

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, 2022**

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, 2022

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**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, 2022, 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.

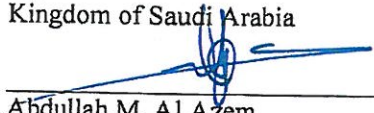
Scope of review

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.

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9 Rabi ul Thani 1444H
3 November 2022 G



WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Notes	September 30, 2022 - (Unaudited)	December 31, 2021 - (Audited)
SAR'000			
ASSETS			
Cash and cash equivalents	5	552,824	325,055
Short term deposits		200,000	201,659
Long term deposits		50,000	100,000
Premiums and reinsurers' receivable - net	6	585,481	582,129
Reinsurers' share of unearned premiums	8.2	583,422	538,598
Reinsurers' share of outstanding claims	8.1	371,327	338,919
Reinsurers' share of claims incurred but not reported	8.1	150,828	149,655
Reinsurer's share of mathematical reserves		94,610	123,696
Deferred policy acquisition costs		43,705	36,476
Investments	7	758,046	773,236
Due from shareholders' operations		12,640	4,437
Prepaid expenses and other assets		153,472	97,401
Property and equipment, net	9	32,868	30,969
Intangible assets		37,175	37,713
Goodwill		24,415	24,415
Statutory deposit		64,640	64,640
Accrued income on statutory deposit		11,488	10,764
Accrued commission income		7,703	7,419
TOTAL ASSETS		3,734,644	3,447,181



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, 2022

	Notes	September 30, 2022 - (Unaudited)	December 31, 2021 - (Audited)
SAR'000			
LIABILITIES			
Policyholders claims payable		63,247	47,658
Accrued and other liabilities	10	284,956	190,702
Reinsurers' balances payable		309,622	335,026
Unearned premiums	8.2	1,203,589	1,074,103
Unearned reinsurance commission		39,228	31,258
Outstanding claims	8.1	611,141	480,616
Claims incurred but not reported	8.1	274,154	266,202
Gross mathematical reserves		94,610	123,696
Additional premium reserves	8.1	7,623	9,054
Other technical reserves	8.1	7,933	7,701
Due to insurance operations		12,640	4,437
End-of-service indemnities		23,901	21,982
Zakat and income tax	15	35,927	31,208
Accrued commission income payable to SAMA		11,488	10,764
Surplus distribution payable		2,146	2,148
TOTAL LIABILITIES		2,982,205	2,636,555
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		32,175	38,522
Accumulated losses		(92,590)	(40,750)
TOTAL SHAREHOLDERS' EQUITY		752,586	810,773
Re-measurement reserve of defined benefit obligation – related to insurance operations		(147)	(147)
TOTAL EQUITY		752,439	810,626
TOTAL LIABILITIES AND EQUITY		3,734,644	3,447,181
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, 2022

	Notes	For the three months period ended September 30,		For the nine months period ended September 30,	
		2022	2021	2022	2021
		SAR'000		SAR'000	
REVENUES					
Gross premiums written					
- Direct		561,271	518,519	1,915,189	1,658,945
- Reinsurance		24,765	29,792	72,105	75,285
	8.2	586,036	548,311	1,987,294	1,734,230
Reinsurance premiums ceded					
- Local ceded		(2,388)	(1,808)	(5,278)	(10,657)
- Foreign ceded		(263,077)	(226,977)	(951,554)	(876,512)
	8.2	(265,465)	(228,785)	(956,832)	(887,169)
Excess of loss expenses	8.2	(3,949)	(1,449)	(6,937)	(4,330)
Net premiums written		316,622	318,077	1,023,525	842,731
Changes in unearned premiums		56,465	(12,323)	(129,486)	(278,353)
Changes in reinsurance share of unearned premiums		(34,778)	(35,886)	44,824	182,323
Net premiums earned		338,309	269,868	938,863	746,701
Reinsurance commissions		19,503	17,154	58,801	45,330
Other underwriting income		13,029	702	16,333	1,463
TOTAL REVENUES		370,841	287,724	1,013,997	793,494
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		241,654	223,147	753,450	708,718
Surrenders and maturities		4,433	1,791	24,167	12,154
Expenses incurred related to claims		9,763	7,415	28,724	18,260
Reinsurers' share of claims paid		(17,047)	(15,814)	(76,382)	(119,280)
Net claims and other benefits paid		238,803	216,539	729,959	619,852
Changes in outstanding claims		88,646	85,580	130,525	239,858
Changes in reinsurance share of outstanding claims		(45,594)	(57,569)	(32,408)	(180,024)
Changes in IBNR		12,146	3,331	7,952	51,745
Changes in reinsurance share of IBNR		(7,209)	(7,462)	(1,173)	(55,290)
Net claims and other benefits incurred		286,792	240,419	834,855	676,141
Additional premium reserves		(646)	(2,135)	(1,431)	(16,070)
Other technical reserves		608	59	232	631
Policy acquisition costs		22,720	14,919	61,738	42,720
Other underwriting expenses		35,262	29,998	96,021	68,074
TOTAL UNDERWRITING COSTS AND EXPENSES		344,736	283,260	991,415	771,496
NET UNDERWRITING INCOME		26,105	4,464	22,582	21,998


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, 2022

	Notes	For the three months period ended September 30,		For the nine months period ended September 30,	
		2022	2021	2022	2021
		SAR'000		SAR'000	
<u>OTHER OPERATING (EXPENSES) / INCOME</u>					
Allowance for doubtful debts		(16,305)	(8,351)	(17,147)	(14,349)
General and administrative expenses		(36,943)	(40,004)	(110,544)	(111,811)
Commission income		4,935	3,375	13,398	17,539
Dividend income on investments		1,670	1,315	9,373	7,526
Impairment on investments		-	(6,765)	-	(6,765)
Realized (loss)/ gain on investments		(504)	10,899	29,075	28,823
Unrealized (loss)/ gain on investments		4,827	1,952	9,423	10,604
TOTAL OTHER OPERATING EXPENSES		(42,320)	(37,579)	(66,422)	(68,433)
Total loss for the period before zakat and income tax		(16,215)	(33,115)	(43,840)	(46,435)
Zakat for the period	15	(1,500)	(3,750)	(8,000)	(11,150)
Total loss for the period		(17,715)	(36,865)	(51,840)	(57,585)
Total income attributed to the insurance Operations	21	-	-	-	-
Net loss for the period attributable to the shareholders		(17,715)	(36,865)	(51,840)	(57,585)
Loss per share					
Basic and diluted (SAR per share)	19	(0.27)	(0.57)	(0.80)	(0.89)
Weighted average number of ordinary outstanding shares (in thousands)		64,640	64,640	64,640	64,640


Chief Financial Officer


Chief Executive Officer


Board Member

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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, 2022

	Notes	For the three months period ended September 30,		For the nine months period ended September 30,	
		2022	2021	2022	2021
		SAR'000		SAR'000	
Total loss for the period		(17,715)	(36,865)	(51,840)	(57,585)
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)	(27,135)	(28,823)
- Net change in fair value	7	2,558	6,697	20,788	39,652
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(15,157)	(41,067)	(58,187)	(46,756)
Total comprehensive income attributed to the insurance operations		-	-	-	-
Total Comprehensive Loss for the period attributable to the shareholders		(15,157)	(41,067)	(58,187)	(46,756)



Chief Financial Officer


Chief Executive Officer


Board Member

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**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, 2022**

	Share capital	Share premium	Statutory reserve	Fair value reserve for investments	Accumulated losses	Total
Notes	SAR '000					
2022						
Balance at January 1, 2022 (Audited)	646,397	103,277	63,327	38,522	(40,750)	810,773
Comprehensive income for the period:						
Net loss for the period attributable to the shareholders	-	-	-	-	(51,840)	(51,840)
Realized gain transferred to income	-	-	-	(27,135)	-	(27,135)
Changes in fair value of available-for-sale investments, net	-	-	-	20,788	-	20,788
Total comprehensive loss for the period attributable to Shareholders	-	-	-	(6,347)	(51,840)	(58,187)
Balance at September 30, 2022 (Unaudited)	646,397	103,277	63,327	32,175	(92,590)	752,586
2021						
Balance at January 1, 2021 (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)
Changes in fair value of available-for-sale investments, net	-	-	-	39,652	-	39,652
Total comprehensive income/ (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



Chief Financial Officer



Chief Executive Officer



Board Member

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WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	2022	2021
	SAR'000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before zakat and income tax	(43,840)	(46,435)
Adjustments for non-cash:		
Depreciation of property and equipment	4,728	7,134
Amortization of intangible assets	1,872	578
Allowance for doubtful debts	17,147	14,349
Impairment on investments	-	6,765
Dividend income on investments	(9,373)	(7,562)
Commission income on deposits	(13,398)	(17,539)
Gain on investments	(29,075)	(28,823)
Unrealised gain on investments	(9,423)	(10,604)
Provision for end-of-service indemnities	3,127	3,157
Lease finance cost and adjustments	648	111
Amortization of sukuk	34	257
Changes in operating assets and liabilities:		
Premiums and reinsurers' receivable	(20,499)	(96,532)
Reinsurers' share of unearned premiums	(44,824)	(182,323)
Reinsurers' share of outstanding claims	(32,408)	(180,024)
Reinsurers' share of claims incurred but not reported	(1,173)	(55,290)
Reinsurers' share of mathematical reserves	29,086	9,075
Deferred policy acquisition costs	(7,229)	(7,258)
Prepaid expenses and other assets	(56,071)	378
Policyholders claim payables	15,589	(1,146)
Accrued and other liabilities	96,358	23,936
Reinsurers' balances payable	(25,404)	(32,413)
Unearned premiums	129,486	278,353
Unearned reinsurance commission	7,970	12,352
Outstanding claims	130,525	239,858
Claims incurred but not reported	7,952	51,745
Gross mathematical reserves	(29,086)	(9,075)
Additional premium reserves	(1,431)	(16,070)
Other technical reserves	232	631
	121,520	(42,415)
End-of-service indemnities paid	(1,208)	(2,265)
Zakat and income tax paid	(3,281)	(6,913)
Net cash generated from/(used in) operating activities	117,031	(51,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Movement in investments, net	47,307	(187,215)
Short term deposits	1,659	15,615
Commission income received	13,114	19,420
Dividend income received	9,373	7,562
Purchase of land	-	(16,400)
Long term deposits	50,000	-
Additions in property and equipment	(6,627)	(9,226)
Additions in intangible assets	(1,334)	(3,625)
Net cash generated from/(used in) investing activities	113,492	(173,869)

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, 2022

	<u>2022</u>	<u>2021</u>
	<u>SAR'000</u>	
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals	<u>(2,754)</u>	<u>(2,982)</u>
Net cash used in financing activities	<u>(2,754)</u>	<u>(2,982)</u>
Net change in cash and cash equivalents	<u>227,769</u>	<u>(228,444)</u>
Cash and cash equivalents, beginning of the year	<u>325,055</u>	<u>687,297</u>
Cash and cash equivalents, end of the period	<u>552,824</u>	<u>458,853</u>
<u>NON-CASH INFORMATION</u>		
Changes in fair value of available for sale investments	<u>(6,347)</u>	<u>10,829</u>



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, 2022

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 Company (“SABB Takaful”) on 05/12/1442H (corresponding to 15/07/2021G) to evaluate a potential merger between the two companies. Later, the Company announced on Tadawul’s website on 07/06/1443H (corresponding to 10/01/2022G) the extension of the MOU for another 45 days expiring on 24/02/2022G. The Company announced further on 26/07/1443H (corresponding to 27/02/2022G) that it has signed a binding merger agreement with SABB Takaful on 23/07/1443H (corresponding to 24/02/2022G) (the “Merger Agreement”) reflecting the agreement of both companies to merge through a share swap transaction, whereby Walaa shall issue /0.6005476176470590/ nominal shares in Walaa against each issued share in SABB Takaful (“Exchange Ratio”), to the benefit of eligible shareholders in SABB Takaful (i.e., shareholders owning the shares issued in SABB Takaful Company on the effective date of the Merger Transaction) and as consideration for the transfer of assets and liabilities of SABB Takaful, and without any additional cash consideration being paid (“Merger Transaction” or “Merger”). This is in accordance with the Companies Law issued by the Ministry of Commerce, the regulations of the Capital Market Authority (“CMA”), including the Mergers and Acquisitions Regulations, the Rules on the Offer of Securities and Continuing Obligations, the Listing Rules issued by the Saudi Stock Exchange (Tadawul), as well as the relevant regulations of the Saudi Central Bank (“SAMA”).

The Company received SAMA’s approval regarding the Merger Transaction on 02/01/1444H (corresponding to 31/07/2022G) and other ancillary matters.

The shareholders in the EGM held on September 15, 2022 corresponding to 19 Safar 1444H approved the merger of SABB Takaful Company into Walaa in accordance with the provisions of Articles (191), (192) and (193) of the Companies Law. by issuing (0.6005476176470590) new shares in Walaa against each share in SABB Takaful Company (“SABB Takaful”) (“Merger Transaction”), in accordance with the terms and conditions of the merger agreement. The formalities to update legal documents are under process.

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, 2022

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, 2022 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, 2022, 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.

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, 2021.

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

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, 2022

2. BASIS OF PREPARATION (CONTINUED)

(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, 2021.

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, 2021.

4. GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATION

During the year ended December 31, 2020, 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 0.6577614444444444 new shares in the Company for each share in MAA subject to the terms and conditions of the Merger Agreement.

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 Company has undertaken a comprehensive purchase price allocation and has identified the following intangible assets. Their valuation approach and methodologies are further detailed below:

	Shareholders'
	operations
	2021
	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

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**4 GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATION
(CONTINUED)**

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.

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.

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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Insurance operations	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Cash and bank balances	543,777	322,883
Deposits maturing within 3 months from the acquisition date	-	-
Total	543,777	322,883
	Shareholders' operations	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Bank balances	9,047	2,172
Deposits maturing within 3 months from the acquisition date	-	-
Total	9,047	2,172
Total cash and cash equivalents	552,824	325,055

6. PREMIUMS AND REINSURERS' RECEIVABLE - NET

Receivables comprises of amounts due from the following:

	Insurance operations	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Policyholders	382,662	201,080
Brokers and agents	240,674	393,052
Related parties	2,600	5,938
Receivables for reinsurance business	27,252	32,702
	653,188	632,772
Less: Provision for doubtful receivables	(67,707)	(50,643)
Premiums and reinsurers' receivable – net	585,481	582,129

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7. INVESTMENTS

Investments are classified as follows:

	Shareholders' operations	
	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Available for sale investments	330,489	374,554
Held for trading	90,276	86,367
Held to maturity	224,333	249,367
	645,098	710,288
	Policyholders' operations	
	September 30, 2022	December 31, 2021
	SAR'000	
	(Unaudited)	(Audited)
Held to maturity	112,948	62,948
	112,948	62,948
	Total	
	2022	2021
	SAR'000	
	(Unaudited)	(Audited)
Available for sale investments	330,489	374,554
Held for trading	90,276	86,367
Held to maturity	337,281	312,315
	758,046	773,236

Movement in available for sale investments is as follows:

	Shareholders' operations	
	September 30, 2022	December 31, 2021
	SAR'000	
	(Unaudited)	(Audited)
Opening balance	374,554	291,390
Purchases	38,642	178,048
Impairment of investment	-	(6,765)
Disposals	(76,360)	(119,726)
Changes in fair value of investments, net	(6,347)	31,607
Closing balance	330,489	374,554

Available-for-sale investments include the following:

	Shareholders' operations	
	September 30, 2022	December 31, 2021
	SAR'000	
	(Unaudited)	(Audited)
Quoted securities	180,649	242,555
Unquoted securities	149,840	131,999
	330,489	374,554

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7. INVESTMENT (CONTINUED)

Movement in held to maturity investments is as follows:

	Shareholders' operations	
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Opening balance	312,315	224,400
Additional during the year	25,000	88,172
Amortization	(34)	(257)
Closing balance	337,281	312,315

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.

8. TECHNICAL RESERVES

8.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Outstanding claims	611,141	480,616
Gross Claims incurred but not reported	291,708	283,457
Less: Net realizable value of salvage and subrogation	(17,554)	(17,255)
Claims incurred but not reported	274,154	266,202
Additional premium reserves:		
- Premium deficiency reserve	7,623	9,054
- Additional unexpired risk reserve	-	-
	7,623	9,054
Other technical reserves:		
- Claims handling expense provision	-	-
- Unallocated loss adjustment expense provision	7,933	7,701
- Non-proportional reinsurance accrual reserve	-	-
	7,933	7,701
Net outstanding claims and reserves	900,851	763,573
Less:		
- Reinsurer's share of outstanding claims	(371,327)	(338,919)
- Reinsurer's share of claims incurred but not reported	(150,828)	(149,655)
	(522,155)	(488,574)
Net outstanding claims and reserves	378,696	274,999

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8. TECHNICAL RESERVES (CONTINUED)

8.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	September 30, 2022 (Unaudited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the period	1,074,103	(538,598)	535,505
Premiums written during the period	1,987,294	(963,769)	1,023,525
Premiums earned during the period	(1,857,808)	918,945	(938,863)
Balance as at the end of the period	1,203,589	(583,422)	620,167
	December 31, 2021 (Audited)		
	Gross	Reinsurance	Net
	SAR'000		
Balance as at the beginning of the year	789,964	(363,490)	426,474
Premiums written during the year	2,338,834	(1,188,273)	1,150,561
Premiums earned during the year	(2,054,695)	1,013,165	(1,041,530)
Balance as at the end of the year	1,074,103	(538,598)	535,505

9. PROPERTY AND EQUIPMENT, NET

	September 30,	December 31,
	2022	2021
	(Unaudited)	(Audited)
	SAR'000	
Land	16,400	16,400
Property and equipment	9,117	8,119
Right of use assets (note 9.1)	7,351	6,450
	32,868	30,969

9.1 Depreciation charges on right of use assets amounted to SAR 0.8 million.

10. ACCRUED AND OTHER LIABILITIES

	September 30,	December 31,
	2022	2021
	(Unaudited)	(Audited)
	SAR'000	
Accrued and other liabilities	278,599	185,135
Lease rentals	6,357	5,567
	284,956	190,702

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10. ACCRUED AND OTHER LIABILITIES (CONTINUED)

Maturity analysis of lease rentals is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Payable within one year	6,357	2,948
Payable more than one year but less than five years	-	2,619
	6,357	5,567

11. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	SAR'000	
Letters of guarantee	13,676	8,125

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, 2021.

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 management assessed that cash and short-term deposits, premium and reinsurance receivables, receivables from related parties, trade and other payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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 information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

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12. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Policyholders and Shareholders'
Operations

September 30, 2022(Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
		SAR '000			
Financial assets measured at fair value					
Available for sale investments	180,649	180,649	-	-	180,649
Held for trading Investments	90,276	90,276	-	-	90,276
	270,925	270,925	-	-	270,925

Policyholders and Shareholders'
Operations

December 31, 2021	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
		SAR '000			
Financial assets measured at fair value					
Available for sale investments	242,555	242,555	-	-	242,555
Held for trading Investments	86,367	86,367	-	-	86,367
	328,922	328,922	-	-	328,922

b. Measurement of fair values

The Company has investments amounting to SAR 149.840 million (31 December 2021: SAR 131.999 million) in unquoted securities and investments amounting to SAR 337.281 million in held to maturity investments recorded at amortized costs (31 December 2021: SAR 312.315 million). These investments in unquoted securities and recorded at amortized costs have not been measured at fair values in the absence of active market or other means of reliably measuring their fair values for certain investments. 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.

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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.

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, investments, accrued commission income, prepaid expenses & other assets, property and equipment, goodwill and intangible assets. Accordingly, these 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, these are included in unallocated liabilities.

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

Segments do not include shareholders' assets and liabilities and equity hence, these are presented under unallocated assets / liabilities accordingly.

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities at September 30, 2022 and December 31, 2021, its total revenues, expenses, and net income for the three and nine month periods then ended, are as follows:

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13. OPERATING SEGMENTS (CONTINUED)

Statement of 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, 2022 and December 31, 2021, its total revenues, expenses, and net income for the the three and nine months' period ended, are as follows:

	As at September 30, 2022 (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	923	73	58,092	276,056	89,786	1,291	157,201	583,422	-	583,422
Reinsurers' share of outstanding claims	561	-	242,473	-	43,221	17,010	68,062	371,327	-	371,327
Reinsurers' share of claims incurred but not reported	-	-	33,091	69,624	16,413	5,149	26,551	150,828	-	150,828
Reinsurer's share of mathematical reserves	-	-	-	-	-	94,610	-	94,610	-	94,610
Deferred policy acquisition costs	17,703	12,310	2,340	11	4,702	141	6,498	43,705	-	43,705
Unallocated assets	-	-	-	-	-	-	-	1,685,029	805,723	2,490,752
Total assets	19,187	12,383	335,996	345,691	154,122	118,201	258,312	2,928,921	805,723	3,734,644
Liabilities and shareholders' equity										
Unearned premiums	342,945	235,444	65,106	276,765	91,647	5,501	186,181	1,203,589	-	1,203,589
Unearned Insurance commission	208	9	5,452	13,341	10,524	16	9,678	39,228	-	39,228
Outstanding claims	97,729	56,543	251,331	-	44,926	75,538	85,074	611,141	-	611,141
Claims incurred but not reported	32,341	67,746	34,710	69,974	17,582	21,072	30,729	274,154	-	274,154
Gross mathematical reserves	-	-	-	-	-	94,610	-	94,610	-	94,610
Additional Premium Reserve	-	7,623	-	-	-	-	-	7,623	-	7,623
Other Technical Reserve	1,008	4,631	586	35	147	639	887	7,933	-	7,933
Unallocated liabilities and shareholders' equity	-	-	-	-	-	-	-	690,643	805,723	1,496,366
Total liabilities and shareholders' equity	474,231	371,996	357,185	360,115	164,826	197,376	312,549	2,928,921	805,723	3,734,644

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13. OPERATING SEGMENTS (CONTINUED)

Statement of Financial Position (continued)

	As at December 31, 2021									
	Insurance operations							Total -	Shareholders'	Total
	Medical	Motor	Property	Energy	Engineering	Protection and Savings	Others	Insurance operations	operations	
	SAR '000									
Assets										
Reinsurers' share of unearned premiums	3,564	47	178,620	144,495	57,986	587	153,299	538,598	-	538,598
Reinsurers' share of outstanding claims	446	-	232,018	-	33,813	15,284	57,358	338,919	-	338,919
Reinsurers' share claims incurred but not Reported	-	-	33,416	63,217	34,280	6,735	12,007	149,655	-	149,655
Reinsurers' share of mathematical reserves	-	-	-	-	-	123,696	-	123,696	-	123,696
Deferred policy acquisition costs	10,548	13,005	3,241	37	3,414	123	6,108	36,476	-	36,476
Unallocated assets	-	-	-	-	-	-	-	1,404,958	854,879	2,259,837
Total assets	14,558	13,052	447,295	207,749	129,493	146,425	228,772	2,592,302	854,879	3,447,181
Liabilities and shareholders' equity										
Unearned premiums	196,922	304,320	184,173	145,081	61,650	3,491	178,466	1,074,103	-	1,074,103
Unearned reinsurance commission	801	5	9,059	6,456	6,635	25	8,277	31,258	-	31,258
Outstanding claims	45,290	46,500	233,827	-	35,033	47,588	72,378	480,616	-	480,616
Claims incurred but not reported	29,675	68,348	34,273	63,339	35,431	18,872	16,264	266,202	-	266,202
Gross mathematical reserves	-	-	-	-	-	123,696	-	123,696	-	123,696
Additional premium reserves	86	8,841	-	-	-	127	-	9,054	-	9,054
Other technical reserves	614	5,468	146	12	165	445	851	7,701	-	7,701
Unallocated liabilities and shareholders' equity	-	-	-	-	-	-	-	599,672	854,879	1,454,551
Total liabilities and shareholders' equity	273,388	433,482	461,478	214,888	138,914	194,244	276,236	2,592,302	854,879	3,447,181

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13. OPERATING SEGMENTS (CONTINUED)

Statement of Income

	For the three months period ended September 30, 2022 (Unaudited)							
	Medical	Motor	Property	Energy	Engineering	Protection	Others	Total
						&Savings		
SAR'000								
REVENUES								
Gross premiums written								
- Direct	169,688	94,812	73,909	39,060	61,241	16,360	106,201	561,271
- Reinsurance	-	-	948	-	694	22,947	176	24,765
	169,688	94,812	74,857	39,060	61,935	39,307	106,377	586,036
Reinsurance premiums ceded								
- Local ceded	-	-	(1,094)	-	(1,294)	-	-	(2,388)
- Foreign ceded	(77)	-	(64,555)	(38,891)	(59,834)	(8,962)	(90,758)	(263,077)
	(77)	-	(65,649)	(38,891)	(61,128)	(8,962)	(90,758)	(265,465)
Excess of loss expenses	(2,302)	(758)	(353)	-	(353)	-	(183)	(3,949)
Net premiums written	167,309	94,054	8,855	169	454	30,345	15,436	316,622
Changes in unearned premiums, net	(13,606)	38,727	(2,853)	206	935	1,726	(3,448)	21,687
Net premiums earned	153,703	132,781	6,002	375	1,389	32,071	11,988	338,309
Reinsurance commissions	203	4	4,463	6,873	2,559	277	5,124	19,503
Other underwriting income	4,161	260	13	-	3	-	8,592	13,029
TOTAL REVENUES	158,067	133,045	10,478	7,248	3,951	32,348	25,704	370,841
UNDERWRITING COSTS AND EXPENSES								
Gross claims paid	105,886	112,872	631	-	29	20,008	2,228	241,654
Surrenders and maturities	-	-	-	-	-	4,433	-	4,433
Expenses incurred related to claims	6,929	2,834	-	-	-	-	-	9,763
Reinsurers' share of claims paid	(616)	-	(601)	-	(22)	(14,820)	(988)	(17,047)
Net claims and other benefits paid	112,199	115,706	30	-	7	9,621	1,240	238,803
Changes in outstanding claims, net	19,738	(710)	3,609	-	71	19,375	969	43,052
Changes in IBNR, net	3,285	(316)	567	9	150	1,658	(416)	4,937
Net claims and other benefits incurred	135,222	114,680	4,206	9	228	30,654	1,793	286,792
Additional premium reserves	(64)	213	-	-	-	(796)	1	(646)
Other technical reserves	153	92	301	1	(18)	105	(26)	608
Policy acquisition costs	8,461	7,686	1,903	13	1,414	98	3,145	22,720
Other underwriting expenses	14,207	13,021	53	6,628	41	-	1,312	35,262
TOTAL UNDERWRITING COSTS AND EXPENSES	157,979	135,692	6,463	6,651	1,665	30,061	6,225	344,736
NET UNDERWRITING INCOME/ (LOSS)	88	(2,647)	4,015	597	2,286	2,287	19,479	26,105
OTHER OPERATING (EXPENSES)/ INCOME								
Allowance for doubtful debts								(16,305)
General and administrative expenses								(36,943)
Commission income on deposits								4,935
Dividend income on investments								1,670
Impairment on investments								-
Realized gain on investments								(504)
Unrealized gain on investments								4,827
TOTAL OTHER OPERATING EXPENSES								(42,320)
Total loss for the period before zakat and income tax & surplus attribution								(16,215)
Zakat for the period								(1,500)
NET LOSS FOR THE PERIOD								(17,715)
Total income for the period attributable to insurance operations								-
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS								(17,715)

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13. OPERATING SEGMENTS (CONTINUED)

Statement of Income (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
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

13. OPERATING SEGMENTS (CONTINUED)

Statement of Income (Continued)

	For the nine Months period ended September 30, 2022 (Unaudited)							Total
	Medical	Motor	Property	Energy	Engineering	Protection & Savings	Others	
	SAR'000							
REVENUES								
Gross premiums written								
- Direct	535,568	347,613	131,083	542,649	95,420	48,122	214,734	1,915,189
- Reinsurance	-	-	2,930	-	753	68,247	175	72,105
	535,568	347,613	134,013	542,649	96,173	116,369	214,909	1,987,294
Reinsurance premiums ceded								
- Local ceded	-	-	(2,497)	-	(2,781)	-	-	(5,278)
- Foreign ceded	(60)	(146)	(117,039)	(541,419)	(89,461)	(26,646)	(176,783)	(951,554)
	(60)	(146)	(119,536)	(541,419)	(92,242)	(26,646)	(176,783)	(956,832)
Excess of loss expenses	(2,302)	(2,037)	(1,007)	-	(1,007)	-	(584)	(6,937)
Net premiums written	533,206	345,430	13,470	1,230	2,924	89,723	37,542	1,023,525
Changes in unearned premiums, net	(148,664)	68,902	(1,461)	(123)	1,803	(1,306)	(3,813)	(84,662)
Net premiums earned	384,542	414,332	12,009	1,107	4,727	88,417	33,729	938,863
Reinsurance commissions	605	13	15,645	19,982	9,038	928	12,590	58,801
Other underwriting income	5,311	283	19	-	8	-	10,712	16,333
TOTAL REVENUES	390,458	414,628	27,673	21,089	13,773	89,345	57,031	1,013,997
UNDERWRITING COSTS AND EXPENSES								
Gross claims paid	272,840	381,424	19,438	-	3,907	64,129	11,712	753,450
Surrenders and maturities	-	-	-	-	-	24,167	-	24,167
Expenses incurred related to claims	19,221	9,503	-	-	-	-	-	28,724
Reinsurers' share of claims Paid	(3,929)	(1,253)	(18,613)	-	(2,680)	(43,202)	(6,705)	(76,382)
Net claims and other benefits paid	288,132	389,674	825	-	1,227	45,094	5,007	729,959
Changes in outstanding claims, Net	52,324	10,043	7,049	-	485	26,224	1,993	98,117
Changes in IBNR, net	2,666	(602)	762	228	18	3,786	(79)	6,779
Net claims and other benefits Incurred	343,122	399,115	8,636	228	1,730	75,104	6,921	834,855
Additional premium reserves	(86)	(1,218)	-	-	-	(127)	-	(1,431)
Other technical reserves	394	(837)	440	23	(18)	194	36	232
Commissions incurred	21,522	21,904	5,142	47	4,277	320	8,526	61,738
Other underwriting expenses	32,611	41,887	34	18,707	375	11	2,396	96,021
TOTAL UNDERWRITING COSTS AND EXPENSES	397,563	460,851	14,252	19,005	6,364	75,502	17,879	991,415
NET UNDERWRITING INCOME/ (LOSS)	(7,105)	(46,223)	13,421	2,084	7,409	13,843	39,152	22,582
OTHER OPERATING (EXPENSES)/ INCOME								
Allowance for doubtful debts								(17,147)
General and administrative expenses								(110,544)
Commission income on deposits								13,398
Dividend income on investments								9,373
Realized gain on investments								29,075
Unrealized gain on investments								9,423
TOTAL OTHER OPERATING EXPENSES								(66,422)
Total loss for the period before zakat and income tax & surplus attribution								(43,840)
Zakat for the period								(8,000)
NET LOSS FOR THE PERIOD								(51,840)
Total income for the period attributable to insurance operations								-
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS								(51,840)

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13. OPERATING SEGMENTS (CONTINUED)

Statement of Income (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	5,765	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 for the period								(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)

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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:

	<u>Transactions for the nine month period ended</u>		<u>Net balance receivable / (payable) as at</u>	
	<u>September 30, 2022</u>	<u>September 30, 2021</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
	<u>SAR'000</u>		<u>SAR'000</u>	
Entities controlled, jointly controlled or significantly influenced by related parties				
Insurance premium written / receivable from				
- BOD and related parties	15,508	43,015	2,600	3,567
- Key management personnel	9	14	-	-
Reinsurance business with Directors and related parties	-	92	(13)	(40)
Gross Claims paid and payable to directors and their related parties	11,189	38,731	(2,546)	(2,693)

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

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>SAR'000</u>	
Salaries and other allowances	4,627	4,320
End of service indemnities	676	848
	<u>5,303</u>	<u>5,168</u>
Remuneration to those charged with governance	<u>3,947</u>	<u>3,763</u>

15. ZAKAT AND INCOME TAX

The Company has filed Zakat and income tax returns with Zakat, Tax, and Customs Authority (ZATCA) up to the year ended December 31, 2021 and obtained the required certificate from Zakat, Tax, and Customs Authority that is valid up to April 30, 2023.

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.

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").

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15. ZAKAT AND INCOME TAX (CONTINUED)

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 these 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 or 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, 2022	December 31, 2021
	%	%
	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, 2022 consisting of 64.6 million shares of SAR 10 each (December 31, 2021: 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 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 29 September 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 AIG ANB Cooperative Insurance Company "MAA" into the Company and transferring all of MAA's assets and liabilities to the Company through a securities exchange offer. The merger was successfully completed and shared issued accordingly during the year. The fair value of 11,839,706 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.

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16. SHARE CAPITAL (CONTINUED)

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 amounting to SAR 118,397 thousand and SAR 73,169 thousand, respectively

During the quarter ended September 30, 2022, the shareholders in the EGM held on September 15, 2022 corresponding to 19 Safar 1444H approved the merger of SABB Takaful Company into Walaa in accordance with the provisions of Articles (191), (192) and (193) of the Companies Law. by issuing (0.6005476176470590) new shares in Walaa against each share in SABB Takaful Company (“SABB Takaful”) (“Merger Transaction”), in accordance with the terms and conditions of the merger agreement signed between both companies on 23/07/1443H (Corresponding to 24/02/2022G) (“Merger Agreement”)

The shareholders also approved in the aforementioned EGM the capital increase of Walaa from six hundred and forty-six million, three hundred and ninety-seven thousand and sixty Saudi Riyals (SAR 646,397,060) to eight hundred and fifty million, five hundred and eighty-three thousand, two hundred and fifty Saudi Riyals (SAR 850,583,250), in accordance with the terms and conditions of the Merger Agreement. These shares have been issued subsequent to the quarter ended September 30, 2022.

Shareholding structure of the Company is as below:

	September 30, 2022 (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	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, 2021		
	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.

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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, 2022					
	Corporate					
Class	Micro	Small	Medium	Large	Individual	Total Gross premiums written
	SR'000					
Medical	44,100	36,565	36,091	368,723	50,089	535,568
Motor	1,560	6,150	11,504	38,161	290,238	347,613
Property	23,766	13,118	12,099	85,028	2	134,013
Engineering	4,298	4,521	18,194	69,160	-	96,173
Energy	326	-	8	542,315	-	542,649
Protection & Savings	34,782	502	479	79,363	1,243	116,369
Others	7,514	21,809	29,015	139,439	17,132	214,909
Total	116,346	82,665	107,390	1,322,189	358,704	1,987,294

(Unaudited)	For the nine months period ended September 30, 2021					
	Corporate					
Class	Micro	Small	Medium	Large	Individual	Total Gross premiums written
	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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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21. SUPPLEMENTARY STATEMENTS

Interim condensed financial position

	<u>September 30, 2022 - (Unaudited)</u>			<u>December 31, 2021 - (Audited)</u>		
	Insurance	Share-	Total	Insurance	Share-	Total
	operations	holders'		operations	holders'	
	SAR'000			SAR'000		
ASSETS						
Cash and cash equivalents	543,777	9,047	552,824	322,883	2,172	325,055
Short term deposits	200,000	-	200,000	201,659	-	201,659
Long term deposits	50,000	-	50,000	100,000	-	100,000
Premiums and reinsurers' receivable – net	585,481	-	585,481	582,129	-	582,129
Reinsurers' share of unearned Premiums	583,422	-	583,422	538,598	-	538,598
Reinsurers' share of outstanding claims	371,327	-	371,327	338,919	-	338,919
Reinsurers' share of claims incurred but not reported	150,828	-	150,828	149,655	-	149,655
Reinsurers' share of mathematical reserves	94,610	-	94,610	123,696	-	123,696
Deferred policy acquisition Costs	43,705	-	43,705	36,476	-	36,476
Investments	112,948	645,098	758,046	62,948	710,288	773,236
Due from insurance operations	-	12,640	12,640	-	4,437	4,437
Prepaid expenses and other Assets	152,117	1,355	153,472	97,188	213	97,401
Property and equipment	32,868	-	32,868	30,969	-	30,969
Intangible assets	5,030	32,145	37,175	5,182	32,531	37,713
Goodwill	-	24,415	24,415	-	24,415	24,415
Statutory deposit	-	64,640	64,640	-	64,640	64,640
Accrued income on statutory deposit	-	11,488	11,488	-	10,764	10,764
Accrued commission income	2,808	4,895	7,703	2,000	5,419	7,419
TOTAL ASSETS	2,928,921	805,723	3,734,644	2,592,302	854,879	3,447,181

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed financial position (Continued)

	September 30, 2022 - (Unaudited)			December 31, 2021- (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
LIABILITIES						
Policyholders claims payables	63,247	-	63,247	47,658	-	47,658
Accrued and other liabilities	279,234	5,722	284,956	188,568	2,134	190,702
Reinsurers' balances payable	309,622	-	309,622	335,026	-	335,026
Unearned premiums	1,203,589	-	1,203,589	1,074,103	-	1,074,103
Unearned reinsurance commission	39,228	-	39,228	31,258	-	31,258
Outstanding claims	611,141	-	611,141	480,616	-	480,616
Claims incurred but not reported	274,154	-	274,154	266,202	-	266,202
Gross mathematical reserves	94,610	-	94,610	123,696	-	123,696
Additional premium reserves	7,623	-	7,623	9,054	-	9,054
Other technical reserves	7,933	-	7,933	7,701	-	7,701
End-of-service indemnities	23,901	-	23,901	21,982	-	21,982
Zakat and income tax	-	35,927	35,927	-	31,208	31,208
Accrued commission income payable to SAMA	-	11,488	11,488	-	10,764	10,764
Due to shareholders' operations	12,640	-	12,640	4,437	-	4,437
Insurance operations' surplus	2,146	-	2,146	2,148	-	2,148
TOTAL LIABILITIES	2,929,068	53,137	2,982,205	2,592,449	44,106	2,636,555
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
Accumulated losses	-	(92,590)	(92,590)	-	(40,750)	(40,750)
Fair value reserve on investments	-	32,175	32,175	-	38,522	38,522
TOTAL SHAREHOLDERS' EQUITY	-	752,586	752,586	-	810,773	810,773
Re-measurement reserve of defined benefit obligation – related to insurance operations	(147)	-	(147)	(147)	-	(147)
TOTAL EQUITY	(147)	752,586	752,439	(147)	810,773	810,626
TOTAL LIABILITIES AND EQUITY	2,928,921	805,723	3,734,644	2,592,302	854,879	3,447,181

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of income for the three-month period ended

(Unaudited)	September 30, 2022			September 30, 2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written						
- Direct	561,271	-	561,271	518,519	-	518,519
- Reinsurance	24,765	-	24,765	29,792	-	29,792
	586,036	-	586,036	548,311	-	548,311
Reinsurance premiums ceded						
- Local ceded	(2,388)	-	(2,388)	(1,808)	-	(1,808)
- Foreign ceded	(263,077)	-	(263,077)	(226,977)	-	(226,977)
	(265,465)	-	(265,465)	(228,785)	-	(228,785)
Excess of loss expenses	(3,949)	-	(3,949)	(1,449)	-	(1,449)
Net premiums written	316,622	-	316,622	318,077	-	318,077
Changes in unearned premiums, net	21,687	-	21,687	(48,209)	-	(48,209)
Net premiums earned	338,309	-	338,309	269,868	-	269,868
Reinsurance commissions	19,503	-	19,503	17,154	-	17,154
Other underwriting income	13,029	-	13,029	702	-	702
TOTAL REVENUES	370,841	-	370,841	287,724	-	287,724
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	241,654	-	241,654	223,147	-	223,147
Surrenders and maturities	4,433	-	4,433	1,791	-	1,791
Expenses incurred related to claims	9,763	-	9,763	7,415	-	7,415
Reinsurers' share of claims paid	(17,047)	-	(17,047)	(15,814)	-	(15,814)
Net claims and other benefits paid	238,803	-	238,803	216,539	-	216,539
Changes in outstanding claims, net	43,052	-	43,052	28,011	-	28,011
Changes in IBNR, net	4,937	-	4,937	(4,131)	-	(4,131)
Net claims and other benefits Incurred	286,792	-	286,792	240,419	-	240,419
Additional premium reserves	(646)	-	(646)	(2,135)	-	(2,135)
Other technical reserves	608	-	608	59	-	59
Policy acquisition costs	22,720	-	22,720	14,919	-	14,919
Other underwriting expenses	35,262	-	35,262	29,998	-	29,998
TOTAL UNDERWRITING COSTS AND EXPENSES	344,736	-	344,736	283,260	-	283,260
NET UNDERWRITING INCOME	26,105	-	26,105	4,464	-	4,464

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

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

(Unaudited)	September 30, 2022			September 30, 2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	(16,305)	-	(16,305)	(8,351)	-	(8,351)
General and administrative expenses	(34,423)	(2,520)	(36,943)	(37,382)	(2,622)	(40,004)
Commission income	2,667	2,268	4,935	603	2,772	3,375
Dividend income on Investments	-	1,670	1,670	-	1,315	1,315
Impairment on investments	-	-	-	-	(6,765)	(6,765)
Realized gain/(loss) on investments	-	(504)	(504)	-	10,899	10,899
Unrealized gain on investments	-	4,827	4,827	-	1,952	1,952
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(48,061)	5,741	(42,320)	(45,130)	7,551	(37,579)
Total income for the period before zakat and income tax	(21,956)	5,741	(16,215)	(40,666)	7,551	(33,115)
Zakat	-	(1,500)	(1,500)	-	(3,750)	(3,750)
NET INCOME / (LOSS) FOR THE PERIOD	(21,956)	4,241	(17,715)	(40,666)	3,801	(36,865)
Loss transferred to Shareholders	21,956	(21,956)	-	40,666	(40,666)	-
NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS	-	(17,715)	(17,715)	-	(36,865)	(36,865)
Loss per share (Expressed in SAR per share)						
Basic and diluted EPS		<u>(0.27)</u>			<u>(0.57)</u>	

Interim condensed statement of comprehensive income for the three-month period ended

(Unaudited)	September 30, 2022			September 30, 2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
Total income for the period	-	(17,715)	(17,715)	-	(36,865)	(36,865)
Other comprehensive income						
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Available for sale investments:						
- Realized gain transferred to income	-	-	-	-	(10,899)	(10,899)
- Net change in fair value	-	2,558	2,558	-	6,697	6,697
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	-	(15,157)	(15,157)	-	(41,067)	(41,067)

WALAA COOPERATIVE INSURANCE COMPANY
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FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

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

(Unaudited)	September 30, 2022			September 30, 2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
REVENUES						
Gross premiums written						
- Direct	1,915,189	-	1,915,189	1,658,945	-	1,658,945
- Reinsurance	72,105	-	72,105	75,285	-	75,285
	1,987,294	-	1,987,294	1,734,230	-	1,734,230
Reinsurance premiums ceded						
- Local ceded	(5,278)	-	(5,278)	(10,657)	-	(10,657)
- Foreign ceded	(951,554)	-	(951,554)	(876,512)	-	(876,512)
	(956,832)	-	(956,832)	(887,169)	-	(887,169)
Excess of loss expenses	(6,937)	-	(6,937)	(4,330)	-	(4,330)
Net premiums written	1,023,525	-	1,023,525	842,731	-	842,731
Changes in unearned premiums, net	(84,662)	-	(84,662)	(96,030)	-	(96,030)
Net premiums earned	938,863	-	938,863	746,701	-	746,701
Reinsurance commissions	58,801	-	58,801	45,330	-	45,330
Other underwriting income	16,333	-	16,333	1,463	-	1,463
TOTAL REVENUES	1,013,997	-	1,013,997	793,494	-	793,494
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	753,450	-	753,450	708,718	-	708,718
Surrenders and maturities	24,167	-	24,167	12,154	-	12,154
Expenses incurred related to claims	28,724	-	28,724	18,260	-	18,260
Reinsurers' share of claims paid	(76,382)	-	(76,382)	(119,280)	-	(119,280)
Net claims and other benefits paid	729,959	-	729,959	619,852	-	619,852
Changes in outstanding claims, net	98,117	-	98,117	59,834	-	59,834
Changes in IBNR, net	6,779	-	6,779	(3,545)	-	(3,545)
Net claims and other benefits Incurred	834,855	-	834,855	676,141	-	676,141
Additional premium reserves	(1,431)	-	(1,431)	(16,070)	-	(16,070)
Other technical reserves	232	-	232	631	-	631
Policy acquisition costs	61,738	-	61,738	42,720	-	42,720
Other underwriting expenses	96,021	-	96,021	68,074	-	68,074
TOTAL UNDERWRITING COSTS AND EXPENSES	991,415	-	991,415	771,496	-	771,496
NET UNDERWRITING INCOME	22,582	-	22,582	21,998	-	21,998

WALAA COOPERATIVE INSURANCE COMPANY
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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

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

(Unaudited)	September 30, 2022			September 30, 2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
OTHER OPERATING (EXPENSES)/ INCOME						
Allowance for doubtful debts	(17,147)	-	(17,147)	(14,349)	-	(14,349)
General and administrative expenses	(103,474)	(7,070)	(110,544)	(104,860)	(6,951)	(111,811)
Commission income	6,595	6,803	13,398	8,725	8,814	17,539
Dividend income on Investments	-	9,373	9,373	-	7,526	7,526
Impairment on investments	-	-	-	-	(6,765)	(6,765)
Realized gain on investments	-	29,075	29,075	-	28,823	28,823
Unrealized gain on investments	-	9,423	9,423	-	10,604	10,604
TOTAL OTHER OPERATING (EXPENSES)/ INCOME	(114,026)	47,604	(66,422)	(110,484)	42,051	(68,433)
Total income for the period before zakat and income tax	(91,444)	47,604	(43,840)	(88,486)	42,051	(46,435)
Zakat for the period	-	(8,000)	(8,000)	-	(11,150)	(11,150)
NET INCOME / (LOSS) FOR THE PERIOD	(91,444)	39,604	(51,840)	(88,486)	30,901	(57,585)
Loss transferred to Shareholders	91,444	(91,444)	-	88,486	(88,567)	-
NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS	-	(51,840)	(51,840)	-	(57,585)	(57,585)
Loss per share (Expressed in SAR per share)						
Basic and diluted		(0.80)			(0.89)	

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

(Unaudited)	September 30, 2022			September 30, 2021		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SAR'000			SAR'000		
Total loss for the period	-	(51,840)	(51,840)	-	(57,585)	(57,585)
Other comprehensive (loss) income						
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Available for sale investments:						
- Realized gain transferred to income	-	(27,135)	(27,135)	-	(28,823)	(28,823)
- Net change in fair value	-	20,788	20,788	-	39,652	39,652
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	-	(58,187)	(58,187)	-	(46,756)	(46,756)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

Interim condensed statement of cash flows for nine month

(Unaudited)	Shareholders'			Shareholders'		
	Insurance operations	operations	Total	Insurance operations	operations	Total
	2022 SAR'000			2021 SAR'000		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period before zakat	-	(43,840)	(43,840)	-	(46,435)	(46,435)
Adjustments for non-cash items:						
Depreciation of property and equipment	4,728	-	4,728	7,134	-	7,134
Amortization of intangible assets	1,486	386	1,872	578	-	578
Allowance for doubtful debts	17,147	-	17,147	14,349	-	14,349
Impairment on investments	-	-	-	-	6,765	6,765
Accrued commission income	(6,595)	(6,803)	(13,398)	(8,725)	(8,814)	(17,539)
Dividend income on investments	-	(9,373)	(9,373)	-	(7,562)	(7,562)
Gain on investments	-	(29,075)	(29,075)	-	(28,823)	(28,823)
Unrealised gain on investments	-	(9,423)	(9,423)	-	(10,604)	(10,604)
Provision for end-of-service indemnities	3,127	-	3,127	3,157	-	3,157
Lease finance cost	648	-	648	111	-	111
Amortization of sukuk	-	34	34	-	257	257
Premiums and reinsurers' receivable	(20,499)	-	(20,499)	(96,532)	-	(96,532)
Reinsurers' share of unearned premiums	(44,824)	-	(44,824)	(182,323)	-	(182,323)
Reinsurers' share of outstanding claims	(32,408)	-	(32,408)	(180,024)	-	(180,024)
Reinsurers' share of claims incurred but not reported	(1,173)	-	(1,173)	(55,290)	-	(55,290)
Reinsurers' share of mathematical reserves	29,086	-	29,086	9,075	-	9,075
Deferred policy acquisition costs	(7,229)	-	(7,229)	(7,258)	-	(7,258)
Prepaid expenses and other assets	(54,929)	(1,142)	(56,071)	2,039	(1,661)	378
Policyholders and accounts payables	15,589	-	15,589	(1,146)	-	(1,146)
Accrued and other liabilities	92,770	3,588	96,358	20,279	3,657	23,936
Reinsurers' balances payable	(25,404)	-	(25,404)	(32,413)	-	(32,413)
Unearned premiums	129,486	-	129,486	278,353	-	278,353
Unearned reinsurance commission	7,970	-	7,970	12,352	-	12,352
Outstanding claims	130,525	-	130,525	239,858	-	239,858
Claims incurred but not reported	7,952	-	7,952	51,745	-	51,745
Gross mathematical reserves	(29,086)	-	(29,086)	(9,075)	-	(9,075)
Additional premium reserves	(1,431)	-	(1,431)	(16,070)	-	(16,070)
Other technical reserves	232	-	232	631	-	631
	217,168	(95,648)	121,520	50,805	(93,220)	(42,415)
End-of-service indemnities paid	(1,208)	-	(1,208)	(2,265)	-	(2,265)
Zakat and income tax paid	-	(3,281)	(3,281)	-	(6,913)	(6,913)
Net cash (used in)/ generated from operating activities	215,960	(98,929)	117,031	48,540	(100,133)	(51,593)

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2022

21. SUPPLEMENTARY STATEMENTS (CONTINUED)

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

	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
	2022 SAR'000			2021 SAR'000		
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions/disposals in investments	(50,000)	97,307	47,307	-	(187,215)	(187,215)
Commission income received	5,787	7,327	13,114	8,343	11,077	19,420
Dividend received	-	9,373	9,373	-	7,562	7,562
Additions/disposals in short term deposits	1,659	-	1,659	(151,659)	167,274	15,615
Additions/disposals in long term deposits	50,000	-	50,000	-	-	-
Purchase of land	-	-	-	(16,400)	-	(16,400)
Additions in property and equipment	(6,627)	-	(6,627)	(9,226)	-	(9,226)
Additions in intangible assets	(1,334)	-	(1,334)	(3,625)	-	(3,625)
Net cash generated from / (used in) investing activities	(515)	114,007	113,492	(172,567)	(1,302)	(173,869)
CASH FLOWS FROM FINANCING ACTIVITIES						
Due from shareholders/insurance operations	8,203	(8,203)	-	(105,409)	105,409	-
Lease rentals	(2,754)	-	(2,754)	(2,982)	-	(2,982)
Net cash (used in) / generated from financing activity	5,449	(8,203)	(2,754)	(108,391)	105,409	(2,982)
Net change in cash and cash equivalents	220,894	6,875	227,769	(232,418)	3,974	(228,444)
Cash and cash equivalents, beginning of the period	322,883	2,172	325,055	687,297	-	687,297
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	543,777	9,047	552,824	454,879	3,974	458,853
NON-CASH TRANSACTION						
Changes in fair value of available for sale investments	-	(6,347)	(6,347)	-	10,829	10,829

22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on October 31, 2022 corresponding to 06 Rabi II 1444H.