reinsurers' receivable - net	6	415,203	333,020
Reinsurers' share of unearned premiums	8.2	545,813	363,490
Reinsurers' share of outstanding claims	8.1	342,915	162,891
Reinsurers' share of claims incurred but not reported	8.1	112,990	57,700
Reinsurer's share of mathematical reserves		129,884	138,959
Deferred policy acquisition costs		32,613	25,355
Investments	7	746,239	515,790
Due from shareholders' operations		19,337	86,072
Prepaid expenses and other assets		89,865	90,243
Property and equipment, net	9	32,732	14,240
Intangible assets		37,767	34,720
Goodwill		24,415	24,415
Statutory deposit		64,640	64,640
Accrued income on statutory deposit		10,597	10,114
Accrued commission income		2,001	3,882
TOTAL ASSETS		3,317,523	2,880,102



Chief Financial Officer



Chief Executive Officer



Board Member

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


WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2021

	Notes	September 30, 2021 - (Unaudited)	December 31, 2020 - (Audited)
SAR'000			
LIABILITIES			
Policyholders claims payable		33,648	34,794
Accrued and other liabilities	10	173,255	152,190
Reinsurers' balances payable		200,401	232,814
Unearned premiums	8.2	1,068,317	789,964
Unearned reinsurance commission		32,824	20,472
Outstanding claims	8.1	473,356	233,498
Claims incurred but not reported	8.1	222,722	170,977
Gross mathematical reserves		129,884	138,959
Additional premium reserves	8.1	9,940	26,010
Other technical reserves	8.1	9,273	8,642
Due to insurance operations		19,337	86,072
End-of-service indemnities		22,616	21,724
Zakat and income tax	15	33,101	28,864
Accrued commission income payable to SAMA		10,597	10,114
Surplus distribution payable		9,774	9,774
TOTAL LIABILITIES		2,449,045	1,964,868
EQUITY			
Share capital	16	646,397	646,397
Share premium	16	103,277	103,277
Statutory reserve		63,327	63,327
Fair value reserve gain on investment		32,818	21,989
Retained earnings		23,719	81,304
TOTAL SHAREHOLDERS' EQUITY		869,538	916,294
Re-measurement reserve of defined benefit obligation – related to insurance operations		(1,060)	(1,060)
TOTAL EQUITY		868,478	915,234
TOTAL LIABILITIES AND EQUITY		3,317,523	2,880,102
Commitments and contingencies	11		


Chief Financial Officer


Chief Executive Officer


Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

	Notes	For the three months period ended September 30,		For the nine months period ended September 30,	
		2021	2020	2021	2020
		SAR'000		SAR'000	
REVENUES					
Gross premiums written					
- Direct		518,519	406,645	1,658,945	1,037,627
- Reinsurance		29,792	5,927	75,285	6,991
	8.2	548,311	412,572	1,734,230	1,044,618
Reinsurance premiums ceded					
- Local ceded		(1,808)	(3,530)	(10,657)	(9,982)
- Foreign ceded		(226,977)	(223,263)	(876,512)	(408,449)
	8.2	(228,785)	(226,793)	(887,169)	(418,431)
Excess of loss expenses	8.2	(1,449)	(8,718)	(4,330)	(12,163)
Net premiums written		318,077	177,061	842,731	614,024
Changes in unearned premiums		(12,323)	(65,592)	(278,353)	(31,059)
Changes in reinsurance share of unearned premiums		(35,886)	90,100	182,323	3,903
Net premiums earned		269,868	201,569	746,701	586,868
Reinsurance commissions		17,154	14,259	45,330	31,242
Other underwriting income		702	1,381	1,463	10,010
TOTAL REVENUES		287,724	217,209	793,494	628,120
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		223,147	170,288	708,718	406,504
Surrenders and maturities		1,791	4,743	12,154	12,618
Expenses incurred related to claims		7,415	4,646	18,260	27,028
Reinsurers' share of claims paid		(15,814)	(31,762)	(119,280)	(52,327)
Net claims and other benefits paid		216,539	147,915	619,852	393,823
Changes in outstanding claims		85,580	67,825	239,858	84,679
Changes in reinsurance share of outstanding claims		(57,569)	(65,987)	(180,024)	(58,643)
Changes in IBNR		3,331	(24,754)	51,745	(36,099)
Changes in reinsurance share of IBNR		(7,462)	15,172	(55,290)	11,863
Net claims and other benefits incurred		240,419	140,171	676,141	395,623
Additional premium reserves		(2,135)	(12,530)	(16,070)	38,938
Other technical reserves		59	(700)	631	(18,426)
Policy acquisition costs		14,919	13,165	42,720	34,325
Other underwriting expenses		29,998	7,396	68,074	19,744
TOTAL UNDERWRITING COSTS AND EXPENSES		283,260	147,502	771,496	470,204
NET UNDERWRITING INCOME		4,464	69,707	21,998	157,916


Chief Financial Officer


Chief Executive Officer


Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

	Notes	For the three months period ended September 30,		For the nine months period ended September 30,	
		2021	2020	2021	2020
		SAR'000		SAR'000	
<u>OTHER OPERATING (EXPENSES) / INCOME</u>					
Allowance for doubtful debts		(8,351)	(7,774)	(14,349)	(20,192)
General and administrative expenses		(40,004)	(39,404)	(111,811)	(103,207)
Commission income		3,375	3,107	17,539	10,686
Dividend income on investments		1,315	1,726	7,526	1,749
Impairment on investments		(6,765)	-	(6,765)	-
Realized gain on investments		10,899	500	28,823	500
Unrealized gain on investments		1,952	-	10,604	-
TOTAL OTHER OPERATING EXPENSES		(37,579)	(41,845)	(68,433)	(110,464)
Total (loss)/ income for the period before zakat and income tax		(33,115)	27,862	(46,435)	47,452
Zakat for the period	15	(3,750)	(10,629)	(11,150)	(14,874)
Income tax for the period	15	-	(448)	-	(703)
Total (loss)/ income for the period		(36,865)	16,785	(57,585)	31,875
Total income attributed to the insurance Operations	21	-	(2,591)	-	(4,648)
Net (loss)/ income for the period attributable to the shareholders		(36,865)	14,194	(57,585)	27,227
(loss)/ Earnings / per share					
Basic and diluted (SAR per share)	19	(0.57)	0.22	(0.89)	0.44
Weighted average number of ordinary outstanding shares (in thousands)		64,640	64,640	64,640	62,091



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

Notes	For the three months period ended September 30,		For the nine months period ended September 30,		
	2021	2020	2021	2020	
	SAR'000		SAR'000		
	(36,865)	16,785	(57,585)	31,875	
	Total (loss)/ income for the period				
	Other comprehensive income				
	<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>				
	- Available for sale investments:				
	- Realized gain transferred to income	(10,899)	(500)	(28,823)	(500)
	- Net change in fair value	6,697	18,692	39,652	(3,771)
7					
	COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(41,067)	34,977	(46,756)	27,604
	TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD ATTRIBUTED TO POLYHOLDERS	-	(2,591)	-	(4,648)
	TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS	(41,067)	32,386	(46,756)	22,956



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Notes	Share capital	Share premium	Statutory reserve	Fair value reserve for investments SAR '000	Retained earnings	Total
2021							
Balance at January 1, 2020 (Audited)		646,397	103,277	63,327	21,989	81,304	916,294
Comprehensive income for the period:							
Net loss for the period attributable to the shareholders		-	-	-	-	(57,585)	(57,585)
Realized gain transferred to income		-	-	-	(28,823)	-	(28,823)
Unrealized changes in fair value of available-for-sale investments, net		-	-	-	39,652	-	39,652
Total comprehensive loss for the period attributable to Shareholders		-	-	-	10,829	(57,585)	(46,756)
Balance at September 30, 2021 (Unaudited)		646,397	103,277	63,327	32,818	23,719	869,538
2020							
Balance at January 1, 2020 (Audited)		528,000	30,108	53,102	17,650	40,406	669,266
Comprehensive income for the period:							
Net income for the period attributable to the shareholders		-	-	-	-	27,227	27,227
Realized gain transferred to income		-	-	-	(500)	-	(500)
Unrealized changes in fair value of available-for-sale investments, net		-	-	-	(3,771)	-	(3,771)
Total comprehensive loss for the period attributable to shareholders		-	-	-	(4,271)	27,227	22,956
Issuance of share capital	16	118,397	-	-	-	-	118,397
Share premium	16	-	73,169	-	-	-	73,169
Balance at September 30, 2020 (Unaudited)		646,397	103,277	53,102	13,379	67,633	883,788



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	2021	2020
	SAR'000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/ income for the period before zakat and income tax	(46,435)	47,452
Adjustments for non-cash:		
Depreciation of property and equipment	7,134	15,028
Amortization of intangible assets	578	4,569
Allowance for doubtful debts	14,349	20,192
Impairment on investments	6,765	-
Provision for end-of-service indemnities	3,157	2,911
Lease finance cost	111	-
Changes in operating assets and liabilities:		
Premiums and reinsurers' receivable	(96,532)	(169,739)
Reinsurers' share of unearned premiums	(182,323)	(3,903)
Reinsurers' share of outstanding claims	(180,024)	(58,643)
Reinsurers' share of claims incurred but not reported	(55,290)	11,863
Reinsurers' share of mathematical reserves	9,075	13,019
Deferred policy acquisition costs	(7,258)	(8,772)
Prepaid expenses and other assets	378	(24,363)
Accrued commission income	4,752	1,240
Policyholders claim payables	(1,146)	1,059
Accrued and other liabilities	21,065	32,548
Reinsurers' balances payable	(32,413)	28,591
Unearned premiums	278,353	31,059
Unearned reinsurance commission	12,352	2,251
Outstanding claims	239,858	83,270
Claims incurred but not reported	51,745	(36,099)
Gross mathematical reserves	(9,075)	(13,019)
Additional premium reserves	(16,070)	38,938
Other technical reserves	631	(17,017)
	23,737	2,435
End-of-service indemnities paid	(2,265)	(1,175)
Zakat and income tax paid	(6,913)	(12,064)
Net cash used in operating activities	14,559	(10,804)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in investments	(226,385)	(48,033)
Cash and cash equivalents acquired through business combination	-	43,589
Short term deposits	15,615	126,851
Long term deposits	-	39,000
Purchase of land	(16,400)	-
Additions in property and equipment	(9,226)	(12,125)
Additions in intangible assets	(3,625)	(4,651)
Net cash (used in)/ generated from investing activities	(240,021)	144,631


Chief Financial Officer


Chief Executive Officer


Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	2021	2020
	SAR'000	
CASH FLOWS FROM FINANCING ACTIVITIES		
Statutory deposit	-	23,160
Lease rentals	(2,982)	(3,920)
Net cash (used in)/ generated from financing activities	(2,982)	19,240
Net change in cash and cash equivalents	(228,444)	153,067
Cash and cash equivalents, beginning of the period	687,297	560,925
Cash and cash equivalents, end of the period	458,853	713,992
<u>NON-CASH INFORMATION</u>		
Unrealised changes in fair value of available for sale investments	10,829	(4,271)



Chief Financial Officer



Chief Executive Officer



Board Member

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

1. GENERAL

Walaa Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. (S/114) dated 02/05/1428H. The Company operates under UNN 7001526578 (formerly Commercial Registration no. 2051034982) dated Jumada II 19, 1428H corresponding to July 4, 2007. The registered address of the Company's head office is as follows:

Walaa Cooperative Insurance Company
Head Office
4513, Adh Dhahran Al Khubar Al Janubiyah
Unit No: 8, Al-Khobar 34621-8615
P.O. Box 31616
Al-Khobar 31952, Kingdom of Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include motor, medical, marine, fire, engineering, energy, aviation, casualty insurance and protection & savings.

On 2 Jumada II 1424H, corresponding to 31 July 2003, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 28 Jumada II 1429H corresponding to July 2, 2008, the Saudi Central Bank (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license number (TMN/16/20087) to transact insurance activities in the Kingdom of Saudi Arabia.

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

Proposed merger

The Company signed a non-binding Memorandum of Understanding (the “MOU”) with SABB Takaful on 04/12/1442H corresponding to 14 July 2021 to evaluate a potential merger between the two companies. Both companies will conduct operational, technical, financial, legal, and actuarial due diligence and engage in non-binding discussions on the terms and conditions of the potential merger.

The MOU would expire on the earlier of the signing of the merger agreement or after a period of 180 days from the date of the MOU. The MOU can be extended by mutual consent of the parties thereto. The parties can mutually agree to terminate the MOU by written notice at any time.

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended September 30, 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

The financial statements of the Company as at and for the period ended September 30, 2021, respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”) respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” so far as these relate to zakat and income tax) and the Regulations for Companies in the Kingdom of Saudi Arabia.

On July 23, 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and income taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

2. BASIS OF PREPARATION (CONTINUED)

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of held for trading and available-for-sale investments. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the Company's interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, statutory deposit, accrued income on statutory deposit, held to maturity Sukuk, long-term deposits, goodwill and gross & reinsurance share of mathematical reserves, end-of-service indemnities and accrued commission income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

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

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

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

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2020.

Amounts in this interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

(b) Seasonality of operations

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

(c) Critical accounting judgments, estimates and assumptions

The preparation of condensed interim 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 expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2020.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

2. BASIS OF PREPARATION (CONTINUED)

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

Further, the Company has considered the following:

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

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

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

In response to the Covid-19 pandemic, SAMA issued a decree 189 (the “Decree”) dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Among various other matters relating to the insurance sector, the Decree instructs all the insurance companies to extend the period of validity of all existing retail motor insurance policies by two months as well as providing a two-month additional coverage for all new retail motor policies written within one month of this Decree and allowing insurance companies not to cancel the policy in the event the insured fails to pay the premiums..

The management has considered the impact of Covid-19 and the Decree as mentioned above in these interim condensed financials.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020.

4. BUSINESS COMBINATION

The Company held an extra ordinary general assembly meeting on 27 January 2020 corresponding to 2 Jumada II 1441H and approved the purchase of the insurance portfolio and the related net assets and liabilities of the MetLife AIG ANB Cooperative Insurance Company (“MetLife”) effective 1 March 2020. The purchase consideration was determined to be SAR 191,566 thousands which consisted of the issue of 11,839,706 new shares to the shareholders of MAA. The acquisition resulted in goodwill amounting to SAR 24.415 million and intangibles amounting to SAR 33.133 million.

The following table summarises the fair value of assets acquired and liabilities assumed at the date of acquisition.

	SAR’000
MAA’s net assets as at acquisition date	134,018
Goodwill arising from the acquisition	24,415
Intangibles recognized from the acquisition	33,133
Purchase consideration	<u>191,566</u>

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

4. BUSINESS COMBINATION (Continued)

Purchase consideration and Goodwill & Intangibles

Initially, a provisional amounts for Goodwill & intangibles amounting to SAR 35,289 thousands and Share Premium amounting to SAR 50,911 thousands were recognized based on estimation of purchase consideration at SAR 169,308 thousands to account for business combination as at the date of acquisition of MAA by the Company. However, during the period ended 30 September 2020, the purchase consideration was revised to SAR 191,566 thousands taking into consideration the closing market price of ordinary shares of the Walaa which were issued as consideration for the acquisition. The fair value of the newly issued shares of the Walaa was determined on the basis of closing market price of its ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. This change in purchase consideration from SAR 169,308 thousands to SAR 191,566 thousands increased the previously recognised amounts of Goodwill & intangibles and Share Premium each by SAR 22,258 thousands and was consequently restated.

After the quarter ended 30 September 2020, the management has carried out a comprehensive undertaking of Purchase Price Allocation wherein the provisional amounts could be finalized. Following the application of Purchase Price Allocation Methodology, the previously recognised goodwill amounting to SAR 57,548 thousands has been divided between intangible assets and goodwill by SAR 33,133 thousands and SAR 24,415 thousands respectively. The said revisions were within the aforementioned measurement period of one year from the acquisition date.

All these adjustments and classifications were completed with retrospective effect during the measurement period that is one year from the acquisition date.

During the year end December 31, 2020, the management carried out impairment testing by using Value-In-Use (VIU) assessment for the goodwill impairment based on a detailed five-year business plan, in addition to the 'Share Price' and 'Market' approach on the trading activity of the Company's stock. This assessment was carried-out by a consultant appointed by the Company. As per the management's assessment, there is no indication of impairment.

Purchase price allocation

The purchase price allocation undertaken by the Company and has identified the following intangible assets and their valuation approach and methodologies are further detailed below:

	SAR'000
Goodwill	24,415
<i>Intangible Assets acquired in merger</i>	
- Customer Contract ('ALICO')	5,454
- Customer Relationship	2,832
- Product Licenses (Protection & savings)	24,847
Total	57,548

Valuation approach and methodologies – Intangible assets acquired in merger.

- Customer Contract ('ALICO')

On the Acquisition Date, Walaa acquired the Saudi run-off portfolio of American Life Insurance Company "ALICO" which was transferred initially to MAA on April 1st, 2015 as per the portfolio transfer agreement entered between MetLife ALICO and MAA and was 100% reinsured back to MetLife under a quota-share reinsurance agreement. This portfolio includes long term life protection, savings insurance products and personal accident policies. As per the terms of the portfolio transfer agreement and the quota-share reinsurance agreement, the Company is entitled to a reinsurance commission at an agreed rate and reimbursement of all expenses related to administration of the portfolio. The management has employed "Multi Period Excess Earning Method" for valuing the contractual customer relationship and is considered to have a useful life of 83 years based on the run-off of the customer portfolio.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

4. BUSINESS COMBINATION (Continued)

- **Customer Relationship**

IAS 38 specifies that if an entity can evidence that it can control economic benefits from non-contractual relationships, those customer relationships are identified as separable and can be recognized as an intangible asset. Arab National Bank (“has a relationship and was also 30% stakeholder of MAA) has historically contributed a consistent revenue stream for MAA with various insurance agreements. Hence, the relationship has been regarded to represent a Customer Relationship intangible. The management has employed “Multi Period Excess Earning Method” for valuing the non-contractual customer relationship and is considered to have a useful life of 6 years.

- **Product Licenses**

As a result of the Transaction, Walaa acquired the Protection & savings Insurance License. This license has been identified as an intangible asset. This life insurance intangible was valued using the “Multi Period Excess Earning Method” from the Protection & savings Line of Business for valuing product licenses. This is considered to be an intangible asset with an indefinite life and will therefore be subject to the annual impairment assessments.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Insurance operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Cash and bank balances	454,879	687,297
Deposits maturing within 3 months from the acquisition date	-	-
Total	454,879	687,297
	Shareholders' operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Bank balances	3,974	-
Deposits maturing within 3 months from the acquisition date	-	-
Total	3,974	-
Total cash and cash equivalents	458,853	687,297

6. PREMIUMS AND REINSURERS' RECEIVABLE - NET

Receivables comprises of amounts due from the following:

	Insurance operations	
	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Policyholders	129,919	63,511
Brokers and agents	300,451	274,934
Related parties	4,974	28,318
Receivables from reinsurers	31,016	5,574
	466,360	372,337
Less: Provision for doubtful receivables	(51,157)	(39,317)
Premiums and reinsurers' receivable – net	415,203	333,020

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

7. INVESTMENTS

Investments are classified as follows:

	Shareholders' operations	
	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Available for sale investments	341,226	291,390
Held for trading investments	92,688	-
Held to maturity	312,325	224,400
	746,239	515,790

Movement in available for sale investments is as follows:

	Shareholders' operations	
	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Opening balance	291,390	254,906
Acquired through business combination	-	3,175
Impairment of investment	(6,765)	-
Purchases	134,020	33,170
Disposals	(117,071)	(3,700)
Changes in fair value of investments, net	39,652	3,839
Closing balance	341,226	291,390

Available-for-sale investments include the following:

	Shareholders' operations	
	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Quoted securities	199,416	245,849
Unquoted securities	141,810	45,541
	341,226	291,390

Movement in held to maturity investments is as follows:

	Shareholders' operations	
	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Opening balance	224,400	149,342
Additional during the year	87,947	75,000
Amortization / adjustment, net	(22)	58
Closing balance	312,325	224,400

Investments in sukuks are classified as investments held to maturity and measured at amortized cost. Investments held to maturity are those investments which have fixed or determined payments and that the Company has a positive intention and ability to hold to maturity.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

8. TECHNICAL RESERVES

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Outstanding claims	473,356	233,498
Gross Claims incurred but not reported	237,818	183,235
Less: Net realizable value of salvage and subrogation	(15,096)	(12,258)
Claims incurred but not reported	222,722	170,977
Additional premium reserves:		
- Premium deficiency reserve	9,940	26,010
-Additional unexpired risk reserve	-	-
	9,940	26,010
Other technical reserves:		
- Claims handling expense provision	-	-
- Unallocated loss adjustment expense provision	9,273	8,642
- Non-proportional reinsurance accrual reserve	-	-
	9,273	8,642
Net outstanding claims and reserves	715,291	439,127
Less:		
-Reinsurer's share of outstanding claims	(342,915)	(162,891)
-Reinsurer's share of claims incurred but not reported	(112,990)	(57,700)
	(455,905)	(220,591)
Net outstanding claims and reserves	259,386	218,536

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

8. TECHNICAL RESERVES (CONTINUED)

8.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	September 30, 2021 (Unaudited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the period	789,964	(363,490)	426,474
Premiums written during the period	1,734,230	(887,169)	847,061
Premiums earned during the period	(1,455,877)	704,846	(751,031)
Balance as at the end of the period	1,068,317	(545,813)	522,504
	December 31, 2020 (Audited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the year	637,828	(274,137)	363,691
Additions from merger	42,282	(32,823)	9,459
Premiums written during the year	1,472,703	(622,767)	849,936
Premiums earned during the year	(1,362,849)	566,237	(796,611)
Balance as at the end of the year	789,964	(363,490)	426,474

9. PROPERTY AND EQUIPMENT, NET

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Land	16,400	-
Property and equipment	9,138	10,136
Right of use assets (note 9.1)	7,194	4,104
	32,732	14,240

9.1 Depreciation charges on right of use assets amounted to SAR 1.9 million.

10. ACCRUED AND OTHER LIABILITIES

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
	SAR'000	
Accrued and other liabilities	167,060	149,249
Lease rentals	6,195	2,941
	173,255	152,190

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

10. ACCRUED AND OTHER LIABILITIES (CONTINUED)

Maturity analysis of lease rentals is as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Payable within one year	2,985	1,129
Payable more than one year but less than five years	3,210	1,812
	6,195	2,941

11. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000	
Letters of guarantee	9,454	9,254

The Company is subject to legal proceedings in the ordinary course of business. There was no change in the status of legal proceedings as disclosed at December 31, 2020.

12. FAIR VALUES 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

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

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

12. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Shareholders' Operations	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
SAR'000					
September 30, 2021 (Unaudited)					
Financial assets measured at fair value					
-Quoted securities - Held for trading	92,688	92,688	-	-	92,688
-Quoted securities - Available for sale	199,416	199,416	-	-	199,416
	292,104	292,104	-	-	292,104

Shareholders' Operations	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
SAR'000					
December 31, 2020 (Audited)					
Financial assets measured at fair value					
Available for sale investments					
-Quoted securities	245,849	245,849	-	-	245,849
	245,849	245,849	-	-	245,849

b. Measurement of fair values

The Company has investments amounting to SAR 141.810 million in unquoted securities. These investments have not been measured at fair values in the absence of active market or other means of measuring their fair values reliably. However, the management believes that there is no major difference between the carrying values and fair values of these investments.

Transfer between the Levels

During the period, there were no transfers into or out of each level.

13. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's chief executive officer in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance. One segment named "Energy" is newly added during 2nd quarter ended June 30, 2021 in the operating segments list. This segment has insignificant balances during last year hence, comparatives not updated.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the chief executive officer is measured in a manner consistent with that in the income statement. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, short term deposits, long term deposits, premiums and insurance balances receivable - net, due from shareholders' operations, accrued commission income, prepaid expenses and other assets, goodwill, property and equipment and intangible assets. Accordingly, they are included in unallocated assets.

Segment liabilities do not include policyholders' claims payables, accrued and other liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities and accrual loss thereon, and insurance operations' surplus. Accordingly, they are included in unallocated liabilities.

Segments do not include shareholders' assets and liabilities hence these are presented under unallocated assets/liabilities accordingly. These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

13. OPERATING SEGMENTS (CONTINUED)

Financial Position

The segment statements provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at September 30, 2021 and December 31, 2020, its total revenues, expenses, and net income for the the three and nine months period ended, are as follows:

	As at September 30, 2021 (Unaudited)							Total - Insurance operations	Shareholders' operations	Total
	Insurance operations									
	Medical	Motor	Property	Energy	Engineering	Protection & Savings	Others			
	SAR'000									
Assets										
Reinsurers' share of unearned premiums	1,344	94	78,615	263,766	63,636	1,683	136,675	545,813	-	545,813
Reinsurers' share of outstanding claims	448	-	241,020	-	38,290	23,350	39,807	342,915	-	342,915
Reinsurers' share of claims incurred but not reported	-	-	16,941	62,339	20,300	3,075	10,335	112,990	-	112,990
Reinsurer's share of mathematical reserves	-	-	-	-	-	129,884	-	129,884	-	129,884
Deferred policy acquisition costs	8,925	11,423	2,069	52	3,548	209	6,387	32,613	-	32,613
Unallocated assets	-	-	-	-	-	-	-	1,216,838	936,470	2,153,308
Total assets	10,717	11,517	338,645	326,157	125,774	158,201	193,204	2,381,053	936,470	3,317,523
Liabilities and shareholders' equity										
Unearned premiums	167,866	314,481	88,654	264,452	68,254	5,940	158,670	1,068,317	-	1,068,317
Unearned Insurance commission	299	9	4,968	12,450	6,222	15	8,861	32,824	-	32,824
Outstanding claims	43,432	46,423	242,919	-	39,554	49,890	51,138	473,356	-	473,356
Claims incurred but not reported	23,198	74,560	17,833	62,447	21,369	8,439	14,876	222,722	-	222,722
Gross mathematical reserves	-	-	-	-	-	129,884	-	129,884	-	129,884
Additional Premium Reserve	3,638	5,964	-	-	-	-	338	9,940	-	9,940
Other Technical Reserve	536	4,700	383	27	396	1,315	1,916	9,273	-	9,273
Unallocated liabilities and shareholders' equity	-	-	-	-	-	-	-	434,737	936,470	1,371,207
Total liabilities and shareholders' equity	238,969	446,137	354,757	339,376	135,795	195,483	235,799	2,381,053	936,470	3,317,523

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

13. OPERATING SEGMENTS (CONTINUED)

Financial Position (continued)

	As at December 31, 2020								
	Insurance operations						Total - Insurance operations	Shareholder s' operations	Total
	Medical	Motor	Property	Engineering	Protection and Savings	Others			
SAR '000									
Assets									
Reinsurers' share of unearned premiums	496	164	163,545	79,842	309	119,134	363,490	-	363,490
Reinsurers' share of outstanding claims	-	-	58,760	56,200	14,933	32,998	162,891	-	162,891
Reinsurers' share claims incurred but not Reported	1,532	-	14,292	25,573	3,539	12,764	57,700	-	57,700
Reinsurers' share of mathematical reserves	-	-	-	-	138,959	-	138,959	-	138,959
Deferred policy acquisition costs	3,690	12,049	1,805	3,425	19	4,367	25,355	-	25,355
Unallocated assets	-	-	-	-	-	-	1,176,195	955,512	2,131,707
Total assets	5,718	12,213	238,402	165,040	157,759	169,263	1,924,590	955,512	2,880,102
Liabilities and shareholders' equity									
Unearned premiums	70,264	336,922	165,917	82,374	1,243	133,244	789,964	-	789,964
Unearned reinsurance commission	54	22	5,795	7,264	136	7,201	20,472	-	20,472
Outstanding claims	17,811	41,840	59,443	56,592	16,858	40,954	233,498	-	233,498
Claims incurred but not reported	17,438	88,303	15,044	26,919	5,009	18,264	170,977	-	170,977
Gross mathematical reserves	-	-	-	-	138,959	-	138,959	-	138,959
Additional premium reserves	5,726	20,284	-	-	-	-	26,010	-	26,010
Other technical reserves	283	5,252	319	386	367	2,035	8,642	-	8,642
Unallocated liabilities and shareholders' equity	-	-	-	-	-	-	536,068	955,512	1,491,580
Total liabilities and shareholders' equity	111,576	492,623	246,518	173,535	162,572	201,698	1,924,590	955,512	2,880,102

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

13. OPERATING SEGMENTS (CONTINUED)

	For the three Months period ended September 30, 2021 (Unaudited)							Total
	Medical	Motor	Property	Energy	Engineering	Protection &Savings	Others	
	SAR'000							
REVENUES								
Gross premiums written								
- Direct	98,022	163,048	72,790	48,491	26,722	10,901	98,545	518,519
- Reinsurance	-	-	4,772	-	591	24,327	102	29,792
	98,022	163,048	77,562	48,491	27,313	35,228	98,647	548,311
Reinsurance premiums ceded								
- Local ceded	-	-	(1,349)	-	(459)	-	-	(1,808)
- Foreign ceded	(11)	-	(66,576)	(48,120)	(23,279)	(5,522)	(83,469)	(226,977)
	(11)	-	(67,925)	(48,120)	(23,738)	(5,522)	(83,469)	(228,785)
Excess of loss expenses	-	(595)	(327)	-	(327)	-	(200)	(1,449)
Net premiums written	98,011	162,453	9,310	371	3,248	29,706	14,978	318,077
Changes in unearned premiums, net	(30,968)	(5,096)	(5,946)	(140)	(1,934)	1,951	(6,076)	(48,209)
Net premiums earned	67,043	157,357	3,364	231	1,314	31,657	8,902	269,868
Reinsurance commissions	279	5	2,934	5,965	2,801	683	4,487	17,154
Other underwriting income	17	724	3	-	2	-	(44)	702
TOTAL REVENUES	67,339	158,086	6,301	6,196	4,117	32,340	13,345	287,724
UNDERWRITING COSTS AND EXPENSES								
Gross claims paid	43,571	141,135	1,372	-	178	32,211	4,680	223,147
Surrenders and maturities	-	-	-	-	-	1,791	-	1,791
Expenses incurred related to claims	2,221	5,194	-	-	-	-	-	7,415
Reinsurers' share of claims paid	(2,623)	(239)	(1,327)	-	(167)	(9,883)	(1,575)	(15,814)
Net claims and other benefits paid	43,169	146,090	45	-	11	24,119	3,105	216,539
Changes in outstanding claims, net	14,882	6,033	1,134	-	723	4,461	778	28,011
Changes in IBNR, net	4,768	(9,350)	64	20	(60)	276	151	(4,131)
Net claims and other benefits incurred	62,819	142,773	1,243	20	674	28,856	4,034	240,419
Additional premium reserves	(269)	(2,204)	-	-	-	-	338	(2,135)
Other technical reserves	155	(380)	39	5	42	102	96	59
Policy acquisition costs	3,688	5,938	1,256	5	1,506	81	2,445	14,919
Other underwriting expenses	2,459	15,224	88	11,546	131	-	550	29,998
TOTAL UNDERWRITING COSTS AND EXPENSES	68,852	161,351	2,626	11,576	2,353	29,039	7,463	283,260
NET UNDERWRITING INCOME/ (LOSS)	(1,513)	(3,265)	3,675	(5,380)	1,764	3,301	5,882	4,464
OTHER OPERATING (EXPENSES)/ INCOME								
Allowance for doubtful debts								(8,351)
General and administrative expenses								(40,004)
Commission income on deposits								3,375
Dividend income on investments								1,315
Impairment on investments								(6,765)
Realized gain on investments								10,899
Unrealized gain on investments								1,952
TOTAL OTHER OPERATING EXPENSES								(37,579)
Total Loss for the period before zakat and income tax & surplus attribution								(33,115)
Zakat for the period								(3,750)
NET LOSS FOR THE PERIOD								(36,865)
Total income for the period attributable to insurance operations								-
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS								(36,865)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

13. OPERATING SEGMENTS (CONTINUED)

	For the three Months period ended September 30, 2020 (Unaudited)						Total
	Medical	Motor	Property	Engineering	Protection & Savings	Others	
	SAR'000						
REVENUES							
Gross premiums written							
- Direct	15,601	156,081	156,848	28,036	3,409	46,670	406,645
- Reinsurance	-	-	5,509	418	-	-	5,927
	15,601	156,081	162,357	28,454	3,409	46,670	412,572
Reinsurance premiums ceded							
- Local ceded	-	-	(5,013)	1,483	-	-	(3,530)
- Foreign ceded	(712)	(41)	(155,745)	(28,406)	(1,923)	(36,436)	(223,263)
	(712)	(41)	(160,758)	(26,923)	(1,923)	(36,436)	(226,793)
Excess of loss expenses	(7,343)	(626)	(260)	(260)	-	(229)	(8,718)
Net premiums written	7,546	155,414	1,339	1,271	1,486	10,005	177,061
Changes in unearned premiums, net	14,315	12,413	(305)	1	(847)	(1,069)	24,508
Net premiums earned	21,861	167,827	1,034	1,272	639	8,936	201,569
Reinsurance commissions	420	18	5,597	2,514	372	5,338	14,259
Other underwriting income	1,056	10	2	2	-	311	1,381
TOTAL REVENUES	23,337	167,855	6,633	3,788	1,011	14,585	217,209
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	23,337	123,450	537	13,268	214	9,482	170,288
Surrenders and maturities	-	-	-	-	4,743	-	4,743
Expenses incurred related to claims	1,450	3,196	-	-	-	-	4,646
Reinsurers' share of claims paid	(6,006)	(609)	(407)	(12,585)	(4,957)	(7,198)	(31,762)
Net claims and other benefits paid	18,781	126,037	130	683	-	2,284	147,915
Changes in outstanding claims, net	4,766	(1,237)	127	(413)	(68)	(1,337)	1,838
Changes in IBNR, net	122	(9,257)	(114)	292	(450)	(175)	(9,582)
Net claims and other benefits incurred	23,668	115,543	143	563	(80)	334	140,171
Additional premium reserves	(2,163)	(10,367)	-	-	-	-	(12,530)
Other technical reserves	-	(700)	-	-	(207)	207	(700)
Policy acquisition costs	1,849	7,081	1,226	1,087	30	1,892	13,165
Other underwriting expenses	580	6,782	-	-	-	34	7,396
TOTAL UNDERWRITING COSTS AND EXPENSES	23,934	118,339	1,369	1,643	(50)	2,267	147,502
NET UNDERWRITING INCOME	732	49,516	5,264	4,382	1,070	9,907	69,707
OTHER OPERATING (EXPENSES)/ INCOME							
Allowance for doubtful debts							(7,774)
General and administrative expenses							(39,404)
Commission income on deposits							3,107
Dividend and realized gain on investments							2,226
TOTAL OTHER OPERATING EXPENSES							(41,845)
Total income for the period before zakat and income tax & surplus attribution							27,862
Zakat							(10,629)
Income tax							(448)
NET INCOME FOR THE PERIOD							16,785
Total income for the period attributable to insurance operations							(2,591)
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS							14,194

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

13. OPERATING SEGMENTS (CONTINUED)

	For the nine Months period ended September 30, 2021 (Unaudited)							Total
	Medical	Motor	Property	Energy	Engineering	Protection &Savings	Others	
	SAR'000							
REVENUES								
Gross premiums written								
- Direct	248,801	461,384	114,822	501,388	70,135	39,090	223,325	1,658,945
- Reinsurance	-	-	7,001	-	926	67,256	102	75,285
	248,801	461,384	121,823	501,388	71,061	106,346	223,427	1,734,230
Reinsurance premiums ceded								
- Local ceded	-	-	(5,324)	(5)	(5,328)	-	-	(10,657)
- Foreign ceded	(3,921)	(189)	(102,146)	(500,287)	(59,605)	(21,604)	(188,760)	(876,512)
	(3,921)	(189)	(107,470)	(500,292)	(64,933)	(21,604)	(188,760)	(887,169)
Excess of loss expenses	-	(1,847)	(910)	-	(910)	-	(663)	(4,330)
Net premiums written	244,880	459,348	13,443	1,096	5,218	84,742	34,004	842,731
Changes in unearned premiums, net	(96,754)	22,371	(7,667)	(686)	(2,086)	(3,323)	(7,885)	(96,030)
Net premiums earned	148,126	481,719	5,776	410	3,132	81,419	26,119	746,701
Reinsurance commissions	638	32	10,185	11,548	8,723	1,214	12,990	45,330
Other underwriting income	132	879	9	-	6	-	437	1,463
TOTAL REVENUES	148,896	482,630	15,970	11,958	11,861	82,633	39,546	793,494
UNDERWRITING COSTS AND EXPENSES								
Gross claims paid	107,633	451,972	49,034	-	31,947	57,247	10,885	708,718
Surrenders and maturities	-	-	-	-	-	12,154	-	12,154
Expenses incurred related to claims	4,493	13,767	-	-	-	-	-	18,260
Reinsurers' share of claims paid	(3,905)	(264)	(47,257)	-	(31,694)	(31,040)	(5,120)	(119,280)
Net claims and other benefits paid	108,221	465,475	1,777	-	253	38,361	5,565	619,852
Changes in outstanding claims, net	25,173	4,583	1,216	-	872	24,615	3,375	59,834
Changes in IBNR, net	7,292	(13,743)	140	108	(277)	3,894	(959)	(3,545)
Net claims and other benefits incurred	140,686	456,315	3,133	108	848	66,870	8,181	676,141
Additional premium reserves	(2,088)	(14,320)	-	-	-	-	338	(16,070)
Other technical reserves	253	(552)	64	27	10	948	(119)	631
Policy acquisition costs	8,854	18,835	3,746	5	4,357	168	6,755	42,720
Other underwriting expenses	8,601	43,344	960	11,546	651	485	2,487	68,074
TOTAL UNDERWRITING COSTS AND EXPENSES	156,306	503,622	7,903	11,686	5,866	68,471	17,642	771,496
NET UNDERWRITING INCOME/ (LOSS)	(7,410)	(20,992)	8,067	272	5,995	14,162	21,904	21,998
OTHER OPERATING (EXPENSES)/ INCOME								
Allowance for doubtful debts								(14,349)
General and administrative expenses								(111,811)
Commission income on deposits								17,539
Dividend income on investments								7,526
Impairment on investments								(6,765)
Realized gain on investments								28,823
Unrealized gain on investments								10,604
TOTAL OTHER OPERATING EXPENSES								(68,433)
Total loss for the period before zakat and income tax & surplus attribution								(46,435)
Zakat								(11,150)
NET LOSS FOR THE PERIOD								(57,585)
Total income for the period attributable to insurance operations								-
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS								(57,585)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

13. OPERATING SEGMENTS (CONTINUED)

	For the nine Months period ended September 30, 2020 (Unaudited)						
	Medical	Motor	Property	Engineering	Protection & Savings	Others	Total
	SAR'000						
REVENUES							
Gross premiums written							
- Direct	66,980	525,197	217,044	83,032	5,404	139,970	1,037,627
- Reinsurance	-	-	6,573	418	-	-	6,991
	66,980	525,197	223,617	83,450	5,404	139,970	1,044,618
Reinsurance premiums ceded							
- Local ceded	-	-	(7,126)	(2,856)	-	-	(9,982)
- Foreign ceded	(3,706)	(717)	(212,019)	(75,401)	(3,554)	(113,052)	(408,449)
	(3,706)	(717)	(219,145)	(78,257)	(3,554)	(113,052)	(418,431)
Excess of loss expenses	(7,775)	(2,202)	(667)	(667)	-	(852)	(12,163)
Net premiums written	55,499	522,278	3,805	4,526	1,850	26,066	614,024
Changes in unearned premiums, net	19,166	(39,785)	(1,224)	(1,520)	(934)	(2,859)	(27,156)
Net premiums earned	74,665	482,493	2,581	3,006	916	23,207	586,868
Reinsurance commissions	893	41	11,394	8,425	815	9,674	31,242
Other underwriting income	1,421	4,056	8	6	185	4,334	10,010
TOTAL REVENUES	76,979	486,590	13,983	11,437	1,916	37,215	628,120
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	63,828	304,670	1,942	13,888	1,066	21,110	406,504
Surrenders and maturities	-	-	-	-	12,618	-	12,618
Expenses incurred related to claims	2,836	24,192	-	-	-	-	27,028
Reinsurers' share of claims paid	(9,497)	(623)	(1,499)	(12,992)	(13,433)	(14,283)	(52,327)
Net claims and other benefits paid	57,167	328,204	443	896	251	6,862	393,823
Changes in outstanding claims, net	3,226	23,844	(495)	332	(38)	(832)	26,036
Changes in IBNR, net	1,659	(23,471)	84	(352)	43	(2,199)	(24,236)
Net claims and other benefits incurred	62,051	328,577	31	876	255	3,833	395,623
Additional premium reserves	(2,348)	41,517	-	(18)	-	(213)	38,938
Other technical reserves	(1,102)	(17,860)	(241)	(437)	181	1,395	(18,426)
Policy acquisition costs	4,919	17,734	3,431	2,873	1	5,367	34,325
Other underwriting expenses	2,632	17,055	-	-	-	57	19,744
TOTAL UNDERWRITING COSTS AND EXPENSES	66,152	387,023	3,221	3,294	75	10,439	470,204
NET UNDERWRITING INCOME	13,715	96,969	10,761	8,134	1,665	26,663	157,916
OTHER OPERATING (EXPENSES)/ INCOME							
Allowance for doubtful debts							(20,192)
General and administrative expenses							(103,207)
Commission income on deposits							10,686
Dividend and realized gain on investments							2,249
TOTAL OTHER OPERATING EXPENSES							(110,464)
Total income for the period before zakat and income tax & surplus attribution							47,452
Zakat							(14,874)
Income tax							(703)
NET INCOME FOR THE PERIOD							31,875
Total income for the period attributable to insurance operations							(4,648)
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS							27,227

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

14. RELATED PARTY TRANSACTIONS AND BALANCES

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

	Transactions for the nine Months period ended		Net balance receivable / (payable) as at	
	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
	SAR'000		SAR'000	
Entities controlled, jointly controlled or significantly influenced by related parties				
Insurance premium written / receivable from				
- BOD and related parties	43,015	22,038	4,590	19,917
- Key management personnel	14	-	-	-
Reinsurance business with Directors and related parties	92	(91)	(13)	(104)
Gross Claims paid and payable to directors and their related parties	38,731	2,392	(14,491)	(752)
Premium ceded , XOL and balances payables for premium ceded and XOL	916	7,915	(250)	(8,662)
Reinsurance share of claims paid	(4,240)	(15,293)	1,416	-
Other business	(19)	(1,158)		90

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

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
	SAR'000	
Salaries and other allowances	4,320	3,809
End of service indemnities	848	312
	5,168	4,121
Remuneration to those charged with governance	3,763	3,918

15. ZAKAT AND INCOME TAX

The Company has filed Zakat and income tax returns with Zakat, Tax, and Customs Authority known previously as the General Authority of Zakat and Tax ("GAZT") up to the year ended December 31, 2020 and obtained the required certificate from Zakat, Tax, and Customs Authority that was valid up to April 30, 2022.

Status of assessments

In 2019, the Company has received an assessment order for the year 2016 for an additional zakat and tax liability amounting to SR 20 million. The Company successfully appealed against most of the items in this assessment and paid an amount of SR 1.9 million as a full and final settlement.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

15. ZAKAT AND INCOME TAX (CONTINUED)

During 2020, the Company received an assessment order for the year 2014 for an additional zakat and tax liability amounting to SR 5.9 million. Further, during 2020, the company has received assessment orders for the years 2015, 2017 and 2018 for an additional zakat and tax liability amounting to SR 9.3 million. The company has appealed against these assessments, which are under review and consideration by the General Secretariat of Tax Committees ("GSTC").

The management of the Company reviewed assessment letters and responded in the specified time period and is confident that the additional liability would be adjusted significantly in favour of the Company. The management also believes that the provision as reflected in financial statements is sufficient to meet any additional zakat and tax obligation.

Provision for zakat and income tax

Provision for zakat has been made at 2.5% of the higher of approximate zakat base and adjusted net income attributable to the Saudi shareholders of the Company.

Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

Shareholding subject to zakat and income tax

The following is the shareholding percentage for computation as at the end of the period/year:

	September 30, 2021	December 31, 2020
	%	%
	SAR'000	
Shareholding subject to zakat	87.35	87.35
Shareholding subject to income tax	12.65	12.65

16. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 646.4 million at September 30, 2021 consisting of 64.6 million shares of SAR 10 each (December 31, 2020: SAR 646.4 million consisting of 64.6 million shares of SAR 10 each).

In the year 2015, the Company had increased its share capital from SAR 200 million to SAR 400 million, by issuing 20 million right shares to its existing shareholders, which were offered at an exercise price of SAR 12 per share. This resulted in a share premium less issuance cost amounting to SAR 30.1 million.

The Company's Board of Directors in their meeting held on April 8, 2019 corresponding to 3 Sha'aban 1440H recommended to the Extraordinary General Assembly Meeting to increase share capital of the Company. The Extraordinary General Assembly approved to increase share capital of the Company from SAR 440 million to SAR 528 million by issuing one bonus share for every five existing shares owned by the shareholder. The increase in share capital is through capitalization of retained earnings of SAR 88 million. The increase in share capital was approved by the shareholders in their meeting held on 16 Ramadan 1440H (Corresponding to May 21, 2019).

The Board of Directors in their meeting held on 30 Muharram 1441 H (corresponding to September 29, 2019) resolved to increase the share capital from SAR 528,000,000 to SAR 646,397,060 by issuing 11,839,706 ordinary shares to merge MetLife into the Company and transferring all of MetLife's assets and liabilities to the Company through a securities exchange offer (note 4). Later, the shareholders in the EGM held on January 27, 2020 corresponding to 2 Jumada II 1441H approved the proposed merger of the Company and MAA to be effected by way of a merger pursuant to Articles 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G), through the issuance of

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

16. SHARE CAPITAL (CONTINUED)

0.6577614444444444 new shares in the Company for each share in MAA subject to the terms and conditions of the Merger Agreement. The fair value of the newly issued shares of the Company was determined on the basis of closing market price of Walaa's ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium of SAR 118,397 thousand and SAR 73,169 thousand respectively.

The Board of Directors in their meeting held on 27 Jumada I 1442 H (corresponding to 11 January 2021) recommended to increase share capital by offering right issue with an additional amount of SAR 775million to support growth plan of the company and maintain its solvency margin. However, during the quarter ended 30 September 2021, the Company announced on Tadawul on 15 July 2021 corresponding to 05/12/1442H to delay the rights issue due to signing of a memorandum of understanding ("MOU") with SABB Takaful Company ("SABB Takaful") to assess the feasibility of merging the two companies.

The shareholding structure of the Company is as below:

	September 30, 2021 (Unaudited)		
	Authorized and issued		Paid up
	No. of Shares	SAR "000"	
American Life Insurance	3,551,911	35,519	35,519
Arab National Bank	3,545,146	35,451	35,451
International General Insurance Company-IGI	2,020,569	20,206	20,206
Others	55,522,080	555,221	555,221
Total	64,639,706	646,397	646,397
	December 31, 2020 (audited)		
	Authorized and issued		Paid up
	No. of Shares	SAR "000"	
American Life Insurance	3,551,911	35,519	35,519
Arab National Bank	3,545,146	35,451	35,451
International General Insurance Company	2,020,569	20,206	20,206
Others	55,522,080	555,221	555,221
Total	64,639,706	646,397	646,397

17. DIVIDEND

No dividend was proposed or paid during the period.

18. CAPITAL MANAGEMENT

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

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

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

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

19. EARNINGS PER SHARE (“EPS”)

Basic and diluted earnings per share from shareholders' income/ (loss) is calculated by dividing net income/ (loss) for the period by weighted average number of ordinary shares outstanding during the period.

20. GROSS PREMIUMS WRITTEN

(Unaudited)	For the nine months period ended September 30, 2021					
	Corporate					Total Gross premiums written
Class	Micro	Small	Medium	Large	Individual	
SR'000						
Medical	9,098	14,153	20,852	190,194	14,504	248,801
Motor	13,759	5,049	9,094	53,730	379,752	461,384
Property	6,820	11,666	15,762	87,575	-	121,823
Engineering	2,848	2,582	15,876	49,755	-	71,061
Energy	1,687	-	13,673	486,028	-	501,388
Protection & Savings	5,949	305	1,101	96,540	2,451	106,346
Others	14,006	22,994	23,432	158,869	4,126	223,427
Total	54,167	56,749	99,790	1,122,691	400,833	1,734,230

(Unaudited)	For the nine months period ended September 30, 2020					
	Corporate					Total Gross premiums written
Class	Micro	Small	Medium	Large	Individual	
SR'000						
Medical	12,078	9,400	6,890	30,674	7,938	66,980
Motor	672	3,119	9,865	147,055	364,486	525,197
Property	1,858	10,523	7,571	203,665	-	223,617
Engineering	1,193	908	4,584	76,765	-	83,450
Protection & Savings	(10)	88	249	1,823	3,254	5,404
Others	3,200	10,211	14,736	109,495	2,328	139,970
Total	18,991	34,249	43,895	569,477	378,006	1,044,618

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS

Interim condensed financial position

	<u>September 30, 2021 - (Unaudited)</u>			<u>December 31, 2020 - (Audited)</u>		
	Insurance	Share-	Total	Insurance	Share-	Total
	operations	holders'		operations	holders'	
	SAR'000			SAR'000		
ASSETS						
Cash and cash equivalents	454,879	3,974	458,853	687,297	-	687,297
Short term deposits	201,659	-	201,659	50,000	167,274	217,274
Long term deposits	-	50,000	50,000	-	50,000	50,000
Premiums and reinsurers' receivable – net	415,203	-	415,203	333,020	-	333,020
Reinsurers' share of unearned Premiums	545,813	-	545,813	363,490	-	363,490
Reinsurers' share of outstanding claims	342,915	-	342,915	162,891	-	162,891
Reinsurers' share of claims incurred but not reported	112,990	-	112,990	57,700	-	57,700
Reinsurers' share of mathematical reserves	129,884	-	129,884	138,959	-	138,959
Deferred policy acquisition Costs	32,613	-	32,613	25,355	-	25,355
Investments	-	746,239	746,239	-	515,790	515,790
Due from shareholders' operations	19,337	-	19,337	-	86,072	86,072
Prepaid expenses and other assets	88,012	1,853	89,865	90,051	192	90,243
Property and equipment	32,732	-	32,732	14,240	-	14,240
Intangible assets	4,634	33,133	37,767	1,587	33,133	34,720
Goodwill	-	24,415	24,415	-	24,415	24,415
Statutory deposit	-	64,640	64,640	-	64,640	64,640
Accrued income on statutory deposit	-	10,597	10,597	-	10,114	10,114
Accrued commission income	382	1,619	2,001	-	3,882	3,882
TOTAL ASSETS	2,381,053	936,470	3,317,523	1,924,590	955,512	2,880,102

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed financial position (Continued)

	September 30, 2021 - (Unaudited)			December 31, 2020- (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
LIABILITIES						
Policyholders claims payables	33,648	-	33,648	34,794	-	34,794
Accrued and other liabilities	169,358	3,897	173,255	151,950	240	152,190
Reinsurers' balances payable	200,401	-	200,401	232,814	-	232,814
Unearned premiums	1,068,317	-	1,068,317	789,964	-	789,964
Unearned reinsurance commission	32,824	-	32,824	20,472	-	20,472
Outstanding claims	473,356	-	473,356	233,498	-	233,498
Claims incurred but not reported	222,722	-	222,722	170,977	-	170,977
Gross mathematical reserves	129,884	-	129,884	138,959	-	138,959
Additional premium reserves	9,940	-	9,940	26,010	-	26,010
Other technical reserves	9,273	-	9,273	8,642	-	8,642
End-of-service indemnities	22,616	-	22,616	21,724	-	21,724
Zakat and income tax	-	33,101	33,101	-	28,864	28,864
Accrued commission income payable to SAMA	-	10,597	10,597	-	10,114	10,114
Due to insurance operations	-	19,337	19,337	86,072	-	86,072
Insurance operations' surplus	9,774	-	9,774	9,774	-	9,774
TOTAL LIABILITIES	2,382,113	66,932	2,449,206	1,925,650	39,218	1,964,868
EQUITY						
Share capital	-	646,397	646,397	-	646,397	646,397
Share premium	-	103,277	103,277	-	103,277	103,277
Statutory reserve	-	63,327	63,327	-	63,327	63,327
Retained earnings	-	23,719	23,719	-	81,304	81,304
Fair value reserve on investments	-	32,818	32,818	-	21,989	21,989
TOTAL SHAREHOLDERS' EQUITY	-	869,538	869,538	-	916,294	916,294
Re-measurement of defined benefit obligation	(1,060)	-	(1,060)	(1,060)	-	(1,060)
TOTAL EQUITY	(1,060)	869,538	868,396	(1,060)	916,294	915,234
TOTAL LIABILITIES AND EQUITY	2,381,053	936,470	3,317,602	1,924,590	955,512	2,880,102

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of income for the three months period ended

(Unaudited)	September 30, 2021			September 30, 2020		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written						
- Direct	518,519	-	518,519	406,645	-	406,645
- Reinsurance	29,792	-	29,792	5,927	-	5,927
	548,311	-	548,311	412,572	-	412,572
Reinsurance premiums ceded						
- Local ceded	(1,808)	-	(1,808)	(3,530)	-	(3,530)
- Foreign ceded	(226,977)	-	(226,977)	(223,263)	-	(223,263)
	(228,785)	-	(228,785)	(226,793)	-	(226,793)
Excess of loss expenses	(1,449)	-	(1,449)	(8,718)	-	(8,718)
Net premiums written	318,077	-	318,077	177,061	-	177,061
Changes in unearned premiums, net	(48,209)	-	(48,209)	24,508	-	24,508
Net premiums earned	269,868	-	269,868	201,569	-	201,569
Reinsurance commissions	17,154	-	17,154	14,259	-	14,259
Other underwriting income	702	-	702	1,381	-	1,381
TOTAL REVENUES	287,724	-	287,724	217,209	-	217,209
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	223,147	-	223,147	170,288	-	170,288
Surrenders and maturities	1,791	-	1,791	4,743	-	4,743
Expenses incurred related to claims	7,415	-	7,415	4,646	-	4,646
Reinsurers' share of claims paid	(15,814)	-	(15,814)	(31,762)	-	(31,762)
Net claims and other benefits paid	216,539	-	216,539	147,915	-	147,915
Changes in outstanding claims, net	28,011	-	28,011	1,838	-	1,838
Changes in IBNR, net	(4,131)	-	(4,131)	(9,582)	-	(9,582)
Net claims and other benefits Incurred	240,419	-	240,419	140,171	-	140,171
Additional premium reserves	(2,135)	-	(2,135)	(12,530)	-	(12,530)
Other technical reserves	59	-	59	(700)	-	(700)
Policy acquisition costs	14,919	-	14,919	13,165	-	13,165
Other underwriting expenses	29,998	-	29,998	7,396	-	7,396
TOTAL UNDERWRITING COSTS AND EXPENSES	283,260	-	283,260	147,502	-	147,502
NET UNDERWRITING INCOME	4,464	-	4,464	69,707	-	69,707

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of income for the three month periods ended (Continued)

(Unaudited)	September 30, 2021			September 30, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	(8,351)	-	(8,351)	(7,774)	-	(7,774)
General and administrative expenses	(37,382)	(2,622)	(40,004)	(36,749)	(2,655)	(39,404)
Commission income	603	2,772	3,375	723	2,384	3,107
Dividend income on Investments	-	1,315	1,315	-	1,726	1,726
Impairment on investments	-	(6,765)	(6,765)	-	-	-
Realized gain/(loss) on investments	-	10,899	10,899	-	500	500
Unrealized gain/(loss) on investments	-	1,952	1,952	-	-	-
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(45,130)	7,551	(37,579)	(43,800)	1,955	(41,845)
Total (loss) / income for the period before zakat and income tax	(40,666)	7,551	(33,115)	25,907	1,955	27,862
Zakat	-	(3,750)	(3,750)	-	(10,629)	(10,629)
Income tax	-	-	-	-	(448)	(448)
NET (LOSS) / INCOME FOR THE PERIOD	(40,666)	3,801	(36,865)	25,907	(9,122)	16,785
(Loss)/income transferred to Shareholders	40,666	(40,666)	-	(23,316)	23,316	-
NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS	-	(36,865)	(36,865)	2,591	14,194	16,785
(Loss)/ Earnings per share (Expressed in SAR per share)		(0.57)			0.22	
Basic and diluted EPS		(0.57)			0.22	

Interim condensed statement of comprehensive income for the three months period ended

(Unaudited)	September 30, 2021			September 30, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
Total (loss) / income for the period	-	(36,865)	(36,865)	2,591	14,194	16,785
Other comprehensive (loss) income						
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Available for sale investments:						
- Net change in fair value	-	(4,202)	(4,202)	-	18,192	18,192
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	-	(41,067)	(41,067)	2,591	32,386	34,977

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of income for the nine months period ended (Continued)

(Unaudited)	September 30, 2021			September 30, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written						
- Direct	1,658,945	-	1,658,945	1,037,627	-	1,037,627
- Reinsurance	75,285	-	75,285	6,991	-	6,991
	1,734,230	-	1,734,230	1,044,618	-	1,044,618
Reinsurance premiums ceded						
- Local ceded	(10,657)	-	(10,657)	(9,982)	-	(9,982)
- Foreign ceded	(876,512)	-	(876,512)	(408,449)	-	(408,449)
	(887,169)	-	(887,169)	(418,431)	-	(418,431)
Excess of loss expenses	(4,330)	-	(4,330)	(12,163)	-	(12,163)
Net premiums written	842,731	-	842,731	614,024	-	614,024
Changes in unearned premiums, net	(96,030)	-	(96,030)	(27,156)	-	(27,156)
	746,701	-	746,701	586,868	-	586,868
Net premiums earned	45,330	-	45,330	31,242	-	31,242
Reinsurance commissions	45,330	-	45,330	31,242	-	31,242
Other underwriting income	1,463	-	1,463	10,010	-	10,010
TOTAL REVENUES	793,494	-	793,494	628,120	-	628,120
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	708,718	-	708,718	406,504	-	406,504
Surrenders and maturities	12,154	-	12,154	12,618	-	12,618
Expenses incurred related to claims	18,260	-	18,260	27,028	-	27,028
Reinsurers' share of claims paid	(119,280)	-	(119,280)	(52,327)	-	(52,327)
Net claims and other benefits paid	619,852	-	619,852	393,823	-	393,823
Changes in outstanding claims, net	59,834	-	59,834	26,036	-	26,036
Changes in IBNR, net	(3,545)	-	(3,545)	(24,236)	-	(24,236)
Net claims and other benefits Incurred	676,141	-	676,141	395,623	-	395,623
Additional premium reserves	(16,070)	-	(16,070)	38,938	-	38,938
Other technical reserves	631	-	631	(18,426)	-	(18,426)
Policy acquisition costs	42,720	-	42,720	34,325	-	34,325
Other underwriting expenses	68,074	-	68,074	19,744	-	19,744
TOTAL UNDERWRITING COSTS AND EXPENSES	771,496	-	771,496	470,204	-	470,204
NET UNDERWRITING INCOME	21,998	-	21,998	157,916	-	157,916

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of income for the nine months period ended (Continued)

(Unaudited)	September 30, 2021			September 30, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	(14,349)	-	(14,349)	(20,192)	-	(20,192)
General and administrative expenses	(104,860)	(6,951)	(111,811)	(93,364)	(9,843)	(103,207)
Commission income	8,725	8,814	17,539	2,115	8,571	10,686
Dividend income on Investments	-	7,526	7,526	2	1,747	1,749
Impairment on investments	-	(6,765)	(6,765)	-	-	-
Realized gain/(loss) on investments	-	28,823	28,823	-	500	500
Unrealized gain/(loss) on investments	-	10,604	10,604	-	-	-
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(110,484)	42,051	(68,433)	(111,439)	975	(110,464)
Total (loss)/ income for the period before zakat and income tax	(88,486)	42,051	(46,435)	46,477	975	47,452
Zakat	-	(11,150)	(11,150)	-	(14,874)	(14,874)
Income tax	-	-	-	-	(703)	(703)
NET (LOSS) / INCOME FOR THE PERIOD	(88,486)	30,901	(57,585)	46,477	(14,602)	31,875
(Loss)/ income transferred to Shareholders	88,486	(88,567)	-	(41,829)	41,829	-
NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS	-	(57,585)	(57,585)	4,648	27,227	31,875
(Loss)/ Earnings per share (Expressed in SAR per share) Basic and diluted	<u>(0.89)</u>			<u>0.44</u>		

Interim condensed statement of comprehensive income for the nine months period ended

(Unaudited)	September 30, 2021			September 30, 2020		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
Total (loss) / income for the period	-	(57,585)	(57,585)	4,648	27,227	31,875
Other comprehensive (loss) income						
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Available for sale investments:						
- Net change in fair value	-	10,829	10,829	-	(4,271)	(4,271)
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	-	(46,756)	(46,756)	4,648	22,956	27,604

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of cash flows for nine months

(Unaudited)	Insurance	Share-	Total	Insurance	Share-	Total
	operations	holders' operations		operations	holders' operations	
	2021 SAR'000			2020 SAR'000		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss)/ income for the period before zakat	-	(46,435)	(46,435)	4,648	42,804	47,452
Adjustments for non-cash items:						
Depreciation of property and equipment	7,134	-	7,134	15,028	-	15,028
Amortization of intangible assets	578	-	578	4,569	-	4,569
Allowance for doubtful debts	14,349	-	14,349	20,192	-	20,192
Impairment on investments	-	6,765	6,765	-	-	-
Provision for end-of-service indemnities	3,157	-	3,157	2,911	-	2,911
Lease finance cost	111	-	111	-	-	-
Changes in operating assets and liabilities:						
Premiums and reinsurers' receivable	(96,532)	-	(96,532)	(169,739)	-	(169,739)
Reinsurers' share of unearned premiums	(182,323)	-	(182,323)	(3,903)	-	(3,903)
Reinsurers' share of outstanding claims	(180,024)	-	(180,024)	(58,643)	-	(58,643)
Reinsurers' share of claims incurred but not reported	(55,290)	-	(55,290)	11,863	-	11,863
Reinsurers' share of mathematical reserves	9,075	-	9,075	13,019	-	13,019
Deferred policy acquisition costs	(7,258)	-	(7,258)	(8,772)	-	(8,772)
Prepaid expenses and other assets	2,039	(1,661)	378	(20,748)	(3,615)	(24,363)
Accrued commission income	2,489	2,263	4,752	214	1,026	1,240
Policyholders and accounts payables	(1,146)	-	(1,146)	1,059	-	1,059
Accrued and other liabilities	17,408	3,657	21,065	29,064	3,484	32,548
Reinsurers' balances payable	(32,413)	-	(32,413)	28,591	-	28,591
Unearned premiums	278,353	-	278,353	31,059	-	31,059
Unearned reinsurance commission	12,352	-	12,352	2,251	-	2,251
Outstanding claims	239,858	-	239,858	83,270	-	83,270
Claims incurred but not reported	51,745	-	51,745	(36,099)	-	(36,099)
Gross mathematical reserves	(9,075)	-	(9,075)	(13,019)	-	(13,019)
Additional premium reserves	(16,070)	-	(16,070)	38,938	-	38,938
Other technical reserves	631	-	631	(17,017)	-	(17,017)
	59,148	(35,411)	23,737	(41,264)	43,699	2,435
End-of-service indemnities paid	(2,265)	-	(2,265)	(1,175)	-	(1,175)
Zakat and income tax paid	-	(6,913)	(6,913)	-	(12,064)	(12,064)
Net cash (used in)/ generated from operating activities	56,883	(42,324)	14,559	(42,439)	31,635	(10,804)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of cash flows for nine months (Continued)

	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	2021 SAR'000			2020 SAR'000		
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions in investments	-	(226,385)	(226,385)	-	(48,033)	(48,033)
Cash and cash equivalents acquired through business combination	-	-	-	34,413	9,176	43,589
Additions/disposals in short term deposits	(151,659)	167,274	15,615	133,051	(6,200)	126,851
Additions/disposals in long term deposits	-	-	-	-	39,000	39,000
Purchase of land	(16,400)	-	(16,400)	-	-	-
Additions in property and equipment	(9,226)	-	(9,226)	(12,125)	-	(12,125)
Additions in intangible assets	(3,625)	-	(3,625)	(4,651)	-	(4,651)
Net cash generated from / (used in) investing activities	(180,910)	(59,111)	(240,021)	150,688	(6,057)	144,631
CASH FLOWS FROM FINANCING ACTIVITIES						
Statutory deposit	-	-	-	-	23,160	23,160
Due from shareholders/insurance operations	(105,409)	105,409	-	48,738	(48,738)	-
Lease rentals	(2,982)	-	(2,982)	(3,920)	-	(3,920)
Net cash (used in) / generated from financing activity	(108,391)	105,409	(2,982)	44,818	(25,578)	19,240
Net change in cash and cash equivalents	(232,418)	3,974	(228,444)	153,067	-	153,067
Cash and cash equivalents, beginning of the period	687,297	-	687,297	560,925	-	560,925
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	454,879	3,974	458,853	713,992	-	713,992
NON-CASH TRANSACTION						
Unrealised changes in fair value of available for sale investments	-	10,829	10,829	-	(4,271)	(4,271)

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021

22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on October 26, 2021 corresponding to 20 Rabi ul Awal 1443H.