

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS'
REVIEW REPORT (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

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

**TO: THE SHAREHOLDERS OF CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Chubb Arabia Cooperative Insurance Company** (the "Company") as at 31 March 2022, and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three month 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* ("IAS 34") 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 as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Al-Bassam & Co.

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21 Shawwal 1443H
22 May 2022G

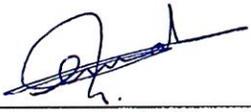
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Cash and cash equivalents	5	150,822,388	186,043,885
Premiums and reinsurance balances receivable, net	6	143,469,671	151,583,164
Reinsurers' share of unearned premiums	17.2	103,298,574	102,701,355
Reinsurers' share of outstanding claims	17.1	55,525,751	48,128,358
Reinsurers' share of claims incurred but not reported	17.1	46,045,663	48,309,514
Deferred policy acquisition costs	17.3	10,219,279	6,429,477
Deferred excess of loss premium		1,800,465	-
Investments held for trading	7	102,281,797	102,150,678
Investments available for sale	7	1,932,078	1,932,078
Prepaid expenses and other assets		25,408,643	23,397,934
Term deposits		104,310,773	57,236,755
Property and equipment		2,258,861	2,323,765
Intangible assets		3,377,964	2,798,598
Goodwill	8	43,774,750	43,774,750
Statutory deposit	11	30,000,000	30,000,000
Accrued income on statutory deposit	11	2,487,089	2,406,669
TOTAL ASSETS		827,013,746	809,216,980

The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:

		
Emad Alkhateeb Chief Financial Officer	Kamran Mazher Chief Executive Officer	Abdulaziz Elkherciji Board Member



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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	31 March 2022 (Unaudited)	31 December 2021 (Audited)
<u>LIABILITIES</u>			
Accounts payable		29,303,417	41,043,098
Accrued and other liabilities		11,034,098	12,751,559
Surplus distribution payable	15	2,457,801	2,180,026
Reinsurers' balances payable	10	89,569,630	85,044,497
Unearned premiums	17.2	151,856,188	137,001,880
Unearned reinsurance commission		12,202,444	9,130,990
Outstanding claims	17.1	72,445,315	60,486,403
Claims incurred but not reported	17.1	58,692,478	64,178,785
Additional premium reserves	17.1	2,329,082	2,824,722
Other technical reserves	17.1	5,220,333	5,193,211
End-of-service indemnities		11,374,617	10,968,262
Provision for zakat and income tax	14	20,085,888	19,305,244
Accrued commission income payable to SAMA	11	2,487,089	2,406,669
TOTAL LIABILITIES		469,058,380	452,515,346
<u>EQUITY</u>			
Share capital	12	300,000,000	300,000,000
Statutory reserve		40,178,447	39,927,701
Retained earnings		20,939,801	19,936,815
Re-measurement reserve of end-of-service indemnities		(3,162,882)	(3,162,882)
TOTAL EQUITY		357,955,366	356,701,634
TOTAL LIABILITIES AND EQUITY		827,013,746	809,216,980
COMMITMENTS AND CONTINGENCIES	13	-	-

The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:

 <hr/> Emad Alkhateeb Chief Financial Officer	 <hr/> Kamran Mazher Chief Executive Officer	 <hr/> Abdulaziz Elkherciji Board Member
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The accompanying notes 1 to 23 form an integral part of these interim condensed financial statements.

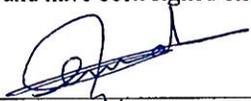


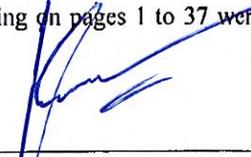
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	For the three month periods ended 31 March	
		2022	2021
REVENUES			
Gross premiums written	16	87,855,714	91,840,086
Less: Reinsurance premiums ceded			
- Local		(2,942,786)	(2,347,967)
- Foreign		(45,024,782)	(39,786,700)
Excess of loss expenses		(1,800,465)	(1,417,548)
Net premiums written		38,087,681	48,287,871
Changes in unearned premiums		(14,854,308)	(24,450,551)
Changes in reinsurers' share of unearned premiums		597,219	(1,396,104)
Net premiums earned		23,830,592	22,441,216
Reinsurance commission income		5,842,438	5,438,362
TOTAL REVENUES		29,673,030	27,879,578
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(10,447,714)	(11,944,427)
Expenses incurred related to claims		(411,616)	(406,446)
Reinsurers' share of gross claims paid		1,701,044	3,934,234
Net claims and other benefits paid		(9,158,286)	(8,416,639)
Changes in outstanding claims		(11,958,912)	(12,367,580)
Changes in reinsurers' share of outstanding claims		7,397,393	9,071,758
Changes in claims incurred but not reported ("IBNR")		5,486,307	(1,033,171)
Changes in reinsurance share of IBNR		(2,263,851)	2,401,071
Net claims and other benefit incurred		(10,497,349)	(10,344,561)
Additional premium reserves		495,640	1,108,915
Other technical reserves		(27,122)	(414,975)
Policy acquisition costs	17.3	(4,381,691)	(3,861,617)
Other underwriting expenses		(2,415,365)	(1,276,307)
TOTAL UNDERWRITING COSTS AND EXPENSES		(16,825,887)	(14,788,545)
NET UNDERWRITING INCOME		12,847,143	13,091,033

The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:


Emad Alkhateeb
Chief Financial Officer


Kamran Mazher
Chief Executive Officer


Abdulaziz Elkhoreiji
Board Member

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

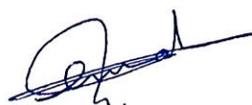


CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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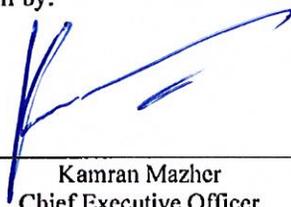
INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Notes	For the three month periods ended 31 March	
		2022	2021
OTHER (EXPENSES) / INCOME			
Allowance for impairment on doubtful debts	6	(13,229)	(1,882,555)
General and administrative expenses		(10,563,232)	(9,601,013)
Dividend, interest and commission income		1,234,337	1,434,849
Realized losses on disposal of investments held for trading		(23,622)	(4,702)
Unrealised losses on investments held for trading		(1,367,136)	(563,828)
Other income, net		197,890	292,115
TOTAL OTHER EXPENSES		(10,534,992)	(10,325,134)
Income before surplus attribution, zakat and income tax		2,312,151	2,765,899
Income attributed to insurance operations	21	(277,775)	(338,599)
Income attributed to the shareholders before zakat and income tax		2,034,376	2,427,300
Zakat charge	14	(621,543)	(684,239)
Income tax charge	14	(159,101)	(180,299)
Net income attributable to shareholders		1,253,732	1,562,762
Earnings per share (Expressed in SAR per share)			
Basic and diluted earnings per share	20	0.04	0.05
Weighted average number of outstanding shares	12	30,000,000	30,000,000

The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Emad Alkhateeb
Chief Financial Officer



Kamran Mazher
Chief Executive Officer



Abdulaziz Elkhereiji
Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	For the three month periods ended 31 March	
	2022	2021
Total income for the period	1,531,507	1,901,361
Other comprehensive income		
<i>Items that will not be reclassified to statement of income in subsequent periods</i>	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,531,507	1,901,361
Net comprehensive income attributed to the insurance operations	(277,775)	(338,599)
Net comprehensive income for the period attributable to the shareholders	1,253,732	1,562,762

The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Emad Alkhateeb
Chief Financial Officer



Kamran Mazher
Chief Executive Officer



Abdulaziz Elkhreiji
Board Member



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CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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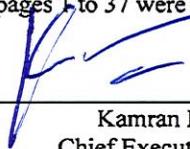
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Re-measurement reserve on end-of- service indemnities	Total equity
Balance at 1 January 2022 (Audited)	300,000,000	39,927,701	19,936,815	(3,162,882)	356,701,634
Total comprehensive income for the period					
Net income for the period attributable to shareholders	-	-	1,253,732	-	1,253,732
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,253,732	-	1,253,732
Transfer to statutory reserve	-	250,746	(250,746)	-	-
Balance at 31 March 2022 (Unaudited)	300,000,000	40,178,447	20,939,801	(3,162,882)	357,955,366
Balance at 1 January 2021 (Audited)	200,000,000	38,495,248	114,207,005	(2,583,949)	350,118,304
Total comprehensive income for the period					
Net income for the period attributable to shareholders	-	-	1,562,762	-	1,562,762
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,562,762	-	1,562,762
Transfer to statutory reserve	-	312,552	(312,552)	-	-
Balance at 31 March 2021 (Unaudited)	200,000,000	38,807,800	115,457,215	(2,583,949)	351,681,066

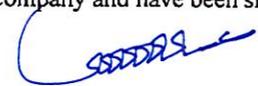
The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:



Emad Alkhateeb
Chief Financial Officer



Kamran Mazher
Chief Executive Officer



Abdulaziz Elkhareiji
Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

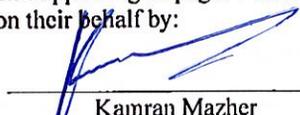
INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

(All amounts expressed in Saudi Riyals unless otherwise stated)

	For the three month periods ended 31 March	
	2022	2021
Cash flow from operating activities		
Net income before zakat and income tax for the period	2,312,151	2,765,899
Adjustments for:		
Depreciation of property and equipment	154,604	69,263
Amortization of intangible assets	58,017	65,517
Allowance for impairment on doubtful debts	13,229	1,882,555
Unrealised losses on investments held for trading	1,367,136	563,828
Realised losses on investments held for trading	23,622	4,702
Provision for end-of-service indemnities	429,321	361,348
Depreciation of right-of-use-assets	-	269,625
Gain on sale of property and equipment	-	(4,000)
Interest on lease obligations	-	3,563
	4,358,080	5,982,300
Changes in:		
Premiums and reinsurance balances receivable	8,100,264	(7,717,089)
Reinsurers' share of unearned premiums	(597,219)	1,396,104
Reinsurers' share of outstanding claims	(7,397,393)	(9,071,758)
Reinsurers' share of claims incurred but not reported	2,263,851	(2,401,071)
Deferred policy acquisition costs	(3,789,802)	(2,960,193)
Deferred excess of loss premiums	(1,800,465)	(1,225,000)
Prepaid expenses and other assets	(2,010,709)	(1,169,366)
Accounts payable	(11,739,681)	842,878
Accrued and other liabilities	(1,717,461)	(9,050,471)
Reinsurers' balances payable	4,525,133	(9,665,826)
Unearned premiums	14,854,308	24,450,551
Unearned reinsurance commission income	3,071,454	2,616,298
Outstanding claims	11,958,912	12,367,580
Claims incurred but not reported	(5,486,307)	1,033,171
Additional premium reserves	(495,640)	(1,108,915)
Other technical reserves	27,122	414,975
Cash generated from operations	14,124,447	4,734,168
Surplus paid to policyholders	-	(1,710)
Zakat and income tax paid	-	(6,824,881)
End-of-service indemnities paid	(22,966)	(36,678)
Net cash generated from / (used in) operating activities	14,101,481	(2,129,101)

The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:


Emad Alkhatceb
Chief Financial Officer


Kamran Mazher
Chief Executive Officer


Abdulaziz Elkhareiji
Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED) (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

	For the three month	
	2022	2021
Cash flows from investing activities		
Purchase of investments held for trading	(4,615,580)	-
Proceeds from disposal of investments held for trading	3,093,703	750,000
Additions to term deposits, net	(47,074,018)	(45,188,223)
Proceeds from sale of property and equipment	-	4,000
Purchase of property and equipment	(89,700)	(987,662)
Advance against intangible assets	(637,383)	(2,094,844)
Net cash used in investing activities	(49,322,978)	(47,516,729)
Cash flows from financing activity		
Payment under lease liabilities	-	(1,122,227)
Net cash used in financing activity	-	(1,122,227)
Net decrease in cash and cash equivalents	(35,221,497)	(50,768,057)
Cash and cash equivalents at 1 January	186,043,885	135,793,642
Cash and cash equivalents at 31 March	150,822,388	85,025,585

The interim condensed financial statements appearing on pages 1 to 37 were approved by the Board of Directors of the Company and have been signed on their behalf by:


Emad Alkhatcb
Chief Financial Officer


Kamran Mazher
Chief Executive Officer


Abdulaziz Elkhoreiji
Board Member

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



CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Chubb Arabia Cooperative Insurance Company (“the Company”) is a Saudi Joint Stock Company registered on 28 Rajab 1430H (corresponding to 21 July 2009) under commercial registration number 2050066029 which was later amended to 2051043431 dated 9 Sha’aban 1431H (corresponding to 21 July 2010), issued in Al-Khobar, Kingdom of Saudi Arabia. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

The activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 21 Dhul-Hijjah, 1430H (corresponding to 8 December 2009), the Company received the license from Saudi Central Bank (“SAMA”) to transact insurance business in the Kingdom of Saudi Arabia.

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

2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO

The Company started its insurance operations on 1 February 2010. The Company acquired the insurance portfolio and the net assets of Ace Arabia Insurance Company BSC and International Insurance Company BSC with effect from 1 January 2009 as set forth in SAMA’s guidelines in this respect, following the approval on the transfer from the respective authorities in the year 2012.

3. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended 31 March 2022 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The Company’s statement of interim condensed financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: available for sale investments, right-of-use assets, property and equipment, intangible asset, goodwill, statutory deposit, accrued income on statutory deposit, provision for end-of-service indemnities, certain engineering related unearned premiums, reinsurance share of unearned premiums, reinsurance unearned commission, deferred policy acquisition cost and accrued commission income payable to SAMA. All other financial statement line items would generally be classified as current unless, stated otherwise.

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

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

3. BASIS OF PREPARATION (CONTINUED)

(a) Basis of presentation (continued)

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

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

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2021. The interim condensed financial statements may not be considered indicative of the expected results for the full year.

Amounts in this interim condensed financial statements are expressed in Saudi Arabian Riyals ("SR") which is the Company's functional and presentation currency. Figures have been rounded off to the nearest Riyal, unless otherwise stated.

(b) Seasonality of operations

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

(c) Critical accounting judgements estimates and assumptions

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these interim condensed financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2021. There are no changes in the estimates from 31 December 2021.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022
(All amounts expressed in Saudi Riyals unless otherwise stated)

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting and risk management 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.

4.1 Standards issued but not yet effective

The Company has chosen not to early adopt the following new standards which have been issued but not yet effective for the Company's accounting period beginning on January 1, 2022 and is currently assessing their impact:

i) IFRS 9 Financial Instruments

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

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 interim condensed statement of income upon sale, if both conditions are met:

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

Assets not meeting either of these categories are measured at fair value through interim condensed statement of income. Additionally, at initial recognition, an entity can use the option to designate a financial asset at fair value through statement of income 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 interim condensed statement of income.

Additionally, for financial liabilities that are designated as at fair value through interim condensed statement of income, 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 interim condensed statement of income.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

i) IFRS 9 Financial Instruments (continued)

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.

Hedge accounting

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

Effective date

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

- 1) apply a temporary exemption from implementing IFRS 9 until the earlier of:
 - a) the effective date of a new insurance contract standard; or
 - b) annual reporting periods beginning on or after 1 January 2023. On 17 March 2020, the International Accounting Standards Board (“IASB”) decided to extend the effective date of IFRS 17 and the IFRS 9 temporary exemption in IFRS 4 from 1 January 2021 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 interim condensed statement of income 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 is eligible and has chosen to apply temporary exemption under IFRS 9.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

i) IFRS 9 Financial Instruments (continued)

The Company has performed a detailed assessment beginning January 1, 2018: (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. The Company's total liabilities were SAR 409.8 million and liabilities connected with insurance in the statement of financial position primarily included the liabilities arising in the course of writing insurance business and were valued at SAR 327.9 million. 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.

As at 31 March 2022, the Company has total financial assets and insurance related assets amounting to SAR 609.9 million (31 December 2021: SAR 592.7 million) and SAR 360.4 million (31 December 2021: SAR 357.2 million), respectively. Currently, financial assets held at amortized cost consist of loans and receivable (cash and cash equivalents, terms deposit, premiums and reinsurance balances receivable and certain other receivables) amounting to SAR 505.7 million (31 December 2021: SAR 454.8 million). Financial assets held at amortized cost are expected to meet the SPPI test as required by IFRS 9 and the Company expects to measure such assets at amortized cost. Financial assets consist of available for sale investment amounting to SAR 1.9 million (31 December 2021: SAR 1.9 million), the Company expect to use the FVOCI classification of financial assets based on the business model of the Company for these strategic nature of equity investments.

The Company's financial assets have low credit risk as at 31 March 2022 and 31 December 2021. The above is based on high-level impact assessment of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects some effect of applying the impairment requirements of IFRS 9: However, the impact of the same is not expected to be significant.

At present it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

ii) IFRS 17 Insurance Contracts

Overview

This standard was 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:

- i) embedded derivatives, if they meet certain specified criteria;
- ii) distinct investment components; and
- iii) 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).

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

ii) 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”:

- a) the fulfilment cash flows (FCF), which comprise:
 - 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 but the CSM cannot be negative, so changes in future cash flows that are greater than the remaining CSM are recognized in interim condensed statement of income.

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 interim condensed statement of income 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) the entity’s share of the changes in the fair value of underlying items;
- ii) the effect of changes in the time value of money and in financial risks not relating to the underlying items.

In addition, a simplified Premium Allocation Approach (PAA) is permitted for the measurement of the liability for remaining coverage if it provides a measurement that is not materially different from the General Measurement Model for the group of contracts 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 Measurement Model remains applicable for the measurement of the liability for 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

ii) IFRS 17 Insurance Contracts (continued)

Effective date

The effective date of IFRS 17 is currently 1 January 2023 and will supersede IFRS 4 “Insurance Contracts”. Earlier adoption is permitted if both IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have also been applied. The Company expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the interim condensed statement of income and the interim condensed statement of financial position. The Company has decided not to early adopt this new standard.

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.

Impact assessment:

Presentation and Disclosures

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

Impact

The Company has performed an operational gap assessment which has focused on the impact of IFRS 17 across data, systems, processes and people. The Company is currently assessing the impact of the application and implementation of IFRS 17. As of the date of the publication of these interim condensed financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company.

Impact Area	Summary of Impact
Financial Impact	<p>Based on the initial assessment, the majority of Company’s products (which provide cover for annual periods or less) are expected to be measured using the simplified approach (PAA) which requires less changes to the existing approach under IFRS 4.</p> <p>As a result, the financial impact of measuring contracts under IFRS 17 is not expected to be significant.</p>
Data Impact	<p>Where the GMM is applied to measure the Liability for Remaining Coverage, additional data to inform the assumptions made will be required to generate cash-flow models.</p> <p>Yield curves and other financial market information will also be required to determine suitable discount rates and the credit risk of reinsurers.</p>

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4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Standards issued but not yet effective (continued)

ii) IFRS 17 Insurance Contracts (continued)

Impact Area	Summary of Impact
IT Systems	Cash-flow models will be required to cater for the calculation of the Liability for Remaining Coverage. In addition, model development will be required to allow for the calculation, updating and amortization of the Contractual Service Margin. Amendments will also be required to the current chart of accounts and reporting disclosures.
Process Impact	A process will need to be established to assess the expected profitability of contracts issued, at the issuing date. Cost allocation processes will need refinement to ensure directly attributable costs are identified according to the requirements of IFRS 17 and are then used as part of cash flow projections. The financial statement close process will also require changes to allow for more frequent interaction between the finance and actuarial teams.
Impact on RI Arrangements	IFRS 17 is not expected to significantly impact the structure of the reinsurance arrangements currently in place for the Company. It is however expected that further insight into the expected (and subsequently actual) performance of reinsurance treaties will be derived under IFRS 17.
Impact on Policies & Control Frameworks	Various decisions need to be made and policies drafted which cover the below (amongst other items): <ul style="list-style-type: none"> • Allocating directly attributable expenses • Onerous contract identification and measurement • Risk adjustment

The Company is currently assessing the impact of the application and implementation of IFRS 17 and has completed the Design phase on 31 March 2021. This will be followed by the implementation phase, which will involve refinement of phase 3 design decisions, implementing changes to the accounting, actuarial modelling, processes and controls, data and systems, and performing user acceptance testing, dry runs, parallel runs and transition calculation to get the Company compliant with IFRS 17 by 1 January 2023. As of the date of the publication of these interim condensed financial statements, the Company has submitted Phase 3 Implementation plan to SAMA.

Amendments to standard	Description	Effective for annual years beginning on or after
IAS 1	Classification of Liabilities as Current or Non-current, Amendment to defer the effective date of the January 2020 amendments, Amendments regarding the disclosure of accounting policies	1 January, 2023
IAS 8	Amendments regarding the definition of accounting estimates	1 January, 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	1 January, 2023

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5. CASH AND CASH EQUIVALENTS

	Insurance operations	
	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Cash in hand	20,000	-
Cash at banks		
- Current accounts	21,510,891	11,555,000
- Time deposits	25,798,064	25,712,250
Total	47,328,955	37,267,250
	Shareholders' operations	
	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Cash at banks		
- Current accounts	2,892,875	2,667,046
- Time deposits	100,600,558	146,109,589
Total	103,493,433	148,776,635
Total cash and cash equivalents	150,822,388	186,043,885

Deposits are placed with local banks with original maturities of less than three months and earn financial income at rates ranging from 0.75% to 2.00% per annum (31 December 2021: 0.7 % to 1.35% per annum). Bank balances are placed with counterparties with sound credit ratings.

6. PREMIUMS AND REINSURANCE BALANCES RECEIVABLE, NET

	Insurance operations	
	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Policyholders	36,829,268	25,332,322
Brokers and agents	111,488,573	118,661,510
Receivables from insurance and reinsurance companies	3,715,194	4,422,305
Premiums and reinsurance receivables from related parties (note 9)	11,548	11,728,710
	152,044,583	160,144,847
Less: allowance for impairment of doubtful debts	(8,574,912)	(8,561,683)
Premium and reinsurance account receivable, net	143,469,671	151,583,164
Movement in provision for impairment of doubtful debts		
	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Opening balance	8,561,683	9,351,081
Charge / (reversal) for impairment of doubtful debts for the period / year	13,229	(789,398)
Closing balance	8,574,912	8,561,683

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7. INVESTMENTS

	Insurance operations	
	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Investments held for trading	38,543,952	39,755,154
Total	38,543,952	39,755,154
	Shareholders' operations	
	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Investments held for trading	63,737,845	62,395,524
Investments available for sale *	1,932,078	1,932,078
Total	65,669,923	64,327,602
Total investments held for trading	102,281,797	102,150,678
Total investments available for sale	1,932,078	1,932,078
Total investments	104,213,875	104,082,756

*This represents investment in respect of the Company's shareholding in Najm for Insurance Services which provides loss determination services for motor class. This investment has been carried at cost in the absence of an active market or other means of reliably measuring its fair value. There has been no movement in this investment between the period ended 31 March 2022 and during the year ended 31 December 2021.

a) Category wise analysis is as follows:

Insurance Operations

	Domestic		International		Total	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Sukuk and bonds	20,870,208	20,014,283	7,448,612	9,146,135	28,318,820	29,160,418
Equity securities	10,225,132	10,594,736	-	-	10,225,132	10,594,736
Total	31,095,340	30,609,019	7,448,612	9,146,135	38,543,952	39,755,154

**Shareholders'
Operations**

	Domestic		International		Total	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Sukuk and bonds	34,547,611	33,703,928	9,662,832	11,864,972	44,210,443	45,568,900
Equity securities	21,459,480	18,758,702	-	-	21,459,480	18,758,702
Total	56,007,091	52,462,630	9,662,832	11,864,972	65,669,923	64,327,602

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7. INVESTMENTS (CONTINUED)

b) Movement in the investment held for trading balance is as follow:

	Insurance operations		Shareholders' operations	
	31 March 2022 (Unaudited)	31 December 2021 (Audited)	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Balance as at the beginning of the period / year	39,755,154	40,105,314	62,395,524	61,536,115
Purchase during the period / year	1,469,140	8,405,791	3,146,440	12,145,756
Disposals during the period / year	(1,346,689)	(7,915,357)	(1,747,014)	(10,268,326)
Unrealised losses	(1,323,370)	(843,695)	(43,766)	(1,022,019)
Realised (losses) / gains	(10,283)	3,101	(13,339)	3,998
Balance as at the end of the period / year	<u>38,543,952</u>	<u>39,755,154</u>	<u>63,737,845</u>	<u>62,395,524</u>

8. GOODWILL

The Company entered into a purchase agreement whereby it has purchased the insurance business operations in the Kingdom of Saudi Arabia of Ace Arabia Insurance Company BSC and International Insurance Company BSC. The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA and the value of goodwill was estimated at SR 43.77 million.

9. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties represent shareholders, companies related to shareholders ("affiliates") and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of major related parties' transactions during the period and the related balances at the end of the period:

<i>Related parties</i>	<i>Nature of transactions</i>	For the three month periods ended 31 March	
		2022 (Unaudited)	2021
Affiliates	Gross written premiums	390,647	360,116
	Rent	357,566	374,256
	Claim expenses	703,858	526,668
	Expenses	6,500	-
Board of Directors	Remuneration	356,250	356,250
	Meeting fee and expenses	581,345	407,000
Shareholders	Reinsurance premiums ceded	14,383,153	13,721,154
	Reinsurers' share of gross claims	300,175	674,359
	Reinsurance commission income	3,050,189	2,714,164

The following are the details of related parties balances as at:

<i>Nature</i>	<i>Relationship</i>	31 March	31 December
		2022 (Unaudited)	2021 (Audited)
Premiums and reinsurance receivables	Affiliates	11,548	11,728,710
Reinsurance payables	Affiliates	18,995,453	12,989,029

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9. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Remuneration and compensation of BOD Members and Executives

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The following table shows the salaries, remuneration and allowances obtained by the Board members and key management personnel for the period ended 31 March 2022 and 2021:

<u>Period-ended 31 March 2022</u>	<u>BOD members (Executives) (Unaudited)</u>	<u>BOD members (Non- Executive) (Unaudited)</u>	<u>Key management (Unaudited)</u>
Salaries and compensation	-	-	1,260,506
End of service indemnities	-	-	178,026
Travel expenses	-	109,345	-
Annual remuneration and meeting fees	84,250	659,000	-
Total	<u>84,250</u>	<u>768,345</u>	<u>1,438,532</u>
	<u>BOD members (Executives) (Unaudited)</u>	<u>BOD members (Non- Executive) (Unaudited)</u>	<u>Key management (Unaudited)</u>
<u>Period-ended 31 March 2021</u>			
Salaries and compensation	-	-	1,498,190
End of service indemnities	-	-	126,717
Annual remuneration and meeting fees	86,250	677,000	-
Total	<u>86,250</u>	<u>677,000</u>	<u>1,624,907</u>

10. REINSURERS' BALANCES PAYABLE

	<u>31 March 2022 (Unaudited)</u>	<u>31 December 2021 (Audited)</u>
Related parties (note 9)	18,995,453	12,989,029
Others	70,574,177	72,055,468
	<u>89,569,630</u>	<u>85,044,497</u>

11. STATUTORY DEPOSIT

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent.

In accordance with the instruction received from the Saudi Central Bank (SAMA) vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 31 March 2022 as an asset and a liability in these interim condensed financial statements.

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12. SHARE CAPITAL

The authorised, issued and paid-up share capital is SR 300 million at 31 March 2022 consisting of 30 million shares (31 December 2021: SR 300 million consisting of 30 million shares) of SR 10 each.

Shareholding structure of the Company as at 31 March 2022 and 31 December 2021 are as below:

Shareholder	Country	Shareholding percentage	
		31 March 2022	31 December 2021
Chubb International Holding Co.	USA	30	30
El-Khereiji Investment Company	Saudi Arabia	20	20
El-Khereiji Real Estate	Saudi Arabia	5	5
International Corporation for Trade and Contract Services	Saudi Arabia	5	5
General Public	Saudi Arabia	40	40
		100	100

In 2021, the share capital of the Company was increased from SR 200 million to SR 300 million by way of issuance of bonus shares by granting one share for every two shares owned which was approved by shareholders in Extra Ordinary General Assembly meeting held on 14 July 2021 corresponding to 4 Dul Hijjah 1442H. The increase in share capital was funded by capitalizing of SR 100 million from the retained earnings. The legal formalities were completed in the same year.

13. COMMITMENTS AND CONTINGENCIES

Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholder's insurance claims. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material impact on the Company's results or financial position.

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Letters of guarantee	9,500,821	9,500,821

14. ZAKAT AND INCOME TAX

(a) Income tax has been provided for based on the estimated taxable profit at the rate of 20% per annum for foreign shareholders.

Movement in the provision for zakat and income tax during the period / year

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	19,305,244	19,536,736
Zakat charge for the period / year	621,543	5,638,068
Tax charge for the period / year	159,101	735,297
Paid during the period / year	-	(6,604,857)
Balance as at the end of the period / year	20,085,888	19,305,244

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14. ZAKAT AND INCOME TAX (CONTINUED)

(b) Shareholding subject to zakat and income tax

The following is the founding shareholding percentage:

	31 March 2022 %	31 December 2021 %
	(Unaudited)	(Audited)
Shareholding subject to zakat	70	70
Shareholding subject to income tax	30	30

(c) Status of assessments

In 2015, the ZATCA raised final assessments for the years ended 31 December 2009 to 2012 and claimed additional Zakat and income tax liability including withholding tax amounting to SAR 13.79 million. The management has filed an appeal against these assessments and believes that the outcome of this appeal will be in the favor of the Company. However, the Company has paid SAR 14.9 million (including delay penalties and withholding tax) and also furnished a bank guarantee of SAR 3.3 million in favor of ZATCA to avoid any further delay penalties until the appeal against the assessments is finalized. In 2021, the Company has received final decision from General Secretariat of Tax Committees (GSTC) – Appellate Committee with settlement amount of SR 12.78 million (SR 2.1 million refundable from the additional amount of SR 14.9 million paid). Based on it, the Company has filed a settlement letter with ZATCA and waiting their concurrence to it.

The Company has also received a provisional assessment for the years 2013 to 2015 where ZATCA had requested for an additional Zakat and income tax liability of SAR 6.2 million. The management has also filed an appeal against this assessment. However, the Company has submitted an additional bank guarantee amounting to SAR 6.2 million to cover the full additional liability and to avoid delay penalties.

Furthermore, in 2020, the ZATCA raised final assessments for the years ended 31 December 2016 to 2018 and assessed additional Zakat and income tax liability amounting to SAR 10.6 million. The management filed an appeal with the ZATCA and the ZATCA issued a revised assessment with the additional Zakat and Income tax liability amounting to SR 8.5 million. The management has filed appeals against these assessments with the General secretariat of tax committees (GSTC) and believes that the outcome of these appeals will be in the favor of the Company. The ZATCA in 2020 also raised a Withholding tax assessment for the years 2016 and 2017 amounting to SR 9.5 million. The management has filed an appeal against this assessment and believes that the outcome of this appeal will be in favor of the Company.

Additionally, in March 2021, the Company settled the additional WHT liability amounting to SR 6.8 million under the tax amnesty scheme of waiving the delay fine if the principal amount is paid, the company will request a refund of this amount after favorable outcome of the case.

The Company has filed Zakat and tax returns up to year ended 31 December 2021. During the year 2021, ZATCA has raised final assessment for the years 2019 and 2020 with additional tax and zakat exposure of SR 7.3 million. The management filed an appeals with GSTC against these assessments and believes that the outcome of the appeals will be in the favor of the Company.

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15. SURPLUS DISTRIBUTION PAYABLE

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	2,180,026	5,005,180
Total income attributed to the insurance operations	277,775	1,781,366
Surplus paid to policy holders	-	(4,606,520)
Balance as at the end of the period / year	2,457,801	2,180,026

16. GROSS PREMIUMS WRITTEN

Gross Premiums Written - For the three month period 31 March 2022-(unaudited)

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	3,456,786	394,313	380,312	3,870,378	13,978,510	22,080,299
Saving and protection (term life)	-	-	44,385	410,625	2,542,301	2,997,311
Property, casualty and others	184,305	416,862	1,886,828	2,325,122	57,964,987	62,778,104
Total	3,641,091	811,175	2,311,525	6,606,125	74,485,798	87,855,714

Gross Premiums Written - For the three month period 31 March 2021-(unaudited)

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	3,378,983	423,453	702,291	3,971,841	24,579,004	33,055,572
Saving and protection (term life)	-	-	28,429	601,432	1,863,497	2,493,358
Property, casualty and others	188,794	136,553	1,541,393	3,067,696	51,356,720	56,291,156
Total	3,567,777	560,006	2,272,113	7,640,969	77,799,221	91,840,086

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17. TECHNICAL RESERVES

17.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Outstanding claims	75,745,009	63,911,487
Less: Realizable value of salvage and subrogation	(3,299,694)	(3,425,084)
	72,445,315	60,486,403
Claims incurred but not reported	58,692,478	64,178,785
Additional premium reserve	2,329,082	2,824,722
Other technical reserve	5,220,333	5,193,211
	138,687,208	132,683,121
Less:		
- Reinsurers' share of outstanding claims	(55,525,751)	(48,128,358)
- Reinsurers' share of claims incurred but not reported	(46,045,663)	(48,309,514)
Net outstanding claims and reserves	37,115,794	36,245,249

17.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	Three months ended 31 March 2022 (Unaudited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	137,001,880	(102,701,355)	34,300,525
Premium written / ceded during the period	87,855,714	(49,768,033)	38,087,681
Premium earned during the period	(73,001,406)	49,170,814	(23,830,592)
Balance as at the end of the period	151,856,188	(103,298,574)	48,557,614
	Year ended 31 December 2021 (Audited)		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	130,833,967	(100,063,940)	30,770,027
Premium written / (ceded) during the year	290,581,787	(187,594,987)	102,986,800
Premium earned during the year	(284,413,874)	184,957,572	(99,456,302)
Balance as at the end of the year	137,001,880	(102,701,355)	34,300,525

17.3 Deferred policy acquisition costs

Movement in deferred policy acquisition costs comprise of the following:

	31 March 2022	31 December 2021
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	6,429,477	5,630,498
Incurred during the period / year	8,171,493	17,317,935
Amortised during the period / year	(4,381,691)	(16,518,956)
Balance at the end of the period / year	10,219,279	6,429,477

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FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

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18. OPERATING SEGMENTS

For management purposes, the Company is organized into business segments classified as: Property, Engineering, Motor, Casualty and Others. Others include marine and other general insurance. These segments are the basis on which the Company reports its primary segment information.

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, 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, premiums and insurance balances receivable - net, due from shareholders' operations, prepayments investments and other assets, term deposits, property and equipment, rights-to-use assets, intangible assets, goodwill, statutory reserves and accrued commission income. Accordingly, they are included in unallocated assets.

Segment liabilities do not include accounts payables, accrued expenses and other liabilities, reinsurance balances payable, due to shareholders' operations, end-of-service indemnities, statutory deposit commission income payable, provision for zakat and income tax and accumulated surplus from insurance. Accordingly, they are included in unallocated liabilities.

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

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

The segment statements provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2022 and 31 December 2021, its total revenues, expenses, and net income for the three month periods ended 31 March 2022 and 31 March 2021 as follows:

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income

for the three - months period ended 31 March 2022-unaudited

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
REVENUE							
Gross written premiums	32,085,808	7,939,609	22,080,299	15,761,942	6,990,745	2,997,311	87,855,714
Less: Reinsurance premiums ceded							
- Local	(2,039,159)	(639,005)	-	-	(167,143)	(97,479)	(2,942,786)
- Foreign	(26,563,807)	(5,174,237)	-	(7,813,064)	(4,361,327)	(1,112,347)	(45,024,782)
Excess of loss expenses	(1,026,350)	(217,115)	(215,222)	(155,778)	(174,750)	(11,250)	(1,800,465)
Net premiums written	2,456,492	1,909,252	21,865,077	7,793,100	2,287,525	1,776,235	38,087,681
Change in unearned premiums,	(1,583,865)	329,048	(7,861,625)	(2,690,137)	(2,011,043)	(1,036,686)	(14,854,308)
Changes in reinsurer share of unearned premiums	144,828	(969,269)	-	210,829	1,045,251	165,580	597,219
Net premiums earned	1,017,455	1,269,031	14,003,452	5,313,792	1,321,733	905,129	23,830,592
Reinsurance commission income	3,327,911	1,252,394	-	814,774	446,428	931	5,842,438
TOTAL REVENUE	4,345,366	2,521,425	14,003,452	6,128,566	1,768,161	906,060	29,673,030
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(929,010)	(312,660)	(7,775,386)	(246,787)	(1,071,311)	(112,560)	(10,447,714)
Expenses incurred related to claims	(5,806)	(23,977)	(243,065)	(12,673)	(126,095)	-	(411,616)
Reinsurers' share of gross claims paid	875,648	149,353	-	77,732	542,031	56,280	1,701,044
Net claims and other benefits paid	(59,168)	(187,284)	(8,018,451)	(181,728)	(655,375)	(56,280)	(9,158,286)
Changes in outstanding claims	868,305	(2,541,525)	(5,765,808)	(3,839,584)	810,340	(1,490,640)	(11,958,912)
Changes in reinsurers' share of outstanding claims	(951,468)	2,446,032	1,133,470	3,964,393	(465,358)	1,270,324	7,397,393
Changes in claims incurred but not reported ("IBNR")	(97,522)	1,590,258	4,878,167	(391,194)	(1,175,253)	681,851	5,486,307
Changes in reinsurance share of IBNR	331,124	(1,533,495)	(1,637,888)	24,525	1,295,091	(743,208)	(2,263,851)
Net claims and other benefits incurred	91,271	(226,014)	(9,410,510)	(423,588)	(190,555)	(337,953)	(10,497,349)
Additional premium reserve	353,635	644,481	(517,932)	-	-	15,456	495,640
Other technical reserves	18,515	17,572	109,740	(127,104)	(42,354)	(3,491)	(27,122)
Policy acquisition costs	(1,538,797)	(504,719)	(994,190)	(875,330)	(213,563)	(255,092)	(4,381,691)
Other underwriting expenses	(267,301)	(65,472)	(1,838,174)	(162,828)	(57,196)	(24,394)	(2,415,365)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,342,677)	(134,152)	(12,651,066)	(1,588,850)	(503,668)	(605,474)	(16,825,887)
NET UNDERWRITING INCOME	3,002,689	2,387,273	1,352,386	4,539,716	1,264,493	300,586	12,847,143

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022**

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)**Interim condensed statement of income
for the three month period ended 31 March 2022 - unaudited
(continued)**

	<u>Property</u>	<u>Engineering</u>	<u>Motor</u>	<u>Casualty</u>	<u>Marine</u>	<u>Term life</u>	<u>Total</u>
NET UNDERWRITING INCOME	3,002,689	2,387,273	1,352,386	4,539,716	1,264,493	300,586	12,847,143
OTHER (EXPENSES) / INCOME							
Allowance for impairment on doubtful debts							(13,229)
General and administrative expenses							(10,563,232)
Dividend, interest and Commission income							1,234,337
Realized losses on disposal of investment held for trading							(23,622)
Unrealised losses on investments held for trading							(1,367,136)
Others income, net							197,890
TOTAL OTHER EXPENSES							(10,534,992)
Income before surplus attribution, zakat and income tax							2,312,151
Income attributed to insurance operations							(277,775)
Income attributed to shareholders before zakat and income tax							2,034,376
Zakat							(621,543)
Income tax							(159,101)
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS							1,253,732

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FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of income
for the three - months period ended 31 March 2021 - unaudited

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
REVENUE							
Gross written premiums	28,792,570	6,821,862	33,055,572	13,606,547	7,070,177	2,493,358	91,840,086
Less: Reinsurance premiums ceded							
- Local	(1,670,066)	(426,866)	-	-	(251,035)	-	(2,347,967)
- Foreign	(24,271,036)	(4,584,461)	(142)	(5,704,719)	(4,116,585)	(1,109,757)	(39,786,700)
Excess of loss expenses	(587,347)	(111,403)	(188,910)	(149,340)	(369,298)	(11,250)	(1,417,548)
Net premiums written	2,264,121	1,699,132	32,866,520	7,752,488	2,333,259	1,372,351	48,287,871
Change in unearned premiums,	754,214	51,547	(18,995,239)	(2,053,863)	(3,088,681)	(1,118,529)	(24,450,551)
Changes in reinsurer share of unearned premiums	(1,629,095)	(999,198)	(3,471)	(771,914)	1,607,141	400,433	(1,396,104)
Net premiums earned	1,389,240	751,481	13,867,810	4,926,711	851,719	654,255	22,441,216
Reinsurance commission income	2,995,012	1,182,048	298	647,928	612,107	969	5,438,362
TOTAL REVENUE	4,384,252	1,933,529	13,868,108	5,574,639	1,463,826	655,224	27,879,578
UNDERWRITING COSTS AND EXPENSES							
Gross claims paid	(2,495,994)	(818,007)	(7,351,301)	(98,593)	(423,716)	(756,816)	(11,944,427)
Expenses incurred related to claims	(97,225)	(39,767)	(220,985)	-	(48,469)	-	(406,446)
Reinsurers' share of gross claims paid	2,480,777	707,696	64,269	27,486	275,598	378,408	3,934,234
Net claims and other benefits paid	(112,442)	(150,078)	(7,508,017)	(71,107)	(196,587)	(378,408)	(8,416,639)
Changes in outstanding claims	(4,634,769)	(279,613)	(2,895,152)	(5,285,302)	60,400	666,856	(12,367,580)
Changes in reinsurers' share of outstanding claims	4,555,798	(46,823)	16,672	4,937,322	(57,784)	(333,427)	9,071,758
Changes in claims incurred but not reported ("IBNR")	(713,032)	(330,191)	2,570,427	(464,517)	(943,766)	(1,152,092)	(1,033,171)
Changes in reinsurance share of IBNR	358,005	165,857	(163,572)	449,957	772,563	818,261	2,401,071
Net claims and other benefits incurred	(546,440)	(640,848)	(7,979,642)	(433,647)	(365,174)	(378,810)	(10,344,561)
Additional premium reserve	565,159	266,164	37,137	309,421	-	(68,966)	1,108,915
Other technical reserves	(174,249)	(27,024)	64,564	(178,662)	(52,530)	(47,074)	(414,975)
Policy acquisition costs	(1,322,516)	(413,031)	(1,062,664)	(773,322)	(166,677)	(123,407)	(3,861,617)
Other underwriting expenses	(131,313)	(31,113)	(993,606)	(58,109)	(51,518)	(10,648)	(1,276,307)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,609,359)	(845,852)	(9,934,211)	(1,134,319)	(635,899)	(628,905)	(14,788,545)
NET UNDERWRITING INCOME	2,774,893	1,087,677	3,933,897	4,440,320	827,927	26,319	13,091,033

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(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)Interim condensed statement of income
for the three month period ended 31 March 2021 – unaudited
(continued)

	Property	Engineering	Motor	Casualty	Marine	Term life	Total
NET UNDERWRITING INCOME	2,774,893	1,087,677	3,933,897	4,440,320	827,927	26,319	13,091,033
OTHER (EXPENSES) / INCOME							
Allowance for impairment on doubtful debts							(1,882,555)
General and administrative expenses							(9,601,013)
Dividend, interest and Commission income							1,434,849
Realized losses on disposal of investment held for trading							(4,702)
Unrealised losses on investments held for trading							(563,828)
Others income, net							292,115
TOTAL OTHER EXPENSES							(10,325,134)
Income before surplus attribution, zakat and income tax							2,765,899
Income attributed to insurance operations							(338,599)
Income attributed to shareholders before zakat and income tax							2,427,300
Zakat							(684,239)
Income tax							(180,299)
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS							1,562,762

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FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of financial position as at 31 March 2022 - unaudited	Property	Engineering	Motor	Casualty	Marine	Term life	Total – Insurance operations	Shareholders' operations	Total
Assets									
Reinsurers' share of unearned premiums	60,502,751	22,502,458	-	13,606,208	4,528,470	2,158,687	103,298,574	-	103,298,574
Reinsurers' share of outstanding claims	31,400,978	12,844,717	1,219,612	5,814,418	2,782,648	1,463,378	55,525,751	-	55,525,751
Reinsurers' share of claims incurred but not reported	26,660,698	7,251,666	206,043	9,221,214	2,612,663	93,379	46,045,663	-	46,045,663
Deferred policy acquisition costs	3,876,337	1,227,053	2,408,406	1,825,086	292,547	589,850	10,219,279	-	10,219,279
Deferred excess of loss premium	1,026,350	217,115	215,222	155,778	174,750	11,250	1,800,465	-	1,800,465
Unallocated assets							250,217,699	359,906,315	610,124,014
Total assets							467,107,431	359,906,315	827,013,746
Liabilities									
Unearned premiums	64,774,978	25,341,550	25,849,101	24,433,766	6,989,763	4,467,030	151,856,188	-	151,856,188
Unearned reinsurance commission	7,520,153	2,827,311	-	1,148,450	703,510	3,020	12,202,444	-	12,202,444
Outstanding claims	33,424,917	15,437,994	9,816,454	7,741,642	4,155,968	1,868,340	72,445,315	-	72,445,315
Claims incurred but not reported	28,956,249	8,714,924	4,067,669	13,487,103	2,991,602	474,931	58,692,478	-	58,692,478
Additional premium reserves	435,106	303,913	1,590,063	-	-	-	2,329,082	-	2,329,082
Other technical reserves	2,511,779	903,866	493,674	954,686	278,827	77,501	5,220,333	-	5,220,333
Unallocated liabilities							139,237,719	27,074,821	166,312,540
Total liabilities							441,983,559	27,074,821	469,058,380

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FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. OPERATING SEGMENTS (CONTINUED)

Interim condensed statement of financial position as at 31 December 31, 2021 - audited	Property	Engineering	Motor	Casualty	Marine	Term life	Total – Insurance operations	Shareholders' operations	Total
Assets									
Reinsurers' share of unearned premiums	60,357,923	23,471,727	-	13,395,379	3,483,219	1,993,107	102,701,355	-	102,701,355
Reinsurers' share of outstanding claims	32,352,446	10,398,685	86,142	1,850,025	3,248,006	193,054	48,128,358	-	48,128,358
Reinsurers' share of claims incurred but not reported	26,329,574	8,785,161	1,843,931	9,196,689	1,317,572	836,587	48,309,514	-	48,309,514
Deferred policy acquisition costs	1,679,340	1,181,383	1,310,832	1,548,647	212,896	496,379	6,429,477	-	6,429,477
Unallocated assets							246,027,749	357,620,527	603,648,276
Total assets							451,596,453	357,620,527	809,216,980
Liabilities									
Unearned premiums	63,191,113	25,670,598	17,987,476	21,743,629	4,978,720	3,430,344	137,001,880	-	137,001,880
Unearned reinsurance commission	4,820,622	2,659,161	-	1,204,779	446,428	-	9,130,990	-	9,130,990
Outstanding claims	34,293,222	12,896,469	4,050,646	3,902,058	4,966,308	377,700	60,486,403	-	60,486,403
Claims incurred but not reported	28,858,727	10,305,182	8,945,836	13,095,909	1,816,349	1,156,782	64,178,785	-	64,178,785
Additional premium reserves	788,741	948,394	1,072,131	-	-	15,456	2,824,722	-	2,824,722
Other technical reserves	2,530,294	921,438	603,414	827,582	236,473	74,010	5,193,211	-	5,193,211
Unallocated liabilities							148,068,599	25,630,756	173,699,355
Total liabilities							426,884,590	25,630,756	452,515,346

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(All amounts expressed in Saudi Riyals unless otherwise stated)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

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

Determination of fair value and fair value hierarchy

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

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

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

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

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy. 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:

<u><i>Financial instruments carried at fair value</i></u>	<u>31 March 2022 (Unaudited)</u>				
<u><i>Investments</i></u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Insurance operations	38,543,952	36,377,899	2,166,053	-	38,543,952
Shareholders' operations	65,669,923	60,927,898	2,809,947	1,932,078	65,669,923
	<u>104,213,875</u>	<u>97,305,797</u>	<u>4,976,000</u>	<u>1,932,078</u>	<u>104,213,875</u>

<u><i>Financial instruments carried at fair value</i></u>	<u>31 December 2021 (Audited)</u>				
<u><i>Investments</i></u>	<u>Carrying value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Insurance operations	39,755,154	37,590,842	2,164,312	-	39,755,154
Shareholders' operations	64,327,602	59,587,836	2,807,688	1,932,078	64,327,602
	<u>104,082,756</u>	<u>97,178,678</u>	<u>4,972,000</u>	<u>1,932,078</u>	<u>104,082,756</u>

During the period, there has been no transfer between level 1, level 2 and level 3.

Financial instruments measured at fair value also includes investments available for sale amounting to SAR 1.93 million (2021: 1.93 million) which is categorized as level 3 financial instruments.

20. EARNINGS PER SHARE FOR THE PERIOD

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period. The earnings per share for the corresponding periods were adjusted to reflect the bonus issue.

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21. SUPPLEMENTARY STATEMENTS

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

a) Statement of financial position	31 March 2022 - (Unaudited)			31 December 2021 - (Audited)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash and cash equivalents	47,328,955	103,493,433	150,822,388	37,267,250	148,776,635	186,043,885
Premiums and insurance balances receivable - net	143,469,671	-	143,469,671	151,583,164	-	151,583,164
Reinsurers' share of unearned premiums	103,298,574	-	103,298,574	102,701,355	-	102,701,355
Reinsurers' share of outstanding claims	55,525,751	-	55,525,751	48,128,358	-	48,128,358
Reinsurers' share of claims incurred but not reported	46,045,663	-	46,045,663	48,309,514	-	48,309,514
Deferred policy acquisition costs	10,219,279	-	10,219,279	6,429,477	-	6,429,477
Deferred excess of loss premium	1,800,465	-	1,800,465	-	-	-
Investments held for trading	38,543,952	63,737,845	102,281,797	39,755,154	62,395,524	102,150,678
Investments available for sale	-	1,932,078	1,932,078	-	1,932,078	1,932,078
Prepaid expenses and other assets	15,238,297	10,170,346	25,408,643	12,299,818	11,098,116	23,397,934
Term deposits	-	104,310,773	104,310,773	-	57,236,755	57,236,755
Property and equipment	2,258,861	-	2,258,861	2,323,765	-	2,323,765
Intangible asset	3,377,964	-	3,377,964	2,798,598	-	2,798,598
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	30,000,000	30,000,000	-	30,000,000	30,000,000
Accrued income on statutory deposit	-	2,487,089	2,487,089	-	2,406,669	2,406,669
Amounts due from insurance operations	-	28,286,754	28,286,754	-	27,874,741	27,874,741
TOTAL ASSETS	467,107,432	388,193,068	855,300,500	451,596,453	385,495,268	837,091,721
Less: inter-operations elimination	-	(28,286,754)	(28,286,754)	-	(27,874,741)	(27,874,741)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	467,107,432	359,906,314	827,013,746	451,596,453	357,620,527	809,216,980

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

a) Statement of financial position (continued)	31 March 2022 - (Unaudited)			31 December 2021 - (Audited)		
	Insurance operations	Share- holders' operations	Total	Insurance operations	Share- holders' operations	Total
LIABILITIES						
Accounts payable	29,303,417	-	29,303,417	41,043,098	-	41,043,098
Accrued and other liabilities	6,532,254	4,501,844	11,034,098	8,832,716	3,918,843	12,751,559
Surplus distribution payable	2,457,801	-	2,457,801	2,180,026	-	2,180,026
Reinsurer's balances payable	89,569,630	-	89,569,630	85,044,497	-	85,044,497
Unearned premiums	151,856,188	-	151,856,188	137,001,880	-	137,001,880
Unearned reinsurance commission	12,202,444	-	12,202,444	9,130,990	-	9,130,990
Outstanding claims	72,445,315	-	72,445,315	60,486,403	-	60,486,403
Claims incurred but not reported	58,692,478	-	58,692,478	64,178,785	-	64,178,785
Additional premium reserves	2,329,082	-	2,329,082	2,824,722	-	2,824,722
Other technical reserves	5,220,333	-	5,220,333	5,193,211	-	5,193,211
End-of-service indemnities	11,374,617	-	11,374,617	10,968,262	-	10,968,262
Provision for zakat and income tax	-	20,085,888	20,085,888	-	19,305,244	19,305,244
Statutory deposit commission payable to SAMA	-	2,487,089	2,487,089	-	2,406,669	2,406,669
Accumulated surplus from insurance operations	28,286,754	-	28,286,754	27,874,741	-	27,874,741
TOTAL LIABILITIES	470,270,313	27,074,821	497,345,134	454,759,331	25,630,756	480,390,087
Less: inter-operations elimination	(28,286,754)	-	(28,286,754)	(27,874,741)	-	(27,874,741)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	441,983,559	27,074,821	469,058,380	426,884,590	25,630,756	452,515,346
EQUITY						
Share capital	-	300,000,000	300,000,000	-	300,000,000	300,000,000
Statutory reserve	-	40,178,447	40,178,447	-	39,927,701	39,927,701
Retained earnings	-	20,939,801	20,939,801	-	19,936,815	19,936,815
Re-measurement reserve of end-of-service indemnities	(3,162,882)	-	(3,162,882)	(3,162,882)	-	(3,162,882)
TOTAL EQUITY	(3,162,882)	361,118,248	357,955,366	(3,162,882)	359,864,516	356,701,634
TOTAL LIABILITIES AND EQUITY	438,820,677	388,193,069	827,013,746	423,721,708	385,495,272	809,216,980

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

b) Interim condensed statement of income (unaudited)	Three months ended 31 March 2022			Three months ended 31 March 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUE						
Gross written premiums	87,855,714	-	87,855,714	91,840,086	-	91,840,086
Less: Reinsurance premiums ceded						
Local	(2,942,786)	-	(2,942,786)	(2,347,967)	-	(2,347,967)
Foreign	(45,024,782)	-	(45,024,782)	(39,786,700)	-	(39,786,700)
Excess of loss expenses	(1,800,465)	-	(1,800,465)	(1,417,548)	-	(1,417,548)
Net premiums written	38,087,681	-	38,087,681	48,287,871	-	48,287,871
Changes in unearned premiums	(14,854,308)	-	(14,854,308)	(24,450,551)	-	(24,450,551)
Changes in reinsurer share of unearned premiums	597,219	-	597,219	(1,396,104)	-	(1,396,104)
Net premiums earned	23,830,592	-	23,830,592	22,441,216	-	22,441,216
Reinsurance commissions income	5,842,438	-	5,842,438	5,438,362	-	5,438,362
TOTAL REVENUE	29,673,030	-	29,673,030	27,879,578	-	27,879,578
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(10,447,714)	-	(10,447,714)	(11,944,427)	-	(11,944,427)
Expenses incurred related to claims	(411,616)	-	(411,616)	(406,446)	-	(406,446)
Reinsurers' share of gross claims paid	1,701,044	-	1,701,044	3,934,234	-	3,934,234
NET CLAIMS AND OTHER BENEFITS PAID	(9,158,286)	-	(9,158,286)	(8,416,639)	-	(8,416,639)
Changes in outstanding claims	(11,958,912)	-	(11,958,912)	(12,367,580)	-	(12,367,580)
Changes in reinsurer share of outstanding claims	7,397,393	-	7,397,393	9,071,758	-	9,071,758
Changes in claims incurred but not reported	5,486,307	-	5,486,307	(1,033,171)	-	(1,033,171)
Changes in reinsurer share of incurred but not reported	(2,263,851)	-	(2,263,851)	2,401,071	-	2,401,071
Net claims incurred	(10,497,349)	-	(10,497,349)	(10,344,561)	-	(10,344,561)
Changes in additional premium reserve	495,640	-	495,640	1,108,915	-	1,108,915
Changes in other technical reserves	(27,122)	-	(27,122)	(414,975)	-	(414,975)
Policy acquisition costs	(4,381,691)	-	(4,381,691)	(3,861,617)	-	(3,861,617)
Other underwriting expenses	(2,415,365)	-	(2,415,365)	(1,276,307)	-	(1,276,307)
TOTAL UNDERWRITING COSTS AND EXPENSES	(16,825,887)	-	(16,825,887)	(14,788,545)	-	(14,788,545)
NET UNDERWRITING INCOME	12,847,143	-	12,847,143	13,091,033	-	13,091,033
OTHER OPERATING (EXPENSES) / INCOME						
Reversal of allowance for doubtful debts	(13,229)	-	(13,229)	(1,882,555)	-	(1,882,555)
General and administrative expenses	(9,224,027)	(1,339,205)	(10,563,232)	(8,240,977)	(1,360,036)	(9,601,013)
Dividend, interest and commission Income	303,629	930,708	1,234,337	365,128	1,069,721	1,434,849
Realized losses on disposal of investment held for trading	(10,283)	(13,339)	(23,622)	(2,036)	(2,666)	(4,702)
Unrealised losses on investments held at fair value	(1,323,370)	(43,766)	(1,367,136)	(236,713)	(327,115)	(563,828)
Other income, net	197,890	-	197,890	292,115	-	292,115
TOTAL OTHER EXPENSES	(10,069,390)	(465,602)	(10,534,992)	(9,705,038)	(620,096)	(10,325,134)
Income / (losses) before surplus attribution, zakat and income tax	2,777,753	(465,602)	2,312,151	3,385,995	(620,096)	2,765,899
Surplus transferred to shareholders	(2,499,978)	2,499,978	-	(3,047,396)	3,047,396	-
Net Income for the period before zakat and income tax	277,775	2,034,376	2,312,151	338,599	2,427,300	2,765,899
Zakat	-	(621,543)	(621,543)	-	(684,239)	(684,239)
income tax	-	(159,101)	(159,101)	-	(180,299)	(180,299)
Net result from insurance operations after shareholders' transfer of surplus to shareholders	277,775	1,253,732	1,531,507	338,599	1,562,762	1,901,361
Weighted average number of outstanding shares		30,000,000			30,000,000	
Earnings per share for the period		0.04			0.05	

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21.SUPPLEMENTARY STATEMENTS (CONTINUED)

<u>e) Interim condensed statement of comprehensive income (unaudited) – (continued)</u>	Three months ended 31 March 2022			Three months ended 31 March 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Total income	277,775	1,253,732	1,531,507	338,599	1,562,762	1,901,361
Other comprehensive income	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	277,775	1,253,732	1,531,507	338,599	1,562,762	1,901,361
<u>d) Interim condensed statement of cash flows (unaudited)</u>						
	31 March 2022			31 March 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash flows from operating activities						
Net income before zakat and income tax for the period	277,775	2,034,376	2,312,151	338,599	2,427,300	2,765,899
<u>Adjustments for:</u>						
Depreciation of property and equipment	154,604	-	154,604	69,263	-	69,263
Depreciation of right of use assets	-	-	-	269,625	-	269,625
Amortisation of intangible assets	58,017	-	58,017	65,517	-	65,517
Gain on sale of property and equipment	-	-	-	(4,000)	-	(4,000)
Allowance for impairment of doubtful debts	13,229	-	13,229	1,882,555	-	1,882,555
Unrealized losses / (gain) on investments held for trading	1,323,370	43,766	1,367,136	236,713	327,115	563,828
Realized loss on Investments held for trading	10,283	13,339	23,622	2,036	2,666	4,702
Interest on lease obligations	-	-	-	3,563	-	3,563
Provision for end-of-service indemnities	429,321	-	429,321	361,348	-	361,348
	2,266,599	2,091,481	4,358,080	3,225,219	2,757,081	5,982,300
<u>Changes in:</u>						
Premiums and insurance balances receivable	8,100,264	-	8,100,264	(7,717,089)	-	(7,717,089)
Reinsurers' share of unearned premiums	(597,219)	-	(597,219)	1,396,104	-	1,396,104
Reinsurers' share of outstanding claims	(7,397,393)	-	(7,397,393)	(9,071,758)	-	(9,071,758)
Reinsurers' share of claims Incurred but not reported	2,263,851	-	2,263,851	(2,401,071)	-	(2,401,071)
Deferred policy acquisition costs	(3,789,802)	-	(3,789,802)	(2,960,193)	-	(2,960,193)
Deferred excess of loss premiums	(1,800,465)	-	(1,800,465)	(1,225,000)	-	(1,225,000)
Prepaid and other assets	(2,938,478)	927,769	(2,010,709)	(788,929)	(380,437)	(1,169,366)
Accounts payable	(11,739,681)	-	(11,739,681)	842,878	-	842,878
Accrued and other liabilities	(2,300,462)	583,001	(1,717,461)	(10,008,722)	958,251	(9,050,471)
Reinsurers' balances payable	4,525,133	-	4,525,133	(9,665,826)	-	(9,665,826)
Gross unearned premiums	14,854,308	-	14,854,308	24,450,551	-	24,450,551
Unearned reinsurance commission income	3,071,454	-	3,071,454	2,616,298	-	2,616,298
Outstanding claims	11,958,912	-	11,958,912	12,367,580	-	12,367,580
Claims incurred but not reported	(5,486,307)	-	(5,486,307)	1,033,171	-	1,033,171
Additional premium reserves	(495,640)	-	(495,640)	(1,108,915)	-	(1,108,915)
Other technical reserves	27,122	-	27,122	414,975	-	414,975
Cash generated from operations	10,522,196	3,602,251	14,124,447	1,399,273	3,334,895	4,734,168
Surplus paid to policyholders	-	-	-	(1,710)	-	(1,710)
Zakat and income tax paid	-	-	-	-	(6,824,881)	(6,824,881)
End-of-service indemnities paid	(22,966)	-	(22,966)	(36,678)	-	(36,678)
Net cash generated from / (used in) operating activities	10,499,230	3,602,251	14,101,481	1,360,885	(3,489,986)	(2,129,101)

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21. SUPPLEMENTARY STATEMENTS (CONTINUED)

d) Interim condensed statement of cash flows (continued)

	31 March 2022			31 March 2021		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash flows from investing activities						
Purchase of investments held for trading	(1,469,140)	(3,146,440)	(4,615,580)	-	-	-
Proceeds from disposal of investments held for trading	1,346,689	1,747,014	3,093,703	326,486	423,514	750,000
Proceeds from / (addition) to term deposits - net deposits	-	(47,074,018)	(47,074,018)	-	(45,188,223)	(45,188,223)
Purchase of property and equipment	(89,700)	-	(89,700)	(987,662)	-	(987,662)
Proceeds from sale of property and equipment	-	-	-	4,000	-	4,000
Purchase of intangible assets	(637,383)	-	(637,383)	(2,094,844)	-	(2,094,844)
Net cash used in investing activities	(849,534)	(48,473,444)	(49,322,978)	(2,752,020)	(44,764,709)	(47,516,729)
Cash flows from financing activities						
Payment for lease obligations	-	-	-	(1,122,227)	-	(1,122,227)
Interoperation balances	412,012	(412,012)	-	(1,971,739)	1,971,739	-
Net cash generated from / (used in) financing activities	412,012	(412,012)	-	(3,093,966)	1,971,739	(1,122,227)
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,061,708	(45,283,205)	(35,221,497)	(4,485,101)	(46,282,956)	(50,768,057)
Cash and cash equivalents at 1 January	37,267,250	148,776,635	186,043,885	39,264,419	96,529,223	135,793,642
Cash and cash equivalent at 31 March	47,328,958	103,493,430	150,822,388	34,779,318	50,246,267	85,025,585

22. COMPARATIVE FIGURES RECLASSIFICATIONS

Certain comparative figures for period / year 2021 have been reclassified, to conform with the presentation in the current year.

23. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 16 May 2022G corresponding to 15 Shawwal 1443H.