

**PRIVATE AND CONFIDENTIAL**

June 8, 2020

**CHUBB Arabia Cooperative Insurance Company**  
P.O. 31616  
Al-Khobar 31952  
Kingdom of Saudi Arabia

Dear Sirs,

**JOINT REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

We have substantially completed our joint review of the interim condensed financial information of **CHUBB Arabia Cooperative Insurance Company** (the "Company") for the three month period ended March 31, 2020.

This letter sets out that we are presently finalizing our review procedures, and based on the procedures performed to the date of this letter we expect to issue an unqualified review conclusion on the Company's interim condensed financial information as attached in due course, subject to:

- Finalization of our review completion procedures;
- Receipt of approval of the interim condensed financial information for the three month period ended March 31, 2020 by the Company's Board of Directors and Saudi Arabian Monetary Authority ("SAMA"); and
- Receipt of signed management representation letter.

Yours sincerely,

**Deloitte and Touche & Co.**  
Chartered Accountants  
P.O. Box 182  
Dammam 31411  
Kingdom of Saudi Arabia



**Waleed Moh'd Sobahi**  
Certified Public Accountants  
(Licence No. 378)

**Aldar Audit Bureau**  
**Abdullah Al Basri & Co**  
P. O. Box 2195  
Riyadh 11451  
Kingdom of Saudi Arabia

**Abdullah M. Al Basri**  
Certified Public Accountants  
(Licence No. 171)



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

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

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

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

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

To The Shareholders of  
CHUBB Arabia Cooperative Insurance Company  
(A Saudi Joint Stock Company)  
Al Khobar  
Kingdom of Saudi Arabia

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of CHUBB Arabia Cooperative Insurance Company (A Saudi Joint Stock Company) ("the Company") as at March 31, 2020, and the related interim condensed statements of income and comprehensive income, interim condensed statements of changes in equity and cash flows for the three month period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with 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 condensed financial statements 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 of CHUBB Arabia Cooperative Insurance Company are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co  
Chartered Accountants  
P. O. Box 182  
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**Waleed Moh'd Sobahi**  
Certified Public Accountants  
Registration No. 378

**Abdullah M. Al Basri**  
Certified Public Accountants  
License No. 171

Shawwal 19, 1441H  
June 11, 2020G

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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

	Notes	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>			
Cash and cash equivalents	5	155,063,445	105,651,008
Premiums and reinsurance balances receivable, net	6	115,611,009	102,144,942
Reinsurers' share of unearned premiums	16.2	91,780,573	74,196,879
Reinsurers' share of outstanding claims	16.1	45,191,897	37,167,238
Reinsurers' share of claims incurred but not reported	16.1	38,978,923	38,629,609
Deferred policy acquisition costs	16.3	8,600,703	5,323,677
Deferred excess of loss premium		968,566	-
Investments held for trading	17	90,906,936	96,506,696
Investments available-for-sale	17	1,932,078	1,932,078
Prepayments and other assets		17,733,277	16,853,649
Term deposits		94,459,880	132,081,773
Property and equipment		721,796	589,134
Right-of-use-assets		1,887,374	2,156,999
Intangible assets		734,471	799,989
Goodwill	7	43,774,750	43,774,750
Statutory deposit	10	20,000,000	20,000,000
Statutory deposit commission income	10	1,989,701	1,854,812
<b>TOTAL ASSETS</b>		<b>730,335,379</b>	<b>679,663,233</b>

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Board Member

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

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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT MARCH 31, 2020**

	Notes	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)
<b><u>LIABILITIES</u></b>			
Accounts payable		26,875,178	22,146,161
Accrued expenses and other liabilities		10,646,045	11,954,914
Lease liabilities		1,087,109	2,195,455
Reinsurance balances payable	9	66,379,516	64,807,468
Unearned premiums	16.2	136,147,206	101,027,961
Unearned reinsurance commission income		11,298,235	8,851,869
Outstanding claims	16.1	58,439,715	49,002,619
Claims incurred but not reported	16.1	58,947,918	58,267,707
Additional premium reserves	16.1	2,573,710	3,088,645
Other technical reserves	16.1	2,082,392	1,801,064
End-of-service indemnities		8,563,351	8,410,730
Statutory deposit commission income payable	10	1,989,701	1,854,812
Provision for zakat and income tax	13	17,334,463	16,501,196
Accumulated surplus payable	14	4,859,276	9,184,671
<b>TOTAL LIABILITIES</b>		<b>407,223,815</b>	<b>359,095,272</b>
<b><u>EQUITY</u></b>			
Share capital	11	200,000,000	200,000,000
Statutory reserve		32,946,372	32,437,651
Retained earnings		92,011,497	89,976,615
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>324,957,869</b>	<b>322,414,266</b>
Re-measurement reserve of end of service indemnities		<b>(1,846,305)</b>	<b>(1,846,305)</b>
<b>TOTAL EQUITY</b>		<b>323,111,564</b>	<b>320,567,961</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>730,335,379</b>	<b>679,663,233</b>
Commitments and contingencies	12		

Chief Financial Officer

Chief Executive Officer

Board Member

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

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

	Notes	For the three months period ended March 31,	
		2020	2019
<b><u>REVENUES</u></b>			
Gross premiums written	8,15	97,093,387	(Restated) 93,041,271
Less: Reinsurance premiums ceded			
- Local ceded		(2,411,639)	(3,676,852)
- Foreign ceded		(54,287,393)	(41,977,875)
Excess of loss expenses		(1,204,262)	(934,188)
<b>Net premiums written</b>		<b>39,190,093</b>	46,452,356
Changes in unearned premiums		(35,119,245)	(38,270,728)
Changes in reinsurance share of unearned premiums		17,583,694	13,544,300
<b>Net premiums earned</b>		<b>21,654,542</b>	21,725,928
Reinsurance commissions		5,968,493	5,583,086
<b>TOTAL REVENUES</b>		<b>27,623,035</b>	27,309,014
<b><u>UNDERWRITING COSTS AND EXPENSES</u></b>			
Gross claims paid		(7,981,546)	(12,551,647)
Expenses incurred related to claims		(650,439)	(653,411)
Reinsurers' share of claims paid		1,936,289	4,701,311
<b>Net claims and other benefits paid</b>		<b>(6,695,696)</b>	(8,503,747)
Changes in outstanding claims		(9,437,096)	(129,610)
Changes in reinsurance share of outstanding claims		8,024,659	(1,191,699)
Changes in claims incurred but not reported ("IBNR")		(680,211)	7,295,113
Changes in reinsurance share of IBNR		349,314	(2,304,439)
<b>Net claims and other benefits paid</b>		<b>(8,439,030)</b>	(4,834,382)
Changes in additional premium reserves		514,935	(1,500,047)
Changes in other technical reserves		(281,328)	353,775
Policy acquisition costs		(4,035,487)	(3,963,286)
Other underwriting expenses		(805,933)	(843,918)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>		<b>(13,046,843)</b>	(10,787,858)
<b>NET UNDERWRITING INCOME</b>		<b>14,576,192</b>	16,521,156

Chief Financial Officer

Chief Executive Officer

Board Member

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

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

**INTERIM CONDENSED STATEMENT OF INCOME (UNAUDITED) (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

	Notes	For the three months period ended March 31	
		2020	2019 (Restated)
<b><u>OTHER OPERATING (EXPENSES) / INCOME</u></b>			
Reversal / (allowance) for doubtful debts		683,531	(917,921)
General and administrative expenses		(9,133,250)	(8,445,619)
Dividend, interest and commission income		2,262,609	2,225,538
Realized (loss) / gain on disposal of investments held for trading		(60,244)	81,760
Unrealised (losses) / gains on investments held for trading		(5,005,736)	746,926
Other income, net		732,168	409,469
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>(10,520,922)</b>	<b>(5,899,847)</b>
<b>Total income for the period before zakat and income tax &amp; Surplus attribution</b>		<b>4,055,270</b>	<b>10,621,309</b>
Zakat	13	(621,805)	(1,291,966)
Income tax	13	(211,462)	(657,492)
<b>Total income for the period</b>		<b>3,222,003</b>	<b>8,671,851</b>
<b>Total income attributed to insurance operations</b>	20	<b>(678,400)</b>	<b>(986,287)</b>
<b>Net income for the period attributable to the shareholders</b>		<b>2,543,603</b>	<b>7,685,564</b>
<b>Earnings per share (EPS)</b>			
Basic EPS (SR per share)	18	0.13	0.38
<b>Weighted average number of ordinary shares</b>	11	<b>20,000,000</b>	<b>20,000,000</b>

Chief Financial Officer

Chief Executive Officer

Board Member

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



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

**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

	Notes	For the three month period ended March 31	
		2020	2019 (Restated)
<b>Total income for the period</b>		<b>3,222,003</b>	8,671,851
<i>Items that are or may be reclassified to interim condensed statements of income in subsequent periods</i>			
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,222,003</b>	8,671,851
Net comprehensive income attributed to the insurance operations	20	<b>(678,400)</b>	(986,287)
<b>Net comprehensive (loss) / income for the period attributable to the shareholders</b>		<b>2,543,603</b>	7,685,564

\_\_\_\_\_  
Chief Financial Officer

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Chief Executive Officer

\_\_\_\_\_  
Board Member

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

	Share capital SR	Statutory Reserve SR	Retained earnings SR	Total Shareholders' Equity SR	Re-measurement reserve of end-of- service indemnities SR	Total SR
<b>2020</b>						
Balance at January 1, 2020 (Audited)	200,000,000	32,437,651	89,976,615	322,414,266	(1,846,305)	320,567,961
<b>Total comprehensive income for the period:</b>						
Net income for the period attributable to shareholders	-	-	2,543,603	2,543,603	-	2,543,603
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,543,603	2,543,603	-	2,543,603
Transfer to statutory reserves	-	508,721	(508,721)	-	-	-
<b>Balance at March 31, 2020 (Unaudited)</b>	<b>200,000,000</b>	<b>32,946,372</b>	<b>92,011,497</b>	<b>324,957,869</b>	<b>(1,846,305)</b>	<b>323,111,564</b>
<b>2019</b>						
Balance at January 1, 2019 (Audited)	200,000,000	28,207,777	64,861,051	293,068,828	(899,371)	292,169,457
<b>Total comprehensive income for the period:</b>						
Net income for the period attributable to shareholders	-	-	7,685,564	7,685,564	-	7,685,564
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	7,685,564	7,685,564	-	7,685,564
Transfer to statutory reserves	-	1,537,113	(1,537,113)	-	-	-
<b>Balance at March 31, 2019 (Unaudited) (restated)</b>	<b>200,000,000</b>	<b>29,744,890</b>	<b>71,009,502</b>	<b>300,754,392</b>	<b>(899,371)</b>	<b>299,855,021</b>

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Board Member

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

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

	2020 SR	2019 SR
<b>OPERATING ACTIVITIES</b>		
Net income for the period before zakat and income tax	4,055,270	10,621,309
<b><u>Adjustments for non-cash items:</u></b>		
Depreciation of property and equipment	47,338	57,933
Depreciation and amortization right to use Assets	269,625	269,625
Amortization of intangible assets	65,517	54,434
(Reversal) / allowance for doubtful debts	(683,531)	917,921
Unrealized loss / (gain) on investments	5,005,736	(746,926)
Realized loss / (gain) on investment	60,244	(81,760)
interest on finance lease obligation	13,882	20,253
Provision for end-of-service indemnities	353,534	336,898
<b><u>Changes in operating assets and liabilities:</u></b>		
Premiums and reinsurers' receivable	(12,782,536)	(40,906,369)
Reinsurers' share of unearned premiums	(17,583,694)	(13,544,300)
Reinsurers' share of outstanding claims	(8,024,659)	1,191,699
Reinsurers' share of claims incurred but not reported	(349,314)	2,304,439
Deferred policy acquisition costs	(3,277,026)	(3,419,938)
Deferred excess of loss premiums	(968,566)	(934,192)
Prepayments and other assets	(879,628)	(1,556,426)
Accounts payable	4,729,017	3,454,178
Accrued expenses and other liabilities	(1,308,869)	2,814,851
Reinsurance balances payable	1,572,048	6,431,062
Unearned premiums	35,119,245	38,270,728
Unearned reinsurance commission	2,446,366	3,539,384
Outstanding claims	9,437,096	129,610
Claims incurred but not reported	680,211	(7,295,113)
Additional premium reserves	(514,935)	1,500,047
Other technical reserves	281,328	(353,775)
	17,763,699	3,075,572
End-of-service indemnities paid	(200,913)	(232,296)
Surplus paid to policy holders	(5,003,795)	-
<b>Net cash generated from operating activities</b>	<b>12,558,991</b>	<b>2,843,276</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investment held for trading	(16,396,475)	(5,625,002)
Proceeds from disposal of Investment held from trading	16,930,255	10,139,250
Proceeds / (addition) in long term/fixed income deposits	37,621,893	(37,722,093)
Proceeds from sale of property and equipment	(180,000)	(38,265)
Purchase of intangibles assets	-	(89,063)
<b>Net cash generated from / (used in) investing activities</b>	<b>37,975,673</b>	<b>(33,335,173)</b>

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

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

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	<u>2020</u>	<u>2019</u>
<b>FINANCING ACTIVITIES</b>		
Payment under finance lease obligations	<u>(1,122,227)</u>	(1,122,227)
<b>Net cash used in financing activities</b>	<u>(1,122,227)</u>	(1,122,227)
Net change in cash and cash equivalents	<b>49,412,437</b>	(31,614,124)
Cash and cash equivalents, at the beginning of the period	<u><b>105,651,008</b></u>	141,510,319
<b>CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD</b>	<u><b>155,063,445</b></u>	109,896,195

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Chief Financial Officer

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Chief Executive Officer

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Board Member

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

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**1. ORGANIZATION AND PRINCIPAL ACTIVITIES**

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

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

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

On Tuesday February 18, 2020 the Board of Directors of the Company resolve to enter into preliminary discussions with Al Ahli Takaful Company to study the possibility of merging the two companies. The entry into these discussions does not mean that a merger will happen between the two companies, but only that the potential for a mutually beneficial arrangement for both companies’ shareholders is being explored. If a merger discussion is agreed, both companies will sign a non-binding Memorandum of Understanding (the MOU) to evaluate a potential merger between the two companies, but it will still be necessary to obtain official regulatory approvals before completing the merger.

**2. ASSET PURCHASE AGREEMENT AND TRANSFER OF INSURANCE PORTFOLIO**

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

**3. BASIS OF PREPARATION**

**(a) Basis of presentation**

The interim condensed financial statements of the Company as at and for the period ended March 31, 2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia.

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

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

Accordingly, the Company changed its accounting treatment for zakat and income tax by retrospectively adjusting the impact in line with International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors (as disclosed in note 4) and the effects of this change are disclosed in note 13 to the interim condensed financial statements.

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

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**3. BASIS OF PREPARATION (CONTINUED)**

**(a) Basis of presentation (continued)**

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of available-for-sale investments and end-of-service benefits on present value. The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the Company's interim condensed statement of financial position is presented in order of liquidity. Except for property and equipment, intangible assets, statutory deposit, goodwill, accrued income on statutory deposit, held to maturity Sukuk, end-of-service indemnities and accrued commission income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

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

The interim condensed statement of financial position, statements of income and statement of comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in note 20 of the financial statements have been provided to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations require the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

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

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2019.

Amounts in this interim condensed financial statements are expressed in Saudi Arabian Riyals (SR).

**(b) Seasonality of operations**

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

**(c) Critical accounting judgments, estimates and assumptions**

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

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

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

#### **(c) Critical accounting judgments, estimates and assumptions (continued)**

Further, the Company has considered the following:

On 11 March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (“Covid-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. This outbreak has also affected the GCC region including the Kingdom of Saudi Arabia. Governments all over the world took steps to contain the spread of the virus. Saudi Arabia in particular has implemented closure of borders, released social distancing guidelines and enforced country wide lockdowns and curfews.

In response to the spread of the Covid-19 virus in the GCC and other territories where the Company operates and its consequential disruption to the social and economic activities in those markets, the Company’s management has proactively assessed its impacts on its operations and has taken a series of proactive and preventative measures and processes to ensure:

- the health and safety of its employees and the wider community where it is operating
- the continuity of its business throughout the Kingdom is protected and kept intact.

Also refer subsequent event note 21 in relation to SAMA Circular 189 issued on May 8, 2020 in response to the Covid-19 pandemic.

#### **Impact of Covid-19 on financial assets**

##### **Financial assets**

The Company has performed an assessment in accordance with its accounting policy due to the Covid-19 pandemic to determine whether there is objective evidence that a financial asset or group of financial assets are impaired. These include factors such as significant financial difficulties of issuers or debtors, default or delinquency in payments, probability that the issuer or debtor will enter bankruptcy or other financial reorganization, etc. In the case of equities classified under held to maturity and available-for-sale, the Company has performed an assessment to determine whether there is a significant decline in the fair value of financial assets below their cost. Based on these assessments, the Company’s management believes that the Covid-19 pandemic has had no material effects on Company’s reported results for the three month period ended March 31, 2020. The Company’s management continues to monitor the situation closely.

##### **Credit risk management**

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at the granular economic sector, region and counterparty level and the Company has taken appropriate action where required. Based on the review, the Company has identified the certain sectors such as government contracting, airlines, retail sector and hospitality, entertainment, tourism, construction industry as being impacted significantly by the Covid-19 pandemic and lower oil prices.

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**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2019 except as explained below:

**Change in the accounting policy for Zakat and income tax:**

As mentioned above, the basis of preparation has been changed for the period ended March 31, 2020 as a result of the issuance of latest instructions from SAMA dated July 23, 2019. Previously, zakat and income tax were recognized in the statement of changes in equity as per the SAMA circular no 381000074519 dated April 11, 2017. With the latest instructions issued by SAMA dated July 23, 2019, the zakat and income tax shall be recognized in the statement of income. The Company has accounted for this change in the accounting for zakat and income tax retrospectively and the effects of the above change are disclosed in note 13 to the interim condensed financial statements. The change has resulted in reduction of reported income of the Company for the period ended March 31, 2019 by SR 1.9 million. The change has had no impact on the statement of cash flows for the period ended March 31, 2019.

**5. CASH AND CASH EQUIVALENTS**

	<b>Insurance operations</b>	
	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash in hand	<b>20,000</b>	-
Cash at banks		
- Current accounts	<b>20,799,660</b>	14,073,914
- Time deposits	<b>46,518,507</b>	44,436,980
	<b>67,338,167</b>	58,510,894
	<b>Shareholders' operations</b>	
	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash at banks		
- Current accounts	<b>87,725,278</b>	2,607,805
- Time deposits	-	44,532,309
<b>Total</b>	<b>87,725,278</b>	47,140,114
<b>Total cash and cash equivalents</b>	<b>155,063,445</b>	105,651,008



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**6. PREMIUMS AND REINSURERS' RECEIVABLE - NET**

	<b>Insurance operations</b>	
	<b>March 31, 2020 SR (Unaudited)</b>	<b>December 31, 2019 SR (Audited)</b>
Policyholders	<b>33,237,440</b>	25,718,715
Brokers	<b>91,712,724</b>	86,502,724
Receivables from insurance and reinsurance companies	<b>1,500,198</b>	1,567,753
Premiums and reinsurance receivables from related parties	<b>298,107</b>	176,741
	<b>126,748,469</b>	113,965,933
Less: allowance for doubtful debts, net	<b>(11,137,460)</b>	(11,820,991)
Premium and reinsurance receivable, net	<b>115,611,009</b>	102,144,942

**7. GOODWILL**

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

**8. TRANSACTIONS WITH RELATED PARTIES**

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

<i>Related parties</i>	<i>Nature of transactions</i>	<b>For the three-month period ended March 31</b>	
		<b>2020 SR (Unaudited)</b>	<b>2019 SR</b>
Shareholders	Reinsurance premiums ceded	<b>10,059,191</b>	13,679,760
	Reinsurers' share of gross claims	<b>718,852</b>	629,024
	Reinsurance commission income	<b>225,344</b>	2,439,227
Affiliates	Gross written premiums	<b>300,734</b>	461,402
	Rent	<b>321,876</b>	328,963
	Claim expenses	<b>573,456</b>	545,691
	Expenses	-	9,000
Board of Directors	Remuneration	<b>356,250</b>	356,250
	Meeting fee	<b>438,250</b>	398,250
	Expenses	<b>112,047</b>	142,538

- Amounts due from/ due to related parties, pertain to transactions conducted with affiliates.

- Prices and terms of payment for these transactions are approved by the management.

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**8. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

**Remuneration and compensation of BOD Members and Executives**

Key management personnel of the Company include all directors, executive and non-executive, and senior management. The following table shows the salaries, remuneration and allowances obtained by the Board members and key management personnel for the period ended March 31, 2020 and 2019:

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

	<b>BOD members (Executives) SR (Unaudited)</b>	<b>BOD members (Non- Executive) SR (Unaudited)</b>	<b>Key management SR (Unaudited)</b>
Salaries and compensation	-	-	1,134,795
End of service indemnities	-	-	169,004
Travel expenses	13,695	98,352	-
Annual remuneration and meeting fees	91,250	703,250	-
<b>Total</b>	<b>104,945</b>	<b>801,602</b>	<b>1,303,799</b>

**For three month period ended March 31, 2019**

	<b>BOD members (Executives) SR (Unaudited)</b>	<b>BOD members (Non- Executive) SR (Unaudited)</b>	<b>Key management SR (Unaudited)</b>
Salaries and compensation	-	-	1,354,702
End of service indemnities	-	-	100,402
Travel expenses	5,798	136,740	-
Annual remuneration and meeting fees	86,250	668,250	-
<b>Total</b>	<b>92,048</b>	<b>804,990</b>	<b>1,455,104</b>

**9. REINSURANCE BALANCES PAYABLE**

	<b>March 31, 2020 SR (Unaudited)</b>	<b>December 31, 2019 SR (Audited)</b>
Related parties	16,878,916	12,856,490
Others	49,500,600	51,950,978
	<b>66,379,516</b>	<b>64,807,468</b>

**10. STATUTORY DEPOSIT**

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

In accordance with the instruction received from the Saudi Arabian Monetary Agency (SAMA) vide their circular dated March 1, 2016, the Company has disclosed the commission due on statutory deposit as at March 31, 2020 as an asset and a liability in these interim condensed financial statements.

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**11. SHARE CAPITAL**

The authorised, issued and paid-up share capital is SR 200 million at March 31, 2020 consisting of 20 million shares (December 31, 2019: SR 200 million consisting of 20 million shares) of SR 10 each.

Shareholding structure of the Company is as below:

	March 31, 2020 (Unaudited) / December 31, 2019 (Audited)		
	Authorized and issued		Paid up
	No. of Shares "000"	SR "000"	
International Corporation for Trade and Contract Services	1,000	10,000	10,000
El-Khereiji Construction Company	1,000	10,000	10,000
El-Khereiji Trading & Electronics Company	1,000	10,000	10,000
El-Khereiji Investment Company	1,000	10,000	10,000
El-Khereiji Real Estate	2,000	20,000	20,000
Chubb International Holding Co	6,000	60,000	60,000
General Public	8,000	80,000	80,000
<b>Total</b>	<b>20,000</b>	<b>200,000</b>	<b>200,000</b>

**12. CONTINGENCIES**

**Legal proceedings**

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

**13. ZAKAT AND INCOME TAX**

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

The differences between the financial results and taxable income are mainly due to adjustments for certain costs/claims based on the relevant fiscal regulations.

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

The movement in zakat and income tax provision is as follows:

	March 31, 2020	December 31, 2019
	SR	SR
At the beginning of the period/year	16,501,196	18,134,513
Provision for the period/year	833,267	2,841,105
Paid during the period/year	-	(4,474,422)
At the end of the period/year	<b>17,334,463</b>	<b>16,501,196</b>

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**13. ZAKAT AND INCOME TAX (CONTINUED)**

**(b) Shareholding subject to zakat and income tax**

The following is the shareholding percentage for computation as at the end of the period/year:

	<b>March 31, 2020</b>	December 31, 2019
	%	%
Shareholding subject to zakat	<b>70</b>	70
Shareholding subject to income tax	<b>30</b>	30

**(c) Zakat and income tax assessments**

In 2015, the General Authority of Zakat and Tax (“the GAZT”) raised final assessments for the years ended December 31, 2009 to 2012 and claimed additional zakat and income tax liability including withholding tax amounting to SR 13.79 million. The management has filed an appeal against these assessments and believes that the outcome of this appeal will be in the favor of the Company. However, the Company has paid SR 14.9 million (including delay penalties and withholding tax) and also furnished a bank guarantee of SR 3.3 million in favor of GAZT to avoid any further delay penalties until the appeal against the assessments is finalised.

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

Zakat and income tax assessments have not been raised by the GAZT for the year 2016 or 2018.

**(d)** The change in the accounting treatment for zakat and income tax (as explained in note 3) has the following impact on the line items of the statements of income, statement of financial position and changes in shareholders' equity:

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

<b>Financial statement impacted</b>	<b>Account</b>	<b>Before the restatement for the three-month period ended March 31, 2019</b>	<b>Effect of restatement</b>	<b>As restated as at and for the three-month period ended March 31, 2019</b>
Statement of changes in Equity	Provision for zakat (retained earnings)	(1,291,966)	1,291,966	-
	Provision for income tax (retained earnings)	(657,492)	657,492	-
Statement of income	Zakat for the period	-	(1,291,966)	(1,291,966)
	Income tax for the period	-	(657,492)	(657,492)
	Earnings per share (expressed in SR per share)	0.48	(0.10)	0.38

**14. SURPLUS DISTRIBUTION PAYABLE**

	<b>March 31 2020</b>	December 31 2019
	SR	SR
Opening surplus distribution payable	<b>(Unaudited) 9,184,671</b>	(Audited) 6,764,250
Total income attributed to the insurance operations	<b>678,400</b>	3,211,552
Surplus paid to policy holders	<b>(5,003,795)</b>	(791,131)
Closing surplus distribution payable	<b>4,859,276</b>	9,184,671

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**15. GROSS WRITTEN PREMIUM**

For three month period ended 31 March 2020 (Unaudited)						
SR						
Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	3,146,266	935,080	1,255,932	4,474,051	14,146,255	23,957,584
Property and Casualty	121,675	780,634	3,542,923	3,706,161	64,984,410	73,135,803
<b>Total</b>	<b>3,267,941</b>	<b>1,715,714</b>	<b>4,798,855</b>	<b>8,180,212</b>	<b>79,130,665</b>	<b>97,093,387</b>

For three month period ended 31 March 2019 (Unaudited)						
SR						
Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	3,967,382	454,879	1,498,741	4,602,272	28,041,768	38,565,042
Property and Casualty	287,368	628,501	1,866,505	6,427,603	45,266,252	54,476,229
<b>Total</b>	<b>4,254,750</b>	<b>1,083,380</b>	<b>3,365,246</b>	<b>11,029,875</b>	<b>73,308,020</b>	<b>93,041,271</b>

**16. TECHNICAL RESERVES**

**16.1 Net outstanding claims and reserves**

Net outstanding claims and reserves comprise of the following:

	March 31, 2020 SR (Unaudited)	December 31, 2019 SR (Audited)
Outstanding claims	60,076,098	50,194,024
Less: Realizable value of salvage and subrogation	(1,636,383)	(1,191,405)
	<b>58,439,715</b>	49,002,619
Claims incurred but not reported	58,947,918	58,267,707
Additional premium reserves	2,573,710	3,088,645
Other technical reserves	2,082,392	1,801,064
	<b>122,043,735</b>	112,160,035
Less:		
- Reinsurers' share of outstanding claims	(45,191,897)	(37,167,238)
- Reinsurers' share of claims incurred but not reported	(38,978,923)	(38,629,609)
<b>Net outstanding claims and reserves</b>	<b>37,872,915</b>	36,363,188

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**16. TECHNICAL RESERVES (CONTINUED)**

**16.2 Movement in unearned premiums**

Movement in unearned premiums comprise of the following:

	Three-month ended March 31, 2020(Unaudited)		
	Gross	Reinsurance	Net
	SR		
Balance as at the beginning of the period	101,027,961	(74,196,879)	26,831,082
Premium written during the period	97,093,387	(57,903,294)	39,190,093
Premium earned during the period	(61,974,142)	40,319,600	(21,654,542)
Balance as at the end of the period	136,147,206	(91,780,573)	44,366,633
	Year-ended December 31, 2019 (Audited)		
	Gross	Reinsurance	Net
	SR		
Balance as at the beginning of the year	77,264,897	(51,629,690)	25,635,207
Premium written during the year	258,223,251	(169,588,095)	88,635,156
Premium earned during the year	(234,460,187)	147,020,906	(87,439,281)
Balance as at the end of the year	101,027,961	(74,196,879)	26,831,082

**16.3 Movement in deferred policy acquisition costs**

	March 31, 2020 SR (Unaudited)	December 31, 2019 SR (Audited)
Balance as at the beginning of the period/year	5,323,677	4,305,281
Incurred during the period/year	7,312,513	15,988,375
Amortised during the period/year	(4,035,487)	(14,969,979)
<b>Balance at the end of the period/year</b>	<b>8,600,703</b>	<b>5,323,677</b>

**17. FAIR VALUES OF FINANCIAL INSTRUMENTS**

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

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

**Determination of fair value and fair value hierarchy**

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

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

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

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

The fair values of financial assets and liabilities are not materially different from their carrying values at the interim statement of financial position date.

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**17. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

a) Investment securities are classified as follows:

	<b>Insurance operations</b>	
	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investments held for trading	<b>35,836,507</b>	38,013,460
Investments available for sale	-	-
<b>Total</b>	<b>35,836,507</b>	38,013,460
	<b>Shareholders' operations</b>	
	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Investments held for trading	<b>55,070,429</b>	58,493,236
Investments available for sale	<b>1,932,078</b>	1,932,078
	<b>57,002,507</b>	60,425,314
Total investments held for trading	<b>90,906,936</b>	96,506,696
Total investments available for sale	<b>1,932,078</b>	1,932,078
<b>Total investments</b>	<b>92,839,014</b>	98,438,774

Investment securities are classified as follows:

i) **Investments held for trading:**

a) Category wise analysis is as follows:

<b><u>Insurance Operations</u></b>	<b>Domestic</b>		<b>International</b>		<b>Total</b>	
	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Sukuks and bonds	<b>14,491,529</b>	12,306,982	<b>11,199,213</b>	14,607,656	<b>25,690,742</b>	26,914,638
Equity securities	<b>10,145,765</b>	11,098,822	-	-	<b>10,145,765</b>	11,098,822
	<b>24,637,294</b>	23,405,804	<b>11,199,213</b>	14,607,656	<b>35,836,507</b>	38,013,460
	<b>Shareholders' Operations</b>		<b>International</b>		<b>Total</b>	
	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>	<b>March 31, 2020 SR</b>	<b>December 31, 2019 SR</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Sukuks and bonds	<b>26,043,097</b>	23,581,682	<b>14,528,361</b>	18,950,019	<b>40,571,458</b>	42,531,701
Equity securities	<b>14,498,971</b>	15,961,535	-	-	<b>14,498,971</b>	15,961,535
	<b>40,542,068</b>	39,543,217	<b>14,528,361</b>	18,950,019	<b>55,070,429</b>	58,493,236

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**17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

Movement in the investment held for trading balance is as follows:

	Insurance operations		Shareholders' operations	
	March 31, 2020 SR (Unaudited)	December 31, 2019 SR (Audited)	March 31, 2020 SR (Unaudited)	December 31, 2019 SR (Audited)
At the beginning of the period/year	38,013,460	36,028,138	58,493,236	46,738,086
Acquisitions during the period/year	7,143,467	11,438,551	9,253,008	23,758,110
Disposals during the period/year	(7,369,740)	(10,613,964)	(9,560,515)	(13,769,137)
Unrealised (losses)/gains on investments held for trading	(1,918,374)	1,072,429	(3,087,362)	1,651,620
Realised (losses) / gains	(32,306)	88,306	(27,938)	114,557
At the end of the period/year	35,836,507	38,013,460	55,070,429	58,493,236

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

<i>March 31, 2020 (Unaudited)</i>					
	Carrying value SR (Unaudited)	Level 1 SR (Unaudited)	Level 2 SR (Unaudited)	Level 3 SR (Unaudited)	Total SR (Unaudited)
Investments held for trading	90,906,936	90,906,936	-	-	90,906,936
	90,906,936	90,906,936	-	-	90,906,936
<i>December 31, 2019 (Audited)</i>					
	Carrying value SR (Audited)	Level 1 SR (Audited)	Level 2 SR (Audited)	Level 3 SR (Audited)	Total SR (Audited)
Investments held for trading	96,506,696	96,506,696	-	-	96,506,696
	96,506,696	96,506,696	-	-	96,506,696

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

**18. EARNINGS PER SHARE ("EPS")**

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period. Basic earnings per share has also been revised due to change in accounting policy for the presentation of Zakat and income tax as explained in note 4 and 13 to these interim condensed financial statements.



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**19. OPERATING SEGMENTS**

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

Consistent with the Company's internal reporting process, operating segments have been approved by management in respect of the Company's activities, assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2019.

Segment assets do not include cash and cash equivalents, premiums and insurance balances receivable - net, due from shareholders' operations, prepayments expenses and other assets, term deposits, property and equipment, rights-to-use assets, intangible assets, goodwill, statutory reserves and accrued commission income. Accordingly, they are included in unallocated assets.

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

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

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

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**19. OPERATING SEGMENTS (CONTINUED)**

**Financial Position**

The segment statements provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at March 31, 2020 and December 31, 2019, its total revenues, expenses, and net income for the the three month period ended March 31, 2020 and 2019, are as follows:

	As at March 31, 2020 (Unaudited)						Shareholders' operations	Total
	Insurance operations					Total - Insurance operations		
	Property	Engineering	Motor	Casualty	Others			
SR								
<b>Assets</b>								
Reinsurers' share of unearned premiums	44,472,352	27,917,453	1,090,182	11,041,920	7,258,666	91,780,573	-	91,780,573
Reinsurers' share of outstanding claims	26,783,951	2,569,654	1,003,504	9,147,742	5,687,046	45,191,897	-	45,191,897
Reinsurers' share of claims incurred but not reported	24,224,371	4,856,936	1,732,538	4,287,534	3,877,544	38,978,923	-	38,978,923
Deferred policy acquisition costs	2,871,260	1,081,986	2,421,683	1,443,313	782,461	8,600,703	-	8,600,703
Unallocated assets	-	-	-	-	-	227,870,237	317,913,046	545,783,283
<b>Total assets</b>	<b>98,351,934</b>	<b>36,426,029</b>	<b>6,247,907</b>	<b>25,920,509</b>	<b>17,605,717</b>	<b>412,422,333</b>	<b>317,913,046</b>	<b>730,335,379</b>
<b>Liabilities</b>								
Unearned premiums	47,383,934	29,478,252	26,298,200	21,253,310	11,733,510	136,147,206	-	136,147,206
Unearned Insurance commission income	5,777,551	3,200,687	328,425	892,351	1,099,221	11,298,235	-	11,298,235
Outstanding claims	27,918,650	3,482,061	6,503,085	13,445,780	7,090,139	58,439,715	-	58,439,715
Claims incurred but not reported	26,464,781	5,528,304	12,216,084	7,773,944	6,964,805	58,947,918	-	58,947,918
Additional premium reserve	2,021,980	-	551,730	-	-	2,573,710	-	2,573,710
Other technical reserve	956,655	169,436	358,996	348,869	248,436	2,082,392	-	2,082,392
Unallocated liabilities	-	-	-	-	-	114,161,893	23,572,746	137,734,639
<b>Total liabilities</b>	<b>110,523,551</b>	<b>41,858,740</b>	<b>46,256,520</b>	<b>43,714,254</b>	<b>27,136,111</b>	<b>383,651,069</b>	<b>23,572,746</b>	<b>407,223,815</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**19. OPERATING SEGMENTS (CONTINUED)**

**Financial Position (continued)**

	As at December 31, 2019 (Audited)							
	Insurance operations					Total - Insurance operations	Shareholders' operations	Total
	Property	Engineering	Motor	Casualty	Others			
	SR							
<b>Assets</b>								
Reinsurers' share of unearned premiums	44,033,459	10,224,197	2,386,904	12,862,604	4,689,715	74,196,879	-	74,196,879
Reinsurers' share of outstanding claims	26,168,110	2,550,818	942,172	6,358,210	1,147,928	37,167,238	-	37,167,238
Reinsurers' share of claims incurred but not reported	24,175,864	5,115,047	1,351,001	4,469,639	3,518,058	38,629,609	-	38,629,609
Deferred policy acquisition costs	1,386,577	1,052,385	1,145,218	1,284,766	454,731	5,323,677	-	5,323,677
Unallocated assets	-	-	-	-	-	205,725,674	318,620,156	524,345,830
<b>Total assets</b>	<b>95,764,010</b>	<b>18,942,447</b>	<b>5,825,295</b>	<b>24,975,219</b>	<b>9,810,432</b>	<b>361,043,077</b>	<b>318,620,156</b>	<b>679,663,233</b>
<b>Liabilities</b>								
Unearned premiums	46,140,915	11,721,970	15,910,079	20,443,319	6,811,678	101,027,961	-	101,027,961
Unearned reinsurance commission	3,561,862	2,611,072	736,419	1,158,582	783,934	8,851,869	-	8,851,869
Outstanding claims	27,349,511	3,323,214	5,352,364	10,667,271	2,310,259	49,002,619	-	49,002,619
Claims incurred but not reported	26,406,230	5,790,259	11,722,116	7,891,173	6,457,929	58,267,707	-	58,267,707
Additional premium reserves	2,986,238	-	102,407	-	-	3,088,645	-	3,088,645
Other technical reserves	901,822	155,450	274,941	297,558	171,293	1,801,064	-	1,801,064
Unallocated liabilities						113,423,595	23,631,812	137,055,407
<b>Total liabilities</b>	<b>107,346,578</b>	<b>23,601,965</b>	<b>34,098,326</b>	<b>40,457,903</b>	<b>16,535,093</b>	<b>335,463,460</b>	<b>23,631,812</b>	<b>359,095,272</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**19. OPERATING SEGMENTS (CONTINUED)**

For the three month period ended March 31, 2020 (Unaudited)

	Property	Engineering	Motor	Casualty	Others	Total
	SR					
<b>REVENUES</b>						
Gross premiums written	24,598,864	24,594,213	23,957,584	12,482,957	11,459,769	97,093,387
Reinsurance premiums ceded						
- Local ceded	(1,481,572)	(637,531)	(19,899)	(14,251)	(258,386)	(2,411,639)
- Foreign ceded	(20,520,579)	(22,815,199)	(49,717)	(4,148,888)	(6,753,010)	(54,287,393)
Excess of loss expenses	(360,781)	(79,968)	(198,990)	(142,510)	(422,013)	(1,204,262)
<b>Net premiums written</b>	<b>2,235,932</b>	<b>1,061,515</b>	<b>23,688,978</b>	<b>8,177,308</b>	<b>4,026,360</b>	<b>39,190,093</b>
Changes in unearned premiums	(1,243,019)	(17,756,282)	(10,388,121)	(809,991)	(4,921,832)	(35,119,245)
Changes in reinsurer's share of unearned premiums	438,893	17,693,256	(1,296,722)	(1,820,684)	2,568,951	17,583,694
<b>Net premiums earned</b>	<b>1,431,806</b>	<b>998,489</b>	<b>12,004,135</b>	<b>5,546,633</b>	<b>1,673,479</b>	<b>21,654,542</b>
Reinsurance commissions	2,825,516	1,348,906	419,790	590,388	783,893	5,968,493
<b>TOTAL REVENUES</b>	<b>4,257,322</b>	<b>2,347,395</b>	<b>12,423,925</b>	<b>6,137,021</b>	<b>2,457,372</b>	<b>27,623,035</b>
Gross claims paid	(310,508)	(337,015)	(6,320,348)	(159,631)	(854,044)	(7,981,546)
Expenses incurred related to claims	(23,111)	(47,421)	(492,966)	(30,518)	(56,423)	(650,439)
Reinsurers' share of claims paid	221,578	248,142	798,786	148,983	518,800	1,936,289
<b>Net claims and other benefits paid</b>	<b>(112,041)</b>	<b>(136,294)</b>	<b>(6,014,528)</b>	<b>(41,166)</b>	<b>(391,667)</b>	<b>(6,695,696)</b>
Changes in outstanding claims	(569,139)	(158,847)	(1,150,721)	(2,778,509)	(4,779,880)	(9,437,096)
Changes in reinsurer share of outstanding claims	615,841	18,836	61,332	2,789,532	4,539,118	8,024,659
Changes in IBNR	(58,551)	261,955	(493,968)	117,229	(506,876)	(680,211)
Changes in reinsurer's share of IBNR	48,507	(258,111)	381,537	(182,105)	359,486	349,314
<b>Net claims and other benefits incurred</b>	<b>(75,383)</b>	<b>(272,461)</b>	<b>(7,216,348)</b>	<b>(95,019)</b>	<b>(779,819)</b>	<b>(8,439,030)</b>
Additional premium reserves	964,258	-	(449,323)	-	-	514,935
Other technical reserves	(54,833)	(13,986)	(84,055)	(51,311)	(77,143)	(281,328)
Policy acquisition costs	(1,273,129)	(447,469)	(1,101,902)	(835,528)	(377,459)	(4,035,487)
Other underwriting expenses	(162,653)	(173,509)	(171,572)	(116,071)	(182,128)	(805,933)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(601,740)</b>	<b>(907,425)</b>	<b>(9,023,200)</b>	<b>(1,097,929)</b>	<b>(1,416,549)</b>	<b>(13,046,843)</b>
<b>NET UNDERWRITING INCOME</b>	<b>3,655,582</b>	<b>1,439,970</b>	<b>3,400,725</b>	<b>5,039,092</b>	<b>1,040,823</b>	<b>14,576,192</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Allowance for doubtful debts						683,531
General and administrative expenses						(9,133,250)
Dividend, interest and commission Income						2,262,609
Realized loss on investments						(60,244)
Unrealized loss on investments						(5,005,736)
Other income						732,168
<b>TOTAL OTHER OPERATING EXPENSES</b>						<b>(10,520,922)</b>
<b>Total income for the period before zakat and income tax &amp; surplus distribution</b>						<b>4,055,270</b>
Zakat						(621,805)
Income tax						(211,462)
<b>NET INCOME FOR THE PERIOD</b>						<b>3,222,003</b>
<b>Total income for the period attributable to insurance operations</b>						<b>(678,400)</b>
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>						<b>2,543,603</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**19. OPERATING SEGMENTS (CONTINUED)**

	For the three month period ended March 31, 2019 (Unaudited) (Restated)					
	Property	Engineering	Motor	Casualty	Others	Total
	SR					
<b>REVENUES</b>						
Gross premiums written	28,235,019	4,964,637	38,565,042	12,426,930	8,849,643	93,041,271
Reinsurance premiums ceded						
- Local ceded	(2,741,800)	(406,459)	-	-	(528,593)	(3,676,852)
- Foreign ceded	(22,867,922)	(3,659,229)	(5,786,315)	(5,113,320)	(4,551,089)	(41,977,875)
Excess of loss expenses	(356,850)	(83,775)	(207,069)	(119,181)	(167,313)	(934,188)
Net premiums written	2,268,447	815,174	32,571,658	7,194,429	3,602,648	46,452,356
Changes in unearned premiums	(8,318,753)	(326,089)	(22,249,799)	(2,172,417)	(5,203,670)	(38,270,728)
Changes in reinsurer's share of unearned premiums	7,657,743	205,935	2,713,412	(259,078)	3,226,288	13,544,300
Net premiums earned	1,607,437	695,020	13,035,271	4,762,934	1,625,266	21,725,928
Reinsurance commissions	2,457,354	962,545	836,709	795,681	530,797	5,583,086
<b>TOTAL REVENUES</b>	<b>4,064,791</b>	<b>1,657,565</b>	<b>13,871,980</b>	<b>5,558,615</b>	<b>2,156,063</b>	<b>27,309,014</b>
Gross claims paid	(150,012)	(3,540,956)	(7,796,449)	(715,156)	(349,074)	(12,551,647)
Expenses incurred related to claims	(38,715)	(82,930)	(440,827)	(59,150)	(31,789)	(653,411)
Reinsurers' share of claims paid	184,195	3,168,455	990,502	64,561	293,598	4,701,311
Net claims and other benefits paid	(4,532)	(455,431)	(7,246,774)	(709,745)	(87,265)	(8,503,747)
Changes in outstanding claims	(1,068,477)	3,725,813	(2,382,719)	150,859	(555,086)	(129,610)
Changes in reinsurer share of outstanding claims	1,120,763	(3,262,790)	404,673	288,191	257,464	(1,191,699)
Changes in IBNR	5,683,283	979,765	2,976,532	(1,671,712)	(672,755)	7,295,113
Changes in reinsurer's share of IBNR	(5,644,318)	(121,197)	46,616	2,693,022	721,438	(2,304,439)
Net claims and other benefits incurred	86,719	866,160	(6,201,672)	750,615	(336,204)	(4,834,382)
Additional premium reserves	(813,234)	29,033	-	-	(715,846)	(1,500,047)
Other technical reserves	216,027	131,818	105,397	(69,573)	(29,894)	353,775
Policy acquisition costs	(1,105,580)	(301,299)	(1,463,429)	(792,207)	(300,771)	(3,963,286)
Other underwriting expenses	(183,277)	(91,186)	(253,176)	(163,050)	(153,229)	(843,918)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(1,799,345)</b>	<b>634,526</b>	<b>(7,812,880)</b>	<b>(274,215)</b>	<b>(1,535,944)</b>	<b>(10,787,858)</b>
<b>NET UNDERWRITING INCOME</b>	<b>2,265,446</b>	<b>2,292,091</b>	<b>6,059,100</b>	<b>5,284,400</b>	<b>620,119</b>	<b>16,521,156</b>
<b>OTHER OPERATING (EXPENSES)/ INCOME</b>						
Allowance for/ (Reversal of) doubtful debts						(917,921)
General and administrative expenses						(8,445,619)
Dividend, interest and Commission Income						2,225,538
Realized gain/(loss) on investments						81,760
Unrealized gain/(loss) on investments						746,926
Other income						409,469
<b>TOTAL OTHER OPERATING EXPENSES</b>						<b>(5,899,847)</b>
Total income for the period before zakat and income tax						10,621,309
Zakat						(1,291,966)
Income tax						(657,492)
<b>NET INCOME FOR THE PERIOD</b>						<b>8,671,851</b>
Total income for the period attributable to insurance operations						(986,287)
<b>NET INCOME FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS</b>						<b>7,685,564</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**20. SUPPLEMENTARY STATEMENTS**

**Interim condensed financial position**

	March 31, 2020 - (Unaudited)			December 31, 2019 - (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR			SR		
<b>ASSETS</b>						
Cash and cash equivalents	67,338,167	87,725,278	155,063,445	58,510,894	47,140,114	105,651,008
Premiums and reinsurance balances						
Receivable, net	115,611,009	-	115,611,009	102,144,942	-	102,144,942
Reinsurers' share of unearned premiums	91,780,573	-	91,780,573	74,196,879	-	74,196,879
Reinsurers' share of outstanding claims	45,191,897	-	45,191,897	37,167,238	-	37,167,238
Reinsurers' share of claims incurred but not reported	38,978,923	-	38,978,923	38,629,609	-	38,629,609
Deferred policy acquisition costs	8,600,703	-	8,600,703	5,323,677	-	5,323,677
Deferred excess of loss premiums	968,566	-	968,566	-	-	-
Investments held for trading	35,836,507	55,070,429	90,906,936	38,013,460	58,493,236	96,506,696
Investments available for sale	-	1,932,078	1,932,078	-	1,932,078	1,932,078
Due from shareholders'/insurance operations	-	30,617,569	30,617,569	3,324,349	28,903,966	32,228,315
Prepayments and other assets	4,772,347	12,960,930	17,733,277	3,510,256	13,343,393	16,853,649
Term deposits	-	94,459,880	94,459,880	-	132,081,773	132,081,773
Property and equipment	721,796	-	721,796	589,134	-	589,134
Right of use Assets	1,887,374	-	1,887,374	2,156,999	-	2,156,999
Intangible assets	734,471	-	734,471	799,989	-	799,989
Goodwill	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Statutory deposit commission income	-	1,989,701	1,989,701	-	1,854,812	1,854,812
<b>TOTAL ASSETS</b>	<b>412,422,333</b>	<b>348,530,615</b>	<b>760,952,948</b>	<b>364,367,426</b>	<b>347,524,122</b>	<b>711,891,548</b>
Less: inter-operations elimination	-	(30,617,569)	(30,617,569)	(3,324,349)	(28,903,966)	(32,228,315)
<b>Total assets as per statement of financial position</b>	<b>412,422,333</b>	<b>317,913,046</b>	<b>730,335,379</b>	<b>361,043,077</b>	<b>318,620,156</b>	<b>679,663,233</b>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**Interim condensed financial position (Continued)**

	March 31, 2020 - (Unaudited)			December 31, 2019- (Audited)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR			SR		
<b>LIABILITIES</b>						
Accounts payable	26,875,178	-	26,875,178	22,146,161	-	22,146,161
Accrued expenses and other liabilities	7,484,572	4,248,582	11,733,154	10,720,871	3,429,498	14,150,369
Reinsurance balances payable	66,379,516	-	66,379,516	64,807,468	-	64,807,468
Unearned premiums	136,147,206	-	136,147,206	101,027,961	-	101,027,961
Unearned reinsurance commission income	11,298,235	-	11,298,235	8,851,869	-	8,851,869
Outstanding claims	58,439,715	-	58,439,715	49,002,619	-	49,002,619
Claims incurred but not reported	58,947,918	-	58,947,918	58,267,707	-	58,267,707
Additional premium reserves	2,573,710	-	2,573,710	3,088,645	-	3,088,645
Other technical reserves	2,082,392	-	2,082,392	1,801,064	-	1,801,064
Due to shareholders'/insurance operations	30,617,569	-	30,617,569	28,903,966	3,324,349	32,228,315
End-of-service indemnities	8,563,351	-	8,563,351	8,410,730	-	8,410,730
Statutory deposit commission income payable		1,989,701	1,989,701	-	1,854,812	1,854,812
Provision for zakat and income tax		17,334,463	17,334,463	-	16,501,196	16,501,196
Accumulated surplus from insurance operations	4,859,276	-	4,859,276	9,184,671	-	9,184,671
<b>TOTAL LIABILITIES</b>	<b>414,268,638</b>	<b>23,572,746</b>	<b>437,841,384</b>	<b>366,213,732</b>	<b>25,109,855</b>	<b>391,323,587</b>
<b>Less: inter-operations elimination</b>	<b>(30,617,569)</b>	<b>-</b>	<b>(30,617,569)</b>	<b>(28,903,966)</b>	<b>(3,324,349)</b>	<b>(32,228,315)</b>
<b>TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION</b>	<b>383,651,069</b>	<b>23,572,746</b>	<b>407,223,815</b>	<b>337,309,766</b>	<b>21,785,506</b>	<b>359,095,272</b>
<b>EQUITY</b>						
Share capital	-	200,000,000	200,000,000	-	200,000,000	200,000,000
Statutory reserve	-	32,946,372	32,946,372	-	32,437,651	32,437,651
Retained earnings	-	92,011,497	92,011,497	-	89,976,615	89,976,615
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>-</b>	<b>324,957,869</b>	<b>324,957,869</b>	<b>-</b>	<b>322,414,266</b>	<b>322,414,266</b>
Re-measurement of defined benefit obligation	(1,846,305)	-	(1,846,305)	(1,846,305)	-	(1,846,305)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>381,804,764</b>	<b>348,530,615</b>	<b>730,335,379</b>	<b>335,463,461</b>	<b>344,199,772</b>	<b>679,663,233</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**Interim condensed statement of income for the three month period ended**

<b>(Unaudited)</b>	<b>March 31, 2020</b>			<b>March 31, 2019 (Restated)</b>		
	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
		<b>SR</b>			<b>SR</b>	
<b>REVENUES</b>						
Gross premiums written	97,093,387	-	97,093,387	93,041,271	-	93,041,271
Reinsurance premiums ceded						
- Local ceded	(2,411,639)	-	(2,411,639)	(3,676,852)	-	(3,676,852)
- Foreign ceded	(54,287,393)	-	(54,287,393)	(41,977,875)	-	(41,977,875)
Excess of loss expenses	(1,204,262)	-	(1,204,262)	(934,188)	-	(934,188)
<b>Net premiums written</b>	<b>39,190,093</b>	<b>-</b>	<b>39,190,093</b>	<b>46,452,356</b>	<b>-</b>	<b>46,452,356</b>
Changes in unearned premiums	(35,119,245)	-	(35,119,245)	(38,270,728)	-	(38,270,728)
Changes in reinsurer's share of unearned premium	17,583,694	-	17,583,694	13,544,300	-	13,544,300
<b>Net premiums earned</b>	<b>21,654,542</b>	<b>-</b>	<b>21,654,542</b>	<b>21,725,928</b>	<b>-</b>	<b>21,725,928</b>
Reinsurance commissions	5,968,493	-	5,968,493	5,583,086	-	5,583,086
<b>TOTAL REVENUES</b>	<b>27,623,035</b>	<b>-</b>	<b>27,623,035</b>	<b>27,309,014</b>	<b>-</b>	<b>27,309,014</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>						
Gross claims paid	(7,981,546)	-	(7,981,546)	(12,551,647)	-	(12,551,647)
Expenses incurred related to claims	(650,439)	-	(650,439)	(653,411)	-	(653,411)
Reinsurers' share of claims paid	1,936,289	-	1,936,289	4,701,311	-	4,701,311
<b>Net claims and other benefits paid</b>	<b>(6,695,696)</b>	<b>-</b>	<b>(6,695,696)</b>	<b>(8,503,747)</b>	<b>-</b>	<b>(8,503,747)</b>
Changes in outstanding claims	(9,437,096)	-	(9,437,096)	(129,610)	-	(129,610)
Changes in reinsurer's share of outstanding claims	8,024,659	-	8,024,659	(1,191,699)	-	(1,191,699)
Changes in IBNR	(680,211)	-	(680,211)	7,295,113	-	7,295,113
Changes in reinsurer's share of IBNR	349,314	-	349,314	(2,304,439)	-	(2,304,439)
<b>Net claims and other benefits incurred</b>	<b>(8,439,030)</b>	<b>-</b>	<b>(8,439,030)</b>	<b>(4,834,382)</b>	<b>-</b>	<b>(4,834,382)</b>
Changes in additional premium reserves	514,935	-	514,935	(1,500,047)	-	(1,500,047)
Changes in other technical reserves	(281,328)	-	(281,328)	353,775	-	353,775
Policy acquisition costs	(4,035,487)	-	(4,035,487)	(3,963,286)	-	(3,963,286)
Other underwriting expenses	(805,933)	-	(805,933)	(843,918)	-	(843,918)
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(13,046,843)</b>	<b>-</b>	<b>(13,046,843)</b>	<b>(10,787,858)</b>	<b>-</b>	<b>(10,787,858)</b>
<b>NET UNDERWRITING INCOME</b>	<b>14,576,192</b>	<b>-</b>	<b>14,576,192</b>	<b>16,521,156</b>	<b>-</b>	<b>16,521,156</b>



**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**Interim condensed statement of income for the three month period ended (Continued)**

(Unaudited)	March 31, 2020			March 31, 2019 (Restated)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR			SR		
Allowance for/ (Reversal of) doubtful debts	683,531	-	683,531	(917,921)	-	(917,921)
General and administrative expenses	(7,815,180)	(1,318,070)	(9,133,250)	(7,131,095)	(1,314,524)	(8,445,619)
Dividend, interest and Commission Income	557,967	1,704,642	2,262,609	620,539	1,604,999	2,225,538
Realized (loss) / gain on investments	(32,306)	(27,938)	(60,244)	35,590	46,170	81,760
Unrealized (loss) / gain on investments	(1,918,374)	(3,087,362)	(5,005,736)	325,137	421,789	746,926
Others	732,168	-	732,168	409,469	-	409,469
<b>TOTAL OTHER OPERATING (EXPENSES)/ INCOME</b>	<b>(7,792,194)</b>	<b>(2,728,728)</b>	<b>(10,520,922)</b>	<b>(6,658,281)</b>	<b>758,434</b>	<b>(5,899,847)</b>
<b>Total income for the period before zakat and income tax and surplus distribution</b>	<b>6,783,998</b>	<b>(2,728,728)</b>	<b>4,055,270</b>	<b>9,862,875</b>	<b>758,434</b>	<b>10,621,308</b>
Surplus transferred to Shareholders	(6,105,598)	6,105,598	-	(8,876,587)	8,876,587	-
<b>Net Income for the year before zakat and tax</b>	<b>678,400</b>	<b>3,376,870</b>	<b>4,055,270</b>	<b>986,288</b>	<b>9,635,021</b>	<b>10,621,309</b>
Zakat	-	(621,805)	(621,805)	-	(1,291,966)	(1,291,966)
Income tax	-	(211,462)	(211,462)	-	(657,492)	(657,492)
<b>NET RESULT FROM INSURANCE OPERATIONS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS</b>	<b>678,400</b>	<b>2,543,603</b>	<b>3,222,003</b>	<b>986,288</b>	<b>7,685,563</b>	<b>8,671,851</b>
<b>Earnings per share (Expressed in SR per share)</b>						
Basic and diluted EPS		<u>0.13</u>			<u>0.38</u>	

**Interim condensed statement of comprehensive income for the three month period ended**

(Unaudited)	March 31, 2020			March 31, 2019 (Restated)		
	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	SR			SR		
Total income / (loss) for the period	678,400	2,543,603	3,222,003	986,287	7,685,563	8,671,850
<i>Items that are or may be reclassified to statement of income in subsequent periods</i>						
Other comprehensive income	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>	<b>678,400</b>	<b>2,543,603</b>	<b>3,222,003</b>	<b>986,287</b>	<b>7,685,563</b>	<b>8,671,850</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**Interim condensed statement of cash flows for three month**

<b>(Unaudited)</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Share-holders' operations</b>	<b>Total</b>
	<b>March 31, 2020 (SR)</b>			<b>March 31, 2019 (SR)</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Net income for the period before zakat	678,400	3,376,870	4,055,270	986,287	9,635,021	10,621,308
<b>Adjustments for non-cash items:</b>						
Depreciation of property and equipment	316,963	-	316,963	327,558	-	327,558
Amortisation of intangible assets	65,517	-	65,517	54,434	-	54,434
(Reversal)/ allowance for doubtful debts	(683,531)	-	(683,531)	917,921	-	917,921
Unrealised losses (gain) on investments held for trading	1,918,374	3,087,362	5,005,736	(325,137)	(421,789)	(746,926)
Realised (losses)/gain on disposal of investments held for trading	32,306	27,938	60,244	(35,590)	(46,170)	(81,760)
Interest on finance lease obligations	13,882	-	13,882	20,253	-	20,253
Provision for end-of-service indemnities	353,534	-	353,534	336,898	-	336,898
<b>Changes in operating assets and liabilities:</b>						
Premiums and reinsurance balances receivable	(12,782,536)	-	(12,782,536)	(40,906,369)	-	(40,906,369)
Reinsurers' share of unearned premiums	(17,583,694)	-	(17,583,694)	(13,544,300)	-	(13,544,300)
Reinsurers' share of outstanding claims	(8,024,659)	-	(8,024,659)	1,191,699	-	1,191,699
Reinsurers' share of claims incurred but not reported	(349,314)	-	(349,314)	2,304,439	-	2,304,439
Deferred policy acquisition costs	(3,277,026)	-	(3,277,026)	(3,419,938)	-	(3,419,938)
Deferred excess of loss premiums	(968,566)	-	(968,566)	(934,192)	-	(934,192)
Prepayments and other assets	(1,262,091)	382,463	(879,628)	(1,241,843)	(314,583)	(1,556,426)
Accounts payable	4,729,017	-	4,729,017	3,454,178	-	3,454,178
Accrued expenses and other liabilities	(2,127,953)	819,084	(1,308,869)	1,917,351	897,500	2,814,851
Reinsurance balances payable	1,572,048	-	1,572,048	6,431,062	-	6,431,062
Unearned premiums	35,119,245	-	35,119,245	38,270,728	-	38,270,728
Unearned reinsurance commission income	2,446,366	-	2,446,366	3,539,384	-	3,539,384
Outstanding claims	9,437,096	-	9,437,096	129,610	-	129,610
Claims incurred but not reported	680,211	-	680,211	(7,295,113)	-	(7,295,113)
Additional premium reserves	(514,935)	-	(514,935)	1,500,047	-	1,500,047
Other technical reserves	281,328	-	281,328	(353,775)	-	(353,775)
	<b>10,069,982</b>	<b>7,693,717</b>	<b>17,763,699</b>	<b>(6,674,408)</b>	<b>9,749,979</b>	<b>3,075,571</b>
End-of-service indemnities paid	(200,913)	-	(200,913)	(232,296)	-	(232,296)
Surplus paid to policy holders	(5,003,795)	-	(5,003,795)	-	-	-
<b>Net cash generated from / (used in) operating activities</b>	<b>4,865,274</b>	<b>7,693,717</b>	<b>12,558,991</b>	<b>(6,906,704)</b>	<b>9,749,979</b>	<b>2,843,275</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
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**20. SUPPLEMENTARY STATEMENTS (CONTINUED)**

**Interim condensed statement of cash flows for three month (Continued)**

	Insurance operations	Share-holders' operations	Total	Insurance operations	Share-holders' operations	Total
	2020 SR			2019 SR		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments held for Trading	(7,143,467)	(9,253,008)	(16,396,475)	(2,448,563)	(3,176,439)	(5,625,002)
Proceeds from disposal of investments held for trading	7,369,740	9,560,515	16,930,255	4,413,615	5,725,635	10,139,250
Proceed / (additions) in long term deposits	-	37,621,893	37,621,893	-	(37,722,093)	(37,722,093)
Purchase of property and equipment	(180,000)	-	(180,000)	(38,265)	-	(38,265)
Purchase of intangibles assets	-	-	-	(89,063)	-	(89,063)
<b>Net cash generated from (used in) investing activities</b>	<b>46,273</b>	<b>37,929,400</b>	<b>37,975,673</b>	<b>1,837,724</b>	<b>(35,172,897)</b>	<b>(33,335,173)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Payment under finance lease obligations	(1,122,227)	-	(1,122,227)	(1,122,227)	-	(1,122,227)
Interoperation balances	1,713,603	(1,713,603)	-	(33,536,500)	33,536,500	-
Due to (from) shareholders/insurance operations	3,324,349	(3,324,349)	-	3,421,327	(3,421,327)	-
<b>Net cash (used in) / generated from investing activity</b>	<b>3,915,725</b>	<b>(5,037,952)</b>	<b>(1,122,227)</b>	<b>(31,237,400)</b>	<b>30,115,173</b>	<b>(1,122,227)</b>
Net change in cash and cash equivalents	8,827,272	40,585,165	49,412,437	(36,306,380)	4,692,255	(31,614,125)
Cash and cash equivalents , at the beginning of the period	58,510,894	47,140,114	105,651,008	73,042,726	68,467,593	141,510,319
<b>CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD</b>	<b>67,338,166</b>	<b>87,725,279</b>	<b>155,063,445</b>	<b>36,736,346</b>	<b>73,159,848</b>	<b>109,896,194</b>

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2020**

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**21. SUBSEQUENT EVENT**

In response to the Covid-19 pandemic, SAMA issued a decree 189 (the “Decree”) dated May 8, 2020 to all insurance companies in the Kingdom of Saudi Arabia. Among various other matters relating to the insurance sector, the Decree instructs all the insurance companies to extend the period of validity of all existing retail motor insurance policies by two month as well as providing a two-month additional coverage for all new retail motor policies written within one month of this Decree and allowing insurance companies not to cancel the policy in the event the insured fails to pay the premiums. The management believes that such requirements of the Decree are a non-adjusting event and therefore the interim condensed financial information have not been adjusted.

**22. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements has been approved by the Board of Directors, on **June 8, 2020**.