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**SAUDI RE FOR COOPERATIVE REINSURANCE COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REVIEW REPORT  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2020**

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**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

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

**For the three month period ended 31 March 2020**

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

**TO: THE SHAREHOLDERS OF SAUDI RE FOR COOPERATIVE REINSURANCE  
COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed statement of financial position of **Saudi Re for Cooperative Reinsurance Company** (the "Company") as at 31 March 2020, 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 ("IAS 34") "Interim Financial Reporting" as endorsed in Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 31 March 2020 of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in Kingdom of Saudi Arabia.

**For Al-Bassam & Co.**  
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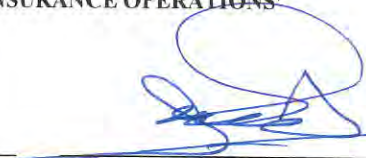

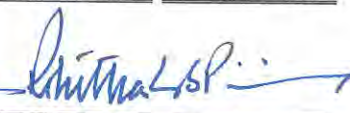
**Hani Hamzah A. Bedairi**  
Certified Public Accountant  
License No. 460



27 Ramadan 1441H  
20 May 2020

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2020**

	<i>Notes</i>	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR
<b>ASSETS</b>			
Bank balances and cash	5	28,234,947	13,169,059
Time deposits		354,359,151	378,031,179
Accrued special commission income from time deposits		7,329,387	7,974,404
Premium receivables, net	4	262,550,902	233,392,376
Investments held at fair value through income statement	7	429,232,191	417,847,821
Held-to-maturity investments	8	37,500,000	37,500,000
Accrued reinsurance premiums	2	675,607,280	467,070,866
Retroceded share of unearned premiums	9	53,419,597	50,836,786
Deferred excess of loss premiums		6,483,884	11,743,563
Retroceded share of outstanding claims	10	244,018,058	282,718,771
Retroceded share of claims incurred but not reported	10	30,031,529	34,812,075
Deferred policy acquisition costs		218,491,124	106,279,101
Prepaid expenses, deposits and other assets		247,923,479	244,639,898
Property and equipment, net		33,708,296	33,575,528
Accrued special commission income from bonds and sukuk		2,195,415	2,793,154
Investment in an equity accounted investee	14	104,501,460	101,445,631
Statutory deposit	6	121,500,000	121,500,000
Accrued income on statutory deposit	6	18,662,243	17,992,463
<b>TOTAL ASSETS</b>		<b>2,875,748,943</b>	<b>2,563,322,675</b>
<b>LIABILITIES</b>			
Accounts payable		46,093,721	39,928,645
Retrocession balances payable		33,222,641	46,173,239
Accrued retroceded premiums		34,108,585	21,741,812
Unearned premiums		771,159,566	401,997,592
Outstanding claims	9	700,043,909	737,229,272
Claims incurred but not reported	10	320,314,036	355,254,946
Unearned retrocession commission		11,302,307	8,396,072
Accrued expenses and other liabilities		15,341,599	19,420,788
End of service indemnities		9,057,669	8,828,705
Provision for zakat and tax	12	26,665,710	23,742,062
Accrued commission income payable to SAMA	6	18,662,243	17,992,463
<b>TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS</b>		<b>1,985,971,986</b>	<b>1,680,705,596</b>
<b>REINSURANCE OPERATIONS' SURPLUS</b>			
Accumulated surplus		8,080,609	7,546,140
<b>TOTAL REINSURANCE OPERATIONS' SURPLUS</b>		<b>8,080,609</b>	<b>7,546,140</b>
<b>TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS</b>		<b>1,994,052,595</b>	<b>1,688,251,736</b>
<b>EQUITY</b>			
Share capital	11	810,000,000	810,000,000
Statutory reserve		17,904,115	17,904,115
Retained earnings		56,479,650	49,113,416
Other reserves		(2,687,417)	(1,946,592)
<b>TOTAL EQUITY</b>		<b>881,696,348</b>	<b>875,070,939</b>
<b>TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND EQUITY</b>		<b>2,875,748,943</b>	<b>2,563,322,675</b>

			
Managing Director	Chief Executive Officer	Chairman of the Board	Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**  
**For the three month period ended 31 March 2020**

	<b>For the three month period ended</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>SR</b>	<b>(Restated) SR</b>
<b>REVENUES</b>		
Gross written premiums	527,717,654	424,320,562
Retroceded premiums	(30,857,189)	(13,437,784)
Excess of loss expenses	(7,537,856)	(8,186,245)
<b>Net written premiums</b>	<b>489,322,609</b>	<b>402,696,533</b>
Changes in unearned premiums, net	(366,579,163)	(228,502,771)
<b>Net earned premiums</b>	<b>122,743,446</b>	<b>174,193,762</b>
Retrocession commissions	2,029,594	3,681,991
<b>TOTAL REVENUES</b>	<b>124,773,040</b>	<b>177,875,753</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>		
Gross claims paid	(112,889,614)	(108,584,886)
Retroceded share of claims paid	25,781,339	27,339,389
<b>Net claims paid</b>	<b>(87,108,275)</b>	<b>(81,245,497)</b>
Changes in outstanding claims, net	(1,515,349)	(11,764,068)
Changes in incurred but not reported claims, net	30,160,366	(28,269,182)
<b>Net claims incurred</b>	<b>(58,463,258)</b>	<b>(121,278,747)</b>
Policy acquisition costs and profit commissions	(45,405,980)	(44,897,210)
Other underwriting expenses	(1,342,367)	(841,730)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(105,211,605)</b>	<b>(167,017,687)</b>
<b>NET UNDERWRITING INCOME</b>	<b>19,561,435</b>	<b>10,858,066</b>
<b>OTHER OPERATING INCOME / (EXPENSES)</b>		
Special commission income from time deposits	3,715,963	3,748,428
Realized gains on investments held at fair value through income statement	761,448	808,508
Unrealized (loss) / gains on investments held at fair value through income statement	(196,083)	18,066,709
Special commission income from bonds and sukuk	1,116,003	801,048
Dividend income	--	172,839
Share of profit of equity accounted investee	3,796,654	1,501,178
Investment management expenses	(248,659)	(340,458)
<b>Net investment income</b>	<b>8,945,326</b>	<b>24,758,252</b>
Other income	325,553	246,481
(Charge) / reversal for doubtful debts	(457,676)	836,460
General and administrative expenses	(12,053,021)	(11,386,672)
Board of directors' remunerations, meetings fees and expenses	(550,121)	(579,188)
Foreign exchange translation (losses) / income	(4,947,145)	527,519
<b>Total income for the period before zakat and tax</b>	<b>10,824,351</b>	<b>25,260,918</b>
<b>Total income attributed to the reinsurance operations</b>	<b>16 (534,469)</b>	<b>(431,636)</b>
<b>Net income for the period before zakat and tax</b>	<b>10,289,882</b>	<b>24,829,282</b>
<b>Zakat and tax charge for the period</b>	<b>(2,923,648)</b>	<b>(3,394,189)</b>
<b>Net income for the period after zakat and tax attributable to the shareholders</b>	<b>7,366,234</b>	<b>21,435,093</b>
<b>Basic and diluted earnings per share for the period</b>	<b>18 0.09</b>	<b>0.26</b>

Managing Director / Chief Executive Officer

Chairman of the Board


Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**For the three month period ended 31 March 2020**

<i>Note</i>	<b>31 March 2020</b>	31 March 2019 (Restated)
	SR	SR
<b>Net income for the period after zakat and tax attributable to shareholder</b>	<b>7,366,234</b>	21,435,093
<i>Other comprehensive income</i>		
<b>Items that will not be reclassified to income statement subsequently</b>		
Re-measurement of employee' end of service benefit obligations actuarial loss		
<i>-Related to Reinsurance Operations</i>	--	--
<i>-Related to Shareholders' Operations</i>	--	--
<b>Items that may be classified to income statement subsequently</b>		
Share of foreign currency translation reserve of an equity accounted investee	(740,825)	120,111
<b>Total comprehensive income for the period</b>	<b>6,625,409</b>	<b>21,555,204</b>

  
 \_\_\_\_\_  
 Managing Director / Chief Executive Officer

  
 \_\_\_\_\_  
 Chairman of the Board

  
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 Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

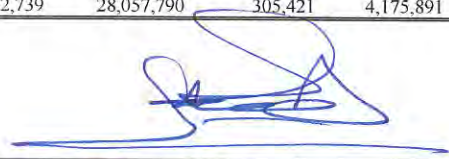
**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

**For the three month period ended 31 March 2020**

	GCC Shareholders and General Public				Non – GCC Shareholders				Total				Total
	Share Capital	Statutory reserve	Retained earnings	Other reserves	Share capital	Statutory reserve	Retained earnings	Other reserves	Share capital	Statutory reserve	Retained earnings	Other reserves	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
Balance as at 1 January 2020 (Audited)	749,907,990	16,575,765	42,683,543	(1,821,391)	60,092,010	1,328,350	6,429,873	(124,661)	810,000,000	17,904,115	49,113,416	(1,946,592)	875,070,939
Transfer during the period	1,124,010	24,930	2,854,416	17,051	(1,124,010)	(24,930)	(2,854,416)	(17,051)	--	--	--	--	--
Net profit for the period	--	--	6,829,972	--	--	--	536,262	--	--	--	7,366,234	--	7,366,234
Other comprehensive income	--	--	--	(686,893)	--	--	--	(53,932)	--	--	--	(740,825)	(740,825)
Total comprehensive income for the period	--	--	6,829,972	(686,893)	--	--	536,262	(53,932)	--	--	7,366,234	(740,825)	6,625,409
Balance as at 31 March 2020 (Unaudited)	751,032,000	16,600,695	52,367,931	(2,491,773)	58,968,000	1,303,420	4,111,719	(195,644)	810,000,000	17,904,115	56,479,650	(2,687,417)	881,696,348
Balance as at 1 January 2019 (Audited)	783,693,750	8,528,901	9,431,953	1,019,067	26,306,250	286,359	3,326,044	55,549	810,000,000	8,815,260	12,757,997	1,074,616	832,647,873
Transfer during the period	(1,751,540)	(19,062)	(21,080)	(2,278)	1,751,540	19,062	21,080	2,278	--	--	--	--	--
Net profit for the period-- (Restated)	--	--	20,606,326	--	--	--	828,767	--	--	--	21,435,093	--	21,435,093
Other comprehensive income	--	--	--	115,950	--	--	--	4,161	--	--	--	120,111	120,111
Total comprehensive income for the period	--	--	20,606,326	115,950	--	--	828,767	4,161	--	--	21,435,093	120,111	21,555,204
Balance as at 31 March 2019 (Unaudited)	781,942,210	8,509,839	30,017,199	1,132,739	28,057,790	305,421	4,175,891	61,988	810,000,000	8,815,260	34,193,090	1,194,727	854,203,077

  
Managing Director / Chief Executive Officer

  
Chairman of the Board

  
Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

**For the three month period ended 31 March 2020**

	31 March 2020 SR	31 March 2019 SR
<b>OPERATING ACTIVITIES</b>		
Total income for the period before zakat and tax	10,824,351	25,260,918
<i>Adjustments to reconcile total income for the period before zakat and tax to net cash generated from operating activities:</i>		
Employees' end of service benefits	799,550	325,843
Depreciation of property and equipment	556,046	412,118
Realized gains on investments held at fair value through income statement	(761,448)	(808,508)
Unrealized loss / (gains) on investments held at fair value through income statement	196,083	(18,066,709)
Share of profit of equity accounted investee	(3,796,654)	(1,501,178)
Charge / (reversal) of doubtful debts	457,676	(836,460)
Operating income before changes in operating assets and liabilities	8,275,604	4,786,024
<b>Changes in operating assets and liabilities:</b>		
Premiums receivable, gross	(29,616,202)	(10,966,392)
Accrued reinsurance premiums	(208,536,414)	(201,024,634)
Retroceded share of unearned premiums	(2,582,811)	4,863,992
Unearned premiums	369,161,974	223,638,779
Retroceded share of outstanding claims	38,700,713	(25,256,065)
Retroceded share of claims incurred but not reported	4,780,546	25,016,062
Deferred acquisition costs	(112,212,023)	(58,617,312)
Deferred excess of loss premiums	5,259,679	5,280,815
Prepaid expenses, deposits and other assets	(3,283,581)	(1,438,718)
Accounts payable	6,165,076	8,159,094
Retrocession balances payable	(12,950,598)	(16,097,886)
Accrued retroceded premiums	12,366,773	5,449,471
Outstanding claims	(37,185,363)	37,020,137
Claims incurred but not reported	(34,940,910)	3,253,119
Unearned commission income	2,906,235	(468,246)
Accrued expenses and other liabilities	(4,079,189)	1,589,828
	2,229,509	5,188,068
Zakat and income tax paid	--	--
Employees' end of service benefits paid	(570,586)	(63,054)
<b>Net cash generated from operating activities</b>	<b>1,658,923</b>	<b>5,125,014</b>
<b>INVESTING ACTIVITIES</b>		
Time deposits	(10,992,847)	(22,600,835)
Accrued special commission income on time deposits	645,017	(1,203,561)
Accrued special commission income from bonds and sukuk	597,739	326,355
Purchase of property and equipment	(688,814)	(435,537)
Additions in investments held at fair value through income statement	(109,819,005)	(97,732,000)
Proceeds from disposal of investments held at fair value through income statement	99,000,000	273,014,231
<b>Net cash (used in) / generated from investing activities</b>	<b>(21,257,910)</b>	<b>151,368,653</b>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(19,598,987)</b>	<b>156,493,667</b>
Cash and cash equivalents at the beginning of the period	47,833,934	81,635,536
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>28,234,947</b>	<b>238,129,203</b>

Managing Director / Chief Executive Officer

Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.



# **Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three month period ended 31 March 2020**

### **1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

Saudi Re for Cooperative Reinsurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 dated 12 Jumada Al-Awal 1429H (corresponding to 17 May 2008) with a branch in the Federal Territory of Labuan, Malaysia with license number IS2014146. The address of the Company’s registered office is at 4130 Northern Ring Road Al Wadi, Unit number 1, Riyadh 13313-6684, Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative reinsurance and related activities inside and outside the Kingdom of Saudi Arabia.

### **2. BASIS OF PREPARATION**

#### *Statement of compliance*

The interim condensed financial statements of the Company as at and for the period ended 31 March 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”).

The interim condensed financial statements as at and for the period ended 31 March 2019 were prepared in compliance with the IAS 34 and the International Financial Reporting Standards (“IFRS”), as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – “Income Taxes” and IFRIC 21 – “Levies” so far as these relate to zakat and income tax) and the Regulations for Companies in the Kingdom of Saudi Arabia.

On 23 July 2019, SAMA instructed the insurance companies in the Kingdom of Saudi Arabia to account for the zakat and taxes in the statement of income. This aligns with the IFRS and its interpretations as issued by the International Accounting Standards Board (“IASB”) and as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants (“SOCPA”) (collectively referred to as “IFRS”) as endorsed in Kingdom of Saudi Arabia.

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (as disclosed in note 3) and the effects of this change are disclosed in note 12 to the interim condensed financial statements.

The Company’s interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as current: bank balances and cash, time deposits, accrued special commission income from time deposits, premium receivables, net, investments held at fair value through income statement, deferred excess of loss premiums, retroceded share of outstanding claims, prepaid expenses, deposits and other assets, accrued special commission income from bonds and sukuk, accounts payable, retrocession balances payable, outstanding claims, accrued expenses and other liabilities, provision for zakat and income tax and accumulated surplus. The following balances would generally be classified as non-current: accrued reinsurance premiums, retroceded share of unearned premiums, retroceded share of claims incurred but not reported, deferred policy acquisition costs, property and equipment, net, Investment in an equity accounted investee, statutory deposit, accrued income on statutory deposit, accrued retroceded premiums, unearned premiums, claims incurred but not reported, unearned retrocession commission, employees end of service benefits and accrued commission income payable to SAMA.

The interim condensed statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders’ operations which are presented in Note 16 of the interim condensed financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations.

In preparing the Company’s interim condensed financial information in compliance with IFRS, the balances and transactions of the reinsurance 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 reinsurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

# **Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three month period ended 31 March 2020**

### **2. BASIS OF PREPARATION (CONTINUED)**

#### *Statement of compliance (continued)*

The inclusion of separate information of the reinsurance operations with the financial information of the Company in the interim condensed statement of financial position, statement of income, statement of comprehensive income, cash flows as well as certain relevant notes to the interim condensed financial information represents additional supplementary information required as required by the implementing regulations.

The accompanying unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2019.

Surplus is distributed between reinsurance operations and shareholders operations in accordance with the implementing regulations issued by the SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from reinsurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on reinsurance operations is transferred to the shareholders' operation in full.

As required by Saudi Arabian insurance regulations, the Company maintains separate accounts for Reinsurance and Shareholders' operations and presents the interim condensed financial statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of other revenue and expenses from joint operations is determined by the management and Board of Directors.

In accordance with the Article 70 (2g) of the Insurance Implementing Regulations of SAMA, a minimum of 20% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid up capital of the Company. This reserve is not available for distribution.

#### *Basis of measurement*

These unaudited interim condensed financial statements have been prepared on the historical cost basis, except for the measurement at fair value of investments held at fair value through income statement and Investment in an equity accounted investee which is accounted for under the equity method and End of Service Benefits (EOSB) at present value.

#### *Functional and presentation currency*

These unaudited interim condensed financial statements have been presented in Saudi Arabian Riyals (SAR), which is the functional and presentational currency of the Company. All financial information presented has been rounded off to the nearest SAR.

#### *Fiscal year*

The Company's fiscal year is aligned with the calendar year i.e. it begins at 1 January and ends at 31 December.

#### *Critical accounting judgments, estimates and assumptions*

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies, the risk management policies and the key sources of estimation uncertainty except for estimation of accrued reinsurance premium as mentioned below, were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2019.

- *Change in estimates of accrued reinsurance premium*

Effective 1 January 2020, the Company has revised method of estimating accrued reinsurance premium to enhance objectivity and consistency in the process. Accordingly, the accrued reinsurance premium at the reporting date is now determined by using actuarial techniques unlike previous basis of estimated premium income (EPI) recommended by the underwriters. The change has not resulted in a material adjustment in the interim condensed statement of income, however it has resulted in an increase in accrued reinsurance premium balance as of 31 March 2020 by SR 37.1 million. The change in the estimation of accrued reinsurance premium has not only impacted the gross written premium for the period but also various elements including retroceded premium, change in unearned premium, net, retrocession commissions, changes in incurred but not reported claims, net, policy acquisition cost and profit commissions, other underwriting expenses and their related balances in the statement of financial position.

The management believes that it is not practicable for the Company to quantify and disclose the impact of the change in the estimation methodology on the individual financial statement captions as it would require undue cost and effort to recompute impact on individual elements.

# **Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three month period ended 31 March 2020**

### **3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS**

The accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2019. Furthermore, the accounting policies used in the preparation of these unaudited interim condensed financial statements are consistent with those used in the preparation of the unaudited interim condensed financial statements as at and for the period ended 31 March 2019 except for the changes described below:

#### **A) *Change in accounting for Zakat and income tax***

The basis of preparation has been changed as a result of the issuance of latest instructions from SAMA dated 23 July 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated 11 April 2017. With the instructions issued by SAMA dated 23 July 2019, where by the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively (see note 2) and the effects of the above change are disclosed in note 12 to interim condensed financial statements. The change has resulted in reduction of reported income of the Company for the three-month period ended 31 March 2019 by SR 3,394,189. The change has had no impact on the statement of cash flows for the three-month period ended 31 March 2019.

##### ***i) Income tax***

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Adjustments arising from the final income tax assessments are recorded in the period in which such assessments are made.

##### ***ii) IFRIC Interpretation 23 Uncertainty over Income tax treatment***

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its interim condensed financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities.

The Interpretation did not have an impact on the interim condensed financial statements of the Company.

# **Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three month period ended 31 March 2020**

### **3 SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENT TO STANDARDS (CONTINUED)**

#### **A) Change in accounting for Zakat and income tax (Continued)**

##### **iii) Zakat**

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

#### **B) Standards issued but not yet effective**

In addition to the above-mentioned standards, the following standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Further, the Company has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards, which have been published and are mandatory for compliance for the Company with effect from future dates.

##### **IFRS 9 – Financial Instruments**

This standard was published on July 24, 2014 and has replaced 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 profit or loss upon sale, if both conditions are met:

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

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

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

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

##### **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.

# **Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three month period ended 31 March 2020**

### **3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)**

#### ***B) Standards issued but not yet effective (Continued)***

##### ***IFRS 9 – Financial Instruments (continued)***

###### ***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 January 1, 2018. However, amendments to IFRS 4 – Insurance Contracts: Applying IFRS 9 – Financial Instruments with IFRS 4 – Insurance Contracts, published on September 12, 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 January 1, 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 January 1, 2021 to January 1, 2023. Additional disclosures related to financial assets are required during the deferral period. This option is only available to entities whose activities are predominately connected with insurance and have not applied IFRS 9 previously; or;
- 2) adopt IFRS 9 but, for designated financial assets, remove from profit or loss the effects of some of the accounting mismatches that may occur before the new insurance contract standard is implemented. During the interim period, additional disclosures are required.

The Company has performed a preliminary assessment which included below:

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

###### ***Impact assessment***

The Company is currently assessing the impact of the application and implementation of IFRS 9. 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.

As at March 31 2020, the Company has total financial assets and insurance related assets amounting to SR 1,561,096,858 and SR 552,444,192 respectively. However, the Company is yet to perform a detailed assessment to determine whether the debt securities meet the SPPI test as required by IFRS 9. The Company is currently assessing the impact on application and implementation of IFRS 9, however the Company expects the classification and measurement of financial assets to be impacted from implementation of IFRS 9 as company is yet to perform a detailed review.

# **Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

## **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the three month period ended 31 March 2020**

### **3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)**

#### **B) Standards issued but not yet effective (Continued)**

##### *IFRS 17 Insurance Contracts*

###### *Overview*

This standard has been published on May 18, 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).

###### *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”:

- b) 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;
- c) 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 profit or loss.

The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.

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, in addition to adjustment under GMM, the CSM is also adjusted for:

- 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.

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)

#### B) Standards issued but not yet effective (Continued)

##### IFRS 17 Insurance Contracts (continued)

##### Measurement (continued)

However, the entity is not required to adjust future cash flows for the time value of money and the effect of financial risk if those cash flows are expected to be paid/received in one year or less from the date the claims are incurred.

##### Effective date

The Company intends to apply the Standard on its effective date i.e. 1 January 2023. The IASB issued an Exposure Draft Amendments to IFRS 17 proposing certain amendments to IFRS 17 during June 2019 and received comments from various stakeholders. On 17 March 2020, the IASB completed its discussions on the amendments to IFRS 17 Insurance Contracts that were proposed for public consultation in June 2019. It decided that the effective date of the Standard will be deferred to annual reporting periods beginning on or after 1 January 2023. The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020. Earlier application is permitted if both IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments have also been applied..

##### Transition

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

##### Presentation and Disclosures

The Company expects that the new standard will result in a change to the accounting policies for insurance contracts and reinsurance and investment contracts with discretionary participating features, if applicable together with amendments to presentation and disclosures.

##### Impact assessment:

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. The Company has undertaken a Gap Analysis and the key gaps and their impact are as follows:

Impact Area	Summary of Impact
<b>Financial Impact</b>	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
<b>Data Impact</b>	IFRS 17 has additional data requirements and Company has majority of data available and currently is in the process of building data warehouse to accommodate any extra data requirements and consolidate the data in one place coming from its various IT systems.
<b>IT Systems Impact</b>	The Company is currently in a process of enhancing the capability of its current systems. Also, the Company is currently in process of evaluating the IFRS 17 calculation engines available in the market that suit Company requirements under IFRS 17.
<b>Process Impact</b>	IFRS 17 will fundamentally change the presentation of the statement of financial position and statement of income and will result in material changes in policies and procedures, product assessment, actuarial valuation and disclosures requirements. Hence, the company is currently carrying out assessment to align all these requirements under IFRS 17 by employing IFRS 17 calculation engine, enhancement of its actuarial, accounting and investment systems, which will fulfil the disclosure requirements as well.
<b>Impact on RI Arrangements</b>	The exposure of these covers go beyond 12 months and are aligned with its inward reinsurance business the company writes. The Company is currently assessing its recognition eligibility of its reinsurance contracts held
<b>Impact on Policies &amp; Control Frameworks</b>	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, therefore the company is in the process of enhancing its policies and procedures and control framework to align them with IFRS 17 application and implementation

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)

#### B) Standards issued but not yet effective (continued)

##### IFRS 17 Insurance Contracts (continued)

##### Impact assessment (continued)

The Company has started its implementation process and has set up a project team, supervised by an IFRS executive management committee.

### 4. PREMIUM RECEIVABLES, NET

<u>Reinsurance operations</u>	<b>31 March 2020</b> (Unaudited) SR	31 December 2019 (Audited) SR
Policyholders	260,915,897	235,474,039
Related parties (note 13)	5,286,390	1,112,046
Less: provision for doubtful debts	(3,651,385)	(3,193,709)
	<u>262,550,902</u>	<u>233,392,376</u>

### 5. CASH AND CASH EQUIVALENTS

	<u>Reinsurance operations</u>	
	<b>31 March 2020</b> (Unaudited)	31 December 2019 (Audited)
Cash in hand (A)	40,000	40,000
Bank balances (A)	20,820,595	6,021,323
Deposits maturing within 3 months from the acquisition date (B)	--	21,586,875
	<u>20,860,595</u>	<u>27,648,198</u>
	<u>Shareholders' operations</u>	
	<b>31 March 2020</b> (Unaudited)	31 December 2019 (Audited)
Bank balances (C)	7,374,352	7,107,736
Deposits maturing within 3 months from the acquisition date (D)	--	13,078,000
	<u>7,374,352</u>	<u>20,185,736</u>
<b>Total Bank balances and cash (A+C)</b>	<u>28,234,947</u>	13,169,059
<b>Total Deposits maturing within 3 months from acquisition date (B+D)*</b>	--	34,664,875
<b>Total</b>	<u>28,234,947</u>	<u>47,833,934</u>

\*Included within time deposits

### 6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 121.5 million (31 December 2019: SR 121.5 million) with a local bank, which has been rated "A" by Standard & Poor's Rating agency representing the statutory deposit of 15% (31 December 2019: 15%) of its paid-up capital as required by the Implementing Regulations of the "Law On Supervision of Cooperative Insurance Companies" issued by SAMA. This statutory deposit cannot be withdrawn without the consent of SAMA. The statutory deposit generates special commission income which is accrued on regular basis and is shown as a separate line item as part of the shareholders' liabilities in the Statement of Financial Position as "Accrued commission income payable to SAMA". The accrued commission income payable to SAMA on the deposit as at 31 March 2020 is SAR 18,662,243 (31 December 2019: 17,992,463) and has also been disclosed in assets as "Accrued income on statutory deposit".



## Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

#### 7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT

i. Investments held at fair value through income statement consist of the following as at:

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Money market funds	35,841,624	214,611,320	250,452,944	40,877,141	197,916,148	238,793,289
Investment funds	--	75,025,656	75,025,656	--	71,081,131	71,081,131
Equities	--	14,139,838	14,139,838	--	17,460,885	17,460,885
Fixed-rate bonds/sukuk	--	49,613,753	49,613,753	--	50,512,516	50,512,516
Floating-rate bonds/sukuk	--	40,000,000	40,000,000	--	40,000,000	40,000,000
	<b>35,841,624</b>	<b>393,390,567</b>	<b>429,232,191</b>	40,877,141	376,970,680	417,847,821

ii. Determination of fair value and fair values hierarchy:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

As at 31 March 2020 and 31 December 2019, the investment in money market funds amounting to SR 35.84 million (31 December 2019 SR 40.88 million) is classified as level 2 investments. The following table shows an analysis of financial instruments under shareholders' operations measured at fair value by level of the fair value hierarchy:

	31 March 2020 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	214,611,320	--	214,611,320
Investment funds	--	--	75,025,656	75,025,656
Equities	14,139,838	--	--	14,139,838
Fixed-rate bonds/sukuk	--	--	49,613,753	49,613,753
Floating-rate bonds/sukuk	--	--	40,000,000	40,000,000
	<b>14,139,838</b>	<b>214,611,320</b>	<b>164,639,409</b>	<b>393,390,567</b>

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	31 December 2019 (Audited)			Total SR
	Level 1 SR	Level 2 SR	Level 3 SR	
Money market funds	--	197,916,148	--	197,916,148
Investment funds	--	--	71,081,131	71,081,131
Equities	17,460,885	--	--	17,460,885
Fixed-rate bonds/sukuk	--	--	50,512,516	50,512,516
Floating-rate bonds/sukuk	--	--	40,000,000	40,000,000
	<u>17,460,885</u>	<u>197,916,148</u>	<u>161,593,647</u>	<u>376,970,680</u>

Fair values of investment funds is based on the NAV calculated on the basis of the fair value of the underlying real estate as disclosed in the fund's latest available financial statements. The Discounted Cash flow (DCF) model has been used to value the debt securities. This model considers the present value of net cash flows to be generated from the debt security, discounted at the market yield of similar quoted instruments. The estimate is adjusted for the effect of non-marketability of the debt securities. The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy.

	Opening	Purchase	Sale	Realized loss	Unrealized gain	Closing
<b>For the three-month period ended 31 March 2020 (Unaudited)</b>	<u>161,593,647</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,045,762</u>	<u>164,639,409</u>
For the year ended 31 December 2019 (Audited)	<u>116,387,865</u>	<u>46,081,132</u>	<u>(1,047,575)</u>	<u>(340,290)</u>	<u>512,515</u>	<u>161,593,647</u>

#### Sensitivity Analysis

For the fair value of level 3 investments, reasonable possible changes at the reporting date to one of the unobservable inputs, holding other inputs constant, would have the following effects.

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
<b>Investments held at fair value through income statement</b>	<u>49,613,753</u>	<u>50,512,516</u>
Impact on Unrealized Gain for the period / year ended: <i>If increased by 5% in market rate</i>	<u>(151,829)</u>	<u>(134,430)</u>
<i>If decreased by 5% in market rate</i>	<u>151,829</u>	<u>134,430</u>

iii. There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period ended 31 March 2020 and year ended 31 December 2019.

iv. Investment in real-estate investment funds have various unobservable inputs.

v. The movements of investments held at fair value through income statement are as follows:

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	40,877,141	376,970,680	417,847,821	56,100,346	496,473,761	552,574,107
Additions	3,750,000	106,069,005	109,819,005	38,572,307	315,673,142	354,245,449
Disposals	(9,000,000)	(90,000,000)	(99,000,000)	(54,204,897)	(452,462,698)	(506,667,595)
Unrealized gains/(losses)	120,156	(316,239)	(196,083)	216,118	3,576,588	3,792,706
Realized gains	94,327	667,121	761,448	193,267	13,709,887	13,903,154
<b>Closing balance</b>	<u>35,841,624</u>	<u>393,390,567</u>	<u>429,232,191</u>	<u>40,877,141</u>	<u>376,970,680</u>	<u>417,847,821</u>

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

Investments under reinsurance and shareholders' operations include cash component amounting to SR Nil and SR 9.1 million respectively as at 31 March 2020 (31 December 2019: SR Nil and SR Nil respectively) available with external fund managers within the agreed investment guideline

vi. The analysis of the composition of investments for shareholder's operations is as follows:

	31 March 2020 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	214,611,320	--	214,611,320
Investment funds	--	75,025,656	75,025,656
Equities	14,139,838	--	14,139,838
Fixed-rate bonds/sukuk	--	49,613,753	49,613,753
Floating-rate bonds/sukuk	--	40,000,000	40,000,000
	<b>228,751,158</b>	<b>164,639,409</b>	<b>393,390,567</b>
	31 December 2019 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	197,916,148	--	197,916,148
Investment funds	--	71,081,131	71,081,131
Equities	17,460,885	--	17,460,885
Fixed-rate bonds/sukuk	--	50,512,516	50,512,516
Floating-rate bonds/sukuk	--	40,000,000	40,000,000
	<b>215,377,033</b>	<b>161,593,647</b>	<b>376,970,680</b>

As at 31 March 2020 and 31 December 2019, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

vii. Average credit ratings of all fixed and floating rates sukuk and bonds are within the investment grades i.e. BBB and above.

viii. The geographical split of investments held at fair value through income statement is as follows:

	Domestic		International		Total	
	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR
<b>Reinsurance operations</b>						
Money Market Funds	35,841,624	40,877,141	--	--	35,841,624	40,877,141
Fixed-Rate Bonds/Sukuk	--	--	--	--	--	--
Floating-Rate Bonds/Sukuk	--	--	--	--	--	--
	<b>35,841,624</b>	<b>40,877,141</b>	<b>--</b>	<b>--</b>	<b>35,841,624</b>	<b>40,877,141</b>

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	Domestic		International		Total	
	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR
<b>Shareholders' operations</b>						
Money Market Funds	214,611,320	197,916,148	--	--	214,611,320	197,916,148
Investment funds	75,025,656	71,081,131	--	--	75,025,656	71,081,131
Equities	14,139,838	17,460,885	--	--	14,139,838	17,460,885
Fixed-Rate Bonds/Sukuk	39,613,753	40,480,100	10,000,000	10,032,416	49,613,753	50,512,516
Floating-Rate Bonds/Sukuk	40,000,000	40,000,000	--	--	40,000,000	40,000,000
	<b>383,390,567</b>	<b>366,938,264</b>	<b>10,000,000</b>	<b>10,032,416</b>	<b>393,390,567</b>	<b>376,970,680</b>
<b>Total</b>	<b>419,232,191</b>	<b>407,815,405</b>	<b>10,000,000</b>	<b>10,032,416</b>	<b>429,232,191</b>	<b>417,847,821</b>

### 8. HELD-TO-MATURITY INVESTMENTS

This represent investment in locally issued Sukuk amounting to SR 37.5 million (31 December 2019: SR 37.5 million). The interest rate on the Sukuk is 3.89% and it will be maturing in year 2029. The credit rating of the counter party is A1 by Moody's and A- by Standard & Poors credit quality agencies. The accrued income on this investment as at 31 March 2020 amounts to SR 579,446 (December 31, 2019: SR 210,708).

### 9. UNEARNED PREMIUM

#### Reinsurance operations

	31 March 2020 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	401,997,592	(50,836,786)	351,160,806
Premiums written during the period	527,717,654	(38,395,045)	489,322,609
Premium earned	(158,555,680)	35,812,234	(122,743,446)
Changes in unearned premiums	369,161,974	(2,582,811)	366,579,163
Closing balance	<b>771,159,566</b>	<b>(53,419,597)</b>	<b>717,739,969</b>
	31 December 2019 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	380,171,285	(33,080,894)	347,090,391
Premiums written during the year	792,847,561	(146,242,284)	646,605,277
Net premium earned	(771,021,254)	128,486,392	(642,534,862)
Changes in unearned premiums	21,826,307	(17,755,892)	4,070,415
Closing balance	<b>401,997,592</b>	<b>(50,836,786)</b>	<b>351,160,806</b>

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 10. CLAIMS RESERVES

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
<b>Reinsurance operations</b>		
Outstanding claims	700,043,909	737,229,272
Claims incurred but not reported	320,314,036	355,254,946
	<u>1,020,357,945</u>	<u>1,092,484,218</u>
Less:		
- Retroceded share of outstanding claims	244,018,058	282,718,771
- Retroceded share of claims incurred but not reported	30,031,529	34,812,075
	<u>274,049,587</u>	<u>317,530,846</u>
<b>Net outstanding claims reserves</b>	<u>746,308,358</u>	<u>774,953,372</u>

### 11. SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SAR 810 million at 31 March 2020 (31 December 2019: SAR 810 million) consisting of 81 million shares (December 31, 2019: 81 million shares) of SAR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	<u>31 March 2020 (Unaudited)</u>		
	<u>Authorized and issued</u>	<u>Paid up</u>	
	<u>No. of Shares</u>	<u>Value per share</u>	<u>SR</u>
Ahmed Hamad Algozaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	<u>81,000,000</u>	<u>10</u>	<u>810,000,000</u>
	<u>31 December 2019 (Audited)</u>		
	<u>Authorized and issued</u>	<u>Paid up</u>	
	<u>No. of Shares</u>	<u>Value per share</u>	<u>SR</u>
Ahmed Hamad Algozaibi Brothers Co.	4,050,000	10	40,500,000
Others	76,950,000	10	769,500,000
	<u>81,000,000</u>	<u>10</u>	<u>810,000,000</u>

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

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the financial period.

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 12. PROVISION FOR ZAKAT AND TAX

A summary of the Company's share capital and percentages of ownership are follows:

	31 March 2020 (Unaudited)		31 December 2019 (Audited)	
	SR	%	SR	%
Saudi Shareholders	735,026,400	90.74%	734,022,000	90.62%
GCC Shareholders	16,005,600	1.98%	15,876,000	1.96%
<b>GCC Shareholders and general public</b>	<b>751,032,000</b>	<b>92.72%</b>	<b>749,898,000</b>	<b>92.58%</b>
Non-GCC Shareholders	58,968,000	7.28%	60,102,000	7.42%
<b>Total</b>	<b>810,000,000</b>	<b>100%</b>	<b>810,000,000</b>	<b>100%</b>

As of 31 March 2020, the authorized, issued and fully paid-up share capital of the Company consists of 81 million shares (31 December 2019: 81 million) of SAR 10 each. The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on founding shareholders' ownership percentages in accordance with the relevant provisions of the Saudi Arabian Zakat and Income Tax regulations.

The zakat and tax liability as at period / year end are as follows:

	31 March 2020 SR (Unaudited)	31 December 2019 SR (Audited)
Provision for zakat	26,213,287	23,300,536
Provision for tax	452,423	441,526
	<b>26,665,710</b>	<b>23,742,062</b>

The zakat and tax charges for the three-month period ended are as follows:

	31 March 2020 SR (Unaudited)	31 March 2019 SR (Unaudited)
Zakat charge for the period	2,912,751	3,362,888
Tax charge for the period	10,897	31,301
	<b>2,923,648</b>	<b>3,394,189</b>

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the General Authority of Zakat and Income Tax (GAZT), in which Saudi public listed companies are to provide for tax and zakat based on the shareholding percentages of GCC and non-GCC founding shareholders. The shareholding percentages of GCC and non-GCC founding shareholders were 99.1% and 0.90% respectively as at 31 March 2020 and 31 December 2019.

#### Status of assessment

The Company has filed its tax / Zakat returns for the years ended 31 December 2014 to 2018 with the General Authority of Zakat and Income Tax (GAZT). The Company received the final assessments for the years upto 31 December 2013 and the assessments for the years ended 31 December 2014 to 2018 are still outstanding.

# Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

### 12 PROVISION FOR ZAKAT AND TAX (CONTINUED)

#### *Impact of change in accounting for zakat and income tax*

This change in the accounting treatment for zakat and income tax as explained in note 3 has the following impact on the line items of the statement of income, statements of financial position and changes in shareholder's equity:

As at and for the three-month period ended 31 March 2019:

Financial Statement Impacted	Account	Before the restatement for the three-month period ended 31 March 2019 SR	Effect of restatement SR	As restated as at and for the three-month period ended 31 March 2019 SR
Statement of changes in Equity	Provision for zakat and income tax (retained earnings)	(3,394,189)	3,394,189	--
Statement of income	Zakat and income tax expenses	--	(3,394,189)	(3,394,189)
Statement of income	Earnings per share	0.31	(0.04)	0.26

### 13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders and key management personnel of the Company. The Company transacts with its related parties in the ordinary course of business. The transactions with related parties are undertaken at mutually agreed terms, which are approved by the management.

Details of transactions and balances with related parties during the period other than those which have been disclosed elsewhere in these interim condensed financial statements are disclosed below.

Related party	Nature of transactions	Amount of transactions for the three-month period ended		Balance as at	
		31 March 2020 (Unaudited) SR	31 March 2019 (Unaudited) SR	31 March 2020 (Unaudited) SR	31 December 2019 (Audited) SR
Board of Directors	- Consulting fees	36,924	38,022		--
	- Remunerations, meetings fees and expenses	550,121	564,188	2,358,754	1,875,000
Key management Personnel	- Short term benefits	3,546,699	2,755,298	2,170,676	2,854,771
	- End of service benefits	574,130	115,024	3,738,932	3,164,802
Companies represented by the Board members	- Gross written premiums	126,814,747	52,654,077	5,286,390	1,112,046
	- Claims incurred	2,341,992	461,294	4,011,426	2,829,748
	- Commissions	54,584,675	17,678,584	--	--
	- Investments	555,109	--	92,552,019	88,246,912

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. Companies represented by the Board members include Iskan Insurance Company, Probitas Holding (Bermuda) Limited (including its subsidiaries), Mamda Re and The Islamic Insurance Company.

Balances with related parties are included in accrued expenses and other liabilities and employees' end of service indemnities as shown in the interim condensed statement of financial position.

## Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2020

#### 14 INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

Shareholders' operations	31 March	31 December
	2020	2019
	(Unaudited)	(Audited)
	SR	SR
Balance at the beginning of the period / year	101,445,631	97,293,816
Addition during the period / year	--	--
Share of profit of an equity accounted investee for the period / year	3,796,654	5,114,506
Share in foreign currency translation adjustments for the period / year	(740,825)	(962,691)
Balance at the end of the period / year	104,501,460	101,445,631

This represents investment in 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL"). The Company has accounted for this investment as an equity accounted investee. PHBL operates in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

#### 15 SEGMENTAL INFORMATION

Consistent with the Company's internal reporting process, business and geographical segments have been approved by the Management Committee in respect of the Company's activities, assets and liabilities as stated below.



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

**For the three month period ended 31 March 2020**

**15. SEGMENTAL INFORMATION (CONTINUED)**

**15.1 Business segments**

The Company revises periodically its estimated gross written premiums and related retroceded premium upon receipt of actual information from cedants. In some business segments, this results in negative gross written premiums, positive retroceded premiums and negative net written premiums for the period when the revision take place.

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
<b>For the three month period ended 31 March 2020 (Unaudited)</b>										
<b><u>REVENUES</u></b>										
Gross written premiums	120,375,821	82,558,754	39,944,161	54,233,631	27,959,424	10,349,631	14,085,265	114,850,170	63,360,797	527,717,654
Retroceded premiums	(24,065,764)	(7,984,556)	3,617,748	--	683,209	(1,851,861)	--	--	(1,255,965)	(30,857,189)
Excess of loss expenses	(1,144,902)	(5,020,768)	(24,326)	228,819	(377,687)	(239,850)	--	--	(959,142)	(7,537,856)
<b>Net written premiums</b>	<b>95,165,155</b>	<b>69,553,430</b>	<b>43,537,583</b>	<b>54,462,450</b>	<b>28,264,946</b>	<b>8,257,920</b>	<b>14,085,265</b>	<b>114,850,170</b>	<b>61,145,690</b>	<b>489,322,609</b>
Changes in unearned premiums, net	(59,680,841)	(56,742,125)	(30,461,112)	(36,865,209)	(31,400,920)	378,470	(13,329,832)	(101,172,348)	(37,305,246)	(366,579,163)
<b>Net earned premiums</b>	<b>35,484,314</b>	<b>12,811,305</b>	<b>13,076,471</b>	<b>17,597,241</b>	<b>(3,135,974)</b>	<b>8,636,390</b>	<b>755,433</b>	<b>13,677,822</b>	<b>23,840,444</b>	<b>122,743,446</b>
Retrocession commissions	2,715,825	83,352	(1,100,514)	--	(467,515)	1,417	--	--	797,029	2,029,594
<b><u>TOTAL REVENUES</u></b>	<b>38,200,139</b>	<b>12,894,657</b>	<b>11,975,957</b>	<b>17,597,241</b>	<b>(3,603,489)</b>	<b>8,637,807</b>	<b>755,433</b>	<b>13,677,822</b>	<b>24,637,473</b>	<b>124,773,040</b>
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>										
Gross claims paid	(7,317,213)	(29,500,474)	(24,052,187)	(12,253,489)	(10,687,283)	(12,801,202)	(12,298,060)	--	(3,979,706)	(112,889,614)
Retroceded share of claims paid	459,701	3,811,333	17,011,359	--	4,296,514	--	--	--	202,432	25,781,339
<b>Net claims paid</b>	<b>(6,857,512)</b>	<b>(25,689,141)</b>	<b>(7,040,828)</b>	<b>(12,253,489)</b>	<b>(6,390,769)</b>	<b>(12,801,202)</b>	<b>(12,298,060)</b>	<b>--</b>	<b>(3,777,274)</b>	<b>(87,108,275)</b>
Changes in outstanding claims, net	2,772,860	(7,315,275)	5,123,496	942,754	(771,422)	64,552	(4,114,752)	--	1,782,438	(1,515,349)
Changes in Incurred but not reported claims, net	7,891,752	12,352,251	(5,345,802)	5,274,228	2,161,913	3,685,018	18,505,747	(10,590,403)	(3,774,338)	30,160,366
<b>Net claims incurred</b>	<b>3,807,100</b>	<b>(20,652,165)</b>	<b>(7,263,134)</b>	<b>(6,036,507)</b>	<b>(5,000,278)</b>	<b>(9,051,632)</b>	<b>2,092,935</b>	<b>(10,590,403)</b>	<b>(5,769,174)</b>	<b>(58,463,258)</b>
Policy acquisition costs and profit commissions	(13,104,588)	(5,209,945)	(8,238,504)	(4,010,147)	(1,186,291)	(1,151,088)	(115,277)	(6,530,069)	(5,860,071)	(45,405,980)
Other underwriting expenses	(189,678)	(191,292)	(137,190)	2,320	(131,409)	(11,339)	24,574	(574,251)	(134,102)	(1,342,367)
<b><u>TOTAL UNDERWRITING COSTS AND EXPENSES</u></b>	<b>(9,487,166)</b>	<b>(26,053,402)</b>	<b>(15,638,828)</b>	<b>(10,044,334)</b>	<b>(6,317,978)</b>	<b>(10,214,059)</b>	<b>2,002,232</b>	<b>(17,694,723)</b>	<b>(11,763,347)</b>	<b>(105,211,605)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>28,712,973</b>	<b>(13,158,745)</b>	<b>(3,662,871)</b>	<b>7,552,907</b>	<b>(9,921,467)</b>	<b>(1,576,252)</b>	<b>2,757,665</b>	<b>(4,016,901)</b>	<b>12,874,126</b>	<b>19,561,435</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Total SR
For the three month period ended										
31 March 2019 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	40,815,955	108,579,618	36,567,441	47,229,278	44,241,756	11,661,891	25,246,985	61,182,339	48,795,299	424,320,562
Retroceded premiums	(1,987,188)	(6,213,367)	(77,491)	--	118,703	--	--	--	(5,278,441)	(13,437,784)
Excess of loss expenses	(698,505)	(4,344,649)	(201,638)	--	(52,043)	(193,830)	--	--	(2,695,580)	(8,186,245)
Net written premiums	38,130,262	98,021,602	36,288,312	47,229,278	44,308,416	11,468,061	25,246,985	61,182,339	40,821,278	402,696,533
Changes in unearned premiums, net	(18,909,978)	(51,845,653)	(22,865,436)	(23,128,181)	(29,998,009)	(1,135,606)	(17,036,976)	(39,666,074)	(23,916,858)	(228,502,771)
Net earned premiums	19,220,284	46,175,949	13,422,876	24,101,097	14,310,407	10,332,455	8,210,009	21,516,265	16,904,420	174,193,762
Retrocession commissions	418,173	1,133,260	146,754	--	622,848	(5,438)	--	--	1,366,394	3,681,991
<u>TOTAL REVENUES</u>	19,638,457	47,309,209	13,569,630	24,101,097	14,933,255	10,327,017	8,210,009	21,516,265	18,270,814	177,875,753
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(7,848,525)	(47,360,369)	(5,592,345)	(13,751,784)	(3,538,767)	(10,730,758)	(2,848,529)	--	(16,913,809)	(108,584,886)
Retroceded share of claims paid	373,194	14,518,469	1,938,586	--	--	--	--	--	10,509,140	27,339,389
Net claims paid	(7,475,331)	(32,841,900)	(3,653,759)	(13,751,784)	(3,538,767)	(10,730,758)	(2,848,529)	--	(6,404,669)	(81,245,497)
Changes in outstanding claims, net	(12,368,837)	2,989,388	(270,255)	(2,677,634)	(1,934,547)	1,465,912	1,308,462	--	(276,557)	(11,764,068)
Changes in Incurred but not reported claims, net	(2,424,296)	3,223,029	(2,781,503)	(4,571,728)	(3,596,800)	3,999,382	(6,214,547)	(15,902,766)	47	(28,269,182)
Net claims incurred	(22,268,464)	(26,629,483)	(6,705,517)	(21,001,146)	(9,070,114)	(5,265,464)	(7,754,614)	(15,902,766)	(6,681,179)	(121,278,747)
Policy acquisition costs and profit commissions	(6,454,070)	(13,797,591)	(4,598,577)	(2,355,837)	(4,246,312)	(1,177,517)	(554,336)	(8,366,611)	(3,346,359)	(44,897,210)
Other underwriting expenses	(77,734)	(255,188)	(72,818)	(119,407)	(79,404)	(47,347)	(41,050)	(86,773)	(62,009)	(841,730)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(28,800,268)	(40,682,262)	(11,376,912)	(23,476,390)	(13,395,830)	(6,490,328)	(8,350,000)	(24,356,150)	(10,089,547)	(167,017,687)
<u>NET UNDERWRITING (LOSS) / INCOME</u>	(9,161,811)	6,626,947	2,192,718	624,707	1,537,425	3,836,689	(139,991)	(2,839,885)	8,181,267	10,858,066

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 31 March 2020 (Unaudited)</b>												
<b>ASSETS</b>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	20,860,595	7,374,352	28,234,947
Time deposits	--	--	--	--	--	--	--	--	--	125,553,834	228,805,317	354,359,151
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	2,723,174	4,606,213	7,329,387
Premium receivables, net	52,789,794	106,341,191	17,583,554	32,013,526	19,435,548	10,774,121	11,381,943	942,428	92,569,650	(81,280,853)	--	262,550,902
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	35,841,624	393,390,567	429,232,191
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	113,209,223	114,264,507	46,644,931	51,335,410	41,013,219	29,829,567	15,579,009	194,294,364	69,437,050	--	--	675,607,280
Retroceded share of unearned premiums	28,451,832	6,828,442	52,650	--	4,921,047	1,391,426	--	--	11,774,200	--	--	53,419,597
Deferred excess of loss premiums	1,507,949	2,004,509	201,640	--	49,875	504,667	--	--	2,215,244	--	--	6,483,884
Retroceded share of outstanding claims	6,573,124	39,386,553	86,297,761	(995,031)	3,541,079	1,623,157	--	--	107,591,415	--	--	244,018,058
Retroceded share of claims incurred but not reported	1,068,013	2,390,938	5,499,010	(10)	7,605,247	448,039	15	1,670	13,018,607	--	--	30,031,529
Deferred policy acquisition costs	40,410,058	46,809,658	17,372,110	9,824,836	15,007,736	799,252	603,572	76,113,068	11,550,834	--	--	218,491,124
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	174,348,501	73,574,978	247,923,479
Property and equipment, net	--	--	--	--	--	--	--	--	--	4,271,810	29,436,486	33,708,296
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,195,415	2,195,415
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	104,501,460	104,501,460
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	18,662,243	18,662,243
<b>TOTAL ASSETS</b>	<b>244,009,993</b>	<b>318,025,798</b>	<b>173,651,656</b>	<b>92,178,731</b>	<b>91,573,751</b>	<b>45,370,229</b>	<b>27,564,539</b>	<b>271,351,530</b>	<b>308,157,000</b>	<b>282,318,685</b>	<b>1,021,547,031</b>	<b>2,875,748,943</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

**For the three month period ended 31 March 2020**

**15. SEGMENTAL INFORMATION (CONTINUED)**

**15.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 31 March 2020 (Unaudited)</b>												
<b>LIABILITIES</b>												
Accounts payable	(4,730,854)	1,663,619	(13,646,979)	(5,061,950)	(528,243)	(7,282,076)	671,812	--	(23,625,703)	98,634,095	--	46,093,721
Retrocession balances payable	--	--	--	--	--	--	--	--	--	33,222,641	--	33,222,641
Accrued retroceded premiums	15,788,659	6,229,901	335,416	38,016	4,654,265	73,543	--	--	6,988,785	--	--	34,108,585
Unearned premiums	152,360,803	155,794,196	52,405,687	55,158,672	54,573,677	22,276,427	21,421,092	182,612,359	74,556,653	--	--	771,159,566
Outstanding claims	98,523,893	217,428,738	109,268,902	51,802,075	27,918,737	26,273,804	11,541,372	--	157,286,388	--	--	700,043,909
Claims incurred but not reported	23,367,956	34,554,205	22,957,627	44,373,072	29,023,053	22,049,392	6,948,355	99,251,923	37,788,453	--	--	320,314,036
Unearned retrocession commission	6,647,582	1,192,432	65,890	--	1,163,030	13,914	--	--	2,219,459	--	--	11,302,307
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	10,999,262	4,342,337	15,341,599
End of service indemnities	--	--	--	--	--	--	--	--	--	9,057,669	--	9,057,669
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	26,665,710	26,665,710
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	18,662,243	18,662,243
<b>TOTAL LIABILITIES</b>	<b>291,958,039</b>	<b>416,863,091</b>	<b>171,386,543</b>	<b>146,309,885</b>	<b>116,804,519</b>	<b>63,405,004</b>	<b>40,582,631</b>	<b>281,864,282</b>	<b>255,214,035</b>	<b>151,913,667</b>	<b>49,670,290</b>	<b>1,985,971,986</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2019												
<b>ASSETS</b>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	6,061,323	7,107,736	13,169,059
Time deposits	--	--	--	--	--	--	--	--	--	138,195,362	239,835,817	378,031,179
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	1,728,030	6,246,374	7,974,404
Premium receivables, net	41,176,448	93,225,725	16,348,014	25,012,608	19,080,882	9,079,607	6,077,569	(308,692)	74,556,629	(50,856,414)	--	233,392,376
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	40,877,141	376,970,680	417,847,821
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	45,237,422	92,142,828	31,036,428	28,103,983	31,708,390	38,383,493	16,671,462	133,976,736	49,810,124	--	--	467,070,866
Retroceded share of unearned premiums	7,061,901	5,456,335	6,597,140	--	9,593,658	--	--	--	22,127,752	--	--	50,836,786
Deferred excess of loss premiums	3,015,897	3,794,146	403,280	--	99,749	--	--	--	4,430,491	--	--	11,743,563
Retroceded share of outstanding claims	6,785,245	46,220,224	116,859,302	(995,031)	3,542,132	1,626,261	--	--	108,680,638	--	--	282,718,771
Retroceded share of claims incurred but not reported	3,755,287	4,727,577	3,431,631	32,904	8,726,492	--	--	--	14,138,184	--	--	34,812,075
Deferred policy acquisition costs	20,867,565	27,478,912	6,844,095	3,257,350	7,274,190	1,313,273	129,394	31,879,345	7,234,977	--	--	106,279,101
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	171,904,335	72,735,563	244,639,898
Property and equipment, net	--	--	--	--	--	--	--	--	--	3,941,322	29,634,206	33,575,528
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	--	2,793,154	2,793,154
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	101,445,631	101,445,631
Statutory deposit	--	--	--	--	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	17,992,463	17,992,463
<b>TOTAL ASSETS</b>	<b>127,899,765</b>	<b>273,045,747</b>	<b>181,519,890</b>	<b>55,411,814</b>	<b>80,025,493</b>	<b>50,402,634</b>	<b>22,878,425</b>	<b>165,547,389</b>	<b>280,978,795</b>	<b>311,851,099</b>	<b>1,013,761,624</b>	<b>2,563,322,675</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**

**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.1 Business segments (continued)**

	Engineering SR	Fire SR	Marine SR	Motor SR	General Accident SR	Protection SR	Health SR	Speciality SR	Others SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2019												
<b>LIABILITIES</b>												
Accounts payable	(4,835,815)	7,007,543	(16,377,915)	5,093,599	(1,891,045)	(1,585,379)	1,147,290	--	(20,746,114)	72,116,481	--	39,928,645
Retrocession balances payable	--	--	--	--	--	--	--	--	--	46,173,239	--	46,173,239
Accrued retroceded premiums	1,176,668	2,625,156	787,215	--	6,995,292	73,543	--	--	10,083,938	--	--	21,741,812
Unearned premiums	71,388,608	97,227,443	28,929,678	18,293,464	27,725,120	21,263,471	8,091,261	81,440,011	47,638,536	--	--	401,997,592
Outstanding claims	101,508,874	216,947,133	144,953,939	52,744,829	27,148,368	26,341,460	7,426,620	--	160,158,049	--	--	737,229,272
Claims incurred but not reported	33,946,957	49,242,742	15,544,440	49,680,204	32,306,225	25,366,145	25,454,102	88,661,520	35,052,611	--	--	355,254,946
Unearned retrocession commission	1,283,599	1,972,899	91,998	--	1,966,475	--	--	--	3,081,101	--	--	8,396,072
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	15,509,872	3,910,916	19,420,788
Employees' end of service benefits	--	--	--	--	--	--	--	--	--	8,828,705	--	8,828,705
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	23,742,062	23,742,062
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	17,992,463	17,992,463
<b>TOTAL LIABILITIES</b>	<b>204,468,891</b>	<b>375,022,916</b>	<b>173,929,355</b>	<b>125,812,096</b>	<b>94,250,435</b>	<b>71,459,240</b>	<b>42,119,273</b>	<b>170,101,531</b>	<b>235,268,121</b>	<b>142,628,297</b>	<b>45,645,441</b>	<b>1,680,705,596</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.2 Geographical segments**

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
<b>For the three month period ended 31 March 2020 (Unaudited)</b>						
<b>Reinsurance operations' results</b>						
<b>REVENUES</b>						
Gross written premiums	156,668,533	70,882,956	28,748,697	155,439,509	115,977,959	527,717,654
Retroceded premiums	(31,751,618)	(224,081)	(179,185)	1,297,695	--	(30,857,189)
Excess of loss expenses	(5,892,190)	(143,647)	(493,989)	(1,008,030)	--	(7,537,856)
<b>Net written premiums</b>	<b>119,024,725</b>	<b>70,515,228</b>	<b>28,075,523</b>	<b>155,729,174</b>	<b>115,977,959</b>	<b>489,322,609</b>
Changes in unearned premiums, net	(79,076,378)	(54,390,254)	(20,661,266)	(108,204,951)	(104,246,314)	(366,579,163)
<b>Net earned premiums</b>	<b>39,948,347</b>	<b>16,124,974</b>	<b>7,414,257</b>	<b>47,524,223</b>	<b>11,731,645</b>	<b>122,743,446</b>
Retrocession commissions	2,248,740	(97,675)	58,615	(180,086)	--	2,029,594
<b>TOTAL REVENUES</b>	<b>42,197,087</b>	<b>16,027,299</b>	<b>7,472,872</b>	<b>47,344,137</b>	<b>11,731,645</b>	<b>124,773,040</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(55,212,917)	(17,893,974)	(6,223,966)	(33,509,496)	(49,261)	(112,889,614)
Retroceded share of claims paid	20,433,036	1,642,605	--	3,532,944	172,754	25,781,339
<b>Net claims paid</b>	<b>(34,779,881)</b>	<b>(16,251,369)</b>	<b>(6,223,966)</b>	<b>(29,976,552)</b>	<b>123,493</b>	<b>(87,108,275)</b>
Changes in outstanding claims, net	17,930	(1,329,491)	(403,658)	554,304	(354,434)	(1,515,349)
Changes in Incurred but not reported claims, net	24,008,745	7,929,860	4,365,136	4,085,361	(10,228,736)	30,160,366
<b>Net claims incurred</b>	<b>(10,753,206)</b>	<b>(9,651,000)</b>	<b>(2,262,488)</b>	<b>(25,336,887)</b>	<b>(10,459,677)</b>	<b>(58,463,258)</b>
Policy acquisition costs and profit commissions	(15,712,566)	(4,477,042)	(2,284,325)	(16,757,090)	(6,174,957)	(45,405,980)
Other underwriting expenses	(79,886)	(24,784)	(26,891)	(648,774)	(562,032)	(1,342,367)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(26,545,658)</b>	<b>(14,152,826)</b>	<b>(4,573,704)</b>	<b>(42,742,751)</b>	<b>(17,196,666)</b>	<b>(105,211,605)</b>
<b>NET UNDERWRITING INCOME / (LOSS)</b>	<b>15,651,429</b>	<b>1,874,473</b>	<b>2,899,168</b>	<b>4,601,386</b>	<b>(5,465,021)</b>	<b>19,561,435</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.2 Geographical segments (continued)**

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Total SR
For the three month period ended 31 March 2019 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	135,344,920	47,450,230	25,350,750	151,254,167	64,920,495	424,320,562
Retroceded premiums	(13,448,557)	(107,702)	(228)	118,703	--	(13,437,784)
Excess of loss expenses	(2,430,617)	(2,352,533)	(330,103)	(3,081,602)	8,610	(8,186,245)
Net written premiums	119,465,746	44,989,995	25,020,419	148,291,268	64,929,105	402,696,533
Changes in unearned premiums, net	(62,979,349)	(20,323,040)	(14,697,559)	(88,130,697)	(42,372,126)	(228,502,771)
Net earned premiums	56,486,397	24,666,955	10,322,860	60,160,571	22,556,979	174,193,762
Retrocession commissions	3,106,779	6,706	1,666	566,840	--	3,681,991
<u>TOTAL REVENUES</u>	<u>59,593,176</u>	<u>24,673,661</u>	<u>10,324,526</u>	<u>60,727,411</u>	<u>22,556,979</u>	<u>177,875,753</u>
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(59,135,125)	(14,431,500)	(7,435,549)	(27,593,637)	10,925	(108,584,886)
Retroceded share of claims paid	26,737,682	55,463	29,530	516,714	--	27,339,389
Net claims paid	(32,397,443)	(14,376,037)	(7,406,019)	(27,076,923)	10,925	(81,245,497)
Changes in outstanding claims, net	2,435,886	(1,632,939)	2,083,184	(13,295,542)	(1,354,657)	(11,764,068)
Changes in Incurred but not reported claims, net	(5,751,535)	(2,356,028)	553,683	(4,424,063)	(16,291,239)	(28,269,182)
Net claims incurred	(35,713,092)	(18,365,004)	(4,769,152)	(44,796,528)	(17,634,971)	(121,278,747)
Policy acquisition costs and profit commissions	(11,975,476)	(7,114,594)	(2,871,817)	(14,437,952)	(8,497,371)	(44,897,210)
Other underwriting expenses	(261,581)	(123,147)	(48,474)	(316,627)	(91,901)	(841,730)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	<u>(47,950,149)</u>	<u>(25,602,745)</u>	<u>(7,689,443)</u>	<u>(59,551,107)</u>	<u>(26,224,243)</u>	<u>(167,017,687)</u>
<u>NET UNDERWRITING INCOME</u>	<u>11,643,027</u>	<u>(929,084)</u>	<u>2,635,083</u>	<u>1,176,304</u>	<u>(3,667,264)</u>	<u>10,858,066</u>



**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.2 Geographical segments (continued)**

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
<b>As at 31 March 2020</b>								
<b>(Unaudited)</b>								
<b>ASSETS</b>								
Bank balances and cash	15,001,926	--	--	5,858,669	--	--	7,374,352	28,234,947
Time deposits	63,881,124	--	--	61,672,710	--	--	228,805,317	354,359,151
Accrued special commission income from time deposits	2,022,353	--	--	700,821	--	--	4,606,213	7,329,387
Premium receivables, net	110,790,632	62,864,661	39,676,970	47,279,625	3,510,930	(1,571,916)	--	262,550,902
Investments held at fair value through income statement	--	--	--	--	--	35,841,624	393,390,567	429,232,191
Held-to-maturity investments	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	185,244,635	77,596,767	34,091,196	183,496,832	195,177,850	--	--	675,607,280
Retroceded share of unearned premiums	47,998,598	447,345	52,607	4,921,047	--	--	--	53,419,597
Deferred excess of loss premiums	1,927,351	1,436,256	633,220	2,183,397	303,660	--	--	6,483,884
Retroceded share of outstanding claims	214,826,041	12,390,470	1,018,486	15,783,061	--	--	--	244,018,058
Retroceded share of claims incurred but not reported	22,627,461	868,663	298,110	6,400,397	(163,102)	--	--	30,031,529
Deferred policy acquisition costs	48,540,054	28,550,626	10,448,770	54,749,119	76,202,555	--	--	218,491,124
Prepaid expenses, deposits and other assets	64,876,556	--	--	31,636	109,440,309	--	73,574,978	247,923,479
Property and equipment, net	2,868,596	--	--	1,403,214	--	--	29,436,486	33,708,296
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,195,415	2,195,415
Investment in an equity accounted investee	--	--	--	--	--	--	104,501,460	104,501,460
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	18,662,243	18,662,243
<b>TOTAL ASSETS</b>	<b>780,605,327</b>	<b>184,154,788</b>	<b>86,219,359</b>	<b>384,480,528</b>	<b>384,472,202</b>	<b>34,269,708</b>	<b>1,021,547,031</b>	<b>2,875,748,943</b>
<b>LIABILITIES</b>								
Accounts payable	10,140,852	22,294,513	5,079,749	3,668,270	1,612,472	3,297,865	--	46,093,721
Retrocession balances payable	--	--	--	--	--	33,222,641	--	33,222,641
Accrued retroceded premiums	19,922,257	588,090	108,175	4,341,558	10,209	9,138,296	--	34,108,585
Unearned premiums	243,803,346	101,003,439	39,227,047	201,414,395	185,711,339	--	--	771,159,566
Outstanding claims	371,374,069	131,241,123	22,414,633	171,968,783	3,045,301	--	--	700,043,909
Claims incurred but not reported	97,191,358	36,595,704	13,772,772	72,290,521	100,463,681	--	--	320,314,036
Unearned retrocession commission	8,126,843	84,659	11,013	908,713	--	2,171,079	--	11,302,307
Accrued expenses and other liabilities	--	--	--	--	--	10,999,262	4,342,337	15,341,599
End of service indemnities	--	--	--	--	--	9,057,669	--	9,057,669
Provision for zakat and tax	--	--	--	--	--	--	26,665,710	26,665,710
Accrued commission income payable to SAMA	--	--	--	--	--	--	18,662,243	18,662,243
<b>TOTAL LIABILITIES</b>	<b>750,558,725</b>	<b>291,807,528</b>	<b>80,613,389</b>	<b>454,592,240</b>	<b>290,843,002</b>	<b>67,886,812</b>	<b>49,670,290</b>	<b>1,985,971,986</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**15 SEGMENTAL INFORMATION (CONTINUED)**

**15.2 Geographical segments (continued)**

	Kingdom of Saudi Arabia SR	Other Middle Eastern Countries SR	Africa SR	Asia SR	Other territories SR	Unallocated SR	Shareholders SR	Total SR
As at 31 December 2019								
<b>ASSETS</b>								
Bank balances and cash	5,300,551	--	--	760,772	--	--	7,107,736	13,169,059
Time deposits	78,881,124	--	--	59,314,238	--	--	239,835,817	378,031,179
Accrued special commission income from time deposits	863,471	--	--	864,559	--	--	6,246,374	7,974,404
Premium receivables, net	112,557,458	45,533,263	23,783,305	53,855,741	(3,313,544)	976,153	--	233,392,376
Investments held at fair value through income statement	--	--	--	--	--	40,877,141	376,970,680	417,847,821
Held-To-Maturity investment	--	--	--	--	--	--	37,500,000	37,500,000
Accrued reinsurance premiums	136,607,255	52,954,230	28,976,678	113,640,819	134,891,884	--	--	467,070,866
Retroceded share of unearned premiums	41,115,249	126,581	1,298	9,593,658	--	--	--	50,836,786
Deferred excess of loss premiums	10,684,229	1,059,334	--	--	--	--	--	11,743,563
Retroceded share of outstanding claims	244,360,997	20,333,649	1,582,715	16,441,410	--	--	--	282,718,771
Retroceded share of claims incurred but not reported	23,801,093	916,722	204,631	9,842,863	46,766	--	--	34,812,075
Deferred policy acquisition costs	30,013,241	13,651,794	5,381,604	25,344,262	31,888,200	--	--	106,279,101
Prepaid expenses, deposits and other assets	15,058,631	--	--	155,394	--	156,690,309	72,735,564	244,639,898
Property and equipment, net	2,472,186	--	--	1,469,136	--	--	29,634,206	33,575,528
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	2,793,154	2,793,154
Investment in an equity accounted investee	--	--	--	--	--	--	101,445,631	101,445,631
Statutory deposit	--	--	--	--	--	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	--	--	--	--	--	17,992,463	17,992,463
<b>TOTAL ASSETS</b>	<b>701,715,485</b>	<b>134,575,573</b>	<b>59,930,231</b>	<b>291,282,852</b>	<b>163,513,306</b>	<b>198,543,603</b>	<b>1,013,761,625</b>	<b>2,563,322,675</b>
<b>LIABILITIES</b>								
Accounts payable	12,420,446	11,542,237	2,519,498	8,790,765	2,087,962	2,567,737	--	39,928,645
Retrocession balances payable	--	--	--	--	--	46,173,239	--	46,173,239
Accrued retroceded premiums	533,382	(1,124,041)	(311,533)	7,243,582	--	15,400,422	--	21,741,812
Unearned premiums	157,880,145	46,341,278	18,504,245	97,806,899	81,465,025	--	--	401,997,592
Outstanding claims	402,401,571	136,453,774	22,019,223	173,189,167	3,165,537	--	--	737,229,272
Claims incurred but not reported	121,578,164	44,964,529	18,261,640	80,004,135	90,446,478	--	--	355,254,946
Unearned retrocession commission	6,404,367	24,928	302	1,966,475	--	--	--	8,396,072
Accrued expenses and other liabilities	--	--	--	--	--	15,509,872	3,910,916	19,420,788
Employees' end of service benefits	8,828,705	--	--	--	--	--	--	8,828,705
Provision for zakat and tax	--	--	--	--	--	--	23,742,062	23,742,062
Accrued commission income payable to SAMA	--	--	--	--	--	--	17,992,463	17,992,463
<b>TOTAL LIABILITIES</b>	<b>710,046,780</b>	<b>238,202,705</b>	<b>60,993,375</b>	<b>369,001,023</b>	<b>177,165,002</b>	<b>79,651,270</b>	<b>45,645,441</b>	<b>1,680,705,596</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**16 SUPPLEMENTARY INFORMATION**

**Interim condensed statement of financial position**

	31 March 2020 (Unaudited)			31 December 2019 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>ASSETS</b>						
Bank balances and cash	20,860,595	7,374,352	28,234,947	6,061,323	7,107,736	13,169,059
Time deposits	125,553,834	228,805,317	354,359,151	138,195,362	239,835,817	378,031,179
Accrued special commission income from time deposits	2,723,174	4,606,213	7,329,387	1,728,030	6,246,374	7,974,404
Premium receivables, net	262,550,902	--	262,550,902	233,392,376	--	233,392,376
Investments held at fair value through income statement	35,841,624	393,390,567	429,232,191	40,877,141	376,970,680	417,847,821
Held-to-maturity investments	--	37,500,000	37,500,000	--	37,500,000	37,500,000
Accrued reinsurance premiums	675,607,280	--	675,607,280	467,070,866	--	467,070,866
Retroceded share of unearned premiums	53,419,597	--	53,419,597	50,836,786	--	50,836,786
Deferred excess of loss premiums	6,483,884	--	6,483,884	11,743,563	--	11,743,563
Retroceded share of outstanding claims	244,018,058	--	244,018,058	282,718,771	--	282,718,771
Retroceded share of claims incurred but not reported	30,031,529	--	30,031,529	34,812,075	--	34,812,075
Deferred policy acquisition costs	218,491,124	--	218,491,124	106,279,101	--	106,279,101
Prepaid expenses, deposits and other assets	174,348,501	73,574,978	247,923,479	171,904,334	72,735,564	244,639,898
Property and equipment, net	4,271,810	29,436,486	33,708,296	3,941,322	29,634,206	33,575,528
Accrued special commission income from bonds and sukuk	--	2,195,415	2,195,415	--	2,793,154	2,793,154
Investment in an equity accounted investee	--	104,501,460	104,501,460	--	101,445,631	101,445,631
Statutory deposit	--	121,500,000	121,500,000	--	121,500,000	121,500,000
Accrued income on statutory deposit	--	18,662,243	18,662,243	--	17,992,463	17,992,463
Due from shareholders' operations*	88,121,876	--	88,121,876	90,986,728	--	90,986,728
<b>TOTAL ASSETS</b>	<b>1,942,323,788</b>	<b>1,021,547,031</b>	<b>2,963,870,819</b>	<b>1,640,547,778</b>	<b>1,013,761,625</b>	<b>2,654,309,403</b>
<b>LIABILITIES</b>						
Accounts payable	46,093,721	--	46,093,721	39,928,645	--	39,928,645
Retrocession balances payable	33,222,641	--	33,222,641	46,173,239	--	46,173,239
Accrued retroceded premiums	34,108,585	--	34,108,585	21,741,812	--	21,741,812
Unearned premiums	771,159,566	--	771,159,566	401,997,592	--	401,997,592
Outstanding claims	700,043,909	--	700,043,909	737,229,272	--	737,229,272
Claims incurred but not reported	320,314,036	--	320,314,036	355,254,946	--	355,254,946
Unearned retrocession commission	11,302,307	--	11,302,307	8,396,072	--	8,396,072
Accrued expenses and other liabilities	10,999,262	4,342,337	15,341,599	15,509,872	3,910,916	19,420,788
End of service indemnities	9,057,669	--	9,057,669	8,828,705	--	8,828,705
Accumulated surplus	8,080,609	--	8,080,609	7,546,140	--	7,546,140
Provision for zakat and tax	--	26,665,710	26,665,710	--	23,742,062	23,742,062
Accrued commission income payable to SAMA	--	18,662,243	18,662,243	--	17,992,463	17,992,463
Due to reinsurance operations*	--	88,121,876	88,121,876	--	90,986,728	90,986,728
<b>TOTAL LIABILITIES</b>	<b>1,944,382,305</b>	<b>137,792,166</b>	<b>2,082,174,471</b>	<b>1,642,606,295</b>	<b>136,632,169</b>	<b>1,779,238,464</b>
<b>EQUITY</b>						
Share capital	--	810,000,000	810,000,000	--	810,000,000	810,000,000
Statutory reserve	--	17,904,115	17,904,115	--	17,904,115	17,904,115
Other reserves	(2,058,517)	(628,900)	(2,687,417)	(2,058,517)	111,925	(1,946,592)
Retained earnings	--	56,479,650	56,479,650	--	49,113,416	49,113,416
<b>TOTAL EQUITY</b>	<b>(2,058,517)</b>	<b>883,754,865</b>	<b>881,696,348</b>	<b>(2,058,517)</b>	<b>877,129,456</b>	<b>875,070,939</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,942,323,788</b>	<b>1,021,547,031</b>	<b>2,963,870,819</b>	<b>1,640,547,778</b>	<b>1,013,761,625</b>	<b>2,654,309,403</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**16 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of income**

	For the three month period ended 30 March 2020 (Unaudited)			For the three month period ended 31 March 2019 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>REVENUES</b>						
Gross written premiums	527,717,654	--	527,717,654	424,320,562	--	424,320,562
Retroceded premiums						
- Local	--	--	--	--	--	--
- Foreign	(30,857,189)	--	(30,857,189)	(13,437,784)	--	(13,437,784)
Excess of loss expenses						
- Local	--	--	--	--	--	--
- Foreign	(7,537,856)	--	(7,537,856)	(8,186,245)	--	(8,186,245)
<b>Net written premiums</b>	<b>489,322,609</b>	<b>--</b>	<b>489,322,609</b>	402,696,533	--	402,696,533
Changes in unearned premiums, net	(366,579,163)	--	(366,579,163)	(228,502,771)	--	(228,502,771)
<b>Net earned premiums</b>	<b>122,743,446</b>	<b>--</b>	<b>122,743,446</b>	174,193,762	--	174,193,762
Retrocession commissions	2,029,594	--	2,029,594	3,681,991	--	3,681,991
<b>TOTAL REVENUES</b>	<b>124,773,040</b>	<b>--</b>	<b>124,773,040</b>	177,875,753	--	177,875,753
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(112,889,614)	--	(112,889,614)	(108,584,886)	--	(108,584,886)
Retroceded share of claims paid	25,781,339	--	25,781,339	27,339,389	--	27,339,389
<b>Net claims paid</b>	<b>(87,108,275)</b>	<b>--</b>	<b>(87,108,275)</b>	(81,245,497)	--	(81,245,497)
Changes in outstanding claims, net	(1,515,349)	--	(1,515,349)	(11,764,068)	--	(11,764,068)
Changes in Incurred but not reported claims, net	30,160,366	--	30,160,366	(28,269,182)	--	(28,269,182)
<b>Net claims incurred</b>	<b>(58,463,258)</b>	<b>--</b>	<b>(58,463,258)</b>	(121,278,747)	--	(121,278,747)
Policy acquisition costs and profit commissions	(45,405,980)	--	(45,405,980)	(44,897,210)	--	(44,897,210)
Other underwriting expenses	(1,342,367)	--	(1,342,367)	(841,730)	--	(841,730)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(105,211,605)</b>	<b>--</b>	<b>(105,211,605)</b>	(167,017,687)	--	(167,017,687)
<b>NET UNDERWRITING INCOME</b>	<b>19,561,435</b>	<b>--</b>	<b>19,561,435</b>	10,858,066	--	10,858,066
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Special commission income from time deposits	1,586,403	2,129,560	3,715,963	1,771,760	1,976,668	3,748,428
Realized gains on investments held at fair value through income statement	94,327	667,121	761,448	193,267	615,241	808,508
Unrealized gains / (losses) on investments held at fair value through income statement	120,156	(316,239)	(196,083)	9,866	18,056,843	18,066,709
Special commission income from bonds and sukuk	--	1,116,003	1,116,003	--	801,048	801,048
Dividend income	--	--	--	--	172,839	172,839
Share of profit of equity accounted investee	--	3,796,654	3,796,654	--	1,501,178	1,501,178
Investment management expenses	(23,149)	(225,510)	(248,659)	(47,327)	(293,131)	(340,458)
<b>Net investment income</b>	<b>1,777,737</b>	<b>7,167,589</b>	<b>8,945,326</b>	1,927,566	22,830,686	24,758,252
Other income	--	325,553	325,553	--	246,481	246,481
(Charge) / reversal of provision for doubtful debts	(457,676)	--	(457,676)	836,460	--	836,460
General and administrative expenses	(10,589,663)	(1,463,358)	(12,053,021)	(9,833,251)	(1,553,421)	(11,386,672)
Board of directors' remunerations, meetings fees and expenses	--	(550,121)	(550,121)	--	(579,188)	(579,188)
Foreign exchange translation losses	(4,947,145)	--	(4,947,145)	527,519	--	527,519
<b>Total income for the period before zakat and tax</b>	<b>5,344,688</b>	<b>5,479,663</b>	<b>10,824,351</b>	4,316,360	20,944,558	25,260,918
<b>Transfer of surplus to shareholders' operations</b>	<b>(4,810,219)</b>	<b>4,810,219</b>	<b>--</b>	(3,884,724)	3,884,724	--
<b>Net income for the period before zakat and tax</b>	<b>534,469</b>	<b>10,289,882</b>	<b>10,824,351</b>	431,636	24,829,282	25,260,918
<b>Zakat and tax charge for the period</b>	<b>--</b>	<b>(2,923,648)</b>	<b>(2,923,648)</b>	<b>--</b>	<b>(3,394,189)</b>	<b>(3,394,189)</b>
<b>Net income for the period after zakat and tax and shareholders' appropriations</b>	<b>534,469</b>	<b>7,366,234</b>	<b>7,900,703</b>	431,636	21,435,093	21,866,729

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**16 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of comprehensive income**

	For the three month period ended 31 March 2020 (Unaudited)			For the three month period ended 31 March 2019 (Unaudited) (Restated)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
<b>Net income for the period after zakat and tax</b>	<b>534,469</b>	<b>7,366,234</b>	<b>7,900,703</b>	431,636	21,435,093	21,866,729
<i>Other comprehensive income</i>						
<i>Items that will not be reclassified to income statement subsequently</i>						
Re-measurement of employee' end of service benefit obligations actuarial loss	--	--	--	--	--	--
<i>Items that may be classified to income statement subsequently</i>						
Share of foreign currency translation reserve an equity accounted investee	--	(740,825)	(740,825)	--	120,111	120,111
<b>Total comprehensive income for the period</b>	<b>534,469</b>	<b>6,625,409</b>	<b>7,159,878</b>	431,636	21,555,204	21,986,840
<b>Reconciliation:</b>						
Less: Net income attributable to reinsurance operations transferred to surplus payable			(534,469)			(431,636)
<b>Total comprehensive income for the period</b>			<b>6,625,409</b>			<b>21,555,204</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**16 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of cash flows**

	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
	<b>For the three month period ended 31 March 2020 (Unaudited)</b>			<b>For the three month period ended 31 March 2019 (Unaudited)</b>		
<b>OPERATING ACTIVITIES</b>						
Total income for the period before zakat and tax	534,469	10,289,882	10,824,351	431,636	24,829,282	25,260,918
<i>Adjustments to reconcile net income for the period to net cash from operating activities:</i>						
Employees' end of service benefits	799,550	--	799,550	325,843	--	325,843
Depreciation of property and equipment	358,326	197,720	556,046	205,420	206,698	412,118
Realized gains on investments held at fair value through income statement	(94,327)	(667,121)	(761,448)	(193,267)	(615,241)	(808,508)
Unrealized (gains) / loss on investments held at fair value through income statement	(120,156)	316,239	196,083	(9,866)	(18,056,843)	(18,066,709)
Share of profit of an equity accounted investee	--	(3,796,654)	(3,796,654)	--	(1,501,178)	(1,501,178)
Charge / (Reversal) of provision for doubtful receivable	457,676	--	457,676	(836,460)	--	(836,460)
Operating income / (loss) before changes in operating assets and liabilities	1,935,538	6,340,066	8,275,604	(76,694)	4,862,718	4,786,024
<b>Changes in operating assets and liabilities:</b>						
Premiums receivable, gross	(29,616,202)	--	(29,616,202)	(10,966,392)	--	(10,966,392)
Accrued reinsurance premiums	(208,536,414)	--	(208,536,414)	(201,024,634)	--	(201,024,634)
Retroceded share of unearned premiums	(2,582,811)	--	(2,582,811)	4,863,992	--	4,863,992
Unearned premiums	369,161,974	--	369,161,974	223,638,779	--	223,638,779
Retroceded share of outstanding claims	38,700,713	--	38,700,713	(25,256,065)	--	(25,256,065)
Retroceded share of claims incurred but not reported	4,780,546	--	4,780,546	25,016,062	--	25,016,062
Deferred acquisition costs	(112,212,023)	--	(112,212,023)	(58,617,312)	--	(58,617,312)
Deferred excess of loss premiums	5,259,679	--	5,259,679	5,280,815	--	5,280,815
Prepaid expenses, deposits and other assets	(2,444,167)	(839,414)	(3,283,581)	(1,438,754)	36	(1,438,718)
Accounts payable	6,165,076	--	6,165,076	8,159,094	--	8,159,094
Retrocession balances payable	(12,950,598)	--	(12,950,598)	(16,097,886)	--	(16,097,886)
Accrued retroceded premiums	12,366,773	--	12,366,773	5,449,471	--	5,449,471
Outstanding claims	(37,185,363)	--	(37,185,363)	37,020,137	--	37,020,137
Claims incurred but not reported	(34,940,910)	--	(34,940,910)	3,253,119	--	3,253,119
Unearned commission income	2,906,235	--	2,906,235	(468,246)	--	(468,246)
Accrued expenses and other liabilities	(4,510,610)	431,421	(4,079,189)	2,043,009	(453,181)	1,589,828
<b>Cash (used in) / generated from operating activities</b>	<b>(3,702,564)</b>	<b>5,932,073</b>	<b>2,229,509</b>	<b>778,495</b>	<b>4,409,573</b>	<b>5,188,068</b>
Zakat and income tax paid	--	--	--	--	--	--
Employees' end of service benefits paid	(570,586)	--	(570,586)	(63,054)	--	(63,054)
<b>Net cash (used in) / generated from operating activities</b>	<b>(4,273,150)</b>	<b>5,932,073</b>	<b>1,658,923</b>	<b>715,441</b>	<b>4,409,573</b>	<b>5,125,014</b>

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**16 SUPPLEMENTARY INFORMATION (CONTINUED)**

**Interim condensed statement of cash flows (continued)**

	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Reinsurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
	<b>For the three month period ended 31 March 2020 (Unaudited)</b>			<b>For the three month period ended 31 March 2019 (Unaudited)</b>		
<b>INVESTING ACTIVITIES</b>						
Time deposits	(8,945,347)	(2,047,500)	(10,992,847)	(18,988,398)	(3,612,437)	(22,600,835)
Accrued special commission income on time deposits	(995,144)	1,640,161	645,017	(800,409)	(403,152)	(1,203,561)
Accrued special commission income from bonds and sukuk	--	597,739	597,739	--	326,355	326,355
Purchase of property and equipment	(688,814)	--	(688,814)	(435,537)	--	(435,537)
Additions in investments held at fair value through income statement	(3,750,000)	(106,069,005)	(109,819,005)	--	(97,732,000)	(97,732,000)
Proceeds from disposal of investments held at fair value through income statement	9,000,000	90,000,000	99,000,000	54,204,896	218,809,335	273,014,231
<b>Net cash (used in) / generated from investing activities</b>	<b>(5,379,305)</b>	<b>(15,878,605)</b>	<b>(21,257,910)</b>	<b>33,980,552</b>	<b>117,388,101</b>	<b>151,368,653</b>
<b>FINANCING ACTIVITIES</b>						
Due to / from reinsurance / shareholders' operations*	2,864,852	(2,864,852)	--	862,035	(862,035)	--
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>						
Cash and cash equivalents at the beginning of the period	27,648,198	20,185,736	47,833,934	72,093,146	9,542,390	81,635,536
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>20,860,595</b>	<b>7,374,352</b>	<b>28,234,947</b>	<b>107,651,174</b>	<b>130,478,029</b>	<b>238,129,203</b>

\* These items are not included in the statement of financial position and the statement of cash flows.

**17 COMMITMENTS AND CONTINGENCIES**

As at 31 March 2020, the Company has deposited and pledged SR 37,330,434 (31 December 2019: SR 37,330,434) with local bank to obtain the standby letter of credit towards Fund At Lloyds (FAL) for its participation in a Lloyds Syndicates and for 2017 and 2018 underwriting years. In addition, the Company has deposited SR 109,440,309 (31 December 2019: 109,440,309) with Lloyd's London as FAL for its continued participation in a Lloyds Syndicates and for 2018 and 2019 underwriting year. Upon issuance of stand by letter of credit, the deposit with Lloyds will be withdrawn.

**18 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share for the three month period ended 31 March 2020 and 31 March 2019 have been calculated by dividing net income for the period by the weighted average number of ordinary shares issued and outstanding at the end of the period.

**Saudi Re for Cooperative Reinsurance Company (A Saudi Joint Stock Company)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)**  
**For the three month period ended 31 March 2020**

**19 IMPACT OF COVID-19 OUTBREAK**

The outbreak of novel coronavirus (“COVID-19”) since early 2020, its spread across mainland China and then globally including the Kingdom of Saudi Arabia and the declaration of this pandemic by the World Health Organization has resulted globally in governmental authorities imposing quarantines and travel restrictions of varying scope; has led to significant disruptions in the retail, travel and hospitality industries, and in global trade. It has resulted in decreased economic activity and lowered estimates for future economic growth and has caused global financial markets to experience significant volatility. The Company is in the process of establishing plans to address how it will manage the effects of the outbreak and assess disruptions and other risks to its operations. These include the protection of employees, sustaining our services to clients and other stakeholders. This necessitated the Company’s management to revisit its significant judgments in applying the Company’s accounting policies and the methods of computation and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2019. Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Company’s management carried out an impact assessment on the overall Company’s operations and business aspects including factors like investments, insurance claims, recoverability of assets, travel restrictions, etc. and concluded that, as of the issuance date of these interim condensed financial statements, no significant changes are required to the judgements and key estimates.

Although no material claims have been reported at this stage, the Company is closely monitoring its exposure, including (i) the operational impact on its business, (ii) the consequences of a deterioration in macroeconomic conditions or of a slowdown in the flow of people, goods and services, especially on new business volumes, (iii) the extent of reinsurance coverage impacted, including retrocession cover, and (iv) change in asset prices and financial conditions.

Further, the Company’s business remains largely unaffected as the insurance industry is facilitated by the Government through free treatments of the COVID-19 affected patients. Based on these factors, the Company’s management believes that the COVID -19 pandemic has had no direct material effects on Company’s reported results for the quarter ended 31 March 2020 since the insurance industry is facilitated by the Government through free treatments of the COVID-19 affected patients. However, in the view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

**20 FAIR VALUE**

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

- In the principal market of the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company’s management believe that the carrying value of all financial assets and liabilities, other than those disclosed in note 7, approximate their fair values at the interim condensed financial statements.

**21 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

These interim condensed financial statements have been approved by the Board of Directors on 16 May 2020, corresponding to 23 Ramadan 1441H.