

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

**INTERIM CONDENSED
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2022
with

INDEPENDENT AUDITORS' REVIEW REPORT

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2022**

CONTENTS	PAGE NO.
Independent auditors' report on review of interim condensed financial statements	1
Interim condensed statement of financial position	2
Interim condensed statement of income	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of changes in equity	5
Interim condensed statement of cash flows	6 – 7
Notes to the interim condensed financial statements	8 – 50



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

To the Shareholders of Gulf General Cooperative Insurance Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf General Cooperative Insurance Company (the "Company") as at 30 September 2022, the interim condensed statements of income and comprehensive income for the three-month and nine-month period then ended and the interim condensed statements of changes in equity and cash flows for the nine-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" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at and for the period ended 30 September 2022 of the Company are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

For Al Kharashi & Co

Certified Accountants and Auditors

Abdullah Suleiman Almsned
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Jeddah, Kingdom of Saudi Arabia
10 November 2022
Corresponding to 16 Rabi Al Thani 1444H



GULF GENERAL COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

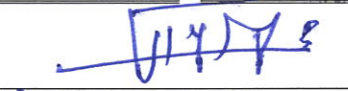
	Notes	30 September 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
ASSETS			
Cash and cash equivalents	4	15,346	256,112
Murabaha deposits	5	164,449	--
Premiums receivable – net	6	131,044	63,940
Due from reinsurers – net		10,786	32,967
Reinsurers' share of unearned premiums	10.1	38,541	21,707
Reinsurers' share of outstanding claims	10.2	8,687	11,596
Reinsurers' share of claims incurred but not reported	10.2	8,316	11,850
Reinsurers' excess of loss claims		2,304	4,892
Deferred policy acquisition costs		14,693	7,283
Investments	7	44,386	48,755
Prepayments and other assets	8	48,621	41,892
Right-of-use assets		738	1,555
Property and equipment		15,728	13,120
Intangible assets		12,355	9,626
Goodwill	1	36,260	36,260
Statutory deposit	9	75,000	75,000
Accrued income on statutory deposit	9	2,895	2,495
TOTAL ASSETS		630,149	639,050
LIABILITIES			
Due to policyholders		8,398	12,739
Accrued expenses and other liabilities		22,255	22,131
Due to reinsurers		6,552	1,249
Due to brokers		16,545	8,692
Unearned premiums	10.1	172,516	103,835
Unearned reinsurance commission		5,955	4,380
Outstanding claims	10.2	20,890	40,950
Claims incurred but not reported	10.2	32,897	37,355
Premium deficiency reserve	10.2	2,246	12,273
Other technical reserves	10.2	3,463	4,672
Employees' defined benefit obligations		5,125	5,157
Lease liabilities		673	1,224
Insurance operations' surplus payable		8,738	8,738
Accrued Zakat	17	3,468	2,287
Accrued income payable to SAMA	9	2,895	2,495
TOTAL LIABILITIES		312,616	268,177
EQUITY			
Share capital	18	500,000	500,000
Statutory reserve		2,165	2,165
Accumulated losses		(185,069)	(131,729)
Re-measurement reserve of defined benefit obligations		437	437
TOTAL EQUITY		317,533	370,873
TOTAL LIABILITIES AND EQUITY		630,149	639,050



Director



Chief Financial Officer



for 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 and nine-month periods ended 30 September 2022

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2022 SR'000	2021 SR'000	2022 SR'000	2021 SR'000
REVENUES					
Gross written premiums	11	72,784	54,944	304,269	252,092
Less: Reinsurance premiums ceded					
- Local	12.1	(986)	(457)	(5,842)	(1,592)
- Foreign	12.1	(12,459)	(12,131)	(54,175)	(51,783)
		(13,445)	(12,588)	(60,017)	(53,375)
Less: Excess of loss expenses					
- Local	12.2	(351)	(76)	(1,033)	(206)
- Foreign	12.2	(3,654)	(3,299)	(11,492)	(9,583)
		(4,005)	(3,375)	(12,525)	(9,789)
Net written premiums		55,334	38,981	231,727	188,928
Changes in unearned premiums – net		4,245	23,343	(51,846)	(16,741)
Net premiums earned		59,579	62,324	179,881	172,187
Reinsurance commissions		2,813	9,826	10,544	16,408
Other underwriting income		24	446	77	496
TOTAL REVENUES		62,416	72,596	190,502	189,091
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		71,434	59,117	205,725	175,388
Expenses incurred related to claims		1,783	1,530	5,184	4,883
Less: Reinsurers' share of claims paid		(7,479)	(11,914)	(23,541)	(32,858)
Net claims and other benefits paid		65,738	48,733	187,368	147,413
Change in outstanding claims – net		(3,276)	3,960	(14,564)	7,438
Changes in claims incurred but not reported - net		5,927	(1,286)	(924)	2,434
Other technical reserves		98	952	(1,208)	1,300
Net claims and other benefits incurred		68,487	52,359	170,672	158,585
Provision of premium deficiency reserve		(10,824)	8,051	(10,027)	9,049
Policy acquisition costs		10,908	10,247	29,009	31,149
TOTAL UNDERWRITING COSTS AND EXPENSES		68,571	70,657	189,654	198,783
NET UNDERWRITING INCOME		(6,155)	1,939	848	(9,692)
OTHER OPERATING (EXPENSES) / INCOME					
Provision for impairment of premium receivables	6	(1,215)	(830)	(2,562)	(1,465)
Reversal / (provision) for impairment of reinsurance receivables		363	(496)	502	(630)
General and administration expenses		(21,189)	(17,388)	(60,348)	(55,847)
Investment income / (loss)		1,163	1,869	(1,742)	9,981
Other income		11,546	610	13,212	231
TOTAL OTHER OPERATING EXPENSES – NET		(9,332)	(16,235)	(50,938)	(47,730)
Loss before Surplus and Zakat		(15,487)	(14,296)	(50,090)	(57,422)
Income attributed to the insurance operations (transfer to surplus payable)	21	--	--	--	--
Loss attributed to the shareholders before Zakat		(15,487)	(14,296)	(50,090)	(57,422)
Zakat charge	17	(900)	(129)	(3,250)	(1,130)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS		(16,387)	(14,425)	(53,340)	(58,552)
Basic and diluted loss per share (SR per share)	20	(0.33)	(0.29)	(1.07)	(1.17)


Director


Chief Financial Officer


for Chief Executive Officer

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GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three-month and nine-month periods ended 30 September 2022


	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<u>2022</u> <i>SR'000</i>	<u>2021</u> <i>SR'000</i>	<u>2022</u> <i>SR'000</i>	<u>2021</u> <i>SR'000</i>
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS	(16,387)	(14,425)	(53,340)	(58,552)
Other comprehensive income	--	--	--	--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(16,387)</u>	<u>(14,425)</u>	<u>(53,340)</u>	<u>(58,552)</u>



Director



Chief Financial Officer



for 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 CHANGES IN EQUITY
For the nine-month period ended 30 September 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 31 December 2021 (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	--	--	(53,340)	--	(53,340)
Balance as at 30 September 2022 (unaudited)	500,000	2,165	(185,069)	437	317,533
	<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 31 December 2020 (audited)	200,000	2,165	(40,135)	1,104	163,134
<u>Total comprehensive loss for the period</u>					
Net loss for the period attributable to shareholders	--	--	(58,552)	--	(58,552)
<u>Transactions with owners of the Company</u>					
Increase in share capital	300,000	--	--	--	300,000
Transaction costs	--	--	(4,818)	--	(4,818)
Balance as at 30 September 2021 (unaudited)	500,000	2,165	(103,505)	1,104	399,764



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 CASH FLOWS (Unaudited)

For the nine-month period ended 30 September 2022


	Notes	30 September 2022 (Unaudited) SR'000	30 September 2021 (Unaudited) SR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss attributed to the shareholders before Zakat		(50,090)	(57,422)
<u>Adjustments for non-cash items:</u>			
Depreciation on property and equipment		1,739	(146)
Amortization on right-of-use assets		817	817
Amortization of intangible assets		849	1,339
Provision for impairment of premium receivables	6	2,562	1,465
(Reversal) / provision for impairment of reinsurance receivables		(502)	630
Finance cost		--	100
Unrealised loss/(gain) on investments held at FVIS	7	4,369	(9,034)
		<u>(40,256)</u>	<u>(62,251)</u>
<u>Changes in operating assets and liabilities:</u>			
Premiums receivable – net		(69,666)	(24,925)
Due from reinsurers – net		22,683	(15,742)
Reinsurers' share of unearned premiums		(16,834)	7,281
Reinsurers' share of outstanding claims		2,909	(351)
Reinsurers' share of claims incurred but not reported		3,534	(1,094)
Reinsurers' excess of loss claims		2,588	(2,469)
Deferred policy acquisition costs		(7,410)	(801)
Prepayments and other assets		(6,733)	(12,454)
Due to policyholders		(4,341)	(1,135)
Accrued expenses and other liabilities		125	(8,770)
Due to reinsurers		5,303	4,980
Due to brokers		7,853	(2,471)
Unearned premiums		68,681	9,460
Unearned reinsurance commission		1,575	(675)
Outstanding claims		(20,060)	10,257
Claims incurred but not reported		(4,458)	3,527
Premium deficiency reserve		(10,027)	9,049
Other technical reserves		(1,209)	1,299
Employees defined benefit obligations		(32)	103
		<u>(65,775)</u>	<u>(87,182)</u>
Zakat paid	17	(2,069)	(3,335)
Net cash used in operating activities		<u>(67,844)</u>	<u>(90,517)</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 CASH FLOWS (Unaudited) (continued)

For the nine-month period ended 30 September 2022

	<u>Notes</u>	<i>30 September 2022 (Unaudited) SR'000</i>	<i>30 September 2021 (Unaudited) SR'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(4,345)	(6,362)
Additions to intangibles		(3,578)	(4,369)
Addition in Murabaha deposits		(164,449)	--
Net cash used in investing activities		<u>(172,372)</u>	<u>(10,731)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in share capital		--	300,000
Transaction cost		--	(4,818)
Statutory deposit	9	--	(55,000)
Repayment of lease liabilities		(550)	(254)
Net cash (used in) / from financing activities		<u>(550)</u>	<u>239,928</u>
Net change in cash and cash equivalents		(240,766)	138,680
Cash and cash equivalents at the beginning of the period	4	<u>256,112</u>	<u>161,394</u>
Cash and cash equivalents at the end of the period	4	<u>15,346</u>	<u>300,074</u>


Director


Chief Financial Officer


Chief Executive Officer
for

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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 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 and 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)

For the three-month and nine-month periods ended 30 September 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 the Saudi Organization for Chartered and Professional Accountants (SOCPA).

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 employees' defined benefit obligations which is recognized at the present value of future obligations using the projected unit credit method.

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 of September 30, 2022, the Company's accumulated losses reached 37% of its share capital. During the nine-month period ended September 30, 2022, the Company incurred losses amounting to Saudi Riyals 53.34 million and has negative operating cash flows.

The loss for the nine-month period ended 30 September 2022 is mainly attributable to the adverse results in the motor and medical line of business. Management has already formulated and implemented various performance improvement measures which, among other things, include better pricing strategies, diversification of insurance portfolio, introduction of new benefits and replacement of the motor third-party administrator. Results from such measures are expected to reflect positively in the remaining quarter of 2022 and as such a positive trend as a result of performance improvement measures is expected to continue, provided that the underlying projections of the business and economic conditions continue to be realized. Management will continue to monitor performance indicators and prevailing market conditions and make the necessary corrective actions and amend its business plan, if necessary.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

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.

Accordingly, management believes that the Company's operations shall continue for a foreseeable future under the normal course of business and the going concern basis used in the preparation of this interim condensed financial information remains appropriate.

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.

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. However, the Company has reviewed the key sources of estimation uncertainties disclosed in the last annual financial statements against the backdrop of the COVID-19 pandemic (refer note 22).

2.3 Seasonality of operations

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

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**

A number of new standards and amendments became applicable for the current reporting period i.e. for reporting periods beginning on or after January 01, 2022. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting amended standards which are described below:

Standard / Interpretation

IAS 37	Onerous Contracts – Cost of Fulfilling a Contracts (Amendments to IAS 37)
Annual Improvements	Annual Improvements to IFRS Standards 2018 –2020
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective (continued)

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:

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

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

Measurement:

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

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Measurement (continued):

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.

Effective date:

IFRS 17 is applied for annual reporting periods beginning on or after January 01, 2023. Earlier application is permitted for entities that apply IFRS 9 on or before the date of initial application of IFRS 17. The transition requirements define the date of initial application as the start of the annual reporting period in which an entity first applies IFRS 17. IFRS 17 supersedes IFRS 4, including the amendments to IFRS 4 introduced in 2016, which include: – the temporary exemption from IFRS 9; and – the overlay approach. From the date of initial application of IFRS 17, these approaches are no longer available and IFRS 9 is applied, without delay or adjustment. If an entity has already applied IFRS 9 before IFRS 17 (with or without the overlay approach), then IFRS 17 provides redesignation requirements and options.

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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Presentation and Disclosures:

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

Impact:

The Company has undertaken a Gap Analysis and the key Gaps are as follows:

<u>Impact area</u>	<u>Summary of impact</u>
Financial impact	During the financial impact exercised carried out as part of phase 2 of IFRS 17 implementation, the Company assessed the financial Impact of the application and implementation of IFRS 17 and concluded that impact on adoption of IFRS 17 is not significant as all the portfolios are eligible for the premium allocation approach (“PAA”) measurement model.
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 PAA.
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 have been evaluated under the requirements of the IFRS 17 standard. The initial conclusion is that the reinsurance arrangements qualify for the PAA assessment. The initial conclusion is under review.
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 has recruited key personnel who will play a key role in the IFRS 17 implementation and also conducted few training sessions.

At of the date of the publication of these financial statements, the company has already submitted Phase 3 Implementation plan to SAMA and two unaudited dry run results using 2020 and 2021 data, respectively.

IFRS 9 – Financial Instruments

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 9 – Financial Instruments (continued)

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.

b) 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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 9 – Financial Instruments (continued)

c) Hedge accounting:

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

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

Effective date:

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

1. Apply a temporary exemption from implementing IFRS 9 until the earlier of
 - a. the effective date of a new insurance contract standard; or
 - b. annual reporting periods beginning on or after 1 January 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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Standards issued but not yet effective (continued)

IFRS 9 – Financial Instruments (continued)

Impact assessment:

As at 30 September 2022, the Company has total financial assets and insurance related assets amounting to SR 480 million (31 December 2021: SR 536 million) and SR 220 million (31 December 2021: SR 70 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents, deposits, held to maturity investments, premium receivables-net, due from reinsurers-net and certain other receivables amounting to SR 209 million (31 December 2021: SR 300 million). Investments are carried currently at fair value through statement of income at SR 44.38 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. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis and additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9. However, the impact of the same is not expected to be significant. As required by the SAMA the Company is in the process of performing its detailed review of the IFRS 9 impact on the 2021 financial statement, accordingly at present it is not possible to provide reasonable estimate of the effects of application of this new standard as at the date of these condensed interim financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<i>30 September 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Cash in hand	9	21
Cash at banks	4,173	10,350
Murabaha deposits with maturity less than three months (see note 5)	--	14,449
	<u>4,182</u>	<u>24,820</u>
<i>Shareholders' operations</i>		
Cash at banks	11,164	6,292
Murabaha deposits with maturity less than three months (see note 5)	--	225,000
	<u>11,164</u>	<u>231,292</u>
Total of cash and cash equivalents	<u>15,346</u>	<u>256,112</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

5. MURABAHA DEPOSITS

Murabaha deposits comprises the following:

	<i>30 September 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)
	<u>14,449</u>	<u>--</u>
<i>Shareholders' operations</i>		
Murabaha deposits	150,000	225,000
Less: Murabaha deposits with maturity less than three months (see note 4)	--	(225,000)
	<u>150,000</u>	<u>--</u>
Total of Murabaha deposits	<u>164,449</u>	<u>--</u>

- a) These Murabaha deposits earn commission at an average rate of 2.29 % per annum as at 30 September 2022 (31 December 2021: 0.67 % per annum).

6. PREMIUMS RECEIVABLE - NET

Premiums receivable due from the following:

	<i>30 September 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Policyholders	148,592	80,429
Related parties (note 16)	6,340	4,837
	<u>154,932</u>	<u>85,266</u>
Provision for impairment of premiums receivable	(23,888)	(21,326)
Total of premiums receivable – net	<u>131,044</u>	<u>63,940</u>

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

	<i>30 September 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	2,562	1,204
Write-off	--	(5)
Balance at end of the period / year	<u>23,888</u>	<u>21,326</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

7. INVESTMENTS

	<i>30 September 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Shareholders' operations		
Investments held at fair value through income statement ("FVIS") (note 7.1)		
- Equity securities	15,479	16,303
- Mutual funds	24,984	28,529
	40,463	44,832
Held-to-maturity	2,000	2,000
Available-for-sale investment (note 7.2)	1,923	1,923
Total of investments	44,386	48,755

7.1. Investments held at FVIS

Movement in investments classified as FVIS is as follows:

	<i>30 September 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 (loss)/gain during the period / year	(4,369)	11,886
Balance at end of the period / year	40,463	44,832

The investments held at FVIS of Shareholders' operations comprise of portfolio amounting to SR 40.46 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).

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

8. PREPAYMENTS AND OTHER ASSETS

	<i>30 September 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Prepayments	19,131	8,023
Other assets (note 8.1)	27,591	33,606
	<u>46,722</u>	<u>41,629</u>
<i>Shareholders' operations</i>		
Advances	323	158
Other assets	1,576	105
	<u>1,899</u>	<u>263</u>
Total of prepayments and other assets	<u>48,621</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 Customs Authority ("ZATCA") for 2018 and 2019 financial years amounting to SR 7.3 million. The payments were made to ZATCA to avoid penalties. However, subsequent to period end, 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.

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 30 September 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>Nine-month period ended 30 September 2022 (Unaudited)</i>		
	<i>Gross SR'000</i>	<i>Reinsurance SR'000</i>	<i>Net SR'000</i>
Balance at the beginning of the period	103,835	(21,707)	82,128
Premiums written / (ceded) during the period	304,269	(72,542)	231,727
Premiums earned during the period	(235,588)	55,708	(179,880)
Balance at the end of the period	<u>172,516</u>	<u>(38,541)</u>	<u>133,975</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

10. TECHNICAL RESERVES (continued)**10.1 Movement in unearned premiums (continued)**

	<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	<u>(324,355)</u>	<u>93,322</u>	<u>(231,033)</u>
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>30 September</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	20,890	40,950
Claims incurred but not reported	32,897	37,355
Premium deficiency reserve	2,246	12,273
Other technical reserves	<u>3,463</u>	<u>4,672</u>
	<u>59,496</u>	<u>95,250</u>
Less:		
Reinsurers' share of outstanding claims	8,687	11,596
Reinsurers' share of claims incurred but not reported	<u>8,316</u>	<u>11,850</u>
	<u>17,003</u>	<u>23,446</u>
Net outstanding claims and reserves	<u>42,493</u>	<u>71,804</u>

11. GROSS WRITTEN PREMIUMS***Three-month period ended 30 September 2022 (Unaudited)***

	Corporate				Individual	Total Gross written premiums
	Small	Medium	Large	Total		
	SR '000	SR '000	SR '000	SR '000	SR '000	SR '000
Medical	141	797	18,830	19,768	--	19,768
Motor	2,015	3,470	13,615	19,100	22,472	41,572
Property, accident and others	2,062	3,508	5,840	11,410	34	11,444
Life	--	--	--	--	--	--
	<u>4,218</u>	<u>7,775</u>	<u>38,285</u>	<u>50,278</u>	<u>22,506</u>	<u>72,784</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

11. GROSS WRITTEN PREMIUMS (continued)

<i>Three-month period ended 30 September 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	5,611	(5,853)	4,313	4,071	3	4,074
Motor	970	2,058	18,305	21,333	18,258	39,591
Property, accident and others	1,465	871	8,816	11,152	118	11,270
Life	(5)	--	14	9	--	9
	8,041	(2,924)	31,448	36,565	18,379	54,944
<i>Nine-month period ended 30 September 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	1,477	3,467	48,202	53,146	--	53,146
Motor	9,504	42,300	101,614	153,418	48,741	202,159
Property, accident and others	5,075	5,745	37,432	48,252	712	48,964
	16,056	51,512	187,248	254,816	49,453	304,269
<i>Nine-month period ended 30 September 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	11,895	6,422	34,554	52,871	388	53,259
Motor	5,519	5,202	50,354	61,075	88,180	149,255
Property, accident and others	4,319	3,048	39,290	46,657	1,399	48,056
Life	661	164	697	1,522	--	1,522
	22,394	14,836	124,895	162,125	89,967	252,092

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

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

	<i>For the three-month period ended 30 September 2022 (Unaudited) SR'000</i>	<i>For the three-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>For the Nine-month period ended 30 September 2022 (Unaudited) SR'000</i>	<i>For the Nine-month period ended 30 September 2021 (Unaudited) SR'000</i>
<u>Reinsurance premiums ceded - General</u>				
- Local reinsurance brokers to foreign companies	11,853	11,752	51,378	48,443
- Direct foreign reinsurance companies	606	346	2,796	2,283
- Local reinsurance brokers to local companies	720	385	5,156	1,239
- Direct to local reinsurance companies	266	74	686	354
	13,445	12,557	60,016	52,319
<u>Reinsurance premiums ceded - Life</u>				
- Local reinsurance brokers to foreign companies	--	31	1	1,056
	13,445	12,588	60,017	53,375

12.2 Excess of loss expenses

	<i>Three-month period ended 30 September 2022 (Unaudited) SR'000</i>	<i>Three-month period ended 30 September 2021 (Unaudited) SR'000</i>	<i>Nine-month period ended 30 September 2022 (Unaudited) SR'000</i>	<i>Nine-month period ended 30 September 2021 (Unaudited) SR'000</i>
Local reinsurance brokers to foreign companies	3,654	3,299	11,492	9,583
Local reinsurance brokers to local companies	351	76	1,033	206
	4,005	3,375	12,525	9,789

13. COMMITMENTS AND CONTINGENCIES

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

	<i>30 September 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Letters of guarantees	300	300

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

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.

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.

30 September 2022 (Unaudited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
Shareholders' operations					
Investments held at FVIS					
- Equity securities	15,479	15,479	--	--	15,479
- Mutual funds	24,984	--	24,984	--	24,984
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
Held-to-maturity	2,000	--	--	2,000	2,000
	44,386	15,479	24,984	3,923	44,386

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

14. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 December 2021 (Audited)	Carrying value SR'000	Fair Value				Total SR'000
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000		
<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>--</u>	<u>48,755</u>

The fair value of investments in mutual funds at level 2 is based on the net assets 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 30 September 2022, the Company has an investment amounting to SR 1.9 million (31 December 2020: 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 nine-month period ended 30 September 2022 and the year ended 31 December 2021. Further, there were no changes in the valuation techniques during the period from previous periods.

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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

15. OPERATING SEGMENTS (continued)

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 30 September 2022 and 31 December 2021, its total revenues, expenses, and net income for the nine-month period then ended, are as follows:

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 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	--	14,604	11,767	3,890	5,716	2,564	38,541	--	38,541
Reinsurers' share of outstanding claims	--	(1,053)	4,998	141	1,591	3,010	8,687	--	8,687
Reinsurers' share of claims incurred but not reported	--	6,032	28	354	785	1,117	8,316	--	8,316
Reinsurers' excess of loss claims	2,197	9	98	--	--	--	2,304	--	2,304
Deferred policy acquisition costs	1,123	10,690	1,377	452	484	567	14,693	--	14,693
Unallocated assets	--	--	--	--	--	--	236,004	321,604	557,608
TOTAL ASSETS	3,320	30,282	18,268	4,837	8,576	7,258	308,545	321,604	630,149
LIABILITIES									
Unearned premiums	28,367	114,904	12,796	4,263	7,107	5,079	172,516	--	172,516
Unearned reinsurance commission	--	1,491	2,630	419	951	464	5,955	--	5,955
Outstanding claims	14,057	(8,913)	6,875	175	2,062	6,634	20,890	--	20,890
Claims incurred but not reported	5,035	24,754	54	375	800	1,879	32,897	--	32,897
Premium deficiency reserve	2,246	--	--	--	--	--	2,246	--	2,246
Other technical reserves	137	2,054	780	172	84	236	3,463	--	3,463
Unallocated liabilities	--	--	--	--	--	--	66,367	8,282	74,649
TOTAL LIABILITIES	49,842	134,290	23,135	5,404	11,004	14,292	304,334	8,282	312,616

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2022

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>Shareholders'</i> <i>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>Insurance 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 incurred but not reported	--	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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF INCOME

	<i>For the three-month period ended 30 September 2022 (Unaudited)</i>						
	<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
REVENUES							
Gross written premiums	19,768	41,572	4,635	826	3,911	2,072	72,784
Less: Reinsurance premiums ceded							
- Local	--	--	(461)	(183)	(215)	(127)	(986)
- Foreign	--	(4,739)	(3,356)	(556)	(3,090)	(718)	(12,459)
	--	(4,739)	(3,817)	(739)	(3,305)	(845)	(13,445)
Less: Excess of loss expenses							
- Local	(60)	(150)	(52)	(8)	(51)	(29)	(351)
- Foreign	(2,006)	(852)	(295)	(45)	(292)	(165)	(3,654)
	(2,066)	(1,002)	(347)	(53)	(343)	(194)	(4,005)
Net written premiums	17,702	35,831	471	34	263	1,033	55,334
Changes in unearned premiums – net	(7,617)	11,483	268	35	(23)	99	4,245
Net premiums earned	10,085	47,314	739	69	240	1,132	59,579
Reinsurance commissions	--	623	1,364	212	244	370	2,813
Other underwriting income	--	9	3	--	8	4	24
TOTAL REVENUES	10,085	47,946	2,106	281	492	1,506	62,416
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	11,439	59,745	11	76	149	14	71,434
Expenses incurred related to claims	771	1,012	--	--	--	--	1,783
Less: Reinsurers' share of claims paid	(581)	(6,726)	(8)	(64)	(101)	1	(7,479)
Net claims and other benefits paid	11,629	54,031	3	12	48	15	65,738
Changes in outstanding claims – net	4,647	(10,092)	1,539	13	8	609	(3,276)
Changes in claims incurred but not reported – net	85	5,810	22	(30)	5	35	5,927
Other technical reserves	33	--	72	(12)	(12)	17	98
Net claims and other benefits incurred	16,394	49,749	1,636	(17)	49	676	68,487
Reversal of premium deficiency reserve	(4,613)	(6,211)	--	--	--	--	(10,824)
Policy acquisition costs	464	9,168	787	104	133	252	10,908
TOTAL UNDERWRITING COSTS AND EXPENSES	12,245	52,706	2,423	87	182	928	68,571
NET UNDERWRITING (LOSS) / INCOME	(2,160)	(4,760)	(317)	194	307	581	(6,155)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

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

	<i>For the three-month period ended 30 September 2022 (Unaudited)</i>						
	<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	(2,160)	(4,760)	(317)	194	307	581	(6,155)
OTHER OPERATING (EXPENSES) / INCOME							
Provision for impairment of premium receivables							(1,215)
Reversal for impairment of reinsurance receivables							363
General and administration expenses							(21,189)
Investment loss							1,163
Other income							11,546
TOTAL OTHER OPERATING (EXPENSES) – NET							(9,332)
Loss before Surplus and Zakat							(15,487)
Loss attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(15,487)
Zakat charge							(900)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(16,387)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the three-month period ended 30 September 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	4,074	39,591	4,061	821	5,411	986	54,944
Less: Reinsurance premiums ceded							
- Local	--	--	(123)	(101)	(219)	(14)	(457)
- Foreign	--	(4,466)	(3,104)	(612)	(3,726)	(223)	(12,131)
	--	(4,466)	(3,227)	(713)	(3,945)	(237)	(12,588)
Less: Excess of loss expenses							
- local	--	--	(29)	(4)	(27)	(16)	(76)
- Foreign	(1,408)	(992)	(332)	(52)	(330)	(185)	(3,299)
	(1,408)	(992)	(361)	(56)	(357)	(201)	(3,375)
Net written premiums	2,666	34,133	473	52	1,109	548	38,981
Changes in unearned premiums – net	11,844	10,711	245	46	(665)	1,162	23,343
Net premiums earned	14,510	44,844	718	98	444	1,710	62,324
Reinsurance commissions	--	1,291	1,752	1,826	3,752	1,205	9,826
Other underwriting income	1	430	2	1	7	5	446
TOTAL REVENUES	14,511	46,565	2,472	1,925	4,203	2,920	72,596
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	19,100	36,826	431	1,020	1,144	596	59,117
Expenses incurred related to claims	122	1,408	--	--	--	--	1,530
Less: Reinsurers' share of claims paid	(1,706)	(7,662)	(323)	(982)	(916)	(325)	(11,914)
Net claims and other benefits paid	17,516	30,572	108	38	228	271	48,733
Changes in outstanding claims – net	371	2,297	(71)	(16)	(275)	1,654	3,960
Changes in claims incurred but not reported – net	(3,853)	2,934	(84)	(31)	(26)	(226)	(1,286)
Other technical reserves	(17)	231	580	131	(52)	79	952
Net claims and other benefits incurred	14,017	36,034	533	122	(125)	1,778	52,359
Provision of premium deficiency reserve	2,446	5,605	--	--	--	--	8,051
Policy acquisition costs	470	8,257	772	136	224	388	10,247
TOTAL UNDERWRITING COSTS AND EXPENSES	16,933	49,896	1,305	258	99	2,166	70,657
NET UNDERWRITING (LOSS) / INCOME	(2,422)	(3,331)	1,167	1,667	4,104	754	1,939

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the three-month period ended 30 September 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	(2,422)	(3,331)	1,167	1,667	4,104	754	1,939
OTHER OPERATING (EXPENSES) / INCOME							
Provision for impairment of premium receivables							(830)
Provision for impairment of reinsurance receivables							(496)
General and administration expenses							(17,388)
Investment income							1,869
Other income							610
TOTAL OTHER OPERATING (EXPENSES) – NET							(16,235)
Loss before Surplus and Zakat							(14,296)
Loss attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(14,296)
Zakat charge							(129)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(14,425)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

	<i>For the Nine-month period ended 30 September 2022 (Unaudited)</i>						
	<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	53,146	202,159	25,550	2,761	12,314	8,339	304,269
Less: Reinsurance contracts premiums ceded							
-Local	--	(2,410)	(1,827)	(373)	(950)	(282)	(5,842)
-Foreign	--	(20,525)	(20,470)	(2,016)	(7,687)	(3,477)	(54,175)
	--	(22,935)	(22,297)	(2,389)	(8,637)	(3,759)	(60,017)
Less: Excess of loss expenses							
- Local	(180)	(432)	(156)	(24)	(154)	(87)	(1,033)
- Foreign	(6,528)	(2,573)	(886)	(136)	(875)	(494)	(11,492)
	(6,708)	(3,005)	(1,042)	(160)	(1,029)	(581)	(12,525)
Net written premiums	46,438	176,219	2,211	212	2,650	3,997	231,727
Changes in unearned premiums – net	(12,516)	(39,957)	1,029	(61)	(218)	(123)	(51,846)
Net premiums earned	33,922	136,262	3,240	151	2,432	3,874	179,881
Reinsurance commissions	--	1,885	4,362	687	2,174	1,436	10,544
Other underwriting income	--	26	9	2	28	12	77
TOTAL REVENUES	33,922	138,173	7,611	840	4,631	5,325	190,502
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	36,422	165,145	534	152	1,922	1,550	205,725
Expenses incurred related to claims	1,802	3,382	--	--	--	--	5,184
Less: Reinsurers' share of claims paid	(3,883)	(16,821)	(290)	(136)	(1,567)	(844)	(23,541)
Net claims and other benefits paid	34,341	151,706	244	16	355	706	187,368
Changes in outstanding claims – net	5,582	(19,123)	1,671	--	(961)	(1,733)	(14,564)
Changes in claims incurred but not reported – net	(3,328)	2,026	14	(57)	(240)	661	(924)
Other technical reserves	(20)	(1,029)	77	(27)	(140)	(69)	(1,208)
Net claims and other benefits incurred	36,575	133,580	2,006	(68)	(986)	(435)	170,672
Reversal of premium deficiency reserve	(1,446)	(8,581)	--	--	--	--	(10,027)
Policy acquisition costs	906	24,142	2,375	84	718	784	29,009
TOTAL UNDERWRITING COSTS AND EXPENSES	36,035	149,141	4,381	16	(268)	349	189,654
NET UNDERWRITING (LOSS) / INCOME	(2,113)	(10,968)	3,230	824	4,899	4,976	848

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

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

	<i>For the Nine-month period ended 30 September 2022 (Unaudited)</i>						
	<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	(2,113)	(10,968)	3,230	824	4,899	4,976	848
OTHER OPERATING (EXPENSES) / INCOME							
Provision for impairment of premium receivables							(2,562)
Reversal for impairment of reinsurance receivables							502
General and administration expenses							(60,348)
Investment loss							(1,742)
Other income							13,212
TOTAL OTHER OPERATING EXPENSES - NET							(50,938)
Loss before Surplus and Zakat							(50,090)
Income attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(50,090)
Zakat charge							(3,250)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(53,340)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the Nine-month period ended 30 September 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	53,259	149,255	24,874	2,563	11,506	10,635	252,092
Less: Reinsurance contracts premiums ceded							
-Local reinsurance	--	--	(804)	(182)	(461)	(145)	(1,592)
-Foreign reinsurance	--	(16,935)	(20,346)	(2,006)	(7,521)	(4,975)	(51,783)
	--	(16,935)	(21,150)	(2,188)	(7,982)	(5,120)	(53,375)
Less: Excess of loss expenses							
-Local reinsurance	--	--	(76)	(12)	(75)	(43)	(206)
-Foreign reinsurance	(4,281)	(2,779)	(935)	(144)	(924)	(520)	(9,583)
	(4,281)	(2,779)	(1,011)	(156)	(999)	(563)	(9,789)
Net written premiums	48,978	129,541	2,713	219	2,525	4,952	188,928
Changes in unearned premiums – net	(5,782)	(8,752)	(1,148)	139	(527)	(671)	(16,741)
Net premiums earned	43,196	120,789	1,565	358	1,998	4,281	172,187
Reinsurance commissions	--	3,125	3,786	2,339	5,109	2,049	16,408
Other underwriting income	10	442	9	3	17	15	496
TOTAL REVENUES	43,206	124,356	5,360	2,700	7,124	6,345	189,091
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	51,352	119,554	452	1,138	1,798	1,094	175,388
Expenses incurred related to claims	1,622	3,261	--	--	--	--	4,883
Less: Reinsurers' share of claims paid	(7,283)	(22,149)	(325)	(1,083)	(1,309)	(709)	(32,858)
Net claims and other benefits paid	45,691	100,666	127	55	489	385	147,413
Changes in outstanding claims – net	832	2,765	20	(70)	913	2,978	7,438
Changes in claims incurred but not	201	1,919	188	7	143	(24)	2,434
Other technical reserves	37	687	423	74	23	56	1,300
Net claims and other benefits incurred	46,761	106,037	758	66	1568	3,395	158,585
Premium deficiency reserve	4,755	4,294	--	--	--	--	9,049
Policy acquisition costs	1,647	24,798	2,347	385	844	1,128	31,149
TOTAL UNDERWRITING COSTS AND EXPENSES	53,163	135,129	3,105	451	2,412	4,523	198,783
NET UNDERWRITING (LOSS) / INCOME	(9,957)	(10,733)	2,255	2,249	4,712	1,822	(9,652)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the Nine-month period ended 30 September 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	(9,957)	(10,733)	2,255	2,249	4,712	1,822	(9,652)
OTHER OPERATING (EXPENSES) / INCOME							
Reversal for impairment of premium receivables							(1,465)
Reversal for impairment of reinsurance receivables							(630)
General and administration expenses							(55,847)
Investment income							9,981
Other income							231
TOTAL OTHER OPERATING EXPENSES - NET							(47,730)
Loss before Surplus and Zakat							(57,422)
Income attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(57,422)
Zakat charge							(1,130)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(58,552)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

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/year and the related balances:

<u>Related party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Transactions</u>				<u>Balance receivable / payable</u>	
			<u>Three-month period ended 30 September 2022 (Unaudited) SR'000</u>	<u>Three-month period ended 30 September 2021 (Unaudited) SR'000</u>	<u>Nine-month period ended 30 September 2022 (Unaudited) SR'000</u>	<u>Nine-month period ended 30 September 2021 (Unaudited) SR'000</u>	<u>30 September 2022 (Unaudited) SR'000</u>	<u>31 December 2021 (Audited) SR'000</u>
Insurance operations								
Saudi General Insurance Company Ltd. E.C.	Shareholder	Expenses paid	--	--	--	--	(309)	(309)
Rolaco Group	Related to shareholders	Premiums underwritten (note 6)	19	9	87	105	3	(25)
		Claims paid	(19)	--	(50)	(1)	(1)	(19)
Dabbagh Group	Related to shareholders	Premiums underwritten (note 6)	(279)	(149)	7,155	10,846	6,337	4,862
		Claims paid	(2,366)	(2,178)	(7,154)	(7,562)	(2,468)	(1,761)
Raghaf Establishment	Related to shareholders	Premiums underwritten (note 6)	--	(2)	18	21	--	--
		Claims paid	(4)	(7)	(53)	(23)	(5)	(11)
Key Management Personnel		Short-term benefits	(903)	(768)	(2,709)	(2,304)	--	--
		Long-term benefits	(56)	(37)	(161)	(111)	(651)	(853)
Shareholders' operations								
Board of Directors		Board of Directors remuneration and related expenses	(450)	450	(1,350)	1,350	(1,350)	(1,800)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

17. ZAKAT

17.1 Zakat provision

Movements in the Zakat provision during the nine-month period ended 30 September 2022 and year ended 31 December 2021 are as follows:

	<i>30 September 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	3,250	2,164
Provided for prior periods / years	--	537
Paid during the period / year	<u>(2,069)</u>	<u>(3,682)</u>
Balance as at end of the period / year	<u><u>3,468</u></u>	<u><u>2,287</u></u>

17.2 Status of assessments

The Company has finalized its Zakat and withholding status for the 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, 2016-2018 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. Furthermore, ZATCA issued the Zakat assessment for the years 2019-2020 and claimed additional Zakat liability of SR 1,386,080. 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. Accordingly, the hearing session was held on October 3, 2022 and the committee has accepted only the deferred policy acquisition cost and the revised zakat liability is SR 923,112. The Company filed its Zakat returns for year ended 31 December 2021 and obtained the related Zakat certificate.

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.

	<i>30 September 2022 (Unaudited)</i>		<i>31 December 2021 (Audited)</i>	
	<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>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 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's management has concluded that, based on the stress testing performed, the solvency margin of the Company is SAR 127.5 million above the required margin as directed by SAMA.

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

20. LOSS PER SHARE

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Net loss for the period attributable to the shareholders of the Company (SR '000')	<u>(53,340)</u>	<u>(58,552)</u>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	<u>50,000</u>	<u>50,000</u>
Basic and diluted loss per share based on net loss for the period attributable to shareholders of the Company (SR/share)	<u>(1.07)</u>	<u>(1.17)</u>

The basic loss per share have been calculated by dividing the net loss for the period by the weighted average number of ordinary shares issued and outstanding at the period-end. In the absence of any convertible liability, the diluted loss per share do not differ from the basic loss per share.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

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>30 September 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance</i>	<i>Shareholders'</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholders'</i>	<i>Total</i>
	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>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>
ASSETS						
Cash and cash equivalents	4,182	11,164	15,346	24,820	231,292	256,112
Murabaha deposits	14,449	150,000	164,449	--	--	--
Premiums receivable – net	131,044	--	131,044	63,940	--	63,940
Due from reinsurers – net	10,786	--	10,786	32,967	--	32,967
Reinsurers' share of unearned premiums	38,541	--	38,541	21,707	--	21,707
Reinsurers' share of outstanding claims	8,687	--	8,687	11,596	--	11,596
Reinsurers' share of claims incurred but not reported	8,316	--	8,316	11,850	--	11,850
Reinsurers' excess of loss claims	2,304	--	2,304	4,892	--	4,892
Deferred policy acquisition costs	14,693	--	14,693	7,283	--	7,283
Investments	--	44,386	44,386	--	48,755	48,755
Prepayments and other assets	46,722	1,899	48,621	41,630	262	41,892
Right-of-use assets	738	--	738	1,555	--	1,555
Property and equipment	15,728	--	15,728	13,120	--	13,120
Intangible assets	12,355	--	12,355	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	--	2,895	2,895	--	2,495	2,495
Due from Shareholder's operations	--	3,774	3,774	--	(16,307)	(16,307)
TOTAL ASSETS	308,545	325,378	633,923	244,986	377,757	622,743

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	<i>30 September 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance</i>	<i>Shareholders'</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>
	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>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>
LIABILITIES						
Due to policyholders	8,398	--	8,398	12,739	--	12,739
Accrued expenses and other liabilities	20,336	1,919	22,255	19,592	2,539	22,131
Due to reinsurers	6,552	--	6,552	1,249	--	1,249
Due to brokers	16,545	--	16,545	8,692	--	8,692
Unearned premiums	172,516	--	172,516	103,835	--	103,835
Unearned reinsurance commission	5,955	--	5,955	4,380	--	4,380
Outstanding claims	20,890	--	20,890	40,950	--	40,950
Claims incurred but not reported	32,897	--	32,897	37,355	--	37,355
Premium deficiency reserve	2,246	--	2,246	12,273	--	12,273
Other technical reserves	3,463	--	3,463	4,672	--	4,672
Due to / (from) shareholders' operations	3,774	--	3,774	(16,307)	--	(16,307)
Employees' defined benefit obligations	5,125	--	5,125	5,157	--	5,157
Lease liabilities	673	--	673	1,224	--	1,224
Insurance operations' surplus payable	8,738	--	8,738	8,738	--	8,738
Accrued Zakat	--	3,468	3,468	--	2,287	2,287
Accrued income payable to SAMA	--	2,895	2,895	--	2,495	2,495
TOTAL LIABILITIES	308,108	8,282	316,390	244,549	7,321	251,870
EQUITY						
Share capital	--	500,000	500,000	--	500,000	500,000
Statutory reserve	--	2,165	2,165	--	2,165	2,165
Accumulated losses	--	(185,069)	(185,069)	--	(131,729)	(131,729)
Re-measurement reserve of defined benefit obligations	437	--	437	437	--	437
TOTAL EQUITY	437	317,096	317,533	437	370,436	370,873
TOTAL LIABILITIES AND EQUITY	308,545	325,378	633,923	244,986	377,757	622,743

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME
For the three-month period ended

	30 September 2022 (Unaudited)			30 September 2021 (Unaudited)		
	Insurance operations	Shareholder' operations	Total	Insurance operations	Shareholder' operations	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
REVENUES						
Gross written premiums	72,784	--	72,784	54,944	--	54,944
Less: Reinsurance premiums ceded						
- Local	(986)	--	(986)	(457)	--	(457)
- Foreign	(12,459)	--	(12,459)	(12,131)	--	(12,131)
	<u>(13,445)</u>	<u>--</u>	<u>(13,445)</u>	<u>(12,588)</u>	<u>--</u>	<u>(12,588)</u>
Less: Excess of loss expenses						
- Local	(351)	--	(351)	(76)	--	(76)
- Foreign	(3,654)	--	(3,654)	(3,299)	--	(3,299)
	<u>(4,005)</u>	<u>--</u>	<u>(4,005)</u>	<u>(3,375)</u>	<u>--</u>	<u>(3,375)</u>
Net written premiums	55,334	--	55,334	38,981	--	38,981
Changes in unearned premiums – net	4,245	--	4,245	23,343	--	23,343
Net premiums earned	59,579	--	59,579	62,324	--	62,324
Reinsurance commissions	2,813	--	2,813	9,826	--	9,826
Other underwriting income	24	--	24	446	--	446
	<u>62,416</u>	<u>--</u>	<u>62,416</u>	<u>72,596</u>	<u>--</u>	<u>72,596</u>
TOTAL REVENUES	62,416	--	62,416	72,596	--	72,596
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	71,434	--	71,434	59,117	--	59,117
Expenses incurred related to claims	1,783	--	1,783	1,530	--	1,530
Less: Reinsurers' share of claims paid	(7,479)	--	(7,479)	(11,914)	--	(11,914)
	<u>65,738</u>	<u>--</u>	<u>65,738</u>	<u>48,733</u>	<u>--</u>	<u>48,733</u>
Net claims and other benefits paid	65,738	--	65,738	48,733	--	48,733
Change in net outstanding claims – net	(3,276)	--	(3,276)	3,960	--	3,960
Changes in claims incurred but not reported – net	5,927	--	5,927	(1,286)	--	(1,286)
Other technical reserves	98	--	98	952	--	952
	<u>68,487</u>	<u>--</u>	<u>68,487</u>	<u>52,359</u>	<u>--</u>	<u>52,359</u>
Net claims and other benefits incurred	68,487	--	68,487	52,359	--	52,359
Provision / (reversal) of premium deficiency reserve	(10,824)	--	(10,824)	8,051	--	8,051
Policy acquisition costs	10,908	--	10,908	10,247	--	10,247
	<u>68,571</u>	<u>--</u>	<u>68,571</u>	<u>70,657</u>	<u>--</u>	<u>70,657</u>
TOTAL UNDERWRITING COSTS AND EXPENSES	68,571	--	68,571	70,657	--	70,657
NET LOSS UNDERWRITING INCOME	(6,155)	--	(6,155)	1,939	--	1,939

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)
For the three-month period ended

	<i>30 September 2022 (Unaudited)</i>			<i>30 September 2021 (Unaudited)</i>		
	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>
	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>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>
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Provision for impairment of premium receivables	(1,215)	--	(1,215)	(830)	--	(830)
Reversal of / (Provision) for impairment of reinsurance receivables	363	--	363	(496)	--	(496)
General and administration expenses	(20,305)	(884)	(21,189)	(16,483)	(905)	(17,388)
Investment income	106	1,057	1,163	30	1,839	1,869
Other income	11,546	--	11,546	610	--	610
TOTAL OTHER OPERATING (EXPENSES) / INCOME - NET	(9,505)	173	(9,332)	(17,169)	934	(16,235)
(Loss) / Income before Surplus and Zakat	(15,660)	173	(15,487)	(15,230)	934	(14,296)
Surplus transferred to Shareholders (note 1)	15,660	(15,660)	--	15,230	(15,230)	--
NET LOSS FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT	--	(15,487)	(15,487)	--	(14,296)	(14,296)
Zakat charge	--	(900)	(900)	--	(129)	(129)
NET LOSS FOR THE PERIOD	--	(16,387)	(16,387)	--	(14,425)	(14,425)
Basic and diluted loss per share (SR per share)		(0.33)			(0.29)	

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month periods ended

	<i>30 September 2022 (Unaudited)</i>			<i>30 September 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	--	(16,387)	(16,387)	--	(14,425)	(14,425)
Other comprehensive income / (loss)	--	--	--	--	--	--
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD	--	(16,387)	(16,387)	--	(14,425)	(14,425)
Less: net income attributable to insurance operations			--			--
TOTAL COMPREHENSIVE (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS			(16,387)			(14,425)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME
For the nine-month period ended

	<i>30 September 2022 (Unaudited)</i>			<i>30 September 2021 (Unaudited)</i>		
	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>
	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>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>
REVENUES						
Gross written premiums	304,269	--	304,269	252,092	--	252,092
Less: Reinsurance contracts premiums ceded						
-Local reinsurance	(5,842)	--	(5,842)	(1,592)	--	(1,592)
-Foreign reinsurance	(54,175)	--	(54,175)	(51,783)	--	(51,783)
	<u>(60,017)</u>	--	<u>(60,017)</u>	<u>(53,375)</u>	--	<u>(53,375)</u>
Less: Excess of loss expenses						
-Local reinsurance	(1,033)	--	(1,033)	(206)	--	(206)
-Foreign reinsurance	(11,492)	--	(11,492)	(9,583)	--	(9,583)
	<u>(12,525)</u>	--	<u>(12,525)</u>	<u>(9,789)</u>	--	<u>(9,789)</u>
Net written premiums	231,727	--	231,727	188,928	--	188,928
Changes in unearned premiums – net	(51,846)	--	(51,846)	(16,741)	--	(16,741)
Net premiums earned	179,881	--	179,881	172,187	--	172,187
Reissuance Commission	10,544	--	10,544	16,408	--	16,408
Other underwriting income	77	--	77	496	--	496
	<u>190,502</u>	<u>--</u>	<u>190,502</u>	<u>189,091</u>	<u>--</u>	<u>189,091</u>
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	205,725	--	205,725	175,388	--	175,388
Expenses incurred related to claims	5,184	--	5,184	4,883	--	4,883
Less: Reinsurers' share of claims paid	(23,541)	--	(23,541)	(32,858)	--	(32,858)
	<u>187,368</u>	<u>--</u>	<u>187,368</u>	<u>147,413</u>	<u>--</u>	<u>147,413</u>
Net claims and other benefits paid	187,368	--	187,368	147,413	--	147,413
Change in net outstanding claims - net	(14,564)	--	(14,564)	7,438	--	7,438
Changes in claims incurred but not reported - net	(924)	--	(924)	2,434	--	2,434
Other technical reserves	(1,208)	--	(1,208)	1,300	--	1,300
	<u>170,672</u>	<u>--</u>	<u>170,672</u>	<u>158,585</u>	<u>--</u>	<u>158,585</u>
Net claims and other benefits incurred	170,672	--	170,672	158,585	--	158,585
Provision / (Reversal) for premium deficiency reserve	(10,027)	--	(10,027)	9,049	--	9,049
Policy acquisition costs	29,009	--	29,009	31,149	--	31,149
	<u>189,654</u>	<u>--</u>	<u>189,654</u>	<u>198,783</u>	<u>--</u>	<u>198,783</u>
TOTAL UNDERWRITING COSTS AND EXPENSES	189,654	--	189,654	198,783	--	198,783
NET UNDERWRITING INCOME	848	--	848	(9,692)	--	(9,692)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the nine-month period ended

	30 September 2022 (Unaudited)			30 September 2021 (Unaudited)		
	Insurance operations SR'000	Shareholder' operations SR'000	Total SR'000	Insurance operations SR'000	Shareholder' operations SR'000	Total SR'000
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
Provision for impairment of premium receivables	(2,562)		(2,562)	(1,465)	--	(1,465)
Reversal/ (provision) for impairment of reinsurance receivables	502		502	(630)	--	(630)
General and administration expenses	(57,164)	(3,184)	(60,348)	(53,072)	(2,775)	(55,847)
Investment income	171	(1,913)	(1,742)	233	9,748	9,981
Other income	13,212	--	13,212	231	--	231
TOTAL OTHER OPERATING (EXPENSES) / INCOME – NET	(45,841)	(5,097)	(50,938)	(54,703)	6,973	(47,730)
Loss before Surplus and Zakat	(44,993)	(5,097)	(50,090)	(64,395)	6,973	(57,422)
Surplus transferred to Shareholders (note 1)	44,993	(44,993)	--	64,395	(64,395)	--
NET LOSS FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT		(50,090)	(50,090)	--	(57,422)	(57,422)
Zakat charge	--	(3,250)	(3,250)	--	(1,130)	(1,130)
NET LOSS FOR THE PERIOD	--	(53,340)	(53,340)	--	(58,552)	(58,552)
LOSS PER SHARE (Expressed in SR per share)						
Weighted average number of shares (in thousands shares)		50,000			50,000	
Basic and diluted loss per share (SR per share)		(1.07)			(1.17)	

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period ended

	<i>30 September 2022 (Unaudited)</i>			<i>30 September 2021 (Unaudited)</i>		
	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>	<i>Insurance</i>	<i>Shareholder'</i>	<i>Total</i>
	<i>operations</i>	<i>operations</i>		<i>operations</i>	<i>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>
NET LOSS FOR THE PERIOD	--	(53,340)	(53,340)	--	(58,552)	(58,552)
Other comprehensive income	--	--	--	--	--	--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	--	(53,340)	(53,340)	--	(58,552)	(58,552)
Less: net income attributable to insurance operations			--			--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS			<u>(53,340)</u>			<u>(58,552)</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine-month period ended

	<i>30 September 2022 (Unaudited)</i>			<i>30 September 2021 (Unaudited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholder' 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	--	(50,090)	(50,090)	--	(57,422)	(57,422)
<u>Adjustments for non-cash items:</u>						
Depreciation on property and equipment	1,739	--	1,739	(146)	--	(146)
Amortization on right-of-use assets	817	--	817	817	--	817
Amortization on intangible assets	849	--	849	1,339	--	1,339
Provision for impairment of premium receivables	2,562	--	2,562	1,465	--	1,465
(Reversal) /provision for impairment of reinsurance receivables	(502)	--	(502)	630	--	630
Finance cost	--	--	--	100	--	100
Unrealized loss/(gain) on investments held at FVIS	--	4,369	4,369	--	(9,034)	(9,034)
	<u>5,465</u>	<u>(45,721)</u>	<u>(40,256)</u>	<u>4,205</u>	<u>(66,456)</u>	<u>(62,251)</u>
<u>Changes in operating assets and liabilities:</u>						
Premiums receivable – net	(69,666)	--	(69,666)	(24,925)	--	(24,925)
Due from reinsurers – net	22,683	--	22,683	(15,742)	--	(15,742)
Reinsurers' share of unearned premiums	(16,834)	--	(16,834)	7,281	--	7,281
Reinsurer's share of outstanding claims	2,909	--	2,909	(351)	--	(351)
Reinsurer's share of claims incurred but not reported	3,534	--	3,534	(1,094)	--	(1,094)
Deferred excess of loss claims	2,588	--	2,588	(2,469)	--	(2,469)
Deferred policy acquisition costs	(7,410)	--	(7,410)	(801)	--	(801)
Prepayments and other assets	(5,096)	(1,637)	(6,733)	(12,399)	(55)	(12,454)
Due from shareholders' operations	20,082	(20,082)	--	(28,157)	28,157	--
Due to policyholders	(4,341)	--	(4,341)	(1,135)	--	(1,135)
Accrued expenses and other liabilities	744	(619)	125	(8,493)	(277)	(8,770)
Due to reinsurers	5,303	--	5,303	4,980	--	4,980
Due to brokers	7,853	--	7,853	(2,471)	--	(2,471)
Unearned premiums	68,681	--	68,681	9,460	--	9,460

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the nine-month period ended

	30 September 2022 (Unaudited)			30 September 2021 (Unaudited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholder' operations	Total
	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	1,575	--	1,575	(675)	--	(675)
Outstanding claims	(20,060)	--	(20,060)	10,257	--	10,257
Claims incurred but not reported	(4,458)	--	(4,458)	3,527	--	3,527
Premium deficiency reserve	(10,027)	--	(10,027)	9,049	--	9,049
Other technical reserves	(1,209)	--	(1,209)	1,299	--	1,299
Employees defined benefit obligations	(32)	--	(32)	103	--	103
	(3,181)	(22,338)	(25,519)	(52,756)	27,825	(24,931)
Surplus paid to policy holders	--	--	--	--	--	--
Zakat paid	--	(2,069)	(2,069)	--	(3,335)	(3,335)
Net cash used in operating activities	2,284	(70,128)	(67,844)	(48,551)	(41,966)	(90,517)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property and equipment	(4,345)	--	(4,345)	(6,362)	--	(6,362)
Additions to intangible assets	(3,578)	--	(3,578)	(4,369)	--	(4,369)
Placement of Murabaha deposits	(14,449)	(150,000)	(164,449)	--	--	--
Net cash used in investing activities	(22,372)	(150,000)	(172,372)	(10,731)	--	(10,731)
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase in share capital	--	--	--	--	300,000	300,000
Statutory deposit	--	--	--	--	(55,000)	(55,000)
Transaction costs	--	--	--	--	(4,818)	(4,818)
Payment of lease liabilities	(550)	--	(550)	(254)	--	(254)
Net cash generated form / (used) in financing activities	(550)		(550)	(254)	240,182	239,928
Net (decrease) / increase in cash and cash equivalents	(20,638)	(220,128)	(240,766)	(59,536)	198,216	138,680
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	4,182	11,164	15,346	24,239	275,835	300,074

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the nine-month period ended 30 September 2022

22. IMPACT OF COVID 19 OUTBREAK AND SUBSEQUENT EVENTS

In response to the outbreak of novel coronavirus (“Covid-19 pandemic”) and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA over the last two years, hence management continues to proactively assess its impact on the Company’s operations. Globally, there has been significant drop in the number of registered cases including the KSA. As a result, restrictions related to Covid-19 pandemic such as social distancing, travel bans, requirement for travellers to present a negative PCR or rapid antigen test on arrival test have been lifted. 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 period ended 30 September 2022 including the significant accounting judgements, estimates and assumptions. The Company continues to monitor the Covid-19 pandemic situation closely although at this time management is not aware of any factors that are expected to change the impact of the Covid-19 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 2 November 2022, corresponding to 8 Rabi Al Thani 1444H.