

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT**

**FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2022**

**GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2022**

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INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

The Shareholders
Gulf General Cooperative Insurance Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf General Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") as at 31 March 2022, and the related interim condensed statements of income, comprehensive income, the interim condensed statements of changes in equity and cash flows for the three-months period then ended, and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

for KPMG Professional Services
Certified Public Accountants

Nasser Ahmed Al Shutaify
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For Al Azem, Al Sudairy, Al Shaikh &
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Jeddah, Kingdom of Saudi Arabia
23 May 2022
Corresponding to 22 Shawwal 1443H



GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

		31 March 2022	31 December
	Notes	(Unaudited)	2021
		SR'000	(Audited) SR'000
ASSETS			
Cash and cash equivalents	4	223,411	256,112
Murabaha deposits	5	--	--
Premiums receivable – net	6	150,048	63,940
Due from reinsurers – net		20,696	32,967
Reinsurers' share of unearned premiums	10.1	34,966	21,707
Reinsurers' share of outstanding claims	10.2	8,805	11,596
Reinsurers' share of claims incurred but not reported	10.2	13,184	11,850
Reinsurers' excess of loss claims		2,979	4,892
Deferred policy acquisition costs		11,201	7,283
Investments	7	52,143	48,755
Prepayments and other assets	8	30,102	41,892
Right-of-use assets		1,283	1,555
Property and equipment		13,477	13,120
Intangible assets		10,259	9,626
Goodwill	1	36,260	36,260
Statutory deposit	9	75,000	75,000
Accrued income on statutory deposit	9	2,618	2,495
TOTAL ASSETS		686,432	639,050
LIABILITIES			
Due to policyholders		15,385	12,739
Accrued expenses and other liabilities		24,097	22,131
Due to reinsurers		7,175	1,249
Due to brokers		13,418	8,692
Unearned premiums	10.1	177,028	103,835
Unearned reinsurance commission		7,322	4,380
Outstanding claims	10.2	19,778	40,950
Claims incurred but not reported	10.2	34,579	37,355
Premium deficiency reserve	10.2	11,233	12,273
Other technical reserves	10.2	3,729	4,672
Employees' defined benefit obligations		5,250	5,157
Lease liabilities		992	1,224
Insurance operations' surplus payable		8,738	8,738
Accrued Zakat	17	3,406	2,287
Accrued income payable to SAMA	9	2,618	2,495
TOTAL LIABILITIES		334,748	268,177
EQUITY			
Share capital	18	500,000	500,000
Statutory reserve		2,165	2,165
Accumulated losses		(150,918)	(131,729)
Re-measurement reserve of defined benefit obligations		437	437
TOTAL SHAREHOLDERS' EQUITY		351,684	370,873
TOTAL LIABILITIES AND EQUITY		686,432	639,050

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three-months period ended 31 March 2022

		<i>31 March 2022 (Unaudited)</i>	<i>31 March 2021 (Unaudited)</i>
	Notes	<i>SR'000</i>	<i>SR'000</i>
REVENUES			
Gross written premiums	11	147,916	130,064
Less: Reinsurance contracts premiums ceded			
- Local reinsurance	12.1	(3,283)	(676)
- Foreign reinsurance	12.1	(25,896)	(22,235)
Excess of loss expenses	12.2	(3,835)	(3,101)
Net written premiums		<u>114,902</u>	<u>104,052</u>
Changes in unearned premiums, net		(59,932)	(53,958)
Net premiums earned		54,970	50,094
Reinsurance commissions		3,129	3,503
Other underwriting income		31	33
TOTAL REVENUES		<u>58,130</u>	<u>53,630</u>
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		81,092	53,627
Expenses incurred related to claims		1,700	2,093
Less: Reinsurers' share of claims paid		(8,391)	(9,403)
Net claims and other benefits paid		<u>74,401</u>	<u>46,317</u>
Change in outstanding claims, net		(16,469)	3,820
Changes in claims incurred but not reported, net		(4,109)	1,395
Other technical reserves		(942)	94
Net claims and other benefits incurred		<u>52,881</u>	<u>51,626</u>
Provision for/ (Reversal of) premium deficiency reserve		(1,040)	263
Policy acquisition costs		7,900	9,802
TOTAL UNDERWRITING COSTS AND EXPENSES		<u>59,741</u>	<u>61,691</u>
NET UNDERWRITING LOSS		<u>(1,611)</u>	<u>(8,061)</u>
OTHER OPERATING (EXPENSES) / INCOME			
Reversal of impairment of premium receivables	6	(834)	(699)
Allowance for (reversal)/impairment of reinsurance receivables		177	(93)
General and administration expenses		(20,431)	(19,556)
Investment income		3,704	3,972
Other income		925	1,024
TOTAL OTHER OPERATING EXPENSES, NET		<u>(16,459)</u>	<u>(15,352)</u>
Net Loss for the period before allocation		<u>(18,070)</u>	<u>(23,413)</u>
Net Loss attributed to the insurance operations	21	<u>--</u>	<u>--</u>
Net Loss for the period attributable to the shareholders		<u>(18,070)</u>	<u>(23,413)</u>
ZAKAT			
Zakat expense for the period	17	(1,119)	(947)
NET LOSS FOR THE PERIOD		<u>(19,189)</u>	<u>(24,360)</u>
Loss per share (expressed in SR per share)			
Weighted average number of shares (in thousands)		<u>50,000</u>	<u>20,000</u>
Loss per share	20	<u>(0.38)</u>	<u>(1.22)</u>

Director

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three-months period ended 31 March 2022

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 March 2021 (Unaudited) SR'000</i>
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS	(19,189)	(24,360)
Other comprehensive loss	--	--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(19,189)</u>	<u>(24,360)</u>



Director



Chief Financial Officer



Chief Executive Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-months period ended 31 March 2022

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Re- measurement reserve of defined benefit obligations SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2022 (audited)	500,000	2,165	(131,729)	437	370,873
<u>Total comprehensive Loss for the period</u>					
Net loss for the period attributable to shareholders	--	--	(19,189)	--	(19,189)
Balance as at 31 March 2022 (unaudited)	500,000	2,165	(150,918)	437	351,684
	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Re- measurement reserve of defined benefit obligations SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2021 (audited)	200,000	2,165	(40,135)	1,104	163,134
<u>Total comprehensive loss for the period</u>					
Net loss for the period attributed to shareholders	--	--	(24,360)	--	(24,360)
Balance as at 31 March 2021 (unaudited)	200,000	2,165	(64,495)	1,104	138,774

Director

Chief Executive Officer

Chief Financial Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited)

For the three-months period ended 31 March 2022

	Notes	31 March 2022 (Unaudited) SR'000	31 March 2021 (Unaudited) SR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss attributed to the shareholders before Zakat		(18,070)	(23,413)
<u>Adjustments for non-cash items:</u>			
Depreciation on property and equipment		569	688
Amortization on right-of-use assets		717	324
Amortization of intangible assets		272	272
Provision / (reversal) for impairment of premium receivables	6	834	699
Provision / (reversal) for impairment of reinsurance receivables		(177)	94
Unrealised gain on investments held at FVIS	7	(3,388)	(3,736)
		<u>(19,243)</u>	<u>(25,072)</u>
<u>Changes in operating assets and liabilities:</u>			
Premiums receivable - net		(86,942)	(21,895)
Due from reinsurers - net		12,448	(2,165)
Reinsurers' share of unearned premiums		(13,259)	(1,184)
Reinsurers' share of outstanding claims		2,791	(1,535)
Reinsurers' share of claims incurred but not reported		(1,334)	1,628
Reinsurers' excess of loss claims		1,913	36
Deferred policy acquisition costs		(3,918)	(2,211)
Prepayments and other assets		11,789	(8,785)
Due to policyholders		2,646	(521)
Accrued expenses and other liabilities		1,966	(7,297)
Due to reinsurers		5,926	4,597
Due to brokers		4,726	1,759
Unearned premiums		73,193	55,141
Unearned reinsurance commission		2,942	(566)
Outstanding claims		(21,172)	5,318
Claims incurred but not reported		(2,776)	(234)
Premium deficiency reserve		(1,040)	263
Other technical reserves		(943)	94
Employees defined benefit obligations		93	328
		<u>(10,951)</u>	<u>22,771</u>
Zakat paid	17	--	(191)
Net cash (used in) / generated from operating activities		<u>(30,194)</u>	<u>(2,492)</u>

Director

Chief Executive Officer

Chief Financial Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Unaudited) (continued)

For the three-months period ended 31 March 2022

	<u>Notes</u>	<i>31 March 2022</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>31 March 2021</i> <i>(Unaudited)</i> <i>SR'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(926)	(970)
Additions to Intangibles		(1,350)	(49)
Net cash (used in) / generated from investing activities		<u>(2,276)</u>	<u>(1,019)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(231)	(147)
Net cash used in financing activities		<u>(231)</u>	<u>(147)</u>
Net (decrease) / increase in cash and cash equivalents		(32,701)	(3,658)
Cash and cash equivalents at the beginning of the period	4	<u>256,112</u>	161,394
Cash and cash equivalents at the end of the period	4	<u><u>223,411</u></u>	<u><u>157,736</u></u>



Director



Chief Executive Officer

Chief Financial Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2022

1. **ORGANIZATION AND PRINCIPAL ACTIVITIES**

Gulf General Cooperative Insurance Company ("GGCI" or the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 12/Q dated 17 Muharram 1431H (corresponding to 3 January 2010) and registered under Commercial Registration number 4030196620 dated 9 Safar 1431H (corresponding to 25 January 2010). The registered address of the Company's head office is as follows:

Gulf General Cooperative Insurance Company
Al Gheithy Plaza, Second Floor,
Ameer Al Shoura'a Street
Jeddah, Kingdom of Saudi Arabia

The Company also has the following branches, which are operating under separate commercial registrations:

<u>Branch</u>	<u>Commercial Registration No.</u>	<u>Date of Registration</u>
Riyadh	1010316823	29 Shawwal 1432H (corresponding to 27 September 2011)
Al Khobar	2051046836	19 Dhul Qa'dah 1432H (corresponding to 17 October 2011)

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/85 dated 5 Thul Hujja 1429H (corresponding to 3 December 2008) pursuant to Council of Ministers' Resolution No. 365 dated 3 Thul Hujja 1429H (corresponding to 1 December 2008). The Company obtained a license to conduct insurance operations in the Kingdom of Saudi Arabia from the Saudi Central Bank ("SAMA") on 20 Rabi-al-Awwal 1431H (corresponding to 6 March 2010). The Company was listed on the Saudi Arabian Stock Exchange ("Tadawul") on 24 Safar 1431H (corresponding to 8 February 2010).

The objectives of the Company are to engage in providing insurance and related services, which include reinsurance, in accordance with its by-laws, and applicable regulations in the Kingdom of Saudi Arabia. Its principal lines of business include medical, motor, property, engineering, marine and accident & liability.

In accordance with the By-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Transfer to shareholders' operations	90%
Transfer to insurance operations	10%
	<u>100%</u>

In case of deficit arising from the insurance operations, the entire deficit is allocated and transferred to the shareholders' operations in full.

In accordance with the Implementing Regulations issued by SAMA, the Company proposes to distribute, subject to the approval of SAMA, its annual net policyholders' surplus directly to policyholders at a time, and according to criteria, as set by its Board of Directors.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2022

1. **ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)**

Portfolio transfer

On 19 May 2012, the Company entered into an agreement with Saudi General Insurance Company E.C. ("SGI") and Gulf Cooperation Insurance Company Ltd. E.C. ("GCI") (the "Sellers") pursuant to which it acquired the sellers' insurance operations in the Kingdom of Saudi Arabia, effective 1 January 2009, at a goodwill amount of SR 36.26 million, as approved by SAMA, along with the related insurance assets and liabilities of an equivalent amount.

2. **BASIS OF PREPARATION**

2.1 **Statement of compliance**

The interim condensed financial information of the Company has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (IAS 34) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization of Chartered and Professional Accountants (SOCPA) (collectively referred to as "IFRS as endorsed in KSA").

These interim condensed financial statements have been prepared under the going concern basis and historical cost convention, except for the measurement of investments held at fair value through income statement ("FVIS") and available-for-sale investment that are measured at fair value, and employees' defined benefit obligations which is recognized at the present value of future obligations using the projected unit credit method.

The Company's Board of Directors has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future. Furthermore, the Board of Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed financial statements have been prepared on the going concern basis.

The Company's interim condensed statement of financial position is presented in order of liquidity. Except for available-for-sale investment, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit, employees' defined benefit obligations, lease liabilities and accrued income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

As required by Saudi Arabian Insurance Regulations ("the Implementing Regulations") the Company maintains separate books of accounts for "Insurance operations" and "Shareholders' operations". Accordingly, assets, liabilities, revenues and expenses attributable to either operation, are recorded in the respective accounts. Note 21 to these interim condensed financial statements provides the statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations, separately.

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 31 December 2021.

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

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2022

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

2.2 **Critical accounting judgements, estimates and assumptions**

The preparation of 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 expenses and the accompanying notes, disclosures including disclosures of contingent liabilities. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies 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 31 December 2021

2.3 **Seasonality of operations**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

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

3.1. **New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company**

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board ("IASB") have been effective from 1 January 2022 and accordingly adopted by the Company, as applicable:

<u>Standard / Amendments</u>	<u>Description</u>
A number of narrow scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
	Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in statement of income.
	Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss making.
	Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

The adoption of the amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective

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

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IAS 1	Presentation of financial statements', on classification of liabilities.	Deferred until accounting periods starting not earlier than 1 January 2024
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after 1 January 2023
IFRS 17	Insurance contracts	See below
IFRS 9	Financial Instrument	See below
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	January 1, 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

IFRS 17 – Insurance Contracts

Overview:

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

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

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

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

Measurement:

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Measurement (continued):

The General Measurement Model (“GMM”) is based on the following “building blocks” of:

- a) the fulfilment cash flows (“FCF”), which comprises:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows; and
 - a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (“CSM”). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately. At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:
 - the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date;
 - and the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

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

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

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

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

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period for each contract in the group is one year or less. With the PAA, the liability for remaining coverage corresponds to premiums received at initial recognition less insurance acquisition cash flows. The general model remains applicable for the measurement of incurred claims. However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

As at 31 March 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Effective date:

The IASB issued an Exposure Draft Amendments to IFRS 17 during September 2019 and received comments from various stakeholders. The IASB is currently re-deliberating issues raised by stakeholders. For any proposed amendments to IFRS 17, the IASB will follow its normal due process for standard setting. The effective date of IFRS 17 and the deferral of the IFRS 9 temporary exemption in IFRS 4, is currently 1 January 2021. Under the current exposure draft, it is proposed to amend the IFRS 17 effective date to reporting periods beginning on or after 1 January 2023. This is a deferral of 1 year compared to the previous date of 1 January 2021. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied. The Company intend to apply the standard on its effective date.

Transition:

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

Presentation and Disclosures:

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

Impact:

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of 31 March 2022, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has started with their implementation process and have set up an implementation committee. Further, the Company has undertaken a Gap Analysis and the key areas of Gaps are as follows:

<u>Impact area</u>	<u>Summary of impact</u>
Financial impact	Not yet fully assessed by the Company.
Data impact	The Company believes that the data impact is not likely to be significant as a major proportion of the company's business would qualify for measurement under the premium allocation approach.
IT systems	The Company is already in the process of implementing a new upgraded IT system which will facilitate the implementation of IFRS 17
Process impact	The process impact is under evaluation, but no significant process changes are anticipated.
Impact on reinsurance arrangements	The Company's reinsurance arrangements are currently under testing to determine the suitable measurement approach
Impact on policies & control's frameworks	The Company is currently working with an external consultant to review and modify the current policy control framework
Human resources	The Company needs to recruit suitably qualified personnel who have a comprehensive understanding of IFRS 17

At the date of publication of these financial statements, it was not practicable to quantify the potential impact of adopting IFRS 17.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 9 – Financial Instruments

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

a) Classification and measurement:

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

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

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

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

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

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

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

a) Impairment:

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

b) Hedge accounting:

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 9 – Financial Instruments (continued)

b) Hedge accounting (continued):

This exception was granted largely because the IASB is addressing macro hedge accounting as a separate project.

Effective date:

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

1. Apply a temporary exemption from implementing IFRS 9 until the earlier of
 - the effective date of a new insurance contract standard; or
 - annual reporting periods beginning on or after 1 January 2021. The IASB is proposing to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 to 1 January 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or
2. Adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

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

Impact assessment:

As at 31 March 2022, the Company has total financial assets and insurance related assets amounting to SR 555 million (31 December 2021: SR 536 million) and SR 242 million (31 December 2021: SR 154 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 235 million (31 December 2021: SR 300 million). Investments are carried currently at fair value through statement of income at SR 52.14 million (31 December 2021: SR 44.83 million).

The Company is yet to fully assess changes from the application and implementation of IFRS 9, however at this stage, the Company does not expect the classification and measurement of financial assets to be impacted by IFRS 9 implementation.

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4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Cash in hand	38	21
Cash at banks	7,368	10,350
Murabaha deposits with maturity less than three months (see note 5)	14,449	14,449
	<u>21,855</u>	<u>24,820</u>
<i>Shareholders' operations</i>		
Cash at banks	201,556	6,292
Murabaha deposits with maturity less than three months (see note 5)	--	225,000
	<u>201,556</u>	<u>231,292</u>
Total of cash and cash equivalents	<u>223,411</u>	<u>256,112</u>

5. MURABAHA DEPOSITS

Murabaha deposits comprises the following:

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Murabaha deposits	14,449	14,449
Less: Murabaha deposits with maturity less than three months (see note 4)	(14,449)	(14,449)
	<u>--</u>	<u>--</u>
<i>Shareholders' operations</i>		
Murabaha deposits	--	225,000
Less: Murabaha deposits with maturity less than three months (see note 4)	--	(225,000)
	<u>--</u>	<u>--</u>
Total of Murabaha deposits	<u>--</u>	<u>--</u>

- a) These Murabaha deposits earn commission at an average rate of 0.69% per annum as at 31 March 2022 (31 December 2021: 0.69% per annum).

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6. PREMIUMS RECEIVABLE - NET

Premiums receivable due from the following:

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Policyholders	165,922	80,429
Related parties (note 16)	6,286	4,837
	172,208	85,266
Provision for impairment of premiums receivables	(22,160)	(21,326)
Total of premiums receivable – net	150,048	63,940

Movement in provision for impairment of premiums receivable during the period / year was as follows:

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Balance at beginning of the period / year	21,326	20,117
Provision during the period / year	834	1,204
Write-off	--	5
Balance at end of the period / year	22,160	21,326

7. INVESTMENTS

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Shareholders' operations</i>		
Investments held at fair value through income statement ("FVIS") (note 7.1)		
- Equity securities	18,791	16,303
- Mutual funds	29,429	28,529
	48,220	44,832
Held-to-maturity	2,000	2,000
Available-for-sale investment (note 7.2)	1,923	1,923
Total of investments	52,143	48,755

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7. INVESTMENTS (continued)**7.1. Investments held at FVIS**

Movement in investments classified as FVIS is as follows:

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Balance at beginning of the period / year	44,832	32,946
Unrealised gain during the period / year	3,388	11,886
Balance at end of the period / year	<u>48,220</u>	<u>44,832</u>

The investments held at FVIS of Shareholders' operations comprise of portfolio amounting to SR 48.22 million (31 December 2021: SR 44.83 million) which is invested in mutual funds and equity shares in the Kingdom of Saudi Arabia. The investments are denominated in Saudi Arabian Riyals and US Dollars.

All investments held at FVIS are quoted. The portfolio is invested in securities and mutual funds issued by corporates and financial institutions in the Kingdom of Saudi Arabia.

7.2. Available-for-sale investment

The Company holds 3.85% of the equity in Najm for Insurance Services Company ("Najm"), a Saudi Closed Joint Stock Company. The investment is classified as an available-for-sale investment and is stated at cost (see note 14).

8. PREPAYMENTS AND OTHER ASSETS

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Prepayments	20,185	8,023
Other assets (note 8.1)	9,635	33,606
	<u>29,820</u>	<u>41,629</u>
<i>Shareholders' operations</i>		
Advances	267	158
Other assets	15	105
	<u>282</u>	<u>263</u>
Total of prepayments and other assets	<u>30,102</u>	<u>41,892</u>

8.1 Other assets include payment made by the Company in relation to VAT assessment raised by Zakat, Tax and consultant Authority ("ZATCA") for 2018 and 2019 financial years amounting to SR 7.3 million. The payments were made to ZATCA to avoid penalties. However, the Company has submitted objections to the ZATCA assessment. The Company's management believes that there is strong basis that the assessment raised by the ZATCA will be reversed and the full amount will be returned in due course.

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9. STATUTORY DEPOSIT

As required by SAMA Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid-up share capital, amounting to SR 20 million, in a bank designated by SAMA. During 2021, the company has increased its share capital, by SR 300 million and the legal formalities have been finalized, however the company deposited an additional amount of statutory deposit equivalent to 15% of its new paid-up share capital amounting to SR 45 million. The Statutory balance as at 31 March 2022 amounting to SR 75 million (31 December 2021: SR 75 million). Accrued income on this deposit is payable to SAMA and this deposit cannot be withdrawn without approval from SAMA.

10. TECHNICAL RESERVES**10.1 Movement in unearned premiums**

Movement in unearned premiums are as follows:

	<i>Three-months period ended 31 March 2022</i>		
	<i>(Unaudited)</i>		
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at the beginning of the period	103,835	(21,707)	82,128
Premiums written / (ceded) during the period	147,916	(33,014)	114,902
Premiums earned during the period	(74,723)	19,755	(54,970)
Balance at the end of the period	<u>177,028</u>	<u>(34,966)</u>	<u>142,062</u>
	<i>Year ended 31 December 2021</i>		
	<i>(Audited)</i>		
	<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Balance at the beginning of the year	131,439	(37,666)	93,773
Premiums written / (ceded) during the year	296,751	(77,363)	219,388
Premiums earned during the year	(324,355)	93,322	(231,033)
Balance at the end of the year	<u>103,835</u>	<u>(21,707)</u>	<u>82,128</u>

10.2 Net outstanding claims and other technical reserves

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

	<i>31 March</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>SR'000</i>	<i>SR'000</i>
Outstanding claims	19,778	40,950
Claims incurred but not reported	34,579	37,355
Premium deficiency reserve	11,233	12,273
Other technical reserves	3,729	4,672
	<u>69,319</u>	<u>95,250</u>
Less:		
Reinsurers' share of outstanding claims	8,805	11,596
Reinsurers' share of claims incurred but not reported	13,184	11,850
	<u>21,989</u>	<u>23,446</u>
Net outstanding claims and other technical reserves	<u>47,330</u>	<u>71,804</u>

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11. GROSS WRITTEN PREMIUMS

<i>Three-months period ended 31 March 2022 (Unaudited)</i>						
Corporate						Total Gross written premiums SR '000
Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000		
Medical	903	1,297	22,013	24,213	--	24,213
Motor	1,222	3,228	85,377	89,827	9,428	99,255
Property, accident and others	826	1,286	22,285	24,397	52	24,449
Life	(1)	(1)	1	(1)	--	(1)
	2,950	5,810	129,676	138,436	9,480	147,916
<i>Three-months period ended 31 March 2021 (Unaudited)</i>						
Corporate						Total Gross written premiums SR '000
Small SR '000	Medium SR '000	Large SR '000	Total SR '000	Individual SR '000		
Medical	4,179	5,511	22,300	31,990	385	32,375
Motor	3,594	1,777	24,795	30,166	47,667	77,833
Property, accident and others	1,495	749	16,350	18,595	99	18,694
Life	648	152	361	1,161	--	1,161
	9,916	8,190	63,807	81,913	48,151	130,064

12. REINSURANCE PREMIUMS AND EXCESS OF LOSS PREMIUM CEDED**12.1 Reinsurance premiums ceded**

	<i>For the three- months period ended 31 March 2022 (Unaudited) SR'000</i>	<i>For the three- months period ended 31 March 2021 (Unaudited) SR'000</i>
<u>Reinsurance premiums ceded – General</u>		
- Local reinsurance brokers to foreign companies	24,279	20,148
- Direct foreign reinsurance companies	1,617	1,266
- Local reinsurance brokers to local companies	3,024	470
- Direct to local reinsurance companies	258	206
	29,178	22,090
<u>Reinsurance premiums ceded – Life</u>		
- Local reinsurance brokers to foreign companies	1	821
	29,179	22,911

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12. REINSURANCE PREMIUMS AND EXCESS OF LOSS PREMIUM CEDED (continued)**12.2 Excess of loss expenses**

	<i>For the three- months period ended 31 March 2022 (Unaudited) SR'000</i>	<i>For the three- months period ended 31 March 2021 (Unaudited) SR'000</i>
Local reinsurance brokers to foreign companies	3,504	3,035
Local reinsurance brokers to local companies	331	66
	<u>3,835</u>	<u>3,101</u>

13. COMMITMENTS AND CONTINGENCIES

a) The Company's commitments and contingencies are as follows:

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Letters of guarantees	<u>300</u>	<u>300</u>

b) Zakat and withholding tax contingencies have been disclosed in note 17.2.

14. 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 to sell the asset or transfer the liability 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 these financial statements.

a) Determination of fair value and fair value hierarchy

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

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

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

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

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14. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**b) Carrying amounts and fair value**

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

31 March 2022 (Unaudited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
<i>Shareholders' operations</i>					
Investments held at FVIS					
- Equity securities	18,791	18,791	--	--	18,791
- Mutual funds	29,429	--	29,429	--	29,429
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
Held-to-maturity	2,000	--	--	2,000	2,000
	<u>52,143</u>	<u>18,791</u>	<u>29,429</u>	<u>3,923</u>	<u>52,143</u>
<i>Shareholders' operations</i>					
Investments held at FVIS					
- Equity securities	16,303	16,303	--	--	16,303
- Mutual funds	28,529	--	28,529	--	28,529
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
Held-to-maturity	2,000	--	--	2,000	2,000
	<u>48,755</u>	<u>16,303</u>	<u>28,529</u>	<u>3,923</u>	<u>48,755</u>

The fair value of investments in mutual funds at level 2 is based on the net asset's values communicated by the fund manager, and the daily prices are available on Tadawul. The fair value of investments in equity securities at level 1 is based on quoted prices that are available on Tadawul.

As at 31 March 2022, the Company has an investment amounting to SR 1.9 million (31 December 2021: SR 1.9 million) in an unquoted available for sale investment. This investment is held as part of Company's shareholder operations and is stated at cost in the absence of active markets or other means of reliably measuring their fair value.

There were no transfers between levels during the three-months period ended 31 March 2022 and the year ended 31 December 2021. Further, there were no changes in the valuation techniques during the period from previous periods.

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15. 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 Board of Directors in their function as the chief operating decision maker in order to allocate resources to the segments and to assess its performance. All of the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management purposes, the operations are monitored in nine major lines of business.

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

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2021.

Segment assets do not include cash and cash equivalents, Murabaha deposits, premiums receivable-net, due from reinsurers-net, investments, prepayments and other assets, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

Segment liabilities do not include due to policyholders, accrued expenses and other liabilities, due to reinsurers, due to brokers, employees' defined benefit obligations, lease liabilities, Insurance operations' surplus payable, accrued Zakat and accrued income payable to SAMA. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis. The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2022 and 31 December 2021, its total revenues, expenses, and net income for the three-month period then ended, are as follows:

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15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 (Unaudited)	<i>Insurance Operations</i>						<i>Total Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>			
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>			
ASSETS									
Reinsurers' share of unearned premiums	--	13,763	12,439	2,473	4,499	1,792	34,966	--	34,966
Reinsurers' share of outstanding claims	--	(1,196)	746	1,016	4,543	3,696	8,805	--	8,805
Reinsurers' share of claims incurred but not reported	--	9,722	8	903	880	1,671	13,184	--	13,184
Reinsurers' excess of loss claims	2,480	99	--	--	--	400	2,979	--	2,979
Deferred policy acquisition costs	392	7,803	1,544	306	621	535	11,201	--	11,201
Unallocated assets	--	--	--	--	--	--	247,438	360,299	607,737
TOTAL ASSETS	2,872	30,191	14,737	4,698	10,543	8,094	318,573	360,299	678,872
LIABILITIES									
Unearned premiums	26,353	121,098	14,675	2,863	6,837	5,202	177,028	--	177,028
Unearned reinsurance commission	--	1,579	2,926	643	1,516	658	7,322	--	7,322
Outstanding claims	10,533	(9,065)	1,070	1,180	5,938	10,122	19,778	--	19,778
Claims incurred but not reported	6,181	23,392	13	972	1,258	2,763	34,579	--	34,579
Premium deficiency reserve	5,179	5,955	--	99	--	--	11,233	--	11,233
Other technical reserves	121	2,112	710	217	211	358	3,729	--	3,729
Unallocated liabilities	--	--	--	--	--	--	64,467	9,052	73,519
TOTAL LIABILITIES	48,367	145,071	19,394	5,974	15,760	19,103	318,136	9,052	327,188

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15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2021 (audited)	<i>Insurance Operations</i>								<i>Total</i>
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total Insurance Operations</i>	<i>Shareholders' Operations</i>	
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
ASSETS									
Reinsurers' share of unearned premiums	--	7,955	7,407	2,053	2,249	2,043	21,707	--	21,707
Reinsurers' share of outstanding claims	--	2,049	251	469	4,610	4,217	11,596	--	11,596
Reinsurers' share of claims IBNR	--	8,640	5	926	1,344	935	11,850	--	11,850
Reinsurers' excess of loss claims	4,342	150	--	--	--	400	4,892	--	4,892
Deferred policy acquisition costs	455	4,755	1,036	241	266	530	7,283	--	7,283
Unallocated assets	-	-	-	-	-	-	187,658	394,064	581,722
TOTAL ASSETS	4,797	23,549	8,699	3,689	8,469	8,125	244,986	394,064	639,050
LIABILITIES									
Unearned premiums	15,851	68,298	9,465	2,365	3,424	4,432	103,835	--	103,835
Unearned reinsurance commission	-	940	1,607	504	597	732	4,380	--	4,380
Outstanding claims	10,621	13,450	360	503	6,042	9,974	40,950	--	40,950
Claims incurred but not reported	8,365	25,336	17	1,005	1,598	1,034	37,355	--	37,355
Premium deficiency reserve	3,691	8,582	--	--	--	--	12,273	--	12,273
Other technical reserves	157	3,083	702	200	224	306	4,672	--	4,672
Unallocated liabilities	--	--	--	-	-	-	57,391	7,321	64,712
TOTAL LIABILITIES	38,685	119,689	12,151	4,577	11,885	16,478	260,856	7,321	268,177

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15. OPERATING SEGMENTS (continued)
INTERIM CONDENSED STATEMENT OF INCOME
For the three-months period ended 31 March 2022 (Unaudited)

	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
REVENUES							
Gross written premiums	24,212	99,255	12,726	1,634	6,472	3,617	147,916
Less: Reinsurance contracts premiums ceded							
-Local reinsurance		(1,629)	(784)	(153)	(594)	(123)	(3,283)
-Foreign reinsurance	--	(9,519)	(10,587)	(1,255)	(3,575)	(960)	(25,896)
Excess of loss expenses	(1,897)	(1,002)	(347)	(53)	(343)	(193)	(3,835)
Net written premiums	22,315	87,105	1,008	173	1,960	2,341	114,902
Changes in unearned premiums – net	(10,502)	(46,992)	(178)	(78)	(1,163)	(1,019)	(59,932)
Net premiums earned	11,813	40,113	830	95	797	1,322	54,970
Reinsurance commissions	--	588	1,381	239	506	415	3,129
Other underwriting income	--	10	3	1	10	7	31
TOTAL REVENUES	11,813	40,711	2,214	335	1,313	1,744	58,130
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	15,888	63,589	240	76	114	1,185	81,092
Expenses incurred related to claims	735	965	--	--	--	--	1,700
Less: Reinsurers' share of claims paid	(2,217)	(5,174)	(98)	(72)	(17)	(813)	(8,391)
Net claims and other benefits paid	14,406	59,380	142	4	97	372	74,401
Changes in outstanding claims – net	1,775	(19,220)	215	130	(38)	669	(16,469)
Changes in claims incurred but not reported – net	(2,183)	(3,027)	(7)	(9)	124	993	(4,109)
Other technical reserves	(35)	(971)	7	18	(13)	52	(942)
Net claims and other benefits incurred	13,963	36,162	357	143	170	2,086	52,881
Reversal of premium deficiency reserve	1,488	(2,626)	--	98	--	--	(1,040)
Policy acquisition costs	243	6,189	800	122	249	297	7,900
TOTAL UNDERWRITING COSTS AND EXPENSES	15,694	39,725	1,157	363	419	2,383	59,741
NET UNDERWRITING (LOSS) / INCOME	(3,881)	986	1,057	(28)	894	(639)	(1,611)

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15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)**

	<i>For the three-months period ended 31 March 2022 (Unaudited)</i>						
	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>& liability</i>	<i>SR '000</i>
						<i>SR '000</i>	
NET UNDERWRITING (LOSS) / INCOME	(3,881)	986	1,057	(28)	894	(639)	(1,611)
OTHER OPERATING (EXPENSES) / INCOME							
Reversal for impairment of premium receivables							(834)
Impairment of reinsurance receivables							177
General and administration expenses							(20,431)
Investment income							3,704
Other income							925
TOTAL OTHER OPERATING EXPENSES - NET							(16,459)
Loss before Surplus and Zakat							(18,070)
Income attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(18,070)
Zakat charge							(1,119)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(19,189)

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15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the three-months period ended 31 March 2021 (Unaudited)*

	<i>Medical</i> SR '000	<i>Motor</i> SR '000	<i>Property</i> SR '000	<i>Engineering</i> SR '000	<i>Marine</i> SR '000	<i>Accident & liability</i> SR '000	<i>Total</i> SR '000
REVENUES							
Gross written premiums	32,375	77,834	10,468	1,371	3,049	4,967	130,064
Less: Reinsurance contracts premiums ceded							
-Local reinsurance	--	--	(385)	(60)	(146)	(84)	(676)
-Foreign reinsurance	--	(8,642)	(8,751)	(1,113)	(1,644)	(2,086)	(22,235)
Excess of loss expenses	(1,330)	(894)	(325)	(50)	(321)	(181)	(3,101)
Net written premiums	31,045	68,298	1,007	148	938	2,616	104,052
Changes in unearned premiums – net	(16,875)	(33,865)	(800)	20	(319)	(2,119)	(53,958)
Net premiums earned	14,170	34,433	207	168	619	497	50,094
Reinsurance commissions		895	1,365	259	550	434	3,503
Other underwriting income	7	8	3	1	5	9	33
TOTAL REVENUES	14,177	35,336	1,575	428	1,174	940	53,630
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	15,923	37,258	--	118	144	184	53,627
Expenses incurred related to claims	955	1,138	--	--	--	--	2,093
Less: Reinsurers' share of claims paid	(2,146)	(6,960)	17	(102)	(71)	(141)	(9,403)
Net claims and other benefits paid	14,732	31,436	17	16	73	43	46,317
Changes in outstanding claims – net	(456)	3,548	81	(24)	265	406	3,820
Changes in claims incurred but not	3,446	(2,472)	156	10	59	196	1,395
Other technical reserves	48	337	(151)	(57)	(33)	(50)	94
Net claims and other benefits incurred	17,770	32,849	103	(55)	364	595	51,626
Reversal of premium deficiency reserve	1,574	(1,311)	--	--	--	--	263
Policy acquisition costs	596	7,776	774	125	232	299	9,802
TOTAL UNDERWRITING COSTS AND EXPENSES	19,940	39,314	877	70	596	894	61,691
NET UNDERWRITING (LOSS) / INCOME	(5,763)	(3,978)	698	358	578	46	(8,601)

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15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the three-months period ended 31 March 2021 (Unaudited)*

	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total</i>
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
NET UNDERWRITING (LOSS) / INCOME	(5,763)	(3,978)	698	358	578	46	(8,601)
OTHER OPERATING (EXPENSES) / INCOME							
Reversal for impairment of premium receivables							(699)
Reversal for impairment of reinsurance receivables							(93)
General and administration expenses							(19,556)
Investment income							3,972
Other income							1,024
TOTAL OTHER OPERATING (EXPENSES) - NET							<u>(15,352)</u>
Loss before Surplus and Zakat							(23,413)
Income attributed to the insurance operations (transfer to surplus payable)							<u>--</u>
Loss attributed to the shareholders before Zakat							(23,413)
Zakat charge							<u>(947)</u>
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							<u>(24,360)</u>

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16. 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 the Board of Directors. The following are the details of the major related party transactions during the period and the related balances:

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Transactions for the three-months period ended</u>		<u>Balance receivable / (payable) as at</u>	
			<u>31 March 2022</u> <i>(Unaudited)</i> <i>SR'000</i>	<u>31 March 2021</u> <i>(Unaudited)</i> <i>SR'000</i>	<u>31 March 2022</u> <i>(Unaudited)</i> <i>SR'000</i>	<u>31 December 2021</u> <i>(Audited)</i> <i>SR'000</i>
<i>Insurance operations</i>						
Saudi General Insurance Company Ltd. E.C.	Shareholder	Expenses paid		--	(309)	(309)
Rolaco Group	Related to shareholders	Premiums underwritten (note 6)	65	95	29	(25)
		Claims paid	(1)	(1)	--	(19)
Dabbagh Group	Related to shareholders	Premiums underwritten (note 6)	2,558	343	6,257	4,862
		Claims paid	(2,311)	(3,091)	(2,501)	(1,761)
Raghaf Establishment	Related to shareholders	Premiums underwritten (note 6)	18	18	--	--
		Claims paid	(29)	(16)	(6)	(11)
Key Management Personnel		Short-term benefits	(903)	(768)	--	--
		Long-term benefits	(49)	(37)	(539)	(853)
<i>Shareholders' operations</i>						
Board of Directors		Board of Directors remuneration and related expenses	(450)	(450)	(2,250)	1,800

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17. ZAKAT**17.1 Zakat provision**

Movements in the Zakat provision during the three-months period ended 31 March 2022 and year ended 31 December 2021 are as follows:

	<i>31 March 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Balance as at beginning of the period / year	2,287	3,268
Provided during the period / year	1,119	2,164
Provided for prior periods / years	--	537
Paid during the period / year	--	(3,682)
Balance as at end of the period / year	<u>3,406</u>	<u>2,287</u>

17.2 Status of assessments

The Company filed its Zakat returns for years ended 31 December, 2016, 2017, 2018, 2019, 2020 and obtained the related Zakat certificates. The Company has finalized its Zakat and withholding status for the period/years from December 31, 2010 to 2015, after reaching a final settlement for Zakat and withholding tax of SR 2,846,754, at the Dispute Resolution Committee. ZATCA issued the Zakat and WHT assessment for the years ended December 31, 2016 to 2018 and claimed additional Zakat and withholding liabilities of SR 19,934,124. The Company settled the amount of SR 1,824,414 related to the Zakat differences and objected against the remaining WHT differences. ZATCA issued the revised assessment claiming the same WHT differences of SR 18,109,710. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes "CRTVD", to assign a hearing session. A hearing session was assigned on June 12, 2022. Furthermore, ZATCA issued the Zakat assessment for the years ended December 31, 2019 and 2020 and claimed additional Zakat liability of SR 1,386,080.38. The Company objected against the full assessment. ZATCA issued the revised assessment claiming the same Zakat differences. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes "CRTVD", to assign a hearing session.

18. SHARE CAPITAL

The share capital of the Company is SR 500 million divided into 50 million shares of SR 10 each (31 December 2021: 50 million shares of SR 10 each). The shareholding structure of the Company is as below.

	<u>31 March 2022 (Unaudited)</u>		<u>31 December 2021 (Audited)</u>	
	<i>Percentage of holding</i>	<i>Amount SR '000</i>	<i>Percentage of holding</i>	<i>Amount SR '000</i>
Founding shareholders	15%	75,000	15%	75,000
General public	85%	425,000	85%	425,000
	<u>100%</u>	<u>500,000</u>	<u>100%</u>	<u>500,000</u>

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As at 31 March 2022

19. CAPITAL MANAGEMENT

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

Capital requirements are set and regulated by SAMA. These requirements are put in place to ensure sufficient solvency margins. Further 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 to ensure that it is able to continue as going concern and comply with the SAMA's capital requirements while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising of paid-up capital, statutory reserve, and retained earnings.

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.

The Company has fully complied with the externally imposed capital requirements during the reported financial period.

20. LOSS PER SHARE

Basic and diluted earnings per share have been calculated by dividing the loss for the period by weighted average number of shares outstanding during the period.

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21. SUPPLEMENTARY INFORMATION

As required by the Implementing Regulations, the statement of financial position, statement of income and statement of cash flows separately for insurance operations and shareholders operations are as follows:

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	<i>31 March 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
ASSETS						
Cash and cash equivalents	21,855	201,556	223,411	24,820	231,292	256,112
Murabaha deposits	--	--	--	--	--	--
Premiums receivable – net	150,048	--	150,048	63,940	--	63,940
Due from reinsurers – net	20,696	--	20,696	32,967	--	32,967
Reinsurers' share of unearned premiums	34,966	--	34,966	21,707	--	21,707
Reinsurers' share of outstanding claims	8,805	--	8,805	11,596	--	11,596
Reinsurers' share of claims incurred but not reported	13,184	--	13,184	11,850	--	11,850
Reinsurers' excess of loss claims	2,979	--	2,979	4,892	--	4,892
Deferred policy acquisition costs	11,201	--	11,201	7,283	--	7,283
Investments	--	52,143	52,143	--	48,755	48,755
Prepayments and other assets	29,820	282	30,102	41,630	262	41,892
Property and equipment	13,477	--	13,477	13,120	--	13,120
Right-of-use assets	1,283	--	1,283	1,555	--	1,555
Intangible assets	10,259	--	10,259	9,626	--	9,626
Goodwill	--	36,260	36,260	--	36,260	36,260
Statutory deposit	--	75,000	75,000	--	75,000	75,000
Accrued income on statutory deposit	--	2,618	2,618	--	2,495	2,495
Due from Shareholder's operations	--	(7,560)	(7,560)	--	(16,307)	(16,307)
TOTAL ASSETS	318,573	360,299	678,872	244,986	377,757	622,743

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	<i>31 March 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<u>LIABILITIES</u>						
Due to policyholders	15,385	--	15,385	12,739	--	12,739
Accrued expenses and other liabilities	21,069	3,028	24,097	19,592	2,539	22,131
Due to reinsurers	7,175	--	7,175	1,249	--	1,249
Due to brokers	13,418	--	13,418	8,692	--	8,692
Unearned premiums	177,028	--	177,028	103,835	--	103,835
Unearned reinsurance commission	7,322	--	7,322	4,380	--	4,380
Outstanding claims	19,778	--	19,778	40,950	--	40,950
Claims incurred but not reported	34,579	--	34,579	37,355	--	37,355
Premium deficiency reserve	11,233	--	11,233	12,273	--	12,273
Other technical reserves	3,729	--	3,729	4,672	--	4,672
Due from shareholders' operations	(7,560)	--	(7,560)	(16,307)	--	(16,307)
Employees' defined benefit obligations	5,250	--	5,250	5,157	--	5,157
Lease liabilities	992	--	992	1,224	--	1,224
Insurance operations' surplus payable	8,738	--	8,738	8,738	--	8,738
Accrued Zakat	--	3,406	3,406	--	2,287	2,287
Accrued return on statutory deposit	--	2,618	2,618	--	2,495	2,495
TOTAL LIABILITIES	318,136	9,052	327,188	244,549	7,321	251,870
<u>EQUITY</u>						
Share capital	--	500,000	500,000	--	500,000	500,000
Statutory reserve	--	2,165	2,165	--	2,165	2,165
Accumulated losses	--	(150,918)	(150,918)	--	(131,729)	(131,729)
Re-measurement reserve of defined benefit obligations	437	--	437	437	--	437
TOTAL EQUITY	437	351,247	351,684	437	370,436	370,873
TOTAL LIABILITIES AND EQUITY	318,573	360,299	678,872	244,986	377,757	622,743

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME

For the three-months period ended

	31 March 2022 (Unaudited)			31 March 2021 (Unaudited)		
	Insurance	Shareholders	Total	Insurance	Shareholders	Total
	operations	' operations		operations	' operations	
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
REVENUES						
Gross written premiums	147,916	--	147,916	130,064	--	130,064
Less: Reinsurance contracts premiums ceded						
-Local reinsurance	(3,283)	--	(3,283)	(676)	--	(676)
-Foreign reinsurance	(25,896)	--	(25,896)	(22,235)	--	(22,235)
Excess of loss expenses	(3,835)	--	(3,835)	(3,101)	--	(3,101)
Net written premiums	114,902	--	114,902	104,052	--	104,052
Changes in unearned premiums – net	(59,932)	--	(59,932)	(53,958)	--	(53,958)
Net premiums earned	54,970	--	54,970	50,094	--	50,094
Commission earned on ceded reinsurance	3,129	--	3,129	3,503	--	3,503
Other underwriting income	31	--	31	33	--	33
TOTAL REVENUES	58,130	--	58,130	53,630	--	53,630
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	81,092	--	81,092	53,627	--	53,627
Expenses incurred related to claims	1,700	--	1,700	2,093	--	2,093
Less: Reinsurers' share of claims paid	(8,391)	--	(8,391)	(9,403)	--	(9,403)
Net claims and other benefits paid	74,401	--	74,401	46,317	--	46,317
Change in net outstanding claims - net	(16,469)	--	(16,469)	3,820	--	3,820
Changes in claims incurred but not reported – net	(4,109)	--	(4,109)	1,395	--	1,395
Other technical reserves	(942)	--	(942)	94	--	94
Net claims and other benefits incurred	52,881	--	52,881	51,626	--	51,626
Reversal of premium deficiency reserve	(1,040)	--	(1,040)	263	--	263
Policy acquisition costs	7,900	--	7,900	9,802	--	9,802
TOTAL UNDERWRITING COSTS AND EXPENSES	59,741	--	59,741	61,691	--	61,691
NET UNDERWRITING (LOSS) / INCOME	(1,611)	--	(1,611)	(8,601)	--	(8,601)

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the three-months period ended

	31 March 2022 (Unaudited)			31 March 2021 (Unaudited)		
	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Provision for impairment of premium receivables	(834)	--	(834)	(699)	--	(699)
Reversal/ (provision) for impairment of premium receivables	177	--	177	(93)	--	(93)
General and administration expenses	(19,035)	(1,396)	(20,431)	(18,471)	(1,085)	(19,556)
Investment income	19	3,685	3,704	102	3,870	3,972
Other income	925	--	925	1,024	--	1,024
TOTAL OTHER OPERATING EXPENSES – NET	(18,748)	2,289	(16,459)	(18,137)	2,785	(15,352)
Income before Surplus and Zakat	(20,359)	2,289	(18,070)	(26,198)	2,785	(23,413)
Surplus transferred to Shareholders (note 1)	20,359	(20,359)	--	26,198	(26,198)	--
NET INCOME FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT		(18,070)	(18,070)	--	(23,413)	(23,413)
Zakat charge	--	(1,119)	(1,119)	--	(947)	(947)
NET (LOSS) / INCOME FOR THE PERIOD	--	(19,189)	(19,189)	--	(24,360)	(24,360)
LOSS PER SHARES (Expressed in SR per share)						
Weighted average number of shares (in thousands)		50,000			20,000	
Basic and diluted loss per share (SR per share)		(0.38)			(1.22)	

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21. SUPPLEMENTARY INFORMATION (continued)**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

For the three-months period ended

	<i>31 March 2022 (Unaudited)</i>			<i>31 March 2021 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
NET LOSS FOR THE PERIOD	--	(19,189)	(19,189)	--	(24,360)	(24,360)
Other comprehensive income / (loss)	--	--	--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	--	(19,189)	(19,189)	--	(24,360)	(24,360)
Less: net income attributable to insurance operations						
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS			(19,189)			(24,360)

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-months period ended

	<i>31 March 2022 (Unaudited)</i>			<i>31 March 2021 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period	--	(18,070)	(18,070)	--	(23,413)	(23,413)
<u>Adjustments for non-cash items:</u>						
Depreciation on property and equipment	569	--	569	688	--	688
Amortization on intangible assets	717	--	717	324	--	324
Amortization on right-of-use assets	272	--	272	272	--	272
Provision / (Reversal) for impairment of premium receivables	834	--	834	699	--	699
Provision for impairment of reinsurance receivables	(177)	--	(177)	94	--	94
Unrealized gain on investments held at FVIS	--	(3,388)	(3,388)	--	(3,736)	(3,736)
	<u>2,215</u>	<u>(21,458)</u>	<u>(19,243)</u>	<u>2,077</u>	<u>(27,149)</u>	<u>(25,072)</u>
<u>Changes in operating assets and liabilities:</u>						
Premiums receivable – net	(86,942)	--	(86,942)	(21,895)	--	(21,895)
Due from reinsurers – net	12,448	--	12,448	(2,165)	--	(2,165)
Reinsurers' share of unearned premiums	(13,259)	--	(13,259)	(1,184)	--	(1,184)
Reinsurer's share of outstanding claims	2,791	--	2,791	(1,535)	--	(1,535)
Reinsurer's share of claims incurred but not reported	(1,334)	--	(1,334)	1,628	--	1,628
Deferred excess of loss claims	1,913	--	1,913	36	--	36
Deferred policy acquisition costs	(3,918)	--	(3,918)	(2,211)	--	(2,211)
Prepayments and other assets	11,810	(21)	11,789	(8,868)	83	(8,785)
Due from shareholders' operations	8,746	(8,746)	--	(17,817)	17,817	--
Due to policyholders	2,646	--	2,646	(521)	--	(521)
Accrued expenses and other liabilities	1,477	489	1,966	(7,742)	445	(7,297)
Due to reinsurers	5,926	--	5,926	4,597	--	4,597
Due to brokers	4,726	--	4,726	1,759	--	1,759
Unearned premiums	73,193	--	73,193	55,141	--	55,141

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21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the three-months period ended

	31 March 2022 (Unaudited)			31 March 2021 (Unaudited)		
	Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
	operations	operations		operations	operations	
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)						
<u>Changes in operating assets and liabilities (continued)</u>						
Unearned reinsurance commission	2,942	--	2,942	(566)	--	(566)
Outstanding claims	(21,172)	--	(21,172)	5,318	--	5,318
Claims incurred but not reported	(2,776)	--	(2,776)	(234)	--	(234)
Premium deficiency reserve	(1,040)	--	(1,040)	263	--	263
Other technical reserves	(943)	--	(943)	94	--	94
Employees defined benefit obligations	93	--	93	328	--	328
	(2,673)	(8,278)	(10,951)	4,426	18,345	22,771
Zakat paid	--	--	--	--	(191)	(191)
Net cash generated from / (used in) operating activities	(458)	(29,736)	(30,194)	6,503	(8,995)	(2,492)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property and equipment	(926)	--	(926)	(970)	--	(970)
Additions to intangible assets	(1,350)	--	(1,350)	(49)	--	(49)
Net cash generated from investing activities	(2,276)	--	(2,276)	(1,019)	--	(1,019)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of lease liabilities	(231)	--	(231)	(147)	--	(147)
Net cash used in financing activities	(231)	--	(231)	(147)	--	(147)
Net increase / (Decrease) in cash and cash equivalents	(2,965)	(29,736)	(32,701)	5,337	(8,995)	(3,658)
Cash and cash equivalents at the beginning of the period	24,820	231,292	256,112	83,775	77,619	161,394
Cash and cash equivalents at the end of the period	21,855	201,556	223,411	89,112	68,624	157,736

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22. IMPACT OF COVID 19

In response to the spread of the Covid-19 in the Kingdom of Saudi Arabia where the Company operates and its resulting disruptions to the social and economic activities in those markets over the last two years, management continues to proactively assess its impacts on its operations. In particular, the Company is closely monitoring the current surge in cases due to the outbreak of a new variant - Omicron. The preventive measures taken by the Company in April 2020 are still in effect including the creation of ongoing crisis management teams and processes, to ensure the health and safety of its employees, customers and the wider community as well as to ensure the continuity of its operations. Employee health continues to be a key area of focus with programs being implemented to assist with increasing awareness, identification, support and monitoring of employee health. A majority of the employees of the Company have been fully vaccinated for at least two doses of vaccine and the management is working on a plan to encourage booster shots in line with the government initiatives related to Covid-19.

The management of the Company believes that any potential lockdown measures being reintroduced will not materially affect the underlying demand for the Company's insurance products and forecast.

Based on these factors, management believes that the Covid-19 pandemic has had no material effect on the Company's reported financial results for the year ended 31 March 2022 including the significant accounting judgements and estimates.

The Company continues to monitor the surge of the new variant closely although at this time management is not aware of any factors that are expected to change the impact of the pandemic on the Company's operations during 2022 or beyond

23. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on 16 May 2022, corresponding to 15 Shawwal 1443H.