
**SAUDI 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 2022**

Saudi 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 2022

INDEX	PAGES
INDEPENDENT AUDITORS' REVIEW REPORT	1
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION	2
INTERIM CONDENSED STATEMENT OF INCOME	3
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY	5
INTERIM CONDENSED STATEMENT OF CASH FLOWS	6-7
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS	8-39



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Headquarters in Riyadh

C.R. No. 1010425494



Ibrahim Ahmed Al-Bassam & Co
Certified Public Accountants - Al-Bassam & Co.
(member firm of PKF International)

Sulimanyiah – Prince Abdul Aziz Ibn Musaed
P. O. Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

CR:1010385804

INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SAUDI REINSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Saudi Reinsurance Company (the "Company") as at 31 March 2022, the interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and notes to the interim condensed financial statements. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with the 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 2022 of the Company are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

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



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Al-Bassam & Co.

Ibrahim A. Al-Bassam
Certified Public Accountant
License No. 337

24 Shawwal 1443H
25 May 2022



Ibrahim Ahmed Al-Bassam & Partners Co., Chartered Accountants Al-Bassam & Partners is a joint liability company with a paid-up capital of SAR 370,000.


Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
ASSETS			
Cash and cash equivalents	5	228,743,400	27,807,294
Time deposits		303,572,085	243,382,085
Accrued special commission income from time deposits		3,398,920	2,310,102
Reinsurance premium receivables, net	4	292,443,238	242,229,593
Investments held at fair value through income statement	7	549,498,189	803,584,596
Accrued special commission income from bonds, sukuk and held-to-maturity investments		4,986,586	6,810,473
Accrued reinsurance premiums	8	909,591,590	680,469,900
Retrocession balances receivable		16,256,068	13,063,654
Retroceded share of unearned premiums	10	50,439,286	67,952,509
Deferred excess of loss premiums		6,162,998	12,049,562
Retroceded share of outstanding claims	11	105,976,194	149,332,878
Retroceded share of claims incurred but not reported	11	41,442,452	38,033,087
Deferred policy acquisition costs		251,692,229	168,598,147
Held-to-maturity investments	9	333,544,443	298,022,312
Prepaid expenses, deposits and other assets		70,227,761	74,604,344
Property and equipment, net		36,744,984	37,155,827
Investment in an equity accounted investee	15	149,077,216	142,000,373
Statutory deposit	6	89,100,000	89,100,000
Accrued income on statutory deposit	6	21,481,877	20,962,172
TOTAL ASSETS		3,464,379,516	3,117,468,908
LIABILITIES			
Accounts payable		31,561,490	44,041,910
Margin loan payable		56,797,019	56,797,019
Retrocession balances payable		79,418,366	48,771,678
Accrued retroceded premiums		32,908,248	35,491,960
Unearned premiums	10	943,843,702	648,869,489
Outstanding claims	11	730,362,815	782,990,731
Claims incurred but not reported	11	498,388,244	427,396,736
Unearned retrocession commission		13,655,006	17,149,629
Accrued expenses and other liabilities		30,459,304	29,897,226
Employees' end of service benefits		12,460,801	12,288,391
Provision for zakat and tax	13	18,896,708	15,266,235
Accrued commission income payable to SAMA	6	21,481,877	20,962,172
TOTAL LIABILITIES EXCLUDING REINSURANCE OPERATIONS' SURPLUS		2,470,233,580	2,139,923,176
REINSURANCE OPERATIONS' SURPLUS			
Accumulated surplus		14,945,148	13,549,575
TOTAL REINSURANCE OPERATIONS' SURPLUS		14,945,148	13,549,575
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS		2,485,178,728	2,153,472,751
EQUITY			
Share capital	12	891,000,000	891,000,000
Statutory reserve		34,749,555	34,749,555
Retained earnings		50,700,870	35,495,182
Other reserves		2,750,363	2,751,420
TOTAL EQUITY		979,200,788	963,996,157
TOTAL LIABILITIES INCLUDING REINSURANCE OPERATIONS' SURPLUS AND EQUITY		3,464,379,516	3,117,468,908


Mishari Al-Hussain
Managing Director / Chief Executive Officer
May 24, 2022


Chief Financial Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF INCOME

For the three month period ended 31 March 2022

	For the three month period ended	
	31 March 2022	31 March 2021
	(Unaudited) SR	(Unaudited) SR
REVENUES		
Gross written premiums	598,622,290	834,284,016
Retroceded premiums	(6,391,796)	(33,783,218)
Excess of loss expenses	(5,952,472)	(8,125,072)
Net written premiums	586,278,022	792,375,726
Changes in unearned premiums, net	(312,487,436)	(596,904,170)
Net earned premiums	273,790,586	195,471,556
Retrocession commissions	3,749,340	3,802,865
TOTAL REVENUES	277,539,926	199,274,421
UNDERWRITING COSTS AND EXPENSES		
Gross claims paid	(156,809,104)	(101,052,627)
Retroceded share of claims paid	39,948,148	26,870,842
Net claims paid	(116,860,956)	(74,181,785)
Changes in outstanding claims, net	9,271,232	(12,724,907)
Changes in incurred but not reported claims, net	(67,582,143)	(34,530,924)
Net claims incurred	(175,171,867)	(121,437,616)
Policy acquisition costs and profit commissions	(68,711,973)	(50,982,083)
Other underwriting expenses	(1,477,289)	(1,477,133)
TOTAL UNDERWRITING COSTS AND EXPENSES	(245,361,129)	(173,896,832)
NET UNDERWRITING INCOME	32,178,797	25,377,589
OTHER OPERATING INCOME / (EXPENSES)		
Special commission income from time deposits	1,598,210	1,701,210
Realized gains on investments held at fair value through income statement	2,177,015	708,834
Unrealized losses on investments held at fair value through income statement	(4,895,584)	(546,690)
Special commission income from bonds and sukuk	3,803,708	3,421,154
Special commission expense from margin loan	(145,454)	(93,054)
Dividend income	134,035	--
Share of profit of equity accounted investee	7,077,900	4,172,888
Investment management expenses	(1,165,182)	(374,600)
Net investment income	8,584,648	8,989,742
Other income	46,615	193,116
General and administrative expenses	(17,872,853)	(12,594,612)
Board of directors' remunerations, meetings fees and expenses	(741,990)	(812,500)
Foreign exchange translation losses	(1,963,483)	(22,975)
Total income for the period before zakat and tax	20,231,734	21,130,360
Total income attributed to the reinsurance operations	17 (1,395,573)	(1,548,850)
Net income for the year before zakat and tax attributable to the shareholders	18,836,161	19,581,510
Zakat and tax charge for the period	13 (3,630,473)	(3,348,646)
Net income for the period after zakat and tax attributable to the shareholders	15,205,688	16,232,864
Basic and diluted earnings per share for the period (restated)	19 0.17	0.18

Managing Director / Chief Executive Officer

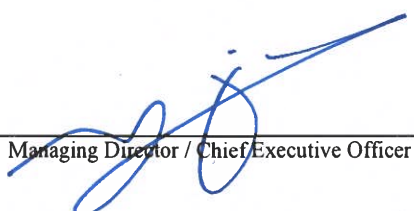
Mishari Al-Hussain


Chief Financial Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the three month period ended 31 March 2022

	For the three month period ended	
	31 March 2022 (Unaudited) SR	31 March 2021 (Unaudited) SR
Net income for the period after zakat and tax attributable to shareholder	15,205,688	16,232,864
<i>Other comprehensive income</i>		
Items that may be classified to income statement subsequently		
Share of foreign currency translation reserve of an equity accounted investee	(1,057)	--
Total comprehensive income for the period	15,204,631	16,232,864


 Managing Director / Chief Executive Officer


 Mishari Al-Hussain
 Chairman of the Board


 Chief Financial Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

**Saudi Reinsurance Company
(A Saudi Joint Stock Company)**

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2022

	GCC Shareholders and General Public				Non – GCC Shareholders				Total				
	Share Capital SR	Statutory reserve SR	Retained earnings SR	Other reserves	Share capital SR	Statutory reserve SR	Retained earnings SR	Other reserves	Share Capital SR	Statutory reserve SR	Retained earnings SR	Other reserves	Total SR
Balance as at 1 January 2022 (Audited)	851,538,402	33,210,528	33,923,132	2,629,562	39,461,598	1,539,027	1,572,050	121,858	891,000,000	34,749,555	35,495,182	2,751,420	963,996,157
Transferred during the period	2,022,838	78,892	80,585	6,247	(2,022,838)	(78,892)	(80,585)	(6,247)	--	--	--	--	--
Net income for the period	--	--	14,566,763	--	--	--	638,925	--	--	--	15,205,688	--	15,205,688
Other comprehensive income	--	--	--	(1,013)	--	--	--	(44)	--	--	--	(1,057)	(1,057)
Total comprehensive income for the period	--	--	14,566,763	(1,013)	--	--	638,925	(44)	--	--	15,205,688	(1,057)	15,204,631
Balance as at 31 March 2022 (Unaudited)	853,561,240	33,289,420	48,570,480	2,634,796	37,438,760	1,460,135	2,130,390	115,567	891,000,000	34,749,555	50,700,870	2,750,363	979,200,788
Balance as at 1 January 2021 (Audited)	769,472,640	25,732,412	81,552,521	231,922	40,527,360	1,355,264	4,295,145	12,207	810,000,000	27,087,676	85,847,666	244,129	923,179,471
Transferred during the period	(332,510)	(11,154)	(35,379)	(108)	332,510	11,154	35,379	108	--	--	--	--	--
Net income for the period	--	--	15,414,009	--	--	--	818,855	--	--	--	16,232,864	--	16,232,864
Other comprehensive income	--	--	--	--	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	15,414,009	--	--	--	818,855	--	--	--	16,232,864	--	16,232,864
Balance as at 31 March 2021 (Unaudited)	769,140,130	25,721,258	96,931,151	231,814	40,859,870	1,366,418	5,149,379	12,315	810,000,000	27,087,676	102,080,530	244,129	939,412,335

Managing Director / Chief Executive Officer

Mishari Al-Hussain

May 24, 2022 Chairman of the Board

Chief Financial Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2022

	31 March 2022 (Unaudited) SR	31 March 2021 (Unaudited) SR
OPERATING ACTIVITIES		
Total income for the period before zakat & tax	20,231,734	21,130,360
<i>Adjustments to reconcile net income for the period before zakat and tax to net cash generated from operating activities:</i>		
Employees' end of service benefits	415,089	370,329
Special commission income from bond and sukuk	(3,032,653)	(2,447,028)
Special commission expense from margin loans	145,454	93,054
Special commission income from time deposits	(1,598,210)	(1,701,210)
Amortisation of discount and premium on held to maturity investments, net	(771,055)	(974,126)
Depreciation of property and equipment	763,354	625,003
Realized gains on investments held at fair value through income statement	(2,177,015)	(708,834)
Unrealized losses on investments held at fair value through income statement	4,895,584	546,690
Share of profit of equity accounted investee	(7,077,900)	(4,172,888)
Operating income before changes in operating assets and liabilities	11,794,382	12,761,350
<i>Changes in operating assets and liabilities:</i>		
Reinsurance premium receivables, gross	(50,213,645)	9,503,223
Accrued reinsurance premiums	(229,121,690)	(486,413,160)
Retroceded share of unearned premiums	17,513,223	(4,166,331)
Unearned premiums	294,974,213	601,070,501
Retroceded share of outstanding claims	43,356,684	(13,168,583)
Retroceded share of claims incurred but not reported	(3,409,365)	9,983,243
Deferred acquisition costs	(83,094,082)	(131,929,101)
Deferred excess of loss premiums	5,886,564	5,806,069
Prepaid expenses, deposits and other assets	4,376,583	2,894,538
Accounts payable	(12,480,420)	6,238,746
Retrocession balances receivable	(3,192,414)	(63,149,471)
Retrocession balances payable	30,646,688	(2,039,648)
Accrued retroceded premiums	(2,583,712)	16,580,294
Outstanding claims	(52,627,916)	25,893,491
Claims incurred but not reported	70,991,508	24,547,680
Unearned commission income	(3,494,623)	2,765,190
Accrued expenses and other liabilities	562,078	14,390
	39,884,056	17,192,421
Employees' end of service benefits paid	(242,679)	--
Net cash generated from operating activities	39,641,377	17,192,421
INVESTING ACTIVITIES		
Additions in time deposits	(91,000,000)	(53,442,084)
Proceeds from maturity of time deposits	30,810,000	62,172,500
Accrued special commission income on time deposits	509,392	3,144,003
Accrued special commission income from bonds and sukuk	4,856,540	3,319,226
Purchase of property and equipment, net	(352,511)	(369,245)
Additions in held to maturity investments	(58,751,076)	(15,567,787)
Proceeds from maturity of held-to-maturity investments	24,000,000	--
Additions in investments held at fair value through income statement	(50,820,451)	(32,286,927)
Proceeds from disposal of investments held at fair value through income statement	302,188,289	18,444,919
Net cash generated from / (used in) investing activities	161,440,183	(14,585,395)

Continued

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

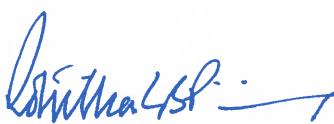
Saudi Reinsurance Company (A Saudi Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2022

	31 March 2022 (Unaudited) SR	31 March 2021 (Unaudited) SR
FINANCING ACTIVITIES		
Proceeds from margin loans	--	15,728,614
Special commission expense paid against margin loans	<u>(145,454)</u>	<u>(93,054)</u>
Net cash generated from financing activities	<u>(145,454)</u>	<u>15,635,560</u>
INCREASE IN CASH AND CASH EQUIVALENTS	200,936,106	18,242,586
Cash and cash equivalents at the beginning of the period	<u>27,807,294</u>	<u>13,156,722</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>228,743,400</u>	<u>31,399,308</u>
NON-CASH SUPPLEMENTARY INFORMATION		
Foreign currency impact on equity accounted investment	(1,057)	--
Depreciation on right of use asset	55,011	73,802
Interest expense on lease liability	613	3,472


Mishari Al-Hussain
Managing Director / Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Reinsurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010250125 (Entity number : 7001556021) dated 12 Jumad 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 2022 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 for Chartered and Professional Accountants (“SOCPA”).

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, reinsurance premium receivables (net), investments held at fair value through income statement, accrued special commission income from bonds and sukuk, retrocession balance receivables, deferred excess of loss premiums, retroceded share of outstanding claims, retroceded share of claims incurred but not reported, prepaid expenses, deposits and other assets, accounts payable, margin loan payable, retrocession balances payable, outstanding claims, claims incurred but not reported, accrued expenses and other liabilities, provision for zakat and tax and accumulated surplus. The following balances would generally be classified as non-current: held to maturity investments, accrued reinsurance premiums, retroceded share of unearned premiums, 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, 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 17 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.

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 2021.

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.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

2. BASIS OF PREPARATION (CONTINUED)

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 employees' end of service benefits (EOSB) measured at present value of future obligations using projected unit credit method.

Functional and presentation currency

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

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 2021.

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 2021.

A) Standards issued but not yet effective

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.

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

IFRS 9 – Financial Instruments (Continued)

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. The Company expects the classification and measurement of financial assets to be impacted from implementation of IFRS 9 as the Company is yet to perform a detailed review.

As at 31 March 2022, the Company has total financial assets amounting to SR 2,664,957,598 (31 December 2021: SR 2,343,530,101) and insurance related assets amounting to SR 455,713,159 (31 December 2021: SR 435,966,183) 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. At present, it is not possible to provide reasonable estimate of the effects of application of this new standard as the Company is yet to perform a detailed review.

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:

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

A) Standards issued but not yet effective (Continued)

IFRS 17 Insurance Contracts (continued)

- 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 2005, IFRS 17 provides the following different measurement models:

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

- a) the fulfilment cash flows (FCF), which comprise:
 - probability-weighted estimates of future cash flows,
 - an adjustment to reflect the time value of money (i.e. discounting) and the financial risks associated with those future cash flows,
 - and a risk adjustment for non-financial risk;
- b) the Contractual Service Margin (CSM). The CSM represents the unearned profit for a group of insurance contracts and will be recognized as the entity provides services in the future. The CSM cannot be negative at inception; any net negative amount of the fulfilment cash flows at inception will be recorded in profit or loss immediately.

At the end of each subsequent reporting period the carrying amount of a group of insurance contracts is remeasured to be the sum of:

- the liability for remaining coverage, which comprises the FCF related to future services and the CSM of the group at that date; and
- the liability for incurred claims, which is measured as the FCF related to past services allocated to the group at that date.

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

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

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

A) Standards issued but not yet effective (Continued)

IFRS 17 Insurance Contracts (continued)

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. 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 financial statements, the financial impact of adopting the standard has yet to be fully assessed by the Company. The status of the implementation is as follows:

Impact Area	Summary of Impact
Governance and control framework	<p>The Company has a comprehensive IFRS 17 governance framework which includes establishing a steering committee to provide oversight, monitor the progress of implementation, approve decisions, and assign roles and responsibilities to various stakeholders.</p> <p>The Company is currently implementing the control framework that will be adopted following IFRS 17 Go Live.</p>
Operational area	<p>The Company has completed the deployment of the IFRS 17 software, and is currently implementing changes to the accounting, actuarial modelling, processes and controls, data, and systems to comply with the requirements of IFRS 17. This includes implementing the Phase 3 Design decisions, blueprints of its end state functional design, transition processes, a comprehensive data policy and data dictionary.</p>
Technical and financial area	<p>The Company has documented the technical policy papers, finalizing the policy decisions and choices required under the IFRS 17 Standard. The policy decisions and choices are taken after performing detailed assessments and due deliberations among various stakeholders and have been approved by the Company's IFRS 17 Steering Committee.</p> <p>The Company is currently assessing the expected financial impact of adopting the IFRS 17 Standard.</p>
IFRS 17 Dry Run	<p>The Company performed the first IFRS 17 dry run in November 2021. This involved preparing the IFRS 17 financial statements using data as at 31 December 2020 and the IFRS 17 software that has been implemented by the Company.</p> <p>The Company has refined its implementation plan taking into consideration the learnings from the first dry. The next IFRS 17 dry run, using data as at 31 December 2021, will be performed in May 2022.</p>
IFRS 17 testing	<p>The Company's implementation plan includes a number of testing phases: parallel runs and User Acceptance Testing (UAT), in addition to the dry runs.</p>

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For the three month period ended 31 March 2022

3. SIGNIFICANT ACCOUNTING POLICIES AND AMENDMENTS TO STANDARDS (CONTINUED)**B) Standards issued but not yet effective (Continued)****IFRS 17 Insurance Contracts (continued)**

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

4. REINSURANCE PREMIUM RECEIVABLES, NET

<u>Reinsurance operations</u>	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Policyholders	292,825,810	244,929,293
Related parties	2,317,128	--
Less: provision for doubtful debts	<u>(2,699,700)</u>	<u>(2,699,700)</u>
	292,443,238	242,229,593

The movement in provision for doubtful debt is as follows:

	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Opening balance	<u>2,699,700</u>	<u>2,545,849</u>
Charge for the period / year	<u>--</u>	<u>153,851</u>
Closing balance	2,699,700	2,699,700

5. CASH AND CASH EQUIVALENTS

	<u>Reinsurance operations</u>	
	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Cash in hand	<u>52,781</u>	<u>52,781</u>
Bank balances	<u>52,174,704</u>	<u>21,815,318</u>
Total Bank balances and cash (A)	52,227,485	21,868,099
	<u>Shareholders' operations</u>	
	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Bank balances (B)	<u>176,515,915</u>	<u>5,939,195</u>
Total Bank balances and cash / Cash and cash equivalents for reinsurance operations and shareholders' operations (A+B)	228,743,400	27,807,294

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For the three month period ended 31 March 2022

6. STATUTORY DEPOSIT

The Company has deposited an amount of SR 89.1 million (31 December 2021: SR 89.1 million) with a local bank, which has been rated “A” by Standard & Poor’s Rating agency representing the statutory deposit of 10% 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 on the deposit as at 31 March 2022 is SR 21,481,877 (31 December 2021: SR 20,962,172) and has also been disclosed in assets as “Accrued income on statutory deposit”.

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 2022 (Unaudited)			31 December 2021 (Audited)		
	Reinsurance operations	Shareholders’ operations	Total	Reinsurance operations	Shareholders’ operations	Total
	SR	SR	SR	SR	SR	SR
Money market funds	190,081,977	59,027,465	249,109,442	343,047,268	61,287,382	404,334,650
Investment funds	--	51,214,148	51,214,148	--	123,203,311	123,203,311
Equities	--	70,030,988	70,030,988	--	63,208,680	63,208,680
Fixed-rate bonds/sukuk	92,450,368	86,693,243	179,143,611	97,377,992	115,459,963	212,837,955
	282,532,345	266,965,844	549,498,189	440,425,260	363,159,336	803,584,596

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 2022 and 31 December 2021, the investment in money market funds under reinsurance operations amounted to SR 190.08 million (31 December 2021 : SR 343.04 million) is classified as level 2 investments whereas the investment in Fixed-rate bonds/sukuk under reinsurance operations amounted to SR 92.45 million (31 December 2021 : SR 97.38 million) is classified as level 1 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 2022 (Unaudited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	59,027,465	--	59,027,465
Investment funds	--	51,214,148	--	51,214,148
Equities	70,030,988	--	--	70,030,988
Fixed-rate bonds / sukuk	70,831,746	--	15,861,497	86,693,243
	140,862,734	110,241,613	15,861,497	266,965,844

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
7. INVESTMENTS HELD AT FAIR VALUE THROUGH INCOME STATEMENT (CONTINUED)

	31 December 2021 (Audited)			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
Money market funds	--	61,287,382	--	61,287,382
Investment funds	--	123,203,311	--	123,203,311
Equities	63,208,680	--	--	63,208,680
Fixed-rate bonds / sukuk	74,598,466	--	40,861,497	115,459,963
	<u>137,807,146</u>	<u>184,490,693</u>	<u>40,861,497</u>	<u>363,159,336</u>

Fair values of investment funds are based on the net assets value (“NAV”) 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 gain	Unrealized loss	Closing
31 March 2022	40,861,497	--	(25,000,000)	--	--	15,861,497
31 December 2021	88,788,465	--	(47,820,148)	971,790	(1,078,610)	40,861,497

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 2022 (Unaudited)	31 December 2021 (Audited)
Fixed rate investments held at fair value through income statement	15,861,497	40,861,497
Impact on unrealized gain / loss for the period / year ended:		
<i>If increased by 5% in market rate</i>	(26,964)	(18,703)
<i>If decreased by 5% in market rate</i>	27,028	18,729

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 2022 and year ended 31 December 2021.

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

	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Reinsurance operations SR	Shareholders' operations SR	Total SR	Reinsurance operations SR	Shareholders' operations SR	Total SR
Opening balance	440,425,260	363,159,336	803,584,596	201,003,059	311,078,319	512,081,378
Additions	10,003,761	40,816,690	50,820,451	477,229,171	364,733,096	841,962,267
Disposals	(164,056,862)	(138,131,427)	(302,188,289)	(241,420,156)	(321,160,681)	(562,580,837)
Unrealized (losses) / gains	(4,218,102)	(677,482)	(4,895,584)	1,811,515	3,101,157	4,912,672
Realized gains	378,288	1,798,727	2,177,015	1,801,671	5,407,445	7,209,116
Closing balance	<u>282,532,345</u>	<u>266,965,844</u>	<u>549,498,189</u>	<u>440,425,260</u>	<u>363,159,336</u>	<u>803,584,596</u>

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For the three month period ended 31 March 2022

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

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

	31 March 2022 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	59,027,465	--	59,027,465
Investment funds	51,214,148	--	51,214,148
Equities	70,030,988	--	70,030,988
Fixed-rate bonds/sukuk	70,831,746	15,861,497	86,693,243
	251,104,347	15,861,497	266,965,844
	31 December 2021 (Audited)		
	Quoted SR	Unquoted SR	Total SR
<i>Shareholders' operations</i>			
Money market funds	61,287,382	--	61,287,382
Investment funds	123,203,311	--	123,203,311
Equities	63,208,680	--	63,208,680
Fixed-rate bonds/sukuk	74,598,466	40,861,497	115,459,963
	322,297,839	40,861,497	363,159,336

As at 31 March 2022 and 31 December 2021, all financial instruments under reinsurance operations, which are measured at fair value, are quoted.

- v. Average credit ratings of all fixed and floating rates sukuk and bonds are within the investment grades i.e. BBB and above.
- vi. All investments held as at 31 March 2022 and 31 December 2021 are domiciled within the Kingdom of Saudi Arabia.

8. ACCRUED REINSURANCE PREMIUMS

The gross written premiums ("GWP") of proportional and non-proportional treaty and facultative reinsurance contracts include estimates of premiums due to the company but not yet reported by the cedant. This portion of GWP is considered as pipeline premium and accounted in the Statement of Financial Position as 'Accrued reinsurance premiums' net of related acquisition costs. These pipeline/accrued premiums are estimated at the inception of the reinsurance contract based on cedants/brokers forecasts and management's evaluation of these forecasts. Subsequent to initial recognition, the accrued reinsurance premium is adjusted using actuarial techniques. Management reviews and evaluates all premium estimates, comparing actual premiums to expected ultimate premiums on a quarterly basis and any adjustments to these estimates are recorded in the financial statements as and when updated information comes to light. Accrued premiums are net of any associated acquisition costs.

9. HELD-TO-MATURITY INVESTMENTS

Held to maturity investments consist of the following as at:

	<i>Reinsurance Operations</i>	
	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At the beginning of the period / year	25,000,000	--
Purchases	--	25,000,000
Balance at the end of the period / year (A)	25,000,000	25,000,000

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
9. HELD-TO-MATURITY INVESTMENTS (CONTINUED)

	<i>Shareholders' Operations</i>	
	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
At the beginning of the period / year	273,022,312	184,022,721
Purchases	58,751,076	85,586,537
Maturities	(24,000,000)	--
Amortization of Discount / Premium, net	771,055	3,413,054
Balance at the end of the period / year (B)	308,544,443	273,022,312
Total held to maturity investments (A+B)	333,544,443	298,022,312

Following is the breakdown of held to maturity investments per domicile:

	Domestic		International		Total	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Reinsurance Fixed rate bond and sukuks	25,000,000	25,000,000	--	--	25,000,000	25,000,000
Shareholders' Fixed rate bond and sukuks	217,160,317	133,439,990	91,384,126	139,582,322	308,544,443	273,022,312
Held to maturity	242,160,317	158,439,990	91,384,126	139,582,322	333,544,443	298,022,312

The special commission rate on these sukuks and bonds ranges from 2.15% to 6.63% and will mature in 2030, latest. The total accrued interest on these sukuks and bonds amounted to SR 3.9 million (31 December 2021: SR 3.4 million).

Movements in held to maturity investments are as follows:

	31 March 2022 (Unaudited)		
	Quoted SR	Unquoted SR	Total SR
Reinsurance operations			
At the beginning of the year	--	25,000,000	25,000,000
Purchases	--	--	--
Balance at the end of the year (A)	--	25,000,000	25,000,000

	Quoted SR	Unquoted SR	Total SR
	Shareholders' operations		
At the beginning of the year	258,022,312	15,000,000	273,022,312
Purchases	58,751,076	--	58,751,076
Disposals/Maturities	(24,000,000)	--	(24,000,000)
Amortization of discount / (premium), net	771,055	--	771,055
Balance at the end of the year (B)	293,544,443	15,000,000	308,544,443
Total held to maturity investments (A+B)	293,544,443	40,000,000	333,544,443

	31 December 2021 (Audited)		
	Quoted SR	Unquoted SR	Total SR
Reinsurance operations			
At the beginning of the year	--	--	--
Purchases	--	25,000,000	25,000,000
Balance at the end of the year (A)	--	25,000,000	25,000,000

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
9. HELD-TO-MATURITY INVESTMENTS (CONTINUED)

<i>Shareholders' operations</i>	Quoted SR	Unquoted SR	Total SR
At the beginning of the year	169,022,721	15,000,000	184,022,721
Purchases	85,586,537	--	85,586,537
Amortization of discount / (premium), net	3,413,054	--	3,413,054
Balance at the end of the year (B)	258,022,312	15,000,000	273,022,312
Total held to maturity investments (A+B)	258,022,312	40,000,000	298,022,312

10. UNEARNED PREMIUM - NET

	31 March 2022 (Unaudited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	648,869,489	(67,952,509)	580,916,980
Premiums written during the period	598,622,290	(12,344,268)	586,278,022
Premium earned	(303,648,077)	29,857,491	(273,790,586)
Changes in unearned premiums	294,974,213	17,513,223	312,487,436
Closing balance	943,843,702	(50,439,286)	893,404,416
	31 December 2021 (Audited)		
	Gross SR	Retroceded share SR	Net SR
Opening balance	548,541,182	(71,861,774)	476,679,408
Premiums written during the year	1,115,879,700	(156,912,032)	958,967,668
Premiums earned	(1,015,551,393)	160,821,297	(854,730,096)
Changes in unearned premiums	100,328,307	3,909,265	104,237,572
Closing balance	648,869,489	(67,952,509)	580,916,980

11. CLAIMS RESERVES

	31 March 2022 (Unaudited)	31 December 2021 (Audited)
Reinsurance operations		
Outstanding claims	730,362,815	782,990,731
Claims incurred but not reported	498,388,244	427,396,736
	<u>1,228,751,059</u>	<u>1,210,387,467</u>
Less:		
- Retroceded share of outstanding claims	105,976,194	149,332,878
- Retroceded share of claims incurred but not reported	41,442,452	38,033,087
	<u>147,418,646</u>	<u>187,365,965</u>
Net outstanding claims reserves	<u>1,081,332,413</u>	<u>1,023,021,502</u>

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)****For the three month period ended 31 March 2022****12. SHARE CAPITAL**

The authorized, issued and paid up capital of the Company was SR 891 million at 31 March 2022 (31 December 2021: SR 891 million) consisting of 89.1 million shares (31 December 2021: 89.1 million shares) of SR 10 each.

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

	31 March 2022 (Unaudited)		
	Authorized and issued	Paid up	
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	4,455,000	10	44,550,000
Others	84,645,000	10	846,450,000
	89,100,000	10	891,000,000

	31 December 2021 (Audited)		
	Authorized and issued	Paid up	
	No. of Shares	Value per share	SR
Ahmed Hamad Algosaibi Brothers Co.	4,455,000	10	44,550,000
Others	84,645,000	10	846,450,000
	89,100,000	10	891,000,000

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 reported financial period.

The Company's Board of Directors recommended, at their meeting on 30 March 2021, that the Company's ordinary share capital be increased from SR 810 million to SR 891 million, a 10% increase, by issuing bonus shares at the rate of one share to every ten shares held. On 14 July 2021, the Company got approval from the extra ordinary general meeting to increase its share capital. The Company has utilized SR 81 million of its retained earnings for this purpose.

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For the three month period ended 31 March 2022

13. PROVISION FOR ZAKAT AND TAX

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

	31 March 2022 (Unaudited)		31 December 2021 (Audited)	
	SR	%	SR	%
Saudi Shareholders	839,945,700	94.27%	834,243,300	93.63%
GCC Shareholders	13,632,300	1.53%	17,285,400	1.94%
GCC Shareholders and general public	853,578,000	95.8%	851,528,700	95.57%
Non-GCC Shareholders	37,422,000	4.2%	39,471,300	4.43%
Total	891,000,000	100%	891,000,000	100%

As of 31 March 2022, the authorized, issued and fully paid-up share capital of the Company consists of 89.1 million shares of SR 10 each (31 December 2021: 89.1 million shares of SR 10 each). The Company's zakat and tax calculations and corresponding accruals and payments of zakat and tax are based on the above 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 2022 (Unaudited)	31 December 2021 (Audited)
Provision for zakat	18,578,293	14,955,365
Provision for tax	318,415	310,870
	18,896,708	15,266,235

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

	31 March 2022 SR (Unaudited)	31 March 2021 SR (Unaudited)
Zakat charge for the period	3,622,928	3,319,620
Tax charge for the period	7,545	29,026
	3,630,473	3,348,646

The Company has recorded zakat and tax provision based on the circular No. 12746/16/1438H (18 January 2017) issued by the Zakat, Tax, and Customs Authority (ZATCA), 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 99.6% and 0.4% respectively as at 31 March 2022 and 99.6% and 0.4% as at 31 December 2021.

Status of assessment

The Company has filed its tax / Zakat returns for the year ended 31 December 2020 and obtained the final Zakat certificate up to 2020. However, it is Zakat, Tax, and Customs Authority (ZATCA)'s discretion to issue further assessments for 2019 and 2020.

In October 2021, the ZATCA has issued assessments for the years 2019 and 2020 with additional zakat and income tax liability amounting to SR 3.1 million and SR 4.2 million, respectively. The company filed an appeal with General Secretariat of Tax Committees ("GSTC") against this additional amount. The Company's management believes that there is a strong case against this additional assessment since the company's position on this item is strongly supported by the zakat regulations.

Status of VAT assessment

Other assets include payment made by the Company in relation to VAT assessment raised by Zakat, Tax and Customs Authority (ZATCA) for 2018 and 2019 financial years amounting to SR 35 million (2021: SR 35 million). The ZATCA accepted the Company's objection regarding local and standard rated purchases and refunded the full amount of SR 3.5 million in early 2021 and rejected the objection for remaining amount. The Company has filed an appeal with General Secretariat of Tax Committees ("GSTC") against the ZATCA's rejection decision. ZATCA filed a counter-reply to the

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For the three month period ended 31 March 2022

13. PROVISION FOR ZAKAT AND TAX (CONTINUED)

Company's appeal with GSTC in April 2021. The Company has filed a counter reply to ZATCA's counter claim. Simultaneously, an appeal to the Alternative Dispute Resolution Committee "(ADRC)" has also been filed to present the Company's perspective to ADRC. Following ADRC's rejection, the company is continuing with the appeal with GSTC. The Company's management and its tax advisors believe that there is a strong case that the ZATCA's assessment will be reversed, and the full amount will be refunded in due course.

14. 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.

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. 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.

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.

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

Related party	Nature of transactions	Amount of transactions for the three-month period ended		Balance as at	
		31 March 2022 (Unaudited) SR	31 March 2021 (Unaudited) SR	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Board of Directors	- Consulting fees	30,341	47,672	--	--
	- Remunerations, meetings fees and expenses	741,990	812,500	3,423,750	2,779,999
Key management Personnel	- Short term benefits	4,421,355	4,601,216	750,342	2,218,808
	- End of service benefits	148,677	125,794	5,102,095	4,953,418
Associate	- Gross written premiums	207,454,908	194,047,529	382,961,336	237,471,914
	- Net premium earned	60,199,698	42,187,946	--	--
	- Net claims incurred	29,947,552	20,188,003	124,302,665	94,355,113
	- Policy acquisition cost	21,474,407	16,440,993	--	--

Saudi Reinsurance Company (A Saudi Joint Stock Company)**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)**

For the three month period ended 31 March 2022

15. INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

Shareholders' operations	31 March 2022 (Unaudited) SR	31 December 2021 (Audited) SR
Balance at the beginning of the period / year	142,000,373	120,141,077
Share of profit of equity accounted investee for the period / year	7,077,900	18,657,921
Company's share of Other comprehensive income - Impact of foreign currency exchange for the period / year	(1,057)	(1,429,969)
Share of capital contribution of investment in equity accounted investee	--	4,631,344
Balance at the end of the period / year	149,077,216	142,000,373

The Company, on 6 October 2017, acquired 49.9% of the ordinary shares of Probitas Holdings (Bermuda) Limited ("PHBL"). The Company has accounted for this investment as an associate (equity accounted investee). PHBL operates in insurance and reinsurance businesses including Lloyds market in London, United Kingdom.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

16. 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.

16.1 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
For the three-month period ended 31 March 2022 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	37,137,688	128,226,892	33,024,281	57,222,266	21,091,727	5,091,818	38,873,899	207,454,908	70,498,811	598,622,290
Retroceded premiums	755,954	(6,979,344)	(823)	--	139,980	--	--	--	(307,563)	(6,391,796)
Excess of loss expenses	(1,319,036)	(1,957,798)	(262,385)	(9,898)	(114,721)	(265,645)	--	--	(2,022,989)	(5,952,472)
Net written premiums	36,574,606	119,289,750	32,761,073	57,212,368	21,116,986	4,826,173	38,873,899	207,454,908	68,168,259	586,278,022
Changes in unearned premiums, net	(16,962,407)	(51,851,760)	(16,676,561)	(30,925,612)	(10,074,514)	(1,158,163)	556,029	(147,255,210)	(38,139,238)	(312,487,436)
Net earned premiums	19,612,199	67,437,990	16,084,512	26,286,756	11,042,472	3,668,010	39,429,928	60,199,698	30,029,021	273,790,586
Retrocession commissions	1,808,319	1,022,422	232,621	--	(770,767)	(3,912)	--	--	1,460,657	3,749,340
<u>TOTAL REVENUES</u>	21,420,518	68,460,412	16,317,133	26,286,756	10,271,705	3,664,098	39,429,928	60,199,698	31,489,678	277,539,926
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(9,245,793)	(33,928,177)	(48,774,016)	(6,731,462)	(9,768,628)	(16,076,089)	(19,258,535)	--	(13,026,404)	(156,809,104)
Retroceded share of claims paid	336,433	573,860	35,466,932	--	3,570,923	--	--	--	--	39,948,148
Net claims paid	(8,909,360)	(33,354,317)	(13,307,084)	(6,731,462)	(6,197,705)	(16,076,089)	(19,258,535)	--	(13,026,404)	(116,860,956)
Changes in outstanding claims, net	3,656,261	199,778	2,871,898	1,761,870	2,869,016	(317,987)	(3,588,453)	--	1,818,849	9,271,232
Changes in Incurred but not reported claims, net	(162,313)	(9,268,506)	(2,955,393)	(11,188,233)	(3,166,133)	11,837,268	(13,916,903)	(29,947,552)	(8,814,378)	(67,582,143)
Net claims incurred	(5,415,412)	(42,423,045)	(13,390,579)	(16,157,825)	(6,494,822)	(4,556,808)	(36,763,891)	(29,947,552)	(20,021,933)	(175,171,867)
Policy acquisition costs and profit commissions	(6,479,007)	(20,402,723)	(5,175,161)	(2,796,256)	(4,506,746)	99,946	(498,366)	(21,474,423)	(7,479,237)	(68,711,973)
Other underwriting expenses	(102,206)	(371,161)	(120,628)	(131,483)	(73,038)	(19,688)	(197,150)	(278,903)	(183,032)	(1,477,289)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(11,996,625)	(63,196,929)	(18,686,368)	(19,085,564)	(11,074,606)	(4,476,550)	(37,459,407)	(51,700,878)	(27,684,202)	(245,361,129)
NET UNDERWRITING INCOME / (LOSS)	9,423,893	5,263,483	(2,369,235)	7,201,192	(802,901)	(812,452)	1,970,521	8,498,820	3,805,476	32,178,797

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

16 SEGMENTAL INFORMATION (CONTINUED)

16.1 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 2021 (Unaudited)										
<u>REVENUES</u>										
Gross written premiums	41,134,983	119,555,262	44,201,094	95,903,204	40,529,304	37,584,719	182,215,015	192,923,898	80,236,537	834,284,016
Retroceded premiums	(6,658,249)	(7,528,921)	(2,865,000)	-	(16,745,671)	-	-	-	14,623	(33,783,218)
Excess of loss expenses	(613,833)	(4,836,938)	(303,343)	97,896	(56,149)	(157,530)	-	-	(2,255,175)	(8,125,072)
Net written premiums	33,862,901	107,189,403	41,032,751	96,001,100	23,727,484	37,427,189	182,215,015	192,923,898	77,995,985	792,375,726
Changes in unearned premiums, net	(21,372,762)	(64,954,393)	(26,693,958)	(83,598,402)	(16,073,263)	(20,408,483)	(166,635,865)	(151,859,582)	(45,307,462)	(596,904,170)
Net earned premiums	12,490,139	42,235,010	14,338,793	12,402,698	7,654,221	17,018,706	15,579,150	41,064,316	32,688,523	195,471,556
Retrocession commissions	550,517	772,301	301,127	-	920,722	1,719	-	-	1,256,479	3,802,865
<u>TOTAL REVENUES</u>	13,040,656	43,007,311	14,639,920	12,402,698	8,574,943	17,020,425	15,579,150	41,064,316	33,945,002	199,274,421
<u>UNDERWRITING COSTS AND EXPENSES</u>										
Gross claims paid	(6,293,865)	(22,910,964)	(28,920,554)	(3,124,369)	(2,463,719)	(15,078,095)	(9,112,847)	-	(13,148,214)	(101,052,627)
Retroceded share of claims paid	82,702	225,387	23,062,168	-	49,518	-	-	-	3,451,067	26,870,842
Net claims paid	(6,211,163)	(22,685,577)	(5,858,386)	(3,124,369)	(2,414,201)	(15,078,095)	(9,112,847)	-	(9,697,147)	(74,181,785)
Changes in outstanding claims, net	(1,805,951)	(1,245,510)	(6,600,504)	(2,692,244)	(1,198,998)	(3,241,523)	247,260	-	3,812,563	(12,724,907)
Changes in Incurred but not reported claims, net	9,853,777	910,817	(4,464,603)	(6,143,469)	(1,415,157)	(1,395,173)	(7,479,882)	(20,294,270)	(4,102,964)	(34,530,924)
Net claims incurred	1,836,663	(23,020,270)	(16,923,493)	(11,960,082)	(5,028,356)	(19,714,791)	(16,345,469)	(20,294,270)	(9,987,548)	(121,437,616)
Policy acquisition costs and profit commissions	(5,586,218)	(13,793,614)	(4,236,083)	(962,373)	(2,988,338)	(558,968)	(425,484)	(14,998,651)	(7,432,354)	(50,982,083)
Other underwriting expenses	(71,543)	(258,904)	(125,350)	(61,524)	(59,610)	(85,863)	(77,896)	(209,279)	(527,164)	(1,477,133)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(3,821,098)	(37,072,788)	(21,284,926)	(12,983,979)	(8,076,304)	(20,359,622)	(16,848,849)	(35,502,200)	(17,947,066)	(173,896,832)
<u>NET UNDERWRITING INCOME / (LOSS)</u>	9,219,558	5,934,523	(6,645,006)	(581,281)	498,639	(3,339,197)	(1,269,699)	5,562,116	15,997,936	25,377,589

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

16. SEGMENTAL INFORMATION (CONTINUED)

16.1 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 March 2022 (Unaudited)												
<u>ASSETS</u>												
Bank balances and cash	--	--	--	--	--	--	--	--	--	52,227,485	176,515,915	228,743,400
Time deposits	--	--	--	--	--	--	--	--	--	138,818,411	164,753,674	303,572,085
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	676,587	2,722,333	3,398,920
Reinsurance premium receivables, net	34,844,234	93,201,212	36,083,097	28,984,083	17,272,749	15,232,176	13,669,027	(20,196)	103,829,330	(50,652,474)	--	292,443,238
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	282,532,345	266,965,844	549,498,189
Accrued special commission income from bonds and sukuk and held to maturity investments	--	--	--	--	--	--	--	--	--	189,922	4,796,664	4,986,586
Accrued reinsurance premiums	115,457,083	136,531,775	43,823,355	85,141,525	25,345,829	12,881,066	38,943,168	380,644,208	70,823,581	--	--	909,591,590
Retrocession balances receivable	--	--	--	--	--	--	--	--	--	16,256,068	--	16,256,068
Retroceded share of unearned premiums	28,693,227	8,843,337	--	--	4,344,082	--	--	--	8,558,640	--	--	50,439,286
Deferred excess of loss premiums	1,301,658	1,965,245	260,526	--	114,721	64,000	--	--	2,456,848	--	--	6,162,998
Retroceded share of outstanding claims	4,554,691	46,676,508	13,328,638	11,407	2,010,801	115,021	--	--	39,279,128	--	--	105,976,194
Retroceded share of claims incurred but not reported	3,679,644	5,917,449	8,099,461	126,142	11,340,194	--	--	--	12,279,562	--	--	41,442,452
Deferred policy acquisition costs	40,425,529	56,481,712	14,369,017	9,266,428	10,120,520	919,241	1,994,908	105,018,379	13,096,495	--	--	251,692,229
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	25,000,000	308,544,443	333,544,443
Prepaid expenses, deposits and other assets	--	--	--	--	--	--	--	--	--	31,788,662	38,439,099	70,227,761
Property and equipment, net	--	--	--	--	--	--	--	--	--	8,329,796	28,415,188	36,744,984
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	149,077,216	149,077,216
Statutory deposit	--	--	--	--	--	--	--	--	--	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	21,481,877	21,481,877
TOTAL ASSETS	228,956,066	349,617,238	115,964,094	123,529,585	70,548,896	29,211,504	54,607,103	485,642,391	250,323,584	505,166,802	1,250,812,253	3,464,379,516

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

16. SEGMENTAL INFORMATION (CONTINUED)

16.1 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 March 2022 (Unaudited)												
<u>LIABILITIES</u>												
Accounts payable	509,361	(390,260)	949,436	(492,559)	879,277	3,569,338	--	--	479,197	26,057,700	--	31,561,490
Margin loan payable	--	--	--	--	--	--	--	--	--	--	56,797,019	56,797,019
Retrocession balances payable	--	--	--	--	--	--	--	--	--	79,418,366	--	79,418,366
Accrued retroceded premiums	15,794,499	6,217,495	480,428	18,075	5,566,026	--	--	--	4,831,725	--	--	32,908,248
Unearned premiums	150,999,318	188,734,565	44,967,437	75,488,675	33,538,357	8,355,118	61,070,557	306,053,521	74,636,154	--	--	943,843,702
Outstanding claims	77,625,853	289,941,856	58,025,919	63,205,986	37,981,488	34,633,389	15,734,223	--	153,214,101	--	--	730,362,815
Claims incurred but not reported	30,630,408	69,450,983	28,943,670	73,017,667	29,802,468	19,476,916	52,276,307	140,693,977	54,095,848	--	--	498,388,244
Unearned retrocession commission	5,862,901	5,876,494	55,884	--	510,803	--	--	--	1,348,924	--	--	13,655,006
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	25,394,837	5,064,467	30,459,304
Employees' end of service benefits	--	--	--	--	--	--	--	--	--	12,460,801	--	12,460,801
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	18,896,708	18,896,708
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	21,481,877	21,481,877
TOTAL LIABILITIES	281,422,340	559,831,133	133,422,774	211,237,844	108,278,419	66,034,761	129,081,087	446,747,498	288,605,949	143,331,704	102,240,071	2,470,233,580

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

16. SEGMENTAL INFORMATION (CONTINUED)

16.1 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 2021												
ASSETS												
Bank balances and cash	--	--	--	--	--	--	--	--	--	21,868,099	5,939,195	27,807,294
Time deposits	--	--	--	--	--	--	--	--	--	94,818,411	148,563,674	243,382,085
Accrued special commission income from time deposits	--	--	--	--	--	--	--	--	--	310,793	1,999,309	2,310,102
Reinsurance premium receivables, net	41,366,870	96,918,844	46,284,895	18,017,737	15,800,199	1,723,276	3,876,580	(25,781)	89,788,485	(71,521,512)	--	242,229,593
Investments held at fair value through income statement	--	--	--	--	--	--	--	--	--	440,425,260	363,159,336	803,584,596
Accrued special commission income from bonds and sukuk	--	--	--	--	--	--	--	--	--	38,656	6,771,817	6,810,473
Accrued reinsurance premiums	105,677,340	108,374,894	33,826,883	53,022,556	22,883,717	13,702,792	45,054,129	237,471,914	60,455,675	--	--	680,469,900
Retrocession balances receivable	--	--	--	--	--	--	--	--	--	13,063,654	--	13,063,654
Retroceded share of unearned premiums	30,500,290	6,669,821	7,777,816	--	8,008,958	--	--	--	14,995,624	--	--	67,952,509
Deferred excess of loss premiums	2,604,242	3,780,205	521,052	--	229,443	--	--	--	4,914,620	--	--	12,049,562
Retroceded share of outstanding claims	5,284,241	47,243,124	60,865,121	11,407	1,942,217	115,401	--	--	33,871,367	--	--	149,332,878
Retroceded share of claims incurred but not reported	4,136,972	5,009,015	9,645,614	73,447	10,648,504	589	--	--	8,518,946	--	--	38,033,087
Deferred policy acquisition costs	34,647,661	37,979,355	8,721,042	6,314,641	7,011,343	1,569,470	848,551	63,795,566	7,710,518	--	--	168,598,147
Held-to-maturity investments	--	--	--	--	--	--	--	--	--	25,000,000	273,022,312	298,022,312
Prepaid expenses, deposits, and other assets	--	--	--	--	--	--	--	--	--	36,197,619	38,406,725	74,604,344
Property and equipment, net	--	--	--	--	--	--	--	--	--	8,469,458	28,686,369	37,155,827
Investment in an equity accounted investee	--	--	--	--	--	--	--	--	--	--	142,000,373	142,000,373
Statutory deposit	--	--	--	--	--	--	--	--	--	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	--	--	--	--	--	--	--	--	--	20,962,172	20,962,172
TOTAL ASSETS	224,217,616	305,975,258	167,642,423	77,439,788	66,524,381	17,111,528	49,779,260	301,241,699	220,255,235	568,670,438	1,118,611,282	3,117,468,908

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

16 SEGMENTAL INFORMATION (CONTINUED)

16.1 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 2021												
LIABILITIES												
Accounts payable	(2,402,998)	(5,480,151)	(189,941)	607,997	(295,287)	(1,109,145)	3,837,700	--	2,187,151	46,886,584	--	44,041,910
Margin loan payable	--	--	--	--	--	--	--	--	--	--	56,797,019	56,797,019
Retrocession balances payable	--	--	--	--	--	--	--	--	--	48,771,678	--	48,771,678
Accrued retroceded premiums	17,245,105	6,332,442	477,941	8,178	6,411,808	--	--	--	5,016,486	--	--	35,491,960
Unearned premiums	135,842,331	134,785,593	36,068,692	44,563,063	27,054,147	7,196,955	61,626,586	158,798,311	42,933,811	--	--	648,869,489
Outstanding claims	82,011,664	290,708,249	108,434,299	64,967,856	40,781,920	34,315,782	12,145,770	--	149,625,191	--	--	782,990,731
Claims incurred but not reported	30,925,423	59,273,989	27,534,429	61,776,738	25,944,645	31,314,773	38,359,404	110,746,426	41,520,909	--	--	427,396,736
Unearned retrocession commission	6,136,038	7,288,550	295,709	--	1,004,740	--	--	--	2,424,592	--	--	17,149,629
Accrued expenses and other liabilities	--	--	--	--	--	--	--	--	--	25,495,048	4,402,178	29,897,226
Employees' end of service benefits	--	--	--	--	--	--	--	--	--	12,288,391	--	12,288,391
Provision for zakat and tax	--	--	--	--	--	--	--	--	--	--	15,266,235	15,266,235
Accrued commission income payable to SAMA	--	--	--	--	--	--	--	--	--	--	20,962,172	20,962,172
TOTAL LIABILITIES	269,757,563	492,908,672	172,621,129	171,923,832	100,901,973	71,718,365	115,969,460	269,544,737	243,708,140	133,441,701	97,427,604	2,139,923,176

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
16. SEGMENTAL INFORMATION (CONTINUED)
16.2 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 2022 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	176,949,749	79,499,439	27,917,190	106,694,376	207,561,536	598,622,290
Retroceded premiums	(6,530,894)	1,210	145	137,743	--	(6,391,796)
Excess of loss expenses	(1,601,037)	(1,122,027)	(828,434)	(2,389,824)	(11,150)	(5,952,472)
Net written premiums	168,817,818	78,378,622	27,088,901	104,442,295	207,550,386	586,278,022
Changes in unearned premiums, net	(75,391,141)	(44,612,869)	(19,462,746)	(25,782,484)	(147,238,196)	(312,487,436)
Net earned premiums	93,426,677	33,765,753	7,626,155	78,659,811	60,312,190	273,790,586
Retrocession commissions	4,554,157	--	--	(804,817)	--	3,749,340
<u>TOTAL REVENUES</u>	97,980,834	33,765,753	7,626,155	77,854,994	60,312,190	277,539,926
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(78,136,944)	(19,200,639)	(5,954,057)	(53,517,464)	--	(156,809,104)
Retroceded share of claims paid	36,377,287	--	--	3,570,861	--	39,948,148
Net claims paid	(41,759,657)	(19,200,639)	(5,954,057)	(49,946,603)	--	(116,860,956)
Changes in outstanding claims, net	6,065,564	2,123,802	2,511,307	(1,567,938)	138,497	9,271,232
Changes in Incurred but not reported claims, net	(22,110,772)	(8,233,728)	(2,926,594)	(4,362,580)	(29,948,469)	(67,582,143)
Net claims incurred	(57,804,865)	(25,310,565)	(6,369,344)	(55,877,121)	(29,809,972)	(175,171,867)
Policy acquisition costs and profit commissions	(13,912,956)	(9,017,570)	(1,737,579)	(22,539,855)	(21,504,013)	(68,711,973)
Other underwriting expenses	(668,446)	(111,923)	(17,048)	(400,351)	(279,521)	(1,477,289)
<u>TOTAL UNDERWRITING COSTS AND EXPENSES</u>	(72,386,267)	(34,440,058)	(8,123,971)	(78,817,327)	(51,593,506)	(245,361,129)
NET UNDERWRITING INCOME / (LOSS)	25,594,567	(674,305)	(497,816)	(962,333)	8,718,684	32,178,797

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
16. SEGMENTAL INFORMATION (CONTINUED)
16.2 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 2021 (Unaudited)						
Reinsurance operations' results						
<u>REVENUES</u>						
Gross written premiums	371,814,813	53,204,716	27,389,284	187,749,716	194,125,487	834,284,016
Retroceded premiums	(17,631,393)	15,387	--	(16,167,212)	--	(33,783,218)
Excess of loss expenses	(2,037,905)	(4,287,368)	(282,379)	(1,513,921)	(3,499)	(8,125,072)
Net written premiums	352,145,515	48,932,735	27,106,905	170,068,583	194,121,988	792,375,726
Changes in unearned premiums, net	(293,390,326)	(31,484,844)	(18,718,593)	(100,488,834)	(152,821,573)	(596,904,170)
Net earned premiums	58,755,189	17,447,891	8,388,312	69,579,749	41,300,415	195,471,556
Retrocession commissions	2,943,784	13,672	44	845,365	--	3,802,865
TOTAL REVENUES	61,698,973	17,461,563	8,388,356	70,425,114	41,300,415	199,274,421
<u>UNDERWRITING COSTS AND EXPENSES</u>						
Gross claims paid	(45,725,304)	(10,856,411)	(3,738,196)	(40,317,559)	(415,157)	(101,052,627)
Retroceded share of claims paid	26,805,835	15,488	--	49,519	--	26,870,842
Net claims paid	(18,919,469)	(10,840,923)	(3,738,196)	(40,268,040)	(415,157)	(74,181,785)
Changes in outstanding claims, net	(6,605,370)	2,557,614	(63,073)	(8,706,759)	92,681	(12,724,907)
Changes in Incurred but not reported claims, net	(6,866,842)	(2,010,864)	(2,105,480)	(3,262,676)	(20,285,062)	(34,530,924)
Net claims incurred	(32,391,681)	(10,294,173)	(5,906,749)	(52,237,475)	(20,607,538)	(121,437,616)
Policy acquisition costs and profit commissions	(10,654,603)	(5,326,633)	(1,982,962)	(18,029,477)	(14,988,408)	(50,982,083)
Other underwriting expenses	(463,276)	(129,108)	(64,670)	(604,636)	(215,443)	(1,477,133)
TOTAL UNDERWRITING COSTS AND EXPENSES	(43,509,560)	(15,749,914)	(7,954,381)	(70,871,588)	(35,811,389)	(173,896,832)
NET UNDERWRITING INCOME / (LOSS)	18,189,413	1,711,649	433,975	(446,474)	5,489,026	25,377,589

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
16 SEGMENTAL INFORMATION (CONTINUED)
16.2 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 March 2022								
(Unaudited)								
ASSETS								
Bank balances and cash	48,677,645	--	--	3,549,840	--	--	176,515,915	228,743,400
Time deposits	138,818,411	--	--	--	--	--	164,753,674	303,572,085
Accrued special commission income from time deposits	676,587	--	--	--	--	--	2,722,333	3,398,920
Reinsurance premium receivables, net	109,603,145	59,211,338	42,128,419	51,527,058	1,754,407	28,218,871	--	292,443,238
Investments held at fair value through income statement	190,081,977	--	--	--	92,450,368	--	266,965,844	549,498,189
Accrued special commission income from bonds, sukuk and held-to-maturity investments	189,922	--	--	--	--	--	4,796,664	4,986,586
Accrued reinsurance premiums	269,320,525	82,224,364	31,358,609	144,967,881	381,720,211	--	--	909,591,590
Retrocession balances receivable	--	--	--	--	--	16,256,068	--	16,256,068
Retroceded share of unearned premiums	46,068,927	22,819	3,458	4,344,082	--	--	--	50,439,286
Deferred excess of loss premiums	1,780,093	908,246	564,774	2,909,885	--	--	--	6,162,998
Retroceded share of outstanding claims	50,228,170	41,183,490	4,892,041	9,672,493	--	--	--	105,976,194
Retroceded share of claims incurred but not reported	27,924,894	588,501	154,170	12,767,907	6,980	--	--	41,442,452
Deferred policy acquisition costs	61,620,092	28,559,504	11,238,270	45,227,283	105,047,080	--	--	251,692,229
Held-to-maturity investments	25,000,000	--	--	--	--	--	308,544,443	333,544,443
Prepaid expenses, deposits and other assets	31,788,662	--	--	--	--	--	38,439,099	70,227,761
Property and equipment, net	7,510,255	--	--	819,541	--	--	28,415,188	36,744,984
Investment in an equity accounted investee	--	--	--	--	--	--	149,077,216	149,077,216
Statutory deposit	--	--	--	--	--	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	--	--	--	--	--	21,481,877	21,481,877
TOTAL ASSETS	1,009,289,305	212,698,262	90,339,741	275,785,970	580,979,046	44,474,939	1,250,812,253	3,464,379,516
LIABILITIES								
Accounts payable	4,706,798	15,039,381	5,382,169	1,515,794	--	4,917,348	--	31,561,490
Margin loan payable	--	--	--	--	--	--	56,797,019	56,797,019
Retrocession balances payable	--	--	--	--	--	79,418,366	--	79,418,366
Accrued retroceded premiums	12,443,269	919,910	425,491	8,771,179	58,623	10,289,776	--	32,908,248
Unearned premiums	335,878,249	99,840,525	38,014,406	163,916,885	306,193,637	--	--	943,843,702
Outstanding claims	219,770,374	175,559,522	30,016,485	300,501,964	4,514,470	--	--	730,362,815
Claims incurred but not reported	171,639,145	43,406,699	13,743,099	128,341,088	141,258,213	--	--	498,388,244
Unearned retrocession commission	11,650,827	1,285	378	630,700	--	1,371,816	--	13,655,006
Accrued expenses and other liabilities	--	--	--	--	--	25,394,837	5,064,467	30,459,304
Employees' end of service benefits	12,460,801	--	--	--	--	--	--	12,460,801
Provision for zakat and tax	--	--	--	--	--	--	18,896,708	18,896,708
Accrued commission income payable to SAMA	--	--	--	--	--	--	21,481,877	21,481,877
TOTAL LIABILITIES	768,549,463	334,767,322	87,582,028	603,677,610	452,024,943	121,392,143	102,240,071	2,470,233,580

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
16 SEGMENTAL INFORMATION (CONTINUED)
16.2 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 2021								
ASSETS								
Bank balances and cash	18,318,259	--	--	3,549,840	--	--	5,939,195	27,807,294
Time deposits	94,818,411	--	--	--	--	--	148,563,674	243,382,085
Accrued special commission income from time deposits	310,793	--	--	--	--	--	1,999,309	2,310,102
Reinsurance premium receivables, net	79,686,125	51,950,442	36,879,665	53,267,409	(1,806,914)	22,252,866	--	242,229,593
Investments held at fair value through income statement	440,425,260	--	--	--	--	--	363,159,336	803,584,596
Accrued special commission income from bonds and sukuk	38,656	--	--	--	--	--	6,771,817	6,810,473
Accrued reinsurance premiums	209,729,011	60,420,006	23,154,554	148,699,046	238,467,283	--	--	680,469,900
Retocession balances receivable	--	--	--	--	--	13,063,654	--	13,063,654
Retrocaded share of unearned premiums	59,915,581	24,341	3,629	8,008,958	--	--	--	67,952,509
Deferred excess of loss premiums	3,344,976	1,790,893	1,091,147	5,822,546	--	--	--	12,049,562
Retrocaded share of outstanding claims	91,779,887	41,490,422	4,894,581	11,167,988	--	--	--	149,332,878
Retrocaded share of claims incurred but not reported	25,944,982	402,615	119,681	11,554,182	11,627	--	--	38,033,087
Deferred policy acquisition costs	44,872,892	16,332,718	5,954,437	37,610,154	63,827,946	--	--	168,598,147
Held-To-Maturity investment	25,000,000	--	--	--	--	--	273,022,312	298,022,312
Prepaid expenses, deposits, and other assets	36,197,619	--	--	--	--	--	38,406,725	74,604,344
Property and equipment, net	7,649,917	--	--	819,541	--	--	28,686,369	37,155,827
Investment in an equity accounted investee	--	--	--	--	--	--	142,000,373	142,000,373
Statutory deposit	--	--	--	--	--	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	--	--	--	--	--	20,962,172	20,962,172
TOTAL ASSETS	1,040,654,378	172,411,437	72,097,694	280,499,664	397,877,933	35,316,520	1,118,611,282	3,117,468,908
LIABILITIES								
Accounts payable	5,948,712	15,404,710	4,162,352	2,513,190	26,622	15,986,324	--	44,041,910
Margin payable	--	--	--	--	--	--	56,797,019	56,797,019
Retocession balances payable	--	--	--	--	--	48,771,678	--	48,771,678
Accrued retroceded premiums	14,001,769	720,584	261,125	9,594,559	47,473	10,866,450	--	35,491,960
Unearned premiums	269,850,183	59,802,011	18,539,789	141,722,064	158,955,442	--	--	648,869,489
Outstanding claims	267,297,182	177,990,257	32,618,721	300,431,605	4,652,966	--	--	782,990,731
Claims incurred but not reported	147,302,139	35,279,347	10,736,075	122,764,783	111,314,392	--	--	427,396,736
Unearned retrocession commission	14,459,663	1,359	384	1,083,444	--	1,604,779	--	17,149,629
Accrued expenses and other liabilities	--	--	--	--	--	25,495,048	4,402,178	29,897,226
Employees' end of service benefits	12,288,391	--	--	--	--	--	--	12,288,391
Provision for zakat and tax	--	--	--	--	--	--	15,266,235	15,266,235
Accrued commission income payable to SAMA	--	--	--	--	--	--	20,962,172	20,962,172
TOTAL LIABILITIES	731,148,039	289,198,268	66,318,446	578,109,645	274,996,895	102,724,279	97,427,604	2,139,923,176

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

17 SUPPLEMENTARY INFORMATION

Interim condensed statement of financial position

	31 March 2022 (Unaudited)			31 December 2021 (Audited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
ASSETS						
Bank balances and cash	52,227,485	176,515,915	228,743,400	21,868,099	5,939,195	27,807,294
Time deposits	138,818,411	164,753,674	303,572,085	94,818,411	148,563,674	243,382,085
Accrued special commission income from time deposits	676,587	2,722,333	3,398,920	310,793	1,999,309	2,310,102
Reinsurance premium receivables, net	292,443,238	--	292,443,238	242,229,593	--	242,229,593
Investments held at fair value through income statement	282,532,345	266,965,844	549,498,189	440,425,260	363,159,336	803,584,596
Accrued special commission income from bonds, and sukuk	189,922	4,796,664	4,986,586	38,656	6,771,817	6,810,473
Accrued reinsurance premiums	909,591,590	--	909,591,590	680,469,900	--	680,469,900
Retrocession balances receivable	16,256,068	--	16,256,068	13,063,654	--	13,063,654
Retroceded share of unearned premiums	50,439,286	--	50,439,286	67,952,509	--	67,952,509
Deferred excess of loss premiums	6,162,998	--	6,162,998	12,049,562	--	12,049,562
Retroceded share of outstanding claims	105,976,194	--	105,976,194	149,332,878	--	149,332,878
Retroceded share of claims incurred but not reported	41,442,452	--	41,442,452	38,033,087	--	38,033,087
Deferred policy acquisition costs	251,692,229	--	251,692,229	168,598,147	--	168,598,147
Held-to-maturity investments	25,000,000	308,544,443	333,544,443	25,000,000	273,022,312	298,022,312
Prepaid expenses, deposits and other assets	31,788,662	38,439,099	70,227,761	36,197,619	38,406,725	74,604,344
Property and equipment, net	8,329,796	28,415,188	36,744,984	8,469,458	28,686,369	37,155,827
Investment in an equity accounted investee	--	149,077,216	149,077,216	--	142,000,373	142,000,373
Statutory deposit	--	89,100,000	89,100,000	--	89,100,000	89,100,000
Accrued income on statutory deposit	--	21,481,877	21,481,877	--	20,962,172	20,962,172
Due from shareholders' operations*	165,882,811	--	165,882,811	53,698,938	--	53,698,938
TOTAL ASSETS	2,379,450,074	1,250,812,253	3,630,262,327	2,052,556,564	1,118,611,282	3,171,167,846
LIABILITIES						
Accounts payable	31,561,490	--	31,561,490	44,041,910	--	44,041,910
Margin loan payable	--	56,797,019	56,797,019	--	56,797,019	56,797,019
Retrocession balances payable	79,418,366	--	79,418,366	48,771,678	--	48,771,678
Accrued retroceded premiums	32,908,248	--	32,908,248	35,491,960	--	35,491,960
Unearned premiums	943,843,702	--	943,843,702	648,869,489	--	648,869,489
Outstanding claims	730,362,815	--	730,362,815	782,990,731	--	782,990,731
Claims incurred but not reported	498,388,244	--	498,388,244	427,396,736	--	427,396,736
Unearned retrocession commission	13,655,006	--	13,655,006	17,149,629	--	17,149,629
Accrued expenses and other liabilities	25,394,837	5,064,467	30,459,304	25,495,048	4,402,178	29,897,226
Employees' end of service benefits	12,460,801	--	12,460,801	12,288,391	--	12,288,391
Provision for zakat and tax	--	18,896,708	18,896,708	--	15,266,235	15,266,235
Accrued commission income payable to SAMA	--	21,481,877	21,481,877	--	20,962,172	20,962,172
Accumulated surplus	14,945,148	--	14,945,148	13,549,575	--	13,549,575
Due to reinsurance operations*	--	165,882,811	165,882,811	--	53,698,938	53,698,938
TOTAL LIABILITIES	2,382,938,657	268,122,882	2,651,061,539	2,056,045,147	151,126,542	2,207,171,689
EQUITY						
Share capital	--	891,000,000	891,000,000	--	891,000,000	891,000,000
Statutory reserve	--	34,749,555	34,749,555	--	34,749,555	34,749,555
Retained earnings	--	50,700,870	50,700,870	--	35,495,182	35,495,182
Other reserves	(3,488,583)	6,238,946	2,750,363	(3,488,583)	6,240,003	2,751,420
TOTAL EQUITY	(3,488,583)	982,689,371	979,200,788	(3,488,583)	967,484,740	963,996,157
TOTAL LIABILITIES AND EQUITY	2,379,450,074	1,250,812,253	3,630,262,327	2,052,556,564	1,118,611,282	3,171,167,846

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

17 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of income

	For the three months period ended 31 March 2022			For the three month period ended 31 March 2021		
	(Unaudited)			(Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
REVENUES						
Gross written premiums	598,622,290	--	598,622,290	834,284,016	-	834,284,016
Retroceded premiums						
- Local	--	--	--	-	-	-
- Foreign	(6,391,796)	--	(6,391,796)	(33,783,218)	-	(33,783,218)
Excess of loss expenses						
- Local	--	--	--	-	-	-
- Foreign	(5,952,472)	--	(5,952,472)	(8,125,072)	-	(8,125,072)
Net written premiums	586,278,022	--	586,278,022	792,375,726	--	792,375,726
Changes in unearned premiums, net	(312,487,436)	--	(312,487,436)	(596,904,170)	-	(596,904,170)
Net earned premiums	273,790,586	--	273,790,586	195,471,556	--	195,471,556
Retrocession commissions	3,749,340	--	3,749,340	3,802,865	-	3,802,865
TOTAL REVENUES	277,539,926	--	277,539,926	199,274,421	--	199,274,421
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(156,809,104)	--	(156,809,104)	(101,052,627)	--	(101,052,627)
Retroceded share of claims paid	39,948,148	--	39,948,148	26,870,842	--	26,870,842
Net claims paid	(116,860,956)	--	(116,860,956)	(74,181,785)	--	(74,181,785)
Changes in outstanding claims, net	9,271,232	--	9,271,232	(12,724,907)	--	(12,724,907)
Changes in Incurred but not reported claims, net	(67,582,143)	--	(67,582,143)	(34,530,924)	--	(34,530,924)
Net claims incurred	(175,171,867)	--	(175,171,867)	(121,437,616)	--	(121,437,616)
Policy acquisition costs and profit commissions	(68,711,973)	--	(68,711,973)	(50,982,083)	--	(50,982,083)
Other underwriting expenses	(1,477,289)	--	(1,477,289)	(1,477,133)	--	(1,477,133)
TOTAL UNDERWRITING COSTS AND EXPENSES	(245,361,129)	--	(245,361,129)	(173,896,832)	--	(173,896,832)
NET UNDERWRITING INCOME	32,178,797	--	32,178,797	25,377,589	--	25,377,589
OTHER OPERATING (EXPENSES)/ INCOME						
Special commission income from time deposits	365,794	1,232,416	1,598,210	252,044	1,449,166	1,701,210
Realized gains on investments held at fair value through income statement	378,288	1,798,727	2,177,015	78,022	630,812	708,834
Unrealized gains / (losses) on investments held at fair value through income statement	(4,218,102)	(677,482)	(4,895,584)	494,949	(1,041,639)	(546,690)
Special commission income from bonds and sukuk	151,266	3,652,442	3,803,708	--	3,421,154	3,421,154
Special commission expense from margin loan payable	--	(145,454)	(145,454)	--	(93,054)	(93,054)
Dividend income	--	134,035	134,035	--	--	--
Share of profit of equity accounted investee	--	7,077,900	7,077,900	--	4,172,888	4,172,888
Investment management expenses	(887,365)	(277,817)	(1,165,182)	(67,672)	(306,928)	(374,600)
Net investment income	(4,210,119)	12,794,767	8,584,648	757,343	8,232,399	8,989,742
Other income	49,910	(3,295)	46,615	181,031	12,085	193,116
General and administrative expenses	(12,099,379)	(5,773,474)	(17,872,853)	(10,804,486)	(1,790,126)	(12,594,612)
Board of directors' remunerations, meetings fees and expenses	--	(741,990)	(741,990)	--	(812,500)	(812,500)
Foreign exchange translation losses	(1,963,483)	--	(1,963,483)	(22,975)	--	(22,975)
Total income for the period before zakat and tax	13,955,726	6,276,008	20,231,734	15,488,502	5,641,858	21,130,360
Transfer of surplus to shareholders' operations	(12,560,153)	12,560,153	--	(13,939,652)	13,939,652	--
Net income for the period before zakat and tax	1,395,573	18,836,161	20,231,734	1,548,850	19,581,510	21,130,360
Zakat and tax charge for the period	--	(3,630,473)	(3,630,473)	--	(3,348,646)	(3,348,646)
Net income for the period after zakat and tax	1,395,573	15,205,688	16,601,261	1,548,850	16,232,864	17,781,714

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

17 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of comprehensive income

	For the three months period ended 31 March 2022 (Unaudited)			For the three months period ended 31 March 2021 (Unaudited)		
	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
Net income for the period after zakat and tax	1,395,573	15,205,688	16,601,261	1,548,850	16,232,864	17,781,714
<i>Other comprehensive income</i>						
<i>Items that may be classified to income statement subsequently</i>						
Share of foreign currency translation reserve an equity accounted investee	--	(1,057)	(1,057)	--	--	--
Total comprehensive income for the period	1,395,573	15,204,631	16,600,204	1,548,850	16,232,864	17,781,714

Reconciliation:

Less: Net income attributable to reinsurance operations transferred to surplus payable		(1,395,573)				(1,548,850)
Total comprehensive income for the period		15,204,631				16,232,864

Saudi Reinsurance Company (A Saudi Joint Stock Company)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
For the three month period ended 31 March 2022
17 SUPPLEMENTARY INFORMATION (CONTINUED)
Interim condensed statement of cash flows

	Reinsurance operations	Shareholders' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the three month period ended 31 March 2022 (Unaudited)			For the three month period ended 31 March 2021 (Unaudited)		
OPERATING ACTIVITIES						
Total income for the period before zakat and tax	1,395,573	18,836,161	20,231,734	1,548,850	19,581,510	21,130,360
<i>Adjustments to reconcile net income for the period to net cash from operating activities:</i>						
Employees' end of service benefits	415,089	--	415,089	370,329	--	370,329
Special commission income from bonds and sukuk	(151,266)	(2,881,387)	(3,032,653)	--	(2,447,028)	(2,447,028)
Special commission in time deposits	(365,794)	(1,232,416)	(1,598,210)	(252,044)	(1,449,166)	(1,701,210)
Special commission expense from margin loans	--	145,454	145,454	--	93,054	93,054
Amortisation of discount and premium on held to maturity investments	--	(771,055)	(771,055)	--	(974,126)	(974,126)
Depreciation of property and equipment	492,173	271,181	763,354	433,231	191,772	625,003
Realized gains on investments held at fair value through income statement	(378,288)	(1,798,727)	(2,177,015)	(78,022)	(630,812)	(708,834)
Unrealized losses / (gains) on investments held at fair value through income statement	4,218,102	677,482	4,895,584	(494,950)	1,041,640	546,690
Share of profit of an equity accounted investee		(7,077,900)	(7,077,900)	--	(4,172,888)	(4,172,888)
Operating income before changes in operating assets and liabilities	5,625,589	6,168,793	11,794,382	1,527,394	11,233,956	12,761,350
Changes in operating assets and liabilities:						
Premiums receivable, gross	(50,213,645)	--	(50,213,645)	9,503,223	--	9,503,223
Accrued reinsurance premiums	(229,121,690)	--	(229,121,690)	(486,413,160)	--	(486,413,160)
Retroceded share of unearned premiums	17,513,223	--	17,513,223	(4,166,331)	--	(4,166,331)
Unearned premiums	294,974,213	--	294,974,213	601,070,501	--	601,070,501
Retroceded share of outstanding claims	43,356,684	--	43,356,684	(13,168,583)	--	(13,168,583)
Retroceded share of claims incurred but not reported	(3,409,365)	--	(3,409,365)	9,983,243	--	9,983,243
Deferred acquisition costs	(83,094,082)	--	(83,094,082)	(131,929,101)	--	(131,929,101)
Deferred excess of loss premiums	5,886,564	--	5,886,564	5,806,069	--	5,806,069
Prepaid expenses, deposits and other assets	4,408,957	(32,374)	4,376,583	(353,596)	3,248,134	2,894,538
Accounts payable	(12,480,420)	--	(12,480,420)	6,238,746	--	6,238,746
Retrocession balances receivable	(3,192,414)	--	(3,192,414)	(63,149,471)	--	(63,149,471)
Retrocession balances payable	30,646,688	--	30,646,688	(2,039,648)	--	(2,039,648)
Accrued retroceded premiums	(2,583,712)	--	(2,583,712)	16,580,294	--	16,580,294
Outstanding claims	(52,627,916)	--	(52,627,916)	25,893,491	--	25,893,491
Claims incurred but not reported	70,991,508	--	70,991,508	24,547,680	--	24,547,680
Unearned commission income	(3,494,623)	--	(3,494,623)	2,765,190	--	2,765,190
Accrued expenses and other liabilities	(100,211)	662,289	562,078	(300,346)	314,736	14,390
Cash generated from operating activities	33,085,348	6,798,708	39,884,056	2,395,595	14,796,826	17,192,421
Zakat and income tax paid	--	--	--	--	--	--
Employees' end of service benefits paid	(242,679)	--	(242,679)	--	--	--
Net cash generated from operating activities	32,842,669	6,798,708	39,641,377	2,395,595	14,796,826	17,192,421

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

17 SUPPLEMENTARY INFORMATION (CONTINUED)

Interim condensed statement of cash flows (continued)

	Reinsurance operations	Shareholder' operations	Total	Reinsurance operations	Shareholders' operations	Total
	For the three-month period ended 31 March 2022 (Unaudited)			For the three-month period ended 31 March 2021 (Unaudited)		
INVESTING ACTIVITIES						
Addition on time deposits	(44,000,000)	(47,000,000)	(91,000,000)	--	(53,442,084)	(53,442,084)
Proceeds from maturity of time deposits	--	30,810,000	30,810,000	10,125,000	52,047,500	62,172,500
Accrued special commission income on time deposits	--	509,392	509,392	573,604	2,570,399	3,144,003
Accrued special commission income from bonds and sukuk	--	4,856,540	4,856,540	--	3,319,226	3,319,226
Purchase of property and equipment	(352,511)	--	(352,511)	(367,984)	(1,261)	(369,245)
Additions in investments held at fair value through income statement	(10,003,761)	(40,816,690)	(50,820,451)	(26,490,898)	(5,796,029)	(32,286,927)
Additions in held-to-maturity investments	--	(58,751,076)	(58,751,076)	--	(15,567,787)	(15,567,787)
Proceeds from disposal/maturity of held-to-maturity investments	--	24,000,000	24,000,000	--	--	--
Proceeds from disposal of investments held at fair value through income statement	164,056,862	138,131,427	302,188,289	13,000,000	5,444,919	18,444,919
Net cash generated from / (used in) investing activities	109,700,590	51,739,593	161,440,183	(3,160,278)	(11,425,117)	(14,585,395)
FINANCING ACTIVITIES						
Due to / from reinsurance / shareholders' operations*	(112,183,873)	112,183,873	--	2,497,707	(2,497,707)	--
Proceeds from margin loans	--	--	--	--	15,728,614	15,728,614
Interest paid on margin loans	--	(145,454)	(145,454)	--	(93,054)	(93,054)
Net cash generated from financing activities	(112,183,873)	112,038,419	(145,454)	2,497,707	13,137,853	15,635,560
INCREASE IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at the beginning of the period	21,868,099	5,939,195	27,807,294	8,034,347	5,122,375	13,156,722
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	52,227,485	176,515,915	228,743,400	9,767,371	21,631,937	31,399,308

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

18 COMMITMENTS AND CONTINGENCIES

a) Legal proceedings and regulations

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

b) Recoverable and Guarantee deposits

The Company has deposited SR 163,282,115 (31 December 2021: 171,976,458) with Lloyd's London as Funds at Lloyd's (FAL) its continued participation in a Lloyds Syndicates and for 2019, 2020 and 2021 underwriting year.

Saudi Reinsurance Company (A Saudi Joint Stock Company)

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

For the three month period ended 31 March 2022

19 BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share for the period ended 31 March 2022 and 2021 is calculated by dividing the net income for the period by 89.10 million shares to give a retrospective effect of change in the number of shares increased as a result of the bonus shares issued in July 2021.

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 RECLASSIFICATION

During the quarter, the Company has reclassified deposits with Lloyd's London from Prepaid expenses, deposits and other assets to Investments held at fair value through income statement. The reclassification was done to conform to the current period presentation and the impact to the overall financial statement's presentation is not material.

The following table shows the impact on each financial statement caption affected by the reclassification:

<u>Financial statement caption</u>	<u>31 December 2021 (before reclassification)</u>	<u>Reclassification</u>	<u>31 December 2021 (after reclassification)</u>
Prepaid expenses, deposits and other assets	246,580,802	(171,976,458)	74,604,344
Investments held at fair value through income statement	631,608,138	171,976,458	803,584,596

22 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements have been approved by the Board of Directors on 18 Shawwal 1443H corresponding to 19 May 2022.