

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

**INTERIM CONDENSED
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and six-months periods ended 30 June 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 SIX-MONTH PERIODS ENDED 30 JUNE 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



KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Headquarter in Riyadh

Commercial Registration No 4030290792



AlKharashi & Co.
Certified Accountants And Auditors

7425 Sahab Tower - Alttakhassusi
Street
Riyadh, KSA
PO Box 8306. Riyadh 11482
Tel +966 920028229
Fax +966 11477 4924

INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulf General Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") as at 30 June 2022, and the related interim condensed statements of income and comprehensive income for the three-month and six-month period then ended and the interim condensed statements of changes in equity and cash flows for the six-months period then ended, and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with 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
License No. 456



Jeddah, Kingdom of Saudi Arabia
24 August 2022
Corresponding to 26 Muharram 1444H



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

	Notes	30 June 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
ASSETS			
Cash and cash equivalents	4	23,896	256,112
Murabaha deposits	5	180,000	--
Premiums receivable – net	6	148,536	63,940
Due from reinsurers – net		15,689	32,967
Reinsurers' share of unearned premiums	10.1	44,133	21,707
Reinsurers' share of outstanding claims	10.2	5,585	11,596
Reinsurers' share of claims incurred but not reported	10.2	12,512	11,850
Reinsurers' excess of loss claims		2,847	4,892
Deferred policy acquisition costs		13,889	7,283
Investments	7	44,592	48,755
Prepayments and other assets	8	38,500	41,892
Right-of-use assets		1,010	1,555
Property and equipment		14,313	13,120
Intangible assets		11,095	9,626
Goodwill	1	36,260	36,260
Statutory deposit	9	75,000	75,000
Accrued income on statutory deposit	9	2,741	2,495
TOTAL ASSETS		670,598	639,050
LIABILITIES			
Due to policyholders		13,290	12,739
Accrued expenses and other liabilities		21,572	22,131
Due to reinsurers		7,396	1,249
Due to brokers		16,729	8,692
Unearned premiums	10.1	182,351	103,835
Unearned reinsurance commission		6,398	4,380
Outstanding claims	10.2	21,607	40,950
Claims incurred but not reported	10.2	31,167	37,355
Premium deficiency reserve	10.2	13,069	12,273
Other technical reserves	10.2	3,364	4,672
Employees' defined benefit obligations		4,955	5,157
Lease liabilities		732	1,224
Insurance operations' surplus payable		8,738	8,738
Accrued Zakat	17	2,569	2,287
Accrued income payable to SAMA	9	2,741	2,495
TOTAL LIABILITIES		336,678	268,177
EQUITY			
Share capital	18	500,000	500,000
Statutory reserve		2,165	2,165
Accumulated losses		(168,682)	(131,729)
Re-measurement reserve of defined benefit obligations		437	437
TOTAL EQUITY		333,920	370,873
TOTAL LIABILITIES AND EQUITY		670,598	639,050

Director

Chief Financial Officer

Chief Executive Officer

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

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

INTERIM CONDENSED STATEMENT OF INCOME (Unaudited)

For the three-months and six-month periods ended 30 June 2022

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2022 SR'000	2021 SR'000	2022 SR'000	2021 SR'000
REVENUES					
Gross written premiums	11	83,569	67,084	231,485	197,148
Less: Reinsurance premiums ceded					
- Local	12.1	(1,573)	(459)	(4,856)	(1,135)
- Foreign	12.1	(15,820)	(17,417)	(41,716)	(39,652)
Less: Excess of loss expenses		(17,393)	(17,876)	(46,572)	(40,787)
- Local	12.2	(351)	(64)	(683)	(130)
- Foreign	12.2	(4,334)	(3,249)	(7,837)	(6,284)
		(4,685)	(3,313)	(8,520)	(6,414)
Net written premiums		61,491	45,895	176,393	149,947
Change in unearned premiums – net		3,841	13,874	(56,091)	(40,084)
Net premiums earned		65,332	59,769	120,302	109,863
Reinsurance commission		4,602	3,079	7,731	6,582
Other underwriting income		22	17	53	50
TOTAL REVENUES		69,956	62,865	128,086	116,495
UNDERWRITING COSTS AND EXPENSES					
Gross claims paid		53,199	62,644	134,291	116,271
Expenses incurred related to claims		1,701	1,260	3,401	3,353
Less: Reinsurers' share of claims paid		(7,671)	(11,541)	(16,062)	(20,944)
Net claims and other benefits paid		47,229	52,363	121,630	98,680
Change in outstanding claims - net		5,181	(342)	(11,288)	3,478
Change in claims incurred but not reported - net		(2,742)	2,325	(6,851)	3,720
Other technical reserves		(364)	254	(1,306)	348
Net claims and other benefits incurred		49,304	54,600	102,185	106,226
Provision of premium deficiency reserve		1,837	735	797	998
Policy acquisition costs		10,201	11,100	18,101	20,902
TOTAL UNDERWRITING COSTS AND EXPENSES		61,342	66,435	121,083	128,126
NET UNDERWRITING INCOME / (LOSS)		8,614	(3,570)	7,003	(11,631)
OTHER OPERATING (EXPENSES) / INCOME					
(Provision) / reversal for impairment of premium receivables	6	(513)	64	(1,347)	(635)
(Provision) / reversal for impairment of reinsurance receivables		(38)	(41)	139	(134)
General and administration expenses		(18,728)	(18,903)	(39,159)	(38,459)
Investment (loss) / income		(6,609)	4,140	(2,905)	8,112
Other income / (expense)		741	(1,403)	1,666	(379)
TOTAL OTHER OPERATING EXPENSES – NET		(25,147)	(16,143)	(41,606)	(31,495)
Loss before Surplus and Zakat		(16,533)	(19,713)	(34,603)	(43,126)
Income attributed to the insurance operations (transfer to surplus payable)	21	--	--	--	--
Loss attributed to the shareholders before Zakat		(16,533)	(19,713)	(34,603)	(43,126)
Zakat charge	17	(1,231)	(54)	(2,350)	(1,001)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS		(17,764)	(19,767)	(36,953)	(44,127)
Basic and diluted loss per share (SR per share)	20	(0.36)	(0.99)	(0.74)	(2.21)

Director

Chief Financial Officer

Chief Executive Officer

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

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the three-month and six-month periods ended 30 June 2022

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS	(17,764)	(19,767)	(36,953)	(44,127)
Other comprehensive income	--	--	--	--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(17,764)	(19,767)	(36,953)	(44,127)



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 CHANGES IN EQUITY
For the six-month period ended 30 June 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
<i><u>Total comprehensive loss for the period</u></i>					
Net loss for the period attributable to shareholders	--	--	(36,953)	--	(36,953)
Balance as at 30 June 2022 (unaudited)	<u>500,000</u>	<u>2,165</u>	<u>(168,682)</u>	<u>437</u>	<u>333,920</u>
	<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
<i><u>Total comprehensive loss for the period</u></i>					
Net loss for the period attributed to shareholders	--	--	(44,127)	--	(44,127)
Balance as at 30 June 2021 (unaudited)	<u>200,000</u>	<u>2,165</u>	<u>(84,262)</u>	<u>1,104</u>	<u>119,007</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)

For the six-month period ended 30 June 2022

	<u>Notes</u>	<u>30 June</u> <u>2022</u> <i>(Unaudited)</i> <i>SR'000</i>	<u>30 June</u> <u>2021</u> <i>(Unaudited)</i> <i>SR'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss attributed to the shareholders before Zakat		(34,603)	(43,126)
<u>Adjustments for non-cash items:</u>			
Depreciation on property and equipment		1,134	1,527
Amortization on right-of-use assets		544	545
Amortization of intangible assets		590	844
Provision for impairment of premium receivables	6	1,347	635
Provision for impairment of reinsurance receivables		(139)	134
Finance cost		51	66
Unrealised loss / (gain) on investments held at FVIS	7	4,163	(7,505)
		(26,913)	(46,880)
<u>Changes in operating assets and liabilities:</u>			
Premiums receivable – net		(85,943)	(32,953)
Due from reinsurers – net		17,417	(2,980)
Reinsurers' share of unearned premiums		(22,426)	1,251
Reinsurers' share of outstanding claims		6,011	(3,189)
Reinsurers' share of claims incurred but not reported		(662)	655
Reinsurers' excess of loss claims		2,045	36
Deferred policy acquisition costs		(6,606)	(1,078)
Prepayments and other assets		3,392	(234)
Due to policyholders		551	73
Accrued expenses and other liabilities		(559)	(195)
Due to reinsurers		6,147	4,037
Due to brokers		8,037	1,311
Unearned premiums		78,516	38,831
Unearned reinsurance commission		2,018	(131)
Outstanding claims		(19,343)	6,629
Claims incurred but not reported		(6,188)	3,066
Premium deficiency reserve		796	998
Other technical reserves		(1,308)	347
Employees defined benefit obligations		(202)	167
		(18,307)	16,641
Zakat paid	17	(2,068)	(3,335)
Net cash used in operating activities		(47,288)	(33,574)

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 six-month period ended 30 June 2022

	<u>Notes</u>	<i>30 June 2022</i> <i>(Unaudited)</i> <i>SR'000</i>	<i>30 June 2021</i> <i>(Unaudited)</i> <i>SR'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(2,325)	(4,523)
Additions to Intangibles		(2,060)	(3,203)
Purchase of Murabaha deposits		(180,000)	--
Net cash used in investing activities		(184,385)	(7,726)
CASH FLOWS FROM FINANCING ACTIVITIES			
Statutory deposit	9	--	(10,000)
Payment of lease liabilities		(543)	(180)
Net cash used in financing activities		(543)	(10,180)
Net decrease in cash and cash equivalents		(232,216)	(51,480)
Cash and cash equivalents at the beginning of the period	4	256,112	161,394
Cash and cash equivalents at the end of the period	4	23,896	109,914


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)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 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 six-month periods ended 30 June 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 June 30, 2022, the Company's accumulated losses reached 34% of its share capital. During the six-month period ended June 30, 2022, the Company incurred losses amounting to Saudi Riyals 36.95 million and has negative operating cash flows.

The loss for the six-month period ended June 30, 2022 is mainly attributable to the adverse results in the motor line of business, which although have recovered, when compared with the comparative period as well as the previous quarters. 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 quarters 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 six-month periods ended 30 June 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). Based on these assessments, the Company believes that the COVID-19 pandemic has had no material effects on Company's reported results for the six-month period ended 30 June 2022. The Company continues to monitor the situation closely.

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 six-month periods ended 30 June 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**

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

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

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

3.2. Standards issued but not yet effective

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

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

IFRS 17 – Insurance Contracts

Overview:

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

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

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

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

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.

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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Measurement (continued):

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:

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

Transition:

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

Presentation and Disclosures:

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

Impact:

The Company is currently assessing the impact of the application and implementation of IFRS 17. As of 30 June 2022, the financial impact of adopting the standard has yet to be fully assessed by the Company. The Company has started with their implementation process and have set up an implementation committee. Further, the Company has undertaken a Gap Analysis and the key areas of Gaps are as follows:

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2. Standards issued but not yet effective (continued)

IFRS 17 – Insurance Contracts (continued)

Impact: (continued):

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

At the date of 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:

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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 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 (continued):

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.

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:

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 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 (continued):

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

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

Impact assessment:

As at 30 June 2022, the Company has total financial assets and insurance related assets amounting to SR 524 million (31 December 2021: SR 536 million) and SR 243 million (31 December 2021: SR 70 million), respectively. Currently, financial assets held at amortized cost consist of cash and cash equivalents and certain other receivables amounting to SR 221 million (31 December 2021: SR 300 million). Investments are carried currently at fair value through statement of income at SR 40.66 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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	<i>30 June 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Cash in hand	11	21
Cash at banks	8,505	10,350
Murabaha deposits with maturity less than three months (see note 5)	14,449	14,449
	<u>22,965</u>	<u>24,820</u>
<i>Shareholders' operations</i>		
Cash at banks	931	6,292
Murabaha deposits with maturity less than three months (see note 5)	--	225,000
	<u>931</u>	<u>231,292</u>
Total of cash and cash equivalents	<u>23,896</u>	<u>256,112</u>

5. MURABAHA DEPOSITS

Murabaha deposits comprises the following:

	<i>30 June 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Murabaha deposits	14,449	14,449
Less: Murabaha deposits with maturity less than three months (see note 4)	(14,449)	(14,449)
	<u>--</u>	<u>--</u>
<i>Shareholders' operations</i>		
Murabaha deposits	180,000	225,000
Less: Murabaha deposits with maturity less than three months (see note 4)	--	(225,000)
	<u>180,000</u>	<u>--</u>
Total of Murabaha deposits	<u>180,000</u>	<u>--</u>

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

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

6. PREMIUMS RECEIVABLE - NET

Premiums receivable due from the following:

	<i>30 June 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Policyholders	162,439	80,429
Related parties (note 16)	8,770	4,837
	<u>171,209</u>	<u>85,266</u>
Provision for impairment of premiums receivable	<u>(22,673)</u>	<u>(21,326)</u>
Total of premiums receivable – net	<u>148,536</u>	<u>63,940</u>

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

	<i>30 June 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	1,347	1,204
Write-off	--	(5)
Balance at end of the period / year	<u>22,673</u>	<u>21,326</u>

7. INVESTMENTS

	<i>30 June 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Shareholders' operations</i>		
Investments held at fair value through income statement ("FVIS") (note 7.1)		
- Equity securities	15,714	16,303
- Mutual funds	24,955	28,529
	<u>40,669</u>	<u>44,832</u>
Held-to-maturity	2,000	2,000
Available-for-sale investment (note 7.2)	1,923	1,923
Total of investments	<u>44,592</u>	<u>48,755</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

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

Movement in investments classified as FVIS is as follows:

	<i>30 June 2021 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Balance at beginning of the period / year	44,832	32,946
Unrealised gain during the period / year	<u>(4,163)</u>	<u>11,886</u>
Balance at end of the period / year	<u>40,669</u>	<u>44,832</u>

The investments held at FVIS of Shareholders' operations comprise of portfolio amounting to SR 40.66 million (31 December 2021: SR 44.83 million) which is invested in mutual funds and equity shares in the Kingdom of Saudi Arabia. The investments are denominated in Saudi Arabian Riyals and US Dollars.

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

7.2. Available-for-sale investment

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

8. PREPAYMENTS AND OTHER ASSETS

	<i>30 June 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
<i>Insurance operations</i>		
Prepayments	22,400	8,023
Other assets (note 8.1)	<u>15,429</u>	<u>33,606</u>
	<u>37,829</u>	<u>41,629</u>
<i>Shareholders' operations</i>		
Advances	140	158
Other assets	<u>531</u>	<u>105</u>
	<u>671</u>	<u>263</u>
Total of prepayments and other assets	<u>38,500</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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

10. TECHNICAL RESERVES (continued)**10.2 Net outstanding claims and other technical reserves**

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

	<i>30 June 2022 (Unaudited) SR'000</i>	<i>31 December 2021 (Audited) SR'000</i>
Outstanding claims	21,607	40,950
Claims incurred but not reported	31,167	37,355
Premium deficiency reserve	13,069	12,273
Other technical reserves	3,364	4,672
	<u>69,207</u>	<u>95,250</u>
Less:		
Reinsurers' share of outstanding claims	5,585	11,596
Reinsurers' share of claims incurred but not reported	12,512	11,850
	<u>18,097</u>	<u>23,446</u>
Net outstanding claims and reserves	<u>51,110</u>	<u>71,804</u>

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

	<u>Corporate</u>				Individual SR '000	Total Gross written premiums SR '000
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000		
Medical	434	1,373	7,359	9,166	--	9,166
Motor	6,267	35,602	2,623	44,492	16,840	61,332
Property, accident and others	2,186	951	9,306	12,443	627	13,070
Life	1	1	(1)	1	--	1
	<u>8,888</u>	<u>37,927</u>	<u>19,287</u>	<u>66,102</u>	<u>17,467</u>	<u>83,569</u>

Three-month period ended 30 June 2021 (Unaudited)

	<u>Corporate</u>				Individual SR '000	Total Gross written premiums SR '000
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000		
Medical	2,106	6,764	7,940	16,810	--	16,810
Motor	955	1,366	7,253	9,574	22,256	31,830
Property, accident and others	1,359	1,427	14,123	16,909	1,182	18,091
Life	18	12	323	352	--	353
	<u>4,438</u>	<u>9,569</u>	<u>29,639</u>	<u>43,645</u>	<u>23,438</u>	<u>67,084</u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

11. GROSS WRITTEN PREMIUMS (continued)

	<i>Six-month period ended 30 June 2022 (Unaudited)</i>					Total Gross written premiums SR '000
	Corporate				Individual SR '000	
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000		
Medical	1,336	2,670	29,372	33,378	--	33,378
Motor	7,489	38,830	88,000	134,319	26,268	160,587
Property, accident and others	3,013	2,237	31,591	36,841	679	37,520
Life	--	--	--	--	--	--
	11,838	43,737	148,963	204,538	26,947	231,485

	<i>Six-month period ended 30 June 2021 (Unaudited)</i>					Total Gross written premiums SR '000
	Corporate				Individual SR '000	
	Small SR '000	Medium SR '000	Large SR '000	Total SR '000		
Medical	6,285	12,275	30,241	48,801	385	49,186
Motor	4,549	3,144	32,048	39,741	69,923	109,664
Property, accident and others	2,854	2,177	30,474	35,504	1,281	36,785
Life	666	164	683	1,513	--	1,513
	14,354	17,760	93,446	125,559	71,589	197,148

12. REINSURANCE PREMIUMS AND EXCESS OF LOSS PREMIUM CEDED

12.1 Reinsurance premiums ceded

	<i>For the three-month period ended 30 June 2022 (Unaudited) SR'000</i>	<i>For the three-month period ended 30 June 2021 (Unaudited) SR'000</i>	<i>For the Six-month period ended 30 June 2022 (Unaudited) SR'000</i>	<i>For the Six-month period ended 30 June 2021 (Unaudited) SR'000</i>
<u>Reinsurance premiums ceded – General</u>				
- Local reinsurance brokers to foreign companies	15,246	16,543	39,525	36,691
- Direct foreign reinsurance companies	573	670	2,190	1,936
- Local reinsurance brokers to local companies	1,412	384	4,436	854
- Direct to local reinsurance companies	162	75	420	281
	17,393	17,672	46,571	39,762
<u>Reinsurance premiums ceded – Life</u>				
- Local reinsurance brokers to foreign companies	--	204	1	1,025
	17,393	17,876	46,572	40,787

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

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

	<i>Three-month period ended 30 June 2022 (Unaudited)</i>	<i>Three-month period ended 30 June 2021 (Unaudited)</i>	<i>Six-month period ended 30 June 2022 (Unaudited)</i>	<i>Six-month period ended 30 June 2021 (Unaudited)</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Local reinsurance brokers to foreign companies	4,334	3,249	7,837	6,284
Local reinsurance brokers to local companies	351	64	683	130
	4,685	3,313	8,520	6,414

13. COMMITMENTS AND CONTINGENCIES

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

	<i>30 June 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.

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.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

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

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

30 June 2022 (Unaudited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
<i>Shareholders' operations</i>					
Investments held at FVIS					
- Equity securities	15,714	15,714	--	--	15,714
- Mutual funds	24,955	--	24,955	--	24,955
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
Held-to-maturity	2,000	--	--	2,000	2,000
	<u>44,592</u>	<u>15,714</u>	<u>24,955</u>	<u>3,923</u>	<u>44,592</u>

31 December 2021 (Audited)	Carrying value SR'000	Fair Value			
		Level 1 SR'000	Level 2 SR'000	Level 3 SR'000	Total SR'000
<i>Shareholders' operations</i>					
Investments held at FVIS					
- Equity securities	16,303	16,303	--	--	16,303
- Mutual funds	28,529	--	28,529	--	28,529
Available for sale investment					
- Equity Shares	1,923	--	--	1,923	1,923
Held-to-maturity	2,000	--	--	2,000	2,000
	<u>48,755</u>	<u>16,303</u>	<u>28,529</u>	<u>3,923</u>	<u>48,755</u>

The fair value of investments in mutual funds at level 2 is based on the net 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 June 2022, the Company has an investment amounting to SR 1.9 million (31 December 2021: SR 1.9 million) in an unquoted available for sale investment. This investment is held as part of Company's shareholder operations and is stated at cost in the absence of active markets or other means of reliably measuring their fair value.

There were no transfers between levels during the six-month period ended 30 June 2022 and the year ended 31 December 2021. Further, there were no changes in the valuation techniques during the period from previous periods.

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

15. OPERATING SEGMENTS

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as the chief operating decision maker in order to allocate resources to the segments and to assess its performance. All of the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. For management purposes, the operations are monitored in nine major lines of business.

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

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

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

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

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis. The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 June 2022 and 31 December 2021, its total revenues, expenses, and net income for the six-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 six-month period ended 30 June 2022

15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 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	3,352	16,084	14,296	4,042	3,450	2,909	44,133	--	44,133
Reinsurers' share of outstanding claims	--	327	614	89	1,661	2,894	5,585	--	5,585
Reinsurers' share of claims incurred but not reported	--	9,269	6	813	1,136	1,288	12,512	--	12,512
Reinsurers' excess of loss claims	2,847	--	--	--	--	--	2,847	--	2,847
Deferred policy acquisition costs	379	10,339	1,661	481	462	567	13,889	--	13,889
Unallocated assets	--	--	--	--	--	--	251,437	340,156	591,593
TOTAL ASSETS	6,578	36,019	16,577	5,425	6,709	7,658	330,403	340,156	670,559
LIABILITIES									
Unearned premiums	24,102	127,867	15,593	4,450	4,817	5,522	182,351	--	182,351
Unearned reinsurance commission	--	1,661	3,288	456	392	601	6,398	--	6,398
Outstanding claims	10,061	2,549	855	110	2,124	5,908	21,607	--	21,607
Claims incurred but not reported	4,952	22,182	10	864	1,145	2,014	31,167	--	31,167
Premium deficiency reserve	6,858	6,211	--	--	--	--	13,069	--	13,069
Other technical reserves	103	2,054	707	184	96	220	3,364	--	3,364
Unallocated liabilities	--	--	--	--	--	--	72,010	6,673	78,683
TOTAL LIABILITIES	46,076	162,524	20,453	6,064	8,574	14,265	329,966	6,673	336,639

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended 30 June 2022

15. OPERATING SEGMENTS (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2021 (Audited)	<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	--	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 six-month period ended 30 June 2022

15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME***For the three-month period ended 30 June 2022 (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	9,166	61,332	8,189	301	1,931	2,650	83,569
Less: Reinsurance premiums ceded							
- Local	--	(781)	(582)	(36)	(141)	(33)	(1,573)
- Foreign	--	(6,267)	(6,527)	(206)	(1,020)	(1,800)	(15,820)
	--	(7,048)	(7,109)	(242)	(1,161)	(1,833)	(17,393)
Less: Excess of loss expenses							
- Local	(60)	(151)	(52)	(8)	(51)	(29)	(351)
- Foreign	(2,685)	(850)	(296)	(46)	(292)	(165)	(4,334)
	(2,745)	(1,001)	(348)	(54)	(343)	(194)	(4,685)
Net written premiums	6,421	53,283	732	5	427	623	61,491
Changes in unearned premiums – net	5,603	(4,448)	939	(18)	968	797	3,841
Net premiums earned	12,024	48,835	1,671	(13)	1,395	1,420	65,332
Reinsurance commissions	--	674	1,617	236	1,424	651	4,602
Other underwriting income	--	7	3	1	10	1	22
TOTAL REVENUES	12,024	49,516	3,291	224	2,829	2,072	69,956
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	9,095	41,811	283	--	1,659	351	53,199
Expenses incurred related to claims	296	1,405	--	--	--	--	1,701
Less: Reinsurers' share of claims paid	(1,085)	(4,921)	(184)	--	(1,449)	(32)	(7,671)
Net claims and other benefits paid	8,306	38,295	99	--	210	319	47,229
Changes in outstanding claims – net	(840)	10,189	(83)	(143)	(931)	(3,011)	5,181
Changes in claims incurred but not reported – net	(1,230)	(757)	(1)	(18)	(369)	(367)	(2,742)
Other technical reserves	(18)	(58)	(2)	(33)	(115)	(138)	(364)
Net claims and other benefits incurred	6,218	47,669	13	(194)	(1,205)	(3,197)	49,304
Provision / (reversal) of premium deficiency reserve	1,679	256	--	(98)	--	--	1,837
Policy acquisition costs	199	8,785	788	(142)	336	235	10,201
TOTAL UNDERWRITING COSTS AND EXPENSES	8,096	56,710	801	(434)	(869)	(2,962)	61,342
NET UNDERWRITING INCOME / (LOSS)	3,928	(7,194)	2,490	658	3,698	5,034	8,614

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

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

	<i>For the three-month period ended 30 June 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 INCOME / (LOSS)	3,928	(7,194)	2,490	658	3,698	5,034	8,614
OTHER OPERATING (EXPENSES) / INCOME							
Provision for impairment of premium receivables							(513)
Provision for impairment of reinsurance receivables							(38)
General and administration expenses							(18,728)
Investment loss							(6,609)
Other income							741
TOTAL OTHER OPERATING (EXPENSES) – NET							(25,147)
Loss before Surplus and Zakat							(16,533)
Loss attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(16,533)
Zakat charge							(1,231)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(17,764)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

15. OPERATING SEGMENTS (continued)
INTERIM CONDENSED STATEMENT OF INCOME (continued)
For the three-month period ended 30 June 2021 (Unaudited)

	<i>Medical</i>	<i>Motor</i>	<i>Property</i>	<i>Engineering</i>	<i>Marine</i>	<i>Accident & liability</i>	<i>Total</i>
	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>	<i>SR '000</i>
REVENUES							
Gross written premiums	16,810	31,830	10,345	371	3,046	4,682	67,084
Less: Reinsurance premiums ceded							
- Local	--	--	(296)	(21)	(96)	(46)	(459)
- Foreign	--	(3,827)	(8,491)	(281)	(2,151)	(2,667)	(17,417)
	--	(3,827)	(8,787)	(302)	(2,247)	(2,713)	(17,876)
Less: Excess of loss expenses							
- Local	--	--	(22)	(4)	(24)	(14)	(64)
- Foreign	(1,543)	(893)	(303)	(46)	(297)	(167)	(3,249)
	(1,543)	(893)	(325)	(50)	(321)	(181)	(3,313)
Net written premiums	15,267	27,110	1,233	19	478	1,788	45,895
Changes in unearned premiums – net	(751)	14,402	(593)	73	457	286	13,874
Net premiums earned	14,516	41,512	640	92	935	2,074	59,769
Reinsurance commissions	--	939	669	254	807	410	3,079
Other underwriting income	2	4	4	1	5	1	17
TOTAL REVENUES	14,518	42,455	1,313	347	1,747	2,485	62,865
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	16,329	45,470	21	--	510	314	62,644
Expenses incurred related to claims	545	715	--	--	--	--	1,260
Less: Reinsurers' share of claims paid	(3,431)	(7,527)	(19)	1	(322)	(243)	(11,541)
Net claims and other benefits paid	13,443	38,658	2	1	188	71	52,363
Changes in outstanding claims – net	917	(3,080)	10	(30)	923	918	(342)
Changes in claims incurred but not reported – net	608	1,457	116	28	110	6	2,325
Other technical reserves	6	119	(6)	--	108	27	254
Net claims and other benefits incurred	14,974	37,154	122	(1)	1329	1022	54,600
Provision / (reversal) of premium deficiency reserve	735	--	--	--	--	--	735
Policy acquisition costs	581	8,765	801	124	388	441	11,100
TOTAL UNDERWRITING COSTS AND EXPENSES	16,290	45,919	923	123	1,717	1,463	66,435
NET UNDERWRITING (LOSS) / INCOME	(1,772)	(3,464)	390	224	30	1,022	(3,570)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

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

	<i>For the three-month period ended 30 June 2021 (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	(1,772)	(3,464)	390	224	30	1,022	(3,570)
OTHER OPERATING (EXPENSES) / INCOME							
Provision for impairment of premium receivables							64
Provision for impairment of reinsurance receivables							(41)
General and administration expenses							(18,903)
Investment income							4,140
Other income / expense							(1,403)
TOTAL OTHER OPERATING (EXPENSES) – NET							<u>(16,143)</u>
Loss before Surplus and Zakat							(19,713)
Loss attributed to the insurance operations (transfer to surplus payable)							<u>--</u>
Loss attributed to the shareholders before Zakat							(19,713)
Zakat charge							(54)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							<u><u>(19,767)</u></u>

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

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

	<i>For the Six-month period ended 30 June 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	33,378	160,587	20,915	1,935	8,403	6,267	231,485
Less: Reinsurance contracts premiums ceded							
-Local	--	(2,410)	(1,366)	(189)	(735)	(156)	(4,856)
-Foreign	--	(15,786)	(17,114)	(1,461)	(4,595)	(2,760)	(41,716)
	--	(18,196)	(18,480)	(1,650)	(5,330)	(2,916)	(46,572)
Less: Excess of loss expenses							
- Local	(120)	(282)	(104)	(16)	(103)	(58)	(683)
- Foreign	(4,522)	(1,721)	(591)	(91)	(583)	(329)	(7,837)
	(4,642)	(2,003)	(695)	(107)	(686)	(387)	(8,520)
Net written premiums	28,736	140,388	1,740	178	2,387	2,964	176,393
Changes in unearned premiums – net	(4,899)	(51,440)	761	(96)	(195)	(222)	(56,091)
Net premiums earned	23,837	88,948	2,501	82	2,192	2,742	120,302
Reinsurance commissions	--	1,262	2,998	475	1,930	1,066	7,731
Other underwriting income	--	17	6	2	20	8	53
TOTAL REVENUES	23,837	90,227	5,505	559	4,142	3,816	128,086
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	24,983	105,400	523	76	1,773	1,536	134,291
Expenses incurred related to claims	1,031	2,370	--	--	--	--	3,401
Less: Reinsurers' share of claims paid	(3,302)	(10,095)	(282)	(72)	(1,466)	(845)	(16,062)
Net claims and other benefits paid	22,712	97,675	241	4	307	691	121,630
Changes in outstanding claims – net	935	(9,031)	132	(13)	(969)	(2,342)	(11,288)
Changes in claims incurred but not	(3,413)	(3,784)	(8)	(27)	(245)	626	(6,851)
Other technical reserves	(53)	(1,029)	5	(15)	(128)	(86)	(1,306)
Net claims and other benefits incurred	20,181	83,831	370	(51)	(1,035)	(1,111)	102,185
Reversal of premium deficiency reserve	3,167	(2,370)	--	--	--	--	797
Policy acquisition costs	442	14,974	1,588	(20)	585	532	18,101
TOTAL UNDERWRITING COSTS AND EXPENSES	23,790	96,435	1,958	(71)	(450)	(579)	121,083
NET UNDERWRITING INCOME / (LOSS)	47	(6,208)	3,547	630	4,592	4,395	7,003

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

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

	<i>For the Six-month period ended 30 June 2022 (Unaudited)</i>						<i>Total</i> SR '000
	<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	
NET UNDERWRITING INCOME / (LOSS)	47	(6,208)	3,547	630	4,592	4,395	7,003
OTHER OPERATING (EXPENSES) / INCOME							
Provision for impairment of premium receivables							(1,347)
Reversal for impairment of reinsurance receivables							139
General and administration expenses							(39,159)
Investment loss							(2,905)
Other income							1,666
TOTAL OTHER OPERATING EXPENSES - NET							(41,606)
Loss before Surplus and Zakat							(34,603)
Income attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(36,953)
Zakat charge							(2,350)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(36,953)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

15. OPERATING SEGMENTS (continued)**INTERIM CONDENSED STATEMENT OF INCOME (continued)***For the Six-month period ended 30 June 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	49,185	109,664	20,813	1,742	6,095	9,649	197,148
Less: Reinsurance contracts premiums ceded							
-Local	--	--	(681)	(81)	(242)	(131)	(1,135)
-Foreign	--	(12,469)	(17,242)	(1,394)	(3,795)	(4,752)	(39,652)
	--	(12,469)	(17,923)	(1,475)	(4,037)	(4,883)	(40,787)
Less: Excess of loss expenses							
- Local	--	--	(47)	(8)	(48)	(27)	(130)
- Foreign	(2,873)	(1,787)	(603)	(92)	(594)	(335)	(6,284)
	(2,873)	(1,787)	(650)	(100)	(642)	(362)	(6,414)
Net written premiums	46,312	95,408	2,240	167	1,416	4,404	149,947
Changes in unearned premiums – net	(17,626)	(19,463)	(1,393)	93	138	(1,833)	(40,084)
Net premiums earned	28,686	75,945	847	260	1,554	2,571	109,863
Reinsurance commissions	--	1,834	2,034	513	1,357	844	6,582
Other underwriting income	9	12	7	2	10	10	50
TOTAL REVENUES	28,695	77,791	2,888	775	2,921	3,425	116,495
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	32,252	82,728	21	118	654	498	116,271
Expenses incurred related to claims	1,500	1,853	--	--	--	--	3,353
Less: Reinsurers' share of claims paid	(5,577)	(14,487)	(2)	(101)	(393)	(384)	(20,944)
Net claims and other benefits paid	28,175	70,094	19	17	261	114	98,680
Changes in outstanding claims – net	461	468	91	(54)	1,188	1,324	3,478
Changes in claims incurred but not	4,054	(1,015)	272	38	169	202	3,720
Other technical reserves	54	456	(157)	(57)	75	(23)	348
Net claims and other benefits incurred	32,744	70,003	225	(56)	1,693	1,617	106,226
Reversal of premium deficiency reserve	2,309	(1,311)	--	--	--	--	998
Policy acquisition costs	1,177	16,541	1,575	249	620	740	20,902
TOTAL UNDERWRITING COSTS AND EXPENSES	36,230	85,233	1,800	193	2,313	2,357	128,126
NET UNDERWRITING (LOSS) / INCOME	(7,535)	(7,442)	1,088	582	608	1,068	(11,631)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

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

	<i>For the Six-month period ended 30 June 2021 (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	(7,535)	(7,442)	1,088	582	608	1,068	(11,631)
OTHER OPERATING (EXPENSES) / INCOME							
Reversal for impairment of premium receivables							(635)
Reversal for impairment of reinsurance receivables							(134)
General and administration expenses							(38,459)
Investment income							8,112
Other (expense)							(379)
TOTAL OTHER OPERATING EXPENSES - NET							(31,495)
Loss before Surplus and Zakat							(43,126)
Income attributed to the insurance operations (transfer to surplus payable)							--
Loss attributed to the shareholders before Zakat							(43,126)
Zakat charge							(1,001)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS							(44,127)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 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 June 2022 (Unaudited) SR'000</u>	<u>Three-month period ended 30 June 2021 (Unaudited) SR'000</u>	<u>Six-month period ended 30 June 2022 (Unaudited) SR'000</u>	<u>Six-month period ended 30 June 2021 (Unaudited) SR'000</u>	<u>30 June 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)
Rolaco Group	Related to shareholders	Premiums underwritten (note 6)	3	1	68	96	1	(25)
		Claims paid	(30)	--	(31)	(1)	(1)	(19)
Dabbagh Group	Related to shareholders	Premiums underwritten (note 6)	4,876	10,652	7,434	10,995	8,769	4,862
		Claims paid	(2,477)	(2,293)	(4,788)	(5,384)	(1,773)	(1,761)
Raghaf Establishment	Related to shareholders	Premiums underwritten (note 6)	--	5	18	23	--	--
		Claims paid	(20)	--	(49)	(16)	(20)	(11)
Key Management Personnel		Short-term benefits	(903)	(768)	(1,806)	(1,536)	--	--
		Long-term benefits	(56)	(37)	(105)	(74)	(595)	(853)
Shareholders' operations								
Board of Directors		Board of Directors remuneration and related expenses	(450)	450	(900)	900	(900)	(1,800)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

17. ZAKAT**17.1 Zakat provision**

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

	30 June 2022 (Unaudited) SR'000	31 December 2021 (Audited) SR'000
Balance as at beginning of the period / year	2,287	3,268
Provided during the period / year	2,350	2,164
Provided for prior periods / years	--	537
Paid during the period / year	(2,068)	(3,682)
Balance as at end of the period / year	2,569	2,287

17.2 Status of assessments

The Company filed its Zakat returns for years ended 31 December, 2016 to 2021 and obtained the related Zakat certificates. 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 to 2018 and claimed additional Zakat and withholding liabilities of SR 19,934,124. The Company settled the amount of SR 1,824,414 related to the Zakat differences and objected against the remaining WHT differences. ZATCA issued the revised assessment claiming the same WHT differences of SR 18,109,710. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes "CRTVD", to assign a hearing session. A hearing session was assigned on June 12, 2022. Furthermore, ZATCA issued the Zakat assessment for the years ended December 31, 2019 and 2020 and claimed additional Zakat liability of SR 1,386,080. The Company objected against the full assessment. ZATCA issued the revised assessment claiming the same Zakat differences. The Company escalated the said objection to the Committee for Resolution of Tax Violations and Disputes "CRTVD", to assign a hearing session.

18. SHARE CAPITAL

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

	30 June 2022 (Unaudited)		31 December 2021 (Audited)	
	Percentage of holding	Amount SR '000	Percentage of holding	Amount SR '000
Founding shareholders	15%	75,000	15%	75,000
General public	85%	425,000	85%	425,000
	100%	500,000	100%	500,000

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 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 149.52 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 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Net loss for the period attributable to the shareholders of the Company (SR '000')	<u>(36,953)</u>	<u>(44,127)</u>
The weighted average number of ordinary shares for the purposes of basic and diluted earnings ('000')	<u>50,000</u>	<u>20,000</u>
Basic and diluted loss per share based on net loss for the period attributable to shareholders of the Company (SR/share)	<u>(0.74)</u>	<u>(2.21)</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 six-month period ended 30 June 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 June 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>	<i>Insurance operations</i>	<i>Shareholders' operations</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
ASSETS						
Cash and cash equivalents	22,965	931	23,896	24,820	231,292	256,112
Murabaha deposits	--	180,000	180,000	--	--	--
Premiums receivable – net	148,536	--	148,536	63,940	--	63,940
Due from reinsurers – net	15,689	--	15,689	32,967	--	32,967
Reinsurers' share of unearned premiums	44,133	--	44,133	21,707	--	21,707
Reinsurers' share of outstanding claims	5,585	--	5,585	11,596	--	11,596
Reinsurers' share of claims incurred but not reported	12,512	--	12,512	11,850	--	11,850
Reinsurers' excess of loss claims	2,847	--	2,847	4,892	--	4,892
Deferred policy acquisition costs	13,889	--	13,889	7,283	--	7,283
Investments	--	44,592	44,592	--	48,755	48,755
Prepayments and other assets	37,829	671	38,500	41,630	262	41,892
Right-of-use assets	1,010	--	1,010	1,555	--	1,555
Property and equipment	14,313	--	14,313	13,120	--	13,120
Intangible assets	11,095	--	11,095	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	--	2,741	2,741	--	2,495	2,495
Due from Shareholder's operations	--	(39)	(39)	--	(16,307)	(16,307)
TOTAL ASSETS	330,403	340,156	670,559	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 six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (continued)

	<i>30 June 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	13,290		13,290	12,739	--	12,739
Accrued expenses and other liabilities	20,209	1,363	21,572	19,592	2,539	22,131
Due to reinsurers	7,396	--	7,396	1,249	--	1,249
Due to brokers	16,729	--	16,729	8,692	--	8,692
Unearned premiums	182,351	--	182,351	103,835	--	103,835
Unearned reinsurance commission	6,398	--	6,398	4,380	--	4,380
Outstanding claims	21,607	--	21,607	40,950	--	40,950
Claims incurred but not reported	31,167	--	31,167	37,355	--	37,355
Premium deficiency reserve	13,069	--	13,069	12,273	--	12,273
Other technical reserves	3,364	--	3,364	4,672	--	4,672
Due to / (from) shareholders' operations	(39)	--	(39)	(16,307)	--	(16,307)
Employees' defined benefit obligations	4,955	--	4,955	5,157	--	5,157
Lease liabilities	732	--	732	1,224	--	1,224
Insurance operations' surplus payable	8,738	--	8,738	8,738	--	8,738
Accrued Zakat	--	2,569	2,569	--	2,287	2,287
Accrued income payable to SAMA	--	2,741	2,741	--	2,495	2,495
TOTAL LIABILITIES	329,966	6,673	336,639	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	--	(168,682)	(168,682)	--	(131,729)	(131,729)
Re-measurement reserve of defined benefit obligations	437	--	437	437	--	437
TOTAL EQUITY	437	333,483	333,920	437	370,436	370,873
TOTAL LIABILITIES AND EQUITY	330,403	340,156	670,559	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 six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME

For the three-month period ended

	30 June 2022 (Unaudited)			30 June 2021 (Unaudited)		
	Insurance operations SR'000	Shareholder' operations SR'000	Total SR'000	Insurance operations SR'000	Shareholder' operations SR'000	Total SR'000
REVENUES						
Gross written premiums	83,569	--	83,569	67,084	--	67,084
Less: Reinsurance premiums ceded						
- Local	(1,573)	--	(1,573)	(459)	--	(459)
- Foreign	(15,820)	--	(15,820)	(17,417)	--	(17,417)
	<u>(17,393)</u>		<u>(17,393)</u>	<u>(17,876)</u>		<u>(17,876)</u>
Less: Excess of loss expenses						
- Local	(351)	--	(351)	(64)	--	(64)
- Foreign	(4,334)	--	(4,334)	(3,249)	--	(3,249)
	<u>(4,685)</u>		<u>(4,685)</u>	<u>(3,313)</u>		<u>(3,313)</u>
Net written premiums	61,491	--	61,491	45,895	--	45,895
Change in unearned premiums – net	3,841	--	3,841	13,874	--	13,874
Net premiums earned	65,332	--	65,332	59,769	--	59,769
Reinsurance commissions	4,602	--	4,602	3,079	--	3,079
Other underwriting income	22	--	22	17	--	17
	<u>69,956</u>		<u>69,956</u>	<u>62,865</u>		<u>62,865</u>
TOTAL REVENUES	69,956	--	69,956	62,865	--	62,865
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	53,199	--	53,199	62,644	--	62,644
Expenses incurred related to claims	1,701	--	1,701	1,260	--	1,260
Less: Reinsurers' share of claims paid	(7,671)	--	(7,671)	(11,541)	--	(11,541)
	<u>47,229</u>		<u>47,229</u>	<u>52,363</u>		<u>52,363</u>
Net claims and other benefits paid	47,229	--	47,229	52,363	--	52,363
Change in net outstanding claims – net	5,181	--	5,181	(342)	--	(342)
Change in claims incurred but not reported – net	(2,742)	--	(2,742)	2,325	--	2,325
Other technical reserves	(364)	--	(364)	254	--	254
	<u>49,304</u>		<u>49,304</u>	<u>54,600</u>		<u>54,600</u>
Net claims and other benefits incurred	49,304	--	49,304	54,600	--	54,600
Provision for premium deficiency reserve	1,837	--	1,837	735	--	735
Policy acquisition costs	10,201	--	10,201	11,100	--	11,100
	<u>61,342</u>		<u>61,342</u>	<u>66,435</u>		<u>66,435</u>
TOTAL UNDERWRITING COSTS AND EXPENSES	61,342	--	61,342	66,435	--	66,435
NET UNDERWRITING INCOME / (LOSS)	8,614	--	8,614	(3,570)	--	(3,570)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the three-month period ended

	<i>30 June 2022 (Unaudited)</i>			<i>30 June 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	(513)	--	(513)	64	--	64
Provision for impairment of reinsurance receivables	(38)	--	(38)	(41)	--	(41)
General and administration expenses	(17,824)	(904)	(18,728)	(18,118)	(785)	(18,903)
Investment (loss)/ income	46	(6,655)	(6,609)	101	4,039	4,140
Other income / (expenses)	741	--	741	(1,403)	--	(1,403)
TOTAL OTHER OPERATING EXPENSES- NET	(17,588)	(7,559)	(25,147)	(19,397)	3,254	(16,143)
Income before Surplus and Zakat	(8,974)	(7,559)	(16,533)	(22,967)	3,254	(19,713)
Surplus transferred to Shareholders (note 1)	8,974	(8,974)	--	22,967	(22,967)	--
NET EXPENSES FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT	--	(16,533)	(16,533)	--	(19,713)	(19,713)
Zakat charge	--	(1,231)	(1,231)	--	(54)	(54)
NET LOSS FOR THE PERIOD	--	(17,764)	(17,764)	--	(19,767)	(19,767)
Basic and diluted loss per share (SR per share)		(0.36)			(0.99)	

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month periods ended

	<i>30 June 2022 (Unaudited)</i>			<i>30 June 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	--	(17,764)	(17,764)	--	(19,767)	(19,767)
Other comprehensive income	--	--	--	--	--	--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(17,764)	(17,764)		(19,767)	(19,767)
Less: net income attributable to insurance operations						--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS			(17,764)			(19,767)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME

For the six-month period ended

	30 June 2022 (Unaudited)			30 June 2021 (Unaudited)		
	Insurance operations SR'000	Shareholder' operations SR'000	Total SR'000	Insurance operations SR'000	Shareholder' operations SR'000	Total SR'000
REVENUES						
Gross written premiums	231,485	--	231,485	197,148	--	197,148
Less: Reinsurance contracts premiums ceded						
-Local reinsurance	(4,856)	--	(4,856)	(1,135)	--	(1,135)
-Foreign reinsurance	(41,716)	--	(41,716)	(39,652)	--	(39,652)
	(46,572)	--	(46,572)	(40,787)	--	(40,787)
Less: Excess of loss expenses	(8,520)	--	(8,520)	(6,414)	--	(6,414)
-Local reinsurance	(683)	--	(683)	(130)	--	(130)
-Foreign reinsurance	(7,837)	--	(7,837)	(6,284)	--	(6,284)
	(8,520)	--	(8,520)	(6,414)	--	(6,414)
Net written premiums	176,393	--	176,393	149,947	--	149,947
Change in unearned premiums – net	(56,091)	--	(56,091)	(40,084)	--	(40,084)
Net premiums earned	120,302	--	120,302	109,863	--	109,863
Commission earned on ceded reinsurance	7,731	--	7,731	6,582	--	6,582
Other underwriting income	53	--	53	50	--	50
TOTAL REVENUES	128,086	--	128,086	116,495	--	116,495
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	134,291	--	134,291	116,271	--	116,271
Expenses incurred related to claims	3,401	--	3,401	3,353	--	3,353
Less: Reinsurers' share of claims paid	(16,062)	--	(16,062)	(20,944)	--	(20,944)
Net claims and other benefits paid	121,630	--	121,630	98,680	--	98,680
Change in net outstanding claims - net	(11,288)	--	(11,288)	3,478	--	3,478
Change in claims incurred but not reported - net	(6,851)	--	(6,851)	3,720	--	3,720
Other technical reserves	(1,306)	--	(1,306)	348	--	348
Net claims and other benefits incurred	102,185	--	102,185	106,226	--	106,226
Provision for premium deficiency reserve	797	--	797	998	--	998
Policy acquisition costs	18,101	--	18,101	20,902	--	20,902
TOTAL UNDERWRITING COSTS AND EXPENSES	121,083	--	121,083	128,126	--	128,126
NET UNDERWRITING INCOME / (LOSS)	7,003	--	7,003	(11,631)	--	(11,631)

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF INCOME (continued)

For the six-month period ended

	30 June 2022 (Unaudited)			30 June 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	(1,347)	--	(1,347)	(635)	--	(635)
Provision for impairment of reinsurance receivables	139	--	139	(134)	--	(134)
General and administration expenses	(36,859)	(2,300)	(39,159)	(36,589)	(1,870)	(38,459)
Investment income/ (loss)	65	(2,970)	(2,905)	203	7,909	8,112
Other income / (expense)	1,666	--	1,666	(379)	--	(379)
TOTAL OTHER OPERATING (EXPENSES) / INCOME – NET	(36,336)	(5,270)	(41,606)	(37,534)	6,039	(31,495)
Income before Surplus and Zakat	(29,333)	(5,270)	(34,603)	(49,165)	6,039	(43,126)
Surplus transferred to Shareholders (note 1)	29,333	(29,333)	--	49,165	(49,165)	--
NET LOSS FOR THE PERIOD AFTER TRANSFER OF SURPLUS TO THE SHAREHOLDERS BEFORE ZAKAT	--	(34,603)	(34,603)	--	(43,126)	(43,126)
Zakat charge	--	(2,350)	(2,350)	--	(1,001)	(1,001)
NET LOSS FOR THE PERIOD	--	(36,953)	(36,953)	--	(44,127)	(44,127)
LOSS PER SHARE (Expressed in SR per share)						
Weighted average number of shares (in thousands)		50,000			20,000	
Basic and diluted loss per share (SR per share)		(0.74)			(2.21)	

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended

	<i>30 June 2022 (Unaudited)</i>			<i>30 June 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	--	(36,953)	(36,953)	--	(44,127)	(44,127)
Other comprehensive income	--	--	--	--	--	--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	--	(36,953)	(36,953)	--	(44,127)	(44,127)
Less: net income attributable to insurance operations			--			--
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS			(36,953)			(44,127)

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six-month period ended

	30 June 2022 (Unaudited)			30 June 2021 (Unaudited)		
	Insurance	Shareholders'	Total	Insurance	Shareholder'	Total
	operations	operations		operations	operations	
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the period	--	(34,603)	(34,603)	--	(43,126)	(43,126)
<u>Adjustments for non-cash items:</u>						
Depreciation on property and equipment	1,134	--	1,134	1,527	--	1,527
Amortization on right-of-use assets	544	--	544	844	--	844
Amortization on intangible assets	590	--	590	545	--	545
Provision for impairment of premium receivables	1,347	--	1,347	635	--	635
Provision for impairment of reinsurance receivables	(139)	--	(139)	134	--	134
Finance cost	51	--	51	66	--	66
Unrealized loss / (gain) on investments held at FVIS	--	4,163	4,163	--	(7,505)	(7,505)
	3,527	(30,440)	(26,913)	3,751	(50,631)	(46,880)
<u>Changes in operating assets and liabilities:</u>						
Premiums receivable – net	(85,943)	--	(85,943)	(32,953)	--	(32,953)
Due from reinsurers – net	17,417	--	17,417	(2,980)	--	(2,980)
Reinsurers' share of unearned premiums	(22,426)	--	(22,426)	1,251	--	1,251
Reinsurer's share of outstanding claims	6,011	--	6,011	(3,189)	--	(3,189)
Reinsurer's share of claims incurred but not reported	(662)	--	(662)	655	--	655
Deferred excess of loss claims	2,045	--	2,045	36	--	36
Deferred policy acquisition costs	(6,606)	--	(6,606)	(1,078)	--	(1,078)
Prepayments and other assets	3,801	(409)	3,392	(419)	185	(234)
Due from shareholders' operations	16,266	(16,266)	--	(17,468)	17,468	--
Due to policyholders	551	--	551	73	--	73
Accrued expenses and other liabilities	619	(1,178)	(559)	(1,177)	982	(195)
Due to reinsurers	6,147	--	6,147	4,037	--	4,037
Due to brokers	8,037	--	8,037	1,311	--	1,311
Unearned premiums	78,516	--	78,516	38,831	--	38,831

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

21. SUPPLEMENTARY INFORMATION (continued)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)

For the six-month period ended

	30 June 2022 (Unaudited)			30 June 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	2,018	--	2,018	(131)	--	(131)
Outstanding claims	(19,343)	--	(19,343)	6,629	--	6,629
Claims incurred but not reported	(6,188)	--	(6,188)	3,066	--	3,066
Premium deficiency reserve	796	--	796	998	--	998
Other technical reserves	(1,308)	--	(1,308)	347	--	347
Employees defined benefit obligations	(202)	--	(202)	167	--	167
	(454)	(17,853)	(18,307)	(1,994)	18,635	16,641
Surplus paid to policy holders	--	--	--	--	--	--
Zakat paid	--	(2,068)	(2,068)	--	(3,335)	(3,335)
Net cash generated from / (used in) operating activities	3,073	(50,361)	(47,288)	1,757	(35,331)	(33,574)
CASH FLOWS FROM INVESTING ACTIVITIES						
Additions to property and equipment	(2,325)	--	(2,325)	(4,523)	--	(4,523)
Additions to intangible assets	(2,060)	--	(2,060)	(3,203)	--	(3,203)
Purchase of Murabaha deposits	--	(180,000)	(180,000)	--	--	--
Net cash used in investing activities	(4,385)	(180,000)	(184,385)	(7,726)	--	(7,726)
CASH FLOWS FROM FINANCING ACTIVITIES						
Statutory deposit	--	--	--	--	(10,000)	(10,000)
Payment of lease liabilities	(543)	--	(543)	(180)	--	(180)
Net cash used in financing activities	(543)	-	(543)	(180)	(10,000)	(10,180)
Net decrease in cash and cash equivalents	(1,855)	(230,361)	(232,216)	(6,149)	(45,331)	(51,480)
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	22,965	931	23,896	77,626	32,288	109,914

GULF GENERAL COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2022

22. IMPACT OF COVID 19 OUTBREAK AND SUBSEQUENT EVENTS

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

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

Based on these factors, management believes that the Covid-19 pandemic has had no material effect on the Company's reported financial results for the period ended 30 June 2022 including the significant accounting judgements and estimates.

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

23. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on 14 August 2022, corresponding to 16 Muharram 1444H.