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Private and confidential

CHUBB Arabia Cooperative Insurance Company
PO Box 2685
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Kingdom of Saudi Arabia

**JOINT REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE
THREE-MONTH PERIOD ENDED 31 MARCH 2019**

We have been jointly engaged to review the interim condensed financial statements of CHUBB Arabia Cooperative Insurance Company - a Saudi Joint Stock Company (the "Company") for the three-month period ended 31 March 2019 ("the interim condensed financial statements").

This letter sets out that we have substantially completed our review of the interim condensed financial statements of the Company, and that we plan to issue a review report on the Company's interim condensed financial statements in due course, subject to receipt of the following:

- o Approval on the interim condensed financial statements from the Saudi Arabian Monetary Authority ("SAMA").
- o Receipt of letter of representation from the Company's management.
- o Copy of the Company's Board of Directors' resolution approving the interim condensed financial statements.

Yours Sincerely,

for Ernst & Young

Waleed G. Yawfiq
Certified Public Accountant
Registration No. 437

for PKF Al-Bassam & Co.
Allied Accountants

Ibrahim Ahmed Al Bassam
Certified Public Accountant
Registration No. 337

30 Shaban 1440 H
5 May 2019
Alkhobar

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

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

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT
AUDITORS' LIMITED REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019**

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

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF CHUBB ARABIA COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim statement of financial position of CHUBB Arabia Cooperative Insurance Company, a Saudi Joint Stock Company (the "Company") as at 31 March 2019, and the related interim statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as modified by the Saudi Arabian Monetary Authority ("SAMA") for the accounting of zakat and income tax. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects in accordance with IAS 34 as modified by SAMA for the accounting of zakat and income tax.

for Ernst & Young

for PKF Al-Bassam & Co.,
Allied Accountants

Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437

Ibrahim Ahmed Al Bassam
Certified Public Accountant
Registration No. 337

Ramadan 1440 H
May 2019
Al Khobar

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 STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	<i>Note</i>	<i>March 31, 2019</i>	<i>December 31, 2018</i>
		<u><i>SR</i></u>	<u><i>SR</i></u>
		<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Cash and cash equivalents	5	109,896,194	141,510,319
Premiums and insurance balances receivable	6	111,731,386	71,742,938
Reinsurers' share of unearned premiums	9.2	65,173,990	51,629,690
Reinsurers' share of outstanding claims	9.1	31,210,454	32,402,153
Reinsurers' share of claims incurred but not reported	9.1	40,623,349	42,927,788
Deferred policy acquisition costs	9.3	7,725,219	4,305,281
Deferred excess of loss premiums		934,192	-
Investments held for trading		79,080,662	82,766,224
Investments available for sale		1,932,078	1,932,078
Prepayments and other assets		17,253,861	15,697,435
Term deposits		117,189,794	79,467,701
Property and equipment		367,759	387,427
Right-of-use assets		2,965,874	-
Intangible assets		755,024	720,395
Goodwill	7	43,774,750	43,774,750
Statutory deposit	11	20,000,000	20,000,000
Statutory deposit commission income	11	1,359,507	1,243,271
TOTAL ASSETS		<u>651,974,093</u>	<u>590,507,450</u>

(Continued)

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 STATEMENT OF FINANCIAL POSITION (Continued)
AS AT MARCH 31, 2019

		<i>31 March</i>	<i>31 December</i>
		<i>2019</i>	<i>2018</i>
	<i>Note</i>	<i>SR</i>	<i>SR</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
LIABILITIES			
Accounts payable		21,024,702	17,570,524
Accrued expenses and other liabilities		12,175,178	9,360,327
Lease liabilities		2,133,525	-
Reinsurance balances payable	10	44,323,128	37,892,066
Gross unearned premiums	9.2	115,535,625	77,264,897
Unearned reinsurance commission income		10,649,679	7,110,295
Gross outstanding claims	9.1	44,046,936	43,917,326
Claims incurred but not reported	9.1	60,229,646	67,524,759
Additional premium reserves	9.1	1,839,034	338,987
Other technical reserves	9.1	3,688,827	4,042,602
End-of-service indemnities		7,511,074	7,174,176
Statutory deposit commission income payable	11	1,359,507	1,243,271
Provision for zakat and income tax	14	20,083,971	18,134,513
TOTAL LIABILITIES		344,600,832	291,573,743
SHAREHOLDERS' EQUITY			
Share capital	12	200,000,000	200,000,000
Statutory reserve		30,134,781	28,207,777
Retained earnings		70,619,610	64,861,051
TOTAL EQUITY		300,754,391	293,068,828
Accumulated surplus distribution payable	15	7,518,241	6,764,250
Re-measurement reserve of defined benefit obligation		(899,371)	(899,371)
TOTAL ACCUMULATED SURPLUS INSURANCE OPERATIONS		6,618,870	5,864,879
TOTAL EQUITY AND ACCUMULATED SURPLUS INSURANCE OPERATIONS'		307,373,261	298,933,707
TOTAL LIABILITIES, ACCUMULATED SURPLUS AND SHAREHOLDERS' EQUITY		651,974,093	590,507,450

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 STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	<i>Note</i>	<i>For the three- month period ended March 31, 2019 SR (Unaudited)</i>	<i>For the three- month period ended March 31, 2018 SR (Unaudited)</i>
REVENUE			
Gross written premiums	16	93,041,271	98,867,180
Less: Reinsurance premiums ceded-	8		
Local		(3,676,852)	(1,990,203)
Foreign		(41,977,875)	(44,316,971)
Excess of loss expenses		(934,188)	(1,101,819)
Net premiums written		46,452,356	51,458,187
Changes in unearned premiums		(38,270,728)	(44,885,702)
Changes in reinsurer share of unearned premiums		13,544,300	18,481,897
Net premiums earned		21,725,928	25,054,382
Reinsurance commission income		5,583,086	5,060,207
TOTAL REVENUES		27,309,014	30,114,589
UNDERWRITING COSTS AND EXPENSES			
Gross claims paid		(12,551,647)	(13,698,037)
Expenses incurred related to claims		(653,411)	(655,007)
Reinsurers' share of gross claims paid		4,701,311	4,342,356
Net claims		(8,503,747)	(10,010,688)
Changes in outstanding claims		(129,610)	5,555,225
Changes in reinsurers' share of outstanding claims		(1,191,699)	(3,588,975)
Changes in claims incurred but not reported		7,295,113	(645,850)
Changes in reinsurance share of claims incurred but not reported		(2,304,439)	543,933
Net claims incurred		(4,834,382)	(8,146,355)
Changes in additional premium reserves		(1,500,047)	296,757
Changes in other technical reserves		353,775	712,265
Policy acquisition costs		(3,963,286)	(4,597,785)
Other underwriting expenses		(843,918)	(913,986)
TOTAL UNDERWRITING COSTS AND EXPENSES		(10,787,858)	(12,649,104)
NET UNDERWRITING INCOME		16,521,156	17,465,485

(Continued)

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 STATEMENT OF INCOME (Continued)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	<i>Note</i>	<i>For the three- month period ended March 31, 2019</i> <i>SR</i> <i>(Unaudited)</i>	<i>For the three- month period ended March 31, 2018</i> <i>SR</i> <i>(Unaudited)</i>
OTHER OPERATING (EXPENSES) / INCOME			
Allowance for / (reversal of) doubtful debts		(917,921)	192,123
General and administrative expenses	8	(8,445,619)	(7,731,070)
Dividend, interest and commission income		2,225,538	1,231,475
Realised gain on disposal of investment held for trading		81,760	-
Movement in unrealised losses on investments held for trading		746,926	93,465
Other income, net		409,468	555,069
TOTAL OTHER OPERATING EXPENSES		(5,899,848)	(5,658,938)
TOTAL INCOME FOR THE PERIOD		10,621,308	11,806,547
Total income attributed to insurance operations		(986,287)	(1,167,285)
Total income for the period attributable to shareholders		9,635,021	10,639,262
Weighted average number of outstanding shares	12	20,000,000	20,000,000
Basic and Diluted Earnings per share	18	0.48	0.53

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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	<i>For the three- month period ended March 31, 2019</i>	<i>For the three- month period ended March 31, 2018</i>
	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Total income for the period	10,621,308	11,806,547
Other comprehensive income		
<i>Items that will not be reclassified to statement of income in subsequent period</i>		
Changes in re-measurement reserve of defined benefit obligation	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	10,621,308	11,806,547
Total comprehensive income attributed to the insurance operations	(986,287)	(1,167,285)
Total comprehensive income for the period attributable to shareholders	9,635,021	10,639,262

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 STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019

	<i>Share capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total Equity SR</i>	<i>Insurance operations' surplus SR</i>	<i>Total Equity and Insurance Operations' Surplus SR</i>
At January 1, 2019	200,000,000	28,207,777	64,861,051	293,068,828	5,864,879	298,933,707
Net income for the period	-	-	9,635,021	9,635,021	986,287	10,621,308
Total comprehensive income for the period	-	-	9,635,021	9,635,021	986,287	10,621,308
Surplus distributed (note 15)	-	-	-	-	(232,296)	(232,296)
Provision for zakat (note 14 a)	-	-	(1,291,966)	(1,291,966)	-	(1,291,966)
Provision for income tax (note 14 b)	-	-	(657,492)	(657,492)	-	(657,492)
Transfer to statutory reserve	-	1,927,004	(1,927,004)	-	-	-
At March 31, 2019	200,000,000	30,134,781	70,619,610	300,754,391	6,618,870	307,373,261
At January 1, 2018	200,000,000	19,309,215	37,462,871	256,772,086	5,076,596	261,848,682
Net income for the period	-	-	10,639,262	10,639,262	1,167,285	11,806,547
Total comprehensive income for the period	-	-	10,639,262	10,639,262	1,167,285	11,806,547
Provision for zakat (note 14 a)	-	-	(1,222,433)	(1,222,433)	-	(1,222,433)
Provision for income tax (note 14 b)	-	-	(738,334)	(738,334)	-	(738,334)
Transfer to statutory reserve	-	2,127,852	(2,127,852)	-	-	-
At March 31, 2018	200,000,000	21,437,067	44,013,514	265,450,581	6,243,881	271,694,462

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 STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH, 2019

	<i>For the three-month period ended March 31, 2019</i>	<i>For the three-month period ended March 31, 2018</i>
	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES		
Net income for the period	10,621,308	11,806,547
Adjustments for non-cash items:		
Depreciation of property and equipment	57,933	75,909
Right-of-use depreciation	269,625	-
Amortization of intangible assets	54,434	29,815
Gain on sale of property and equipment	-	(24,162)
Interest on finance lease obligations	20,253	
Allowance for doubtful debts	917,921	192,123
Changes in unrealised gains on investments held for trading	(746,926)	(93,465)
Realised gains on investments held for trading	(81,760)	-
Provision for end-of-service indemnities	336,898	691,149
	11,449,686	12,677,916
Working capital adjustments:		
Premiums and insurance balances receivable	(40,906,369)	(46,826,559)
Reinsurers' share of unearned premiums	(13,544,300)	(18,481,897)
Reinsurers' share of outstanding claims	1,191,699	3,588,975
Reinsurers' share of claims incurred but not reported	2,304,439	(543,933)
Deferred policy acquisition costs	(3,419,938)	(5,111,541)
Deferred excess of loss premiums	(934,192)	(1,101,813)
Prepayments and other assets	(1,556,426)	(8,060,266)
Accounts payable	3,454,178	7,573,716
Accrued expenses and other liabilities	2,814,851	(931,519)
Reinsurance balances payable	6,431,062	21,476,251
Gross unearned premiums	38,270,728	44,885,702
Unearned reinsurance commission income	3,539,384	3,599,975
Gross outstanding claims	129,610	(5,555,225)
Claims incurred but not reported	(7,295,113)	645,850
Additional premium reserves	1,500,047	(296,757)
Other technical reserves	(353,775)	(712,265)
Cash from operations	3,075,571	6,826,610
Surplus paid to policyholders	(232,296)	-
End-of-service indemnities paid	-	(204,700)
Net cash from operating activities	2,843,275	6,621,910
INVESTING ACTIVITIES		
Purchase of investments held for trading	(5,625,002)	-
Proceeds from disposal of investments held for trading	10,139,250	-
Additions to term deposits	(37,722,093)	-
Proceeds from disposal of property and equipment	-	47,100
Purchase of property and equipment	(38,265)	(9,500)
Purchase of intangible assets	(89,063)	(132,000)
Net cash used in investing activities	(33,335,173)	(94,400)
FINANCING ACTIVITY		
Payment under finance lease obligation	(1,122,227)	-
Net cash used in financing activity	(1,122,227)	-
DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS	(31,614,125)	6,527,510
Cash and cash equivalents at beginning of the period	141,510,319	141,924,558
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	109,896,194	148,452,068

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
AT MARCH 31, 2019

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.

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 of the transfer from the respective authorities in 2012.

3. BASIS OF PREPARATION

- i These interim condensed financial information for the three-month period ended March 31, 2019 of the Company has been prepared in accordance with ‘International Accounting Standard 34 - Interim Financial Reporting (“IAS 34”) as modified by SAMA for the accounting of zakat and income tax’, which requires, adoption of all IFRSs as issued by the International Accounting Standards Board (“IASB”), except for the application of International Accounting Standard (IAS) 12 - “Income Taxes” and IFRIC 21 - “Levies” so far as these relate to zakat and income tax. As per the SAMA Circular no. 381000074519 dated April 11, 2017 and subsequent amendments through certain clarifications relating to the accounting for zakat and income tax (“SAMA Circular”), zakat and income tax are to be accrued on a quarterly basis through shareholders equity under retained earnings.
- ii. These interim financial statements is prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of investments in held for trading and investments available for sale. The Company’s interim statement of financial position is presented in order of liquidity and is not presented using a current/non-current classification. Except for property and equipment, right of use asset, intangible assets, statutory deposit, statutory deposit commission payable, end-of-service indemnities and engineering related unearned premiums, unearned reinsurance commission, deferred policy acquisition cost, outstanding claims, claims incurred but not reported and technical reserves, all other assets and liabilities are short-term nature, unless, stated otherwise.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

3. BASIS OF PREPARATION (Continued)

- iii. As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Accordingly, assets, liabilities, revenues and expenses clearly attributable to either activity are recorded in the respective accounts. Similarly, in the past, the Company's interim condensed and annual financial statements presented separately the statement of financial position, statements of income, comprehensive income and cash flows for the insurance operations and shareholders operations. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.
- iv. The interim statement of financial position, interim statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented on pages 31 to 36 of the financial statements have been provided only as supplementary financial information and to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim statements of financial position, statement of income and statements of comprehensive income 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.
- vi. The 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 2018. The interim condensed financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Company's management to present a fair statement of the financial position, results of operations and cash flows.
- vii. These interim condensed financial statements are expressed in Saudi Arabian Riyals (SR).

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

The Company has applied, for the first time, IFRS 16 Leases that requires restatement of previous financial statements unless modified retrospective approach is adopted. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, however do not have an impact on the interim condensed financial statements of the Company.

The date of initial application of IFRS 16 for the Company is 1 January 2019. The Company has opted to apply IFRS 16 using the modified retrospective approach. Hence, restatement of the comparative information is not required.

IFRS 16 – Leases, applicable for the period beginning on or after 1 January 2019 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model except for short term leases and leases of low value assets.

Impact of the new definition of a lease

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of the new definition of a lease (continued)

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

Assets	SR
Right-of-use assets	<u>3,235,499</u>
Total assets	<u>3,235,499</u>
Liabilities	
Lease Liability	<u>3,235,499</u>
Total liabilities	<u>3,235,499</u>
Total adjustment on equity:	
Retained earnings	<u>-</u>

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and leases liabilities. It resulted in a decrease in other expense and an increase in depreciation and amortisation expense and in interest expense.

Nature of the effect of adoption of IFRS 16

The Company has lease contracts mainly for rented properties. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company, otherwise it was classified as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and accrued and other liabilities, respectively. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

In case of leases previously accounted for as operating leases, the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use asset was recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of rented properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below SR 18,750). Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts to be recognised in the interim condensed statement of financial position and interim condensed statement of income mainly relate to the carrying amounts of the Company's right-of-use assets and lease liabilities along with the related movements during the period ended 31 March 2019 are set out below:

Interim condensed statement of financial position and statement of income	SR
Right-of-use assets	2,965,874
Lease liability	2,133,525
Depreciation	269,625
Interest cost	20,253

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has also adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

Standard	Description
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 28	Long-term interests in associates and joint ventures
IAS 19	Amendments to IAS 19 – Plan amendment, curtailment of settlement.
IFRS 3, IFRS 11, IAS 12 and IAS 23	Annual Improvements to IFRS 2015-2017 cycle
IAS 40	Transfers of investment property – Amendments to IAS 40
IFRIC 22	Foreign Currency Transactions and Advances Consideration
IFRS 1 and IAS 28	Annual Improvements to IFRS 2014-2016 cycle
IFRS 4	Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IFRS 2	Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

The adoption of the relevant new and amended standards and interpretations applicable to the Company did not have any significant impact on these interim condensed financial statements except for the application of IFRS 16 which is detailed above.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's interim condensed financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

Standard/ Interpretation	Description	Effective from periods beginning on or after the following date
IFRS 3	Definition of a business – Amendments to IFRS 3	1 January 2020
IAS 1 and IAS 8	Definition of Material – Amendments to IAS 1 and IAS 8	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 9	Financial Instruments	1 January 2021

IFRS 17 – Insurance Contracts

IFRS 17 - "Insurance Contracts", applicable for the period beginning on or after 1 January 2022, and will supersede IFRS 4 "Insurance Contracts". Earlier adoption permitted if both IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have also been applied. The Company is currently in the process of performing an initial gap assessment and expects a material impact on measurement and disclosure of insurance and reinsurance that will affect both the statement of income and the statement of financial position. The Company has decided not to early adopt this new standard.

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 - Financial Instrument

Implementation of IFRS 9 is expected to result in a significant portion of financial assets currently classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of the revised standard IFRS 4 'Insurance Contracts', more assets may be classified as at fair value through profit or loss under the fair value option. The Company has chosen to defer the implementation of IFRS 9 until 1 January 2021.

Risk Management

The Company's activities expose it to variety of financial risks: market risk (including commission rate risk, currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2018. There have been no changes in the risk management department or in any risk management policies since the year end.

Seasonality

Due to the seasonality of the operations, results can vary on a quarterly basis.

Use of estimates in the preparation of interim condensed financial statements

The preparation of interim condensed 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 condensed financial information, 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 information as at and for the year ended 31 December 2018.

5. CASH AND CASH EQUIVALENTS

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	<i>March</i>	<i>December</i>	<i>March</i>	<i>December</i>
	<i>31, 2019</i>	<i>31, 2018</i>	<i>31, 2019</i>	<i>31, 2018</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Cash in hand	20,000	-	-	-
Cash at banks				
- Current accounts	10,208,601	8,298,585	6,612,408	1,523,906
- Time deposits	26,507,744	64,744,141	66,547,441	66,943,687
	36,736,345	73,042,726	73,159,849	68,467,593

Deposits are placed with local banks with maturities of less than three-months and earn financial income at an average rate of 2.5% to 4.10% per annum (December 31, 2018: 2.0% to 2.80% per annum).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

6. PREMIUMS AND INSURANCE BALANCES RECEIVABLE

	<i>March 31, 2019 SR</i>	<i>December 31, 2018 SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Policyholders	41,169,238	25,914,362
Brokers	79,552,037	54,472,241
Receivables from insurance and reinsurance companies	763,813	598,390
Premiums and reinsurance receivables from related parties (note 8)	412,786	6,512
	121,897,874	80,991,505
Less: allowance for doubtful debts, net	(10,166,488)	(9,248,567)
Premiums and reinsurers' receivable – net	111,731,386	71,742,938

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 AND BALANCES 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. Pricing policies and terms of these transactions are approved by the Company’s management and Board of Directors. The following are the details of major related parties’ transactions during the period and the related balances:

<i>Related parties</i>	<i>Nature of transactions</i>	<i>For the three- month period ended March 31, 2019 SR</i>	<i>For the three- month period ended March 31, 2018 SR</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Shareholders	Reinsurance premiums ceded	13,679,760	16,798,187
	Reinsurers’ share of gross claims	629,024	1,184,516
	Reinsurance commission income	2,439,227	2,755,479
Affiliates	Gross written premiums	461,402	874,872
	Rent	328,963	360,158
	Claim expenses	545,691	367,890
	Expenses	9,000	9,000
Board of Directors	Remuneration	356,250	356,250
	Meeting Fees	398,250	216,000
	Expenses	142,538	78,032

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Balances due from related parties are comprised of the followings:

<i>Related parties</i>	<i>Premiums and reinsurance</i>		<i>Reinsurance payables</i>	
	<i>receivables</i>			
	<i>Ma</i>	<i>December</i>	<i>M</i>	<i>December</i>
	<i>31, 2019</i>	<i>31, 2018</i>	<i>31, 2019</i>	<i>31, 2018</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
CHUBB European Group, Turkey	-	-	2,308,082	2,308,082
CHUBB European Group London, UK	-	-	1,161,399	1,852,083
CHUBB American Insurance Co. Wilmington, USA	-	-	5,354,622	1,850,805
CHUBB Tempest RE	-	-	2,367,180	1,040,444
CHUBB European Group, France	-	-	1,090,417	1,071,914
ACE Mena, Bahrain	-	-	852,370	447,228
RFIB Group Limited, Saudi Arabia	-	6,512	613,870	169,902
CHUBB Philadelphia, USA	-	-	-	-
ACE American, Bahrain	-	-	-	749,767
CHUBB, Dubai, UAE	-	-	2,324,810	641,717
El Khereiji Real Estate Company	315,060	-	-	-
Others	97,726	-	411,542	300,889
Total	412,786	6,512	16,484,292	10,432,831

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

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

Remuneration and compensation of BOD Members and Executives

Key management personnel of the Company includes all directors, executive and non-executive, and senior management. The following table shows the salaries, remuneration and allowances obtained by the Board members and key management personnel for the period ended March 31, 2019 and 2018:

Period-ended March 31, 2019	<i>BOD members</i>		
	<i>BOD members</i>	<i>(Non-</i>	<i>Key</i>
	<i>(Executives)</i>	<i>Executive)</i>	<i>management</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
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	-
Total	92,048	804,990	1,455,104

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

8. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Remuneration and compensation of BOD Members and Executives (continued)

Period-ended March 31, 2018	<i>BOD members (Executives) (Unaudited)</i>	<i>BOD members (Non-Executive) (Unaudited)</i>	<i>Key management (Unaudited)</i>
Salaries and compensation	-	-	1,151,207
End of service indemnities	-	-	79,978
Travel expenses	3,428	74,604	-
Annual remuneration and meeting fees	65,000	507,250	-
Total	68,428	581,854	1,231,185

9. TECHNICAL RESERVES

9.1 Net outstanding claims and reserves

Net outstanding claims and reserves comprise of the following:

	<i>March 31, 2019 SR (Unaudited)</i>	<i>December 31, 2018 SR (Audited)</i>
Gross outstanding claims	46,109,622	46,098,352
Less: Realizable value of salvage and subrogation	(2,062,686)	(2,181,026)
	44,046,936	43,917,326
Claims incurred but not reported	60,229,646	67,524,759
Gross outstanding claims and reserves	104,276,582	111,442,085
Premium deficiency reserve	1,756,406	249,262
Additional unexpired reserve	82,628	89,725
Additional premium reserve	1,839,034	338,987
Claims handling provision	1,857,383	2,012,544
Unallocated loss adjustment expense	1,831,444	2,030,058
Other technical reserve	3,688,827	4,042,602
	109,804,443	115,823,674
Less:		
- Reinsurers' share of outstanding claims	(31,210,454)	(32,402,153)
- Reinsurers' share of claims incurred but not reported	(40,623,349)	(42,927,788)
Net outstanding claims and reserves	37,970,640	40,493,733

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AT MARCH 31, 2019

9. TECHNICAL RESERVES (continued)

9.2 Movement in unearned premiums

Movement in unearned premiums comprise of the following:

	<i>Period ended March 31, 2019 (Unaudited)</i>		
	Gross	Reinsurance	Net
Balance as at the beginning of the period	77,264,897	(51,629,690)	25,635,207
Premium written during the period	93,041,272	(46,588,915)	46,452,357
Premium earned during the period	(54,770,544)	33,044,615	(21,725,929)
Balance as at the end of the period	115,535,625	(65,173,990)	50,361,635
	<i>Year-ended December 31, 2018 (Audited)</i>		
	Gross	Reinsurance	Net
Balance as at the beginning of the year	74,285,096	(44,255,912)	30,029,184
Premium written during the year	233,972,759	(137,034,260)	96,938,499
Premium earned during the year	(230,992,958)	129,660,482	(101,332,476)
Balance as at the end of the year	77,264,897	(51,629,690)	25,635,207

9.3 Movement in deferred policy acquisition costs

	<i>March 31, 2019 SR (Unaudited)</i>	<i>December 31, 2018 SR (Audited)</i>
Balance as at the beginning of the period/year	4,305,281	4,912,113
Incurred during the period/year	7,383,224	17,641,071
Amortised during the period/year	(3,963,286)	(18,247,903)
Balance as at the end of the period/year	7,725,219	4,305,281

Deferred policy acquisition costs only relate to insurance operations, the company does not have any inwards reinsurance arrangements.

10. REINSURANCE BALANCES PAYABLE

	<i>March 31, 2019 SR (Unaudited)</i>	<i>December 31, 2018 SR (Audited)</i>
Related parties (note 8)	16,484,292	10,432,831
Others	27,838,836	27,459,235
	44,323,128	37,892,066

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11. STATUTORY DEPOSIT

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

In accordance with the instruction received from the Saudi 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, 2019 as an asset and a liability in these interim condensed financial statements.

12. SHARE CAPITAL

The authorised, issued and paid-up share capital is SR 200 million at March 31, 2019 consisting of 20 million shares (December 31, 2018: SR 200 million consisting of 20 million shares) of SR 10 each.

13. 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.

14. ZAKAT AND INCOME TAX

a) Zakat

Charge for the period/year

The zakat charge relating to Saudi shareholders' and principal elements of zakat base are as following:

	<i>March 31, 2019 SR (Unaudited)</i>	<i>December 31, 2018 SR (Audited)</i>
Equity	140,000,000	140,000,000
Opening provisions and other adjustments	10,269,860	9,143,156
Book value of long term assets, net of related financing	(2,138,405)	(2,127,933)
	148,131,455	147,015,223
Zakatable income for the period /year	9,440,001	31,502,162
Zakat base	157,571,456	178,517,385
	<i>March 31, 2019 SR (Unaudited)</i>	<i>March 31, 2018 SR (Unaudited)</i>
Charge and provision for the period	1,291,966	1,222,433

The difference between the financial results and adjusted profit is mainly due to adjustments for certain costs based on relevant regulations.

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14. ZAKAT AND INCOME TAX (continued)

b) Income tax

Charge for the period

Income tax relating to the non-Saudi shareholders' consists of:

	<i>March</i> <i>31, 2019</i> <i>SR</i> <i>(Unaudited)</i>	<i>March</i> <i>31, 2018</i> <i>SR</i> <i>(Unaudited)</i>
Charge and provision for the period	<u>657,492</u>	<u>738,334</u>

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.

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

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

	<i>March 31,</i> <i>2019</i> <i>SR</i> <i>(Unaudited)</i>	<i>December 31,</i> <i>2018</i> <i>SR</i> <i>(Audited)</i>
At the beginning of the period/year	18,134,513	13,371,168
Provision for the period/year	1,949,458	8,196,066
Paid during the period/year	-	(3,432,721)
At the end of the period/year	<u>20,083,971</u>	<u>18,134,513</u>

The following is the shareholding percentage in the interim condensed financial statements as at the end of the period/year:

	<i>March</i> <i>31, 2019</i> <i>%</i> <i>(Unaudited)</i>	<i>December</i> <i>31, 2018</i> <i>%</i> <i>(Audited)</i>
Shareholding subject to zakat	70.00	70.00
Shareholding subject to income tax	<u>30.00</u>	<u>30.00</u>

d) 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 assessed additional income tax, zakat and withholding tax liability amounting to SR 13.79 million and delay fines of SR 4.4 million. The management has filed an appeal against these assessments. However, the Company has paid SR 14.9 million for income tax, withholding tax and delay fines and also furnished a bank guarantee of SR 3.3 million in favor of GAZT for zakat liability for above mentioned years.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
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14. ZAKAT AND INCOME TAX (continued)

d) Zakat and income tax assessments (continued)

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

Zakat and income tax assessments have not been raised by the GAZT for the years 2016 or 2017.

Zakat and income tax has been computed based on the Company's understanding and interpretation of the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. The GAZT continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakat regulations in Saudi Arabia are subject to different interpretations and new zakat regulations have been issued by the GAZT dated 1 Jumada II 1438H (corresponding to 28 February 2017). The zakat and income tax liability as computed by the Company could be different from zakat and tax liability as assessed by the GAZT for years for which assessments have not yet been raised by the GAZT.

15. SURPLUS DISTRIBUTION PAYABLE

	<i>March 31</i> <i>2019</i> <i>SR</i>	<i>December 31</i> <i>2018</i> <i>SR</i>
Opening surplus distribution payable	6,764,250	5,234,380
Total income attributed to the insurance operations	986,287	5,003,795
Surplus paid to policy holders	(232,296)	(3,473,925)
Closing surplus distribution payable	<u>7,518,241</u>	<u>6,764,250</u>

16. GROSS WRITTEN PREMIUM

Gross Written Premium - For the three-months period March 31, 2019

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
Protection and Saving	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Total	4,254,750	1,083,380	3,365,246	11,029,875	73,308,020	93,041,271

Gross Written Premium - For the three-months period March 31, 2018

Class	Individual	Very small	Small	Medium	Corporate	Total
Motor	4,255,715	194,081	946,234	2,438,013	34,761,710	42,595,753
Property and Casualty	961,338	217,174	2,030,666	4,972,039	48,090,210	56,271,427
Protection and Saving	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Total	5,217,053	411,255	2,976,900	7,410,052	82,851,920	98,867,180

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

17. SEGMENTAL INFORMATION

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 segment has 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, 2018.

Segment results do not include, allowance for doubtful debts, general and administrative expenses, dividend, unrealised losses on disposal of investments held for trading, realized gains on investments held for trading and other income, net.

Segment assets do not include cash and cash equivalents, premiums and insurance balances receivable, amounts due from related parties, investments held for trading, investments available for sale, prepayments and other assets, term deposits, property and equipment, intangible assets, goodwill, statutory deposit and statutory deposit commission income. Accordingly, they are included in unallocated assets.

Segment liabilities and accumulated surplus do not include accounts payables, accrued expenses and other liabilities, reinsurance balances payable, end of service indemnities, statutory deposit commission income payable, provision for zakat and income tax and re-measurement reserve of defined benefit obligation. Accordingly, they are included in unallocated liabilities.

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at March 31, 2019 and December 31, 2018, its total revenues, expenses, and net income for the year then ended, are as follows:

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

17. SEGMENTAL INFORMATION (Continued)

Operating segments

For the period of three months ended

March 31, 2019

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total SR</i>
REVENUE						
Gross written premiums	28,235,019	4,964,637	38,565,042	12,426,930	8,849,643	93,041,271
Less: Reinsurance premiums ceded						
Local	(2,741,800)	(406,459)	-	-	(528,593)	(3,676,852)
Foreign	(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
Change in unearned premiums	(8,318,753)	(326,089)	(22,249,799)	(2,172,417)	(5,203,670)	(38,270,728)
Change in reinsurance 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 commission income	2,457,354	962,545	836,709	795,681	530,797	5,583,086
TOTAL REVENUES	4,064,791	1,657,565	13,871,980	5,558,615	2,156,063	27,309,014
UNDERWRITING COSTS AND EXPENSES						
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 gross claims paid	184,195	3,168,455	990,502	64,561	293,598	4,701,311
Net claims	(4,532)	(455,431)	(7,246,774)	(709,745)	(87,265)	(8,503,747)
Change in outstanding claims	(1,068,477)	3,725,813	(2,382,719)	150,859	(555,086)	(129,610)
Changes in reinsurance share of outstanding claims	1,120,763	(3,262,790)	404,673	288,191	257,464	(1,191,699)
Changes in claims incurred but not reported	5,683,283	979,765	2,976,532	(1,671,712)	(672,755)	7,295,113
Changes in reinsurance share of claims incurred but not reported	(5,644,318)	(121,197)	46,616	2,693,022	721,438	(2,304,439)
Net claims incurred	86,719	866,160	(6,201,672)	750,615	(336,204)	(4,834,382)
Changes in additional premium reserve	(813,234)	29,033	-	-	(715,846)	(1,500,047)
Changes in 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)
TOTAL UNDERWRITING COSTS AND EXPENSES	(1,799,345)	634,526	(7,812,880)	(274,215)	(1,535,944)	(10,787,858)
NET UNDERWRITING INCOME	2,265,446	2,292,091	6,059,100	5,284,400	620,119	16,521,156
OTHER OPERATING (EXPENSES)/ INCOME						
Unallocated allowance for doubtful debts						(917,921)
Unallocated general and administrative expenses						(8,445,619)
Unallocated dividend, interest and commission income						2,225,538
Unallocated realized gains on investments held for trading						81,760
Unallocated unrealised gains on investments held for trading						746,926
Unallocated other income, net						409,468
TOTAL OTHER OPERATING EXPENSES						(5,899,848)
TOTAL INCOME FOR THE PERIOD						10,621,308
Surplus transferred to shareholders						(986,287)
NET RESULTS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS						9,635,021

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

17. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

<i>As at March 31, 2019</i>	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total - Insurance operations SR</i>	<i>Shareholders' operations SR</i>	<i>Total SR</i>
Assets								
Reinsurers' share of unearned Premiums	35,230,472	9,322,548	5,541,823	10,052,713	5,026,434	65,173,990	-	65,173,990
Reinsurers' share of outstanding claims	20,406,522	6,854,690	1,279,562	765,735	1,903,945	31,210,454	-	31,210,454
Reinsurers' share of claims incurred but not reported	26,690,147	4,302,986	1,528,561	4,658,979	3,442,676	40,623,349	-	40,623,349
Deferred policy acquisition costs	2,669,426	655,424	2,720,622	1,234,796	444,951	7,725,219	-	7,725,219
Unallocated assets						192,979,867	314,261,214	507,241,081
TOTAL ASSETS						337,712,879	314,261,214	651,974,093
Liabilities								
Gross unearned premiums	38,217,044	10,653,217	39,745,812	18,217,373	8,702,179	115,535,625	-	115,535,625
Gross outstanding claims	21,519,268	7,489,314	6,333,221	4,888,221	3,816,912	44,046,936	-	44,046,936
Claims incurred but not reported	29,836,510	5,493,392	8,555,658	9,306,963	7,037,123	60,229,646	-	60,229,646
Unearned reinsurance commission income	5,098,129	2,033,996	1,665,194	1,100,739	751,621	10,649,679	-	10,649,679
Additional premium reserve	1,038,904	82,628	-	-	717,502	1,839,034	-	1,839,034
Other technical reserves	1,459,659	471,069	896,144	444,613	417,342	3,688,827	-	3,688,827
Unallocated liabilities						90,225,477	25,004,478	115,229,955
TOTAL LIABILITIES						326,215,224	25,004,478	351,219,702

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

17. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

*For the period of three months ended
March 31, 2018*

	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total SR</i>
REVENUE						
Gross written premiums	27,987,865	3,997,527	42,595,753	11,824,782	12,461,253	98,867,180
Less: Reinsurance premiums ceded						
Local	(1,470,800)	(278,879)		(83,938)	(156,586)	(1,990,203)
Foreign	(23,763,672)	(2,922,342)	(6,371,390)	(4,352,320)	(6,907,247)	(44,316,971)
Excess of loss expenses	(374,118)	(145,491)	(238,920)	(123,081)	(220,209)	(1,101,819)
Net premiums written	2,379,275	650,815	35,985,443	7,265,443	5,177,211	51,458,187
Change in unearned premiums	(10,218,040)	339,972	(24,521,828)	(2,629,286)	(7,856,520)	(44,885,702)
Change in reinsurance share of unearned premiums	9,169,964	(270,662)	4,982,232	(458,110)	5,058,473	18,481,897
Net premiums earned	1,331,199	720,125	16,445,847	4,178,047	2,379,164	25,054,382
Reinsurance commission income	2,450,583	914,911	354,415	781,615	558,683	5,060,207
NET REVENUES	3,781,782	1,635,036	16,800,262	4,959,662	2,937,847	30,114,589
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	(5,199,979)	(419,996)	(6,975,668)	(103,596)	(998,798)	(13,698,037)
Expenses incurred related to claims	(205,205)	(25,698)	(381,935)	(6,757)	(35,412)	(655,007)
Reinsurers' share of gross claims paid	3,160,082	375,769	222,433	15,270	568,802	4,342,356
Net claims	(2,245,102)	(69,925)	(7,135,170)	(95,083)	(465,408)	(10,010,688)
Change in outstanding claims	5,328,257	(564,075)	(1,307,432)	336,060	1,762,415	5,555,225
Changes in reinsurance share of outstanding claims	(2,735,882)	578,959	230,015	(301,413)	(1,360,654)	(3,588,975)
Changes in claims incurred but not reported	(2,020,277)	(873,428)	(2,863,359)	6,781,050	(1,669,836)	(645,850)
Changes in reinsurance share of claims incurred but not reported	2,849,145	1,922,352	786,568	(6,876,413)	1,862,281	543,933
Net claims incurred	1,176,141	993,883	(10,289,378)	(155,799)	128,798	(8,146,355)
Changes in additional premium reserve	664,273	(399,378)	-	-	31,862	296,757
Changes in other technical reserves	822,510	(11,555)	(160,294)	69,490	(7,886)	712,265
Policy acquisition costs	(1,058,794)	(358,956)	(1,802,541)	(832,671)	(544,823)	(4,597,785)
Other underwriting expenses	(194,059)	(80,066)	(341,834)	(117,971)	(180,056)	(913,986)
TOTAL UNDERWRITING COSTS AND EXPENSES	1,410,071	143,928	(12,594,047)	(1,036,951)	(572,105)	(12,649,104)
NET UNDERWRITING INCOME	5,191,853	1,778,964	4,206,215	3,922,711	2,365,742	17,465,485
OTHER OPERATING (EXPENSES)/ INCOME						
Unallocated allowance for doubtful debts						192,123
Unallocated general and administrative expenses						(7,731,070)
Unallocated dividend, interest and commission income						1,231,475
Unallocated unrealised gains on investments held for trading						93,465
Unallocated other income, net						555,069
TOTAL OTHER OPERATING EXPENSES						(5,658,938)
TOTAL INCOME FOR THE PERIOD						11,806,547
Surplus transferred to Shareholders						(1,167,285)
NET RESULTS AFTER TRANSFER OF SURPLUS TO SHAREHOLDERS						10,639,262

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

17. SEGMENTAL INFORMATION (Continued)

Operating segments (Continued)

<i>As at December 31, 2018</i>	<i>Property SR</i>	<i>Engineering SR</i>	<i>Motor SR</i>	<i>Casualty SR</i>	<i>Others SR</i>	<i>Total - Insurance operations SR</i>	<i>Shareholders' operations SR</i>	<i>Total SR</i>
Assets								
Reinsurers' share of unearned Premiums	27,572,729	9,116,613	2,828,411	10,311,791	1,800,146	51,629,690	-	51,629,690
Reinsurers' share of outstanding claims	19,285,759	10,117,480	874,889	477,544	1,646,481	32,402,153	-	32,402,153
Reinsurers' share of claims incurred but not reported	32,334,465	4,424,183	1,481,945	1,965,957	2,721,238	42,927,788	-	42,927,788
Deferred policy acquisition costs	960,091	474,423	1,391,635	1,168,997	310,135	4,305,281	-	4,305,281
Unallocated assets						185,745,255	273,497,283	459,242,538
TOTAL ASSETS						<u>317,010,167</u>	<u>273,497,283</u>	<u>590,507,450</u>
Liabilities								
Gross unearned premiums	29,898,291	10,327,128	17,496,013	16,044,956	3,498,509	77,264,897	-	77,264,897
Gross outstanding claims	20,450,791	11,215,127	3,950,502	5,039,080	3,261,826	43,917,326	-	43,917,326
Claims incurred but not reported	35,519,793	6,473,157	11,532,190	7,635,251	6,364,368	67,524,759	-	67,524,759
Unearned reinsurance commission income	2,614,584	1,892,200	724,932	1,347,781	530,798	7,110,295	-	7,110,295
Additional premium reserve	225,670	111,661	-	-	1,656	338,987	-	338,987
Other technical reserves	1,675,686	602,887	1,001,541	375,040	387,448	4,042,602	-	4,042,602
Unallocated liabilities						75,198,473	22,041,283	97,239,756
TOTAL LIABILITIES						<u>275,397,339</u>	<u>22,041,283</u>	<u>297,438,622</u>

Geographical segments

All the assets and liabilities of the Company are located in the Kingdom of Saudi Arabia except for certain investments held in countries domiciled in the Gulf Cooperation Council ("GCC").

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The management assessed that cash, bank balances and short-term deposits, receivables from related parties, accounts payable, reinsurance balances payable, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Investments comprise the following:

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	<i>March 31,</i>	<i>December</i>	<i>March 31,</i>	<i>December</i>
	<i>2019</i>	<i>31, 2018</i>	<i>2019</i>	<i>31, 2018</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Investments held for trading	34,423,813	36,028,138	44,656,849	46,738,086
Investments available for sale	-	-	1,932,078	1,932,078
	34,423,813	36,028,138	46,588,927	48,670,164

Investment securities are classified as follows:

i) Investments held for trading:

a) *Category wise analysis is as follows:*

<i>Insurance Operations</i>	Domestic		International		Total	
	<i>March 31,</i>	<i>December</i>	<i>March 31,</i>	<i>December</i>	<i>March 31,</i>	<i>December</i>
	<i>2019</i>	<i>31, 2018</i>	<i>2019</i>	<i>31, 2018</i>	<i>2019</i>	<i>31, 2018</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Sukuks and bonds	8,497,103	8,455,503	15,108,645	16,930,277	23,605,748	25,385,780
Equity securities	10,818,065	10,642,358	-	-	10,818,065	10,642,358
	19,315,168	19,097,861	15,108,645	16,930,277	34,423,813	36,028,138
<i>Shareholders' Operations</i>	Domestic		International		Total	
	<i>March 31,</i>	<i>December</i>	<i>March 31,</i>	<i>December</i>	<i>March 31,</i>	<i>December</i>
	<i>2019</i>	<i>31, 2018</i>	<i>2019</i>	<i>31, 2018</i>	<i>2019</i>	<i>31, 2018</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Sukuks and bonds	11,023,005	10,969,039	19,599,935	21,963,077	30,622,940	32,932,116
Equity securities	14,033,909	13,805,970	-	-	14,033,909	13,805,970
	25,056,914	24,775,009	19,599,935	21,963,077	44,656,849	46,738,086

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)**AT MARCH 31, 2019****18. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)***b) Movements in investments held for trading is as follows:*

	<i>Insurance operations</i>		<i>Shareholders' operations</i>	
	<i>March 31, 2019</i>	<i>December 31, 2018</i>	<i>March 31, 2019</i>	<i>December 31, 2018</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
At the beginning of the year	36,028,138	29,108,064	46,738,086	46,320,848
Acquired during the year	2,448,563	8,986,905	3,176,439	11,658,409
Disposals during the year	(4,413,615)	(1,280,925)	(5,725,635)	(11,674,100)
Unrealised losses on investments held for trading	325,137	(746,220)	421,789	(968,046)
Realised (losses)/gain	35,590	(39,686)	46,170	1,400,975
At the end of the year	34,423,813	36,028,138	44,656,849	46,738,086

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 (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; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

	<i>31 March 2019</i>			
	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Investments held for trading	79,080,662	-	-	79,080,662
Investments available for sale	-	-	1,932,078	1,932,078
	79,080,662	-	1,932,078	81,012,740
	<i>31 December 2018</i>			
	<i>Level 1 SR</i>	<i>Level 2 SR</i>	<i>Level 3 SR</i>	<i>Total SR</i>
Investments held for trading	82,766,224	-	-	82,766,224
Investments available for sale	-	-	1,932,078	1,932,078
	82,766,224	-	1,932,078	84,698,302

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

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

19. EARNINGS PER SHARE FOR THE PERIOD

Earnings per share for the period has been calculated by dividing the net income for the period by the weighted average number of outstanding shares during the period. The earning per share for the comparative period has been adjusted retrospectively to reflect the increase in share capital as required by the relevant accounting standard.

20. COMPARATIVE BALANCES

Certain of the comparative balances have been reclassified and regrouped to conform to the current period presentation. These changes are summarised below were mainly to conform with the SAMA requirements:

- As discussed in note 3 to these interim condensed financial statements, previously the interim statements of income, comprehensive income and cash flows were presented separately for insurance operations and shareholders operations, which are now combined together to present the Company level interim statement of income, comprehensive income and cash flows.
- Share of insurance operations surplus split in the ratio of 90/10 between shareholders and insurance operations and presented separately is now presented as an expense in the interim statement of income (refer note 21).

21. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 5 May 2019 corresponding to 30 Shaban 1440H.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

22. SUPPLEMENTARY INFORMATION

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

a) Statement of financial position

	Note	March 31, 2019			December 31, 2018		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SR	SR	SR	SR	SR	SR
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Cash and cash equivalents	5	36,736,345	73,159,849	109,896,194	73,042,726	68,467,593	141,510,319
Premiums and insurance balances receivable	6	111,731,386	-	111,731,386	71,742,938	-	71,742,938
Reinsurers' share of unearned premiums	9.2	65,173,990	-	65,173,990	51,629,690	-	51,629,690
Reinsurers' share of outstanding claims	9.1	31,210,454	-	31,210,454	32,402,153	-	32,402,153
Reinsurers' share of claims incurred but not reported	9.1	40,623,349	-	40,623,349	42,927,788	-	42,927,788
Deferred policy acquisition costs	9.3	7,725,219	-	7,725,219	4,305,281	-	4,305,281
Deferred excess of loss premiums		934,192	-	934,192			
Investments held for trading		34,423,813	44,656,849	79,080,662	36,028,138	46,738,086	82,766,224
Investments available for sale		-	1,932,078	1,932,078	-	1,932,078	1,932,078
Prepayments and other assets		5,065,474	12,188,387	17,253,861	3,823,631	11,873,804	15,697,435
Term deposits		-	117,189,794	117,189,794	-	79,467,701	79,467,701
Property and equipment		367,759	-	367,759	387,427	-	387,427
Right-of-use assets		2,965,874	-	2,965,874	-	-	-
Intangible assets		755,024	-	755,024	720,395	-	720,395
Goodwill	7	-	43,774,750	43,774,750	-	43,774,750	43,774,750
Statutory deposit	11	-	20,000,000	20,000,000	-	20,000,000	20,000,000
Statutory deposit commission income	11	-	1,359,507	1,359,507	-	1,243,271	1,243,271
Amounts due from insurance operations		-	11,497,655	11,497,655	3,421,327	45,034,155	48,455,482
TOTAL ASSETS		337,712,879	325,758,869	663,471,748	320,431,494	318,531,438	638,962,932
Less: inter-operations elimination		-	(11,497,655)	(11,497,655)	(3,421,327)	(45,034,155)	(48,455,482)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION		337,712,879	314,261,214	651,974,093	317,010,167	273,497,283	590,507,450

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

22. SUPPLEMENTARY INFORMATION (continued)

a) Statement of financial position (continued)

	<i>Note</i>	<i>March 31, 2019</i>			<i>December 31, 2018</i>		
		Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
		SR	SR	SR	SR	SR	SR
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Accounts payable		21,024,702	-	21,024,702	17,570,524	-	17,570,524
Accrued expenses and other liabilities		8,614,178	3,561,000	12,175,178	6,696,828	2,663,499	9,360,327
Lease liabilities		2,133,525	-	2,133,525			
Reinsurance balances payable	10	44,323,128	-	44,323,128	37,892,066	-	37,892,066
Gross unearned premiums		115,535,625	-	115,535,625	77,264,897	-	77,264,897
Unearned reinsurance commission income		10,649,679	-	10,649,679	7,110,295	-	7,110,295
Gross outstanding claims	9.1	44,046,936	-	44,046,936	43,917,326	-	43,917,326
Claims incurred but not reported	9.1	60,229,646	-	60,229,646	67,524,759	-	67,524,759
Additional premium reserves	9.1	1,839,034	-	1,839,034	338,987	-	338,987
Other technical reserves	9.1	3,688,827	-	3,688,827	4,042,602	-	4,042,602
End-of-service indemnities		7,511,074	-	7,511,074	7,174,176	-	7,174,176
Statutory deposit commission income payable	11	-	1,359,507	1,359,507	-	1,243,271	1,243,271
Provision for zakat and income tax	14	-	20,083,971	20,083,971	-	18,134,513	18,134,513
Amounts due to shareholders' operations and insurance operations		11,497,655	-	11,497,655	45,034,155	3,421,327	48,455,482
TOTAL LIABILITIES		331,094,009	25,004,478	356,098,487	314,566,615	25,462,610	340,029,225
Less: inter-operations elimination		(11,497,655)	-	(11,497,655)	(45,034,155)	(3,421,327)	(48,455,482)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION		319,596,354	25,004,478	344,600,832	269,532,460	22,041,283	291,573,743
Accumulated surplus distribution payable	15	7,518,241	-	7,518,241	6,764,250	-	6,764,250
Re-measurement reserve of defined benefit obligation		(899,371)	-	(899,371)	(899,371)	-	(899,371)
TOTAL ACCUMULATED SURPLUS INSURANCE OPERATIONS'		6,618,870	-	6,618,870	5,864,879	-	5,864,879
SHAREHOLDERS' EQUITY							
Share capital	12	-	200,000,000	200,000,000	-	200,000,000	200,000,000
Statutory reserve		-	30,134,781	30,134,781	-	28,207,777	28,207,777
Retained earnings		-	70,619,610	70,619,610	-	64,861,051	64,861,051
TOTAL EQUITY		-	300,754,391	300,754,391	-	293,068,828	293,068,828

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019
**TOTAL LIABILITIES, ACCUMULATED SURPLUS AND
SHAREHOLDERS' EQUITY**

	326,215,224	325,758,869	651,974,093	275,397,339	315,110,111	590,507,450
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22. SUPPLEMENTARY INFORMATION (continued)
b) Interim statement of income

		<i>March 31, 2019</i>			<i>March 31, 2018</i>		
		Insurance	Shareholders'	Total	Insurance	Shareholders'	Total
		operations SR	operations SR	SR	operations SR	operations SR	SR
	<i>Note</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
REVENUE							
Gross written premiums	8	93,041,271	-	93,041,271	98,867,180	-	98,867,180
Less: Reinsurance premiums ceded	8						
Local		(3,676,852)	-	(3,676,852)	(1,990,203)	-	(1,990,203)
Foreign		(41,977,875)	-	(41,977,875)	(44,316,971)	-	(44,316,971)
Excess of loss premiums		(934,188)	-	(934,188)	(1,101,819)	-	(1,101,819)
Net premiums written		46,452,356	-	46,452,356	51,458,187	-	51,458,187
Changes in unearned premiums		(38,270,728)	-	(38,270,728)	(44,885,702)	-	(44,885,702)
Changes in reinsurance share of unearned premiums		13,544,300	-	13,544,300	18,481,897	-	18,481,897
Net premiums earned		21,725,928	-	21,725,928	25,054,382	-	25,054,382
Reinsurance commission income		5,583,086	-	5,583,086	5,060,207	-	5,060,207
TOTAL REVENUES		27,309,014	-	27,309,014	30,114,589	-	30,114,589
UNDERWRITING COSTS AND EXPENSES							
Gross claims		(12,551,647)	-	(12,551,647)	(13,698,037)	-	(13,698,037)
Expenses incurred related to claims		(653,411)	-	(653,411)	(655,007)	-	(655,007)
Reinsurers' share of gross claims paid		4,701,311	-	4,701,311	4,342,356	-	4,342,356
Net claims		(8,503,747)	-	(8,503,747)	(10,010,688)	-	(10,010,688)
Changes in outstanding claims		(129,610)	-	(129,610)	5,555,225	-	5,555,225
Changes in reinsurance share of outstanding claims		(1,191,699)	-	(1,191,699)	(3,588,975)	-	(3,588,975)
Changes in claims incurred but not reported		7,295,113	-	7,295,113	(645,850)	-	(645,850)
Changes in reinsurance share of claims incurred but not reported		(2,304,439)	-	(2,304,439)	543,933	-	543,933
Net claims incurred		(4,834,382)	-	(4,834,382)	(8,146,355)	-	(8,146,355)
Changes in additional premium reserve		(1,500,047)	-	(1,500,047)	296,757	-	296,757
Changes in other technical reserves		353,775	-	353,775	712,265	-	712,265
Policy acquisition costs		(3,963,286)	-	(3,963,286)	(4,597,785)	-	(4,597,785)
Other underwriting expenses		(843,918)	-	(843,918)	(913,986)	-	(913,986)
TOTAL UNDERWRITING COSTS AND EXPENSES		(10,787,858)	-	(10,787,858)	(12,649,104)	-	(12,649,104)
NET UNDERWRITING INCOME		16,521,156	-	16,521,156	17,465,485	-	17,465,485

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

22. SUPPLEMENTARY INFORMATION (continued)

b) Interim statement of income (continued)

Note	<i>Three-months ended March 31, 2019</i>			<i>Three months ended March 31, 2018</i>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR	SR	SR	SR	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OTHER OPERATING (EXPENSES) / INCOME						
	(917,921)	-	(917,921)	192,123	-	192,123
8	(7,131,095)	(1,314,524)	(8,445,619)	(6,707,841)	(1,023,229)	(7,731,070)
	620,539	1,604,999	2,225,538	504,921	726,554	1,231,475
	35,590	46,170	81,760	-	-	-
	325,137	421,789	746,926	(336,902)	430,367	93,465
	409,468	-	409,468	555,069	-	555,069
	(6,658,282)	758,434	(5,899,848)	(5,792,630)	133,692	(5,658,938)
	9,862,874	758,434	10,621,308	11,672,855	133,692	11,806,547
	(8,876,587)	8,876,587	-	(10,505,570)	10,505,570	-
	986,287	9,635,021	10,621,308	1,167,285	10,639,262	11,806,547

c) Interim statement of comprehensive income

Note	<i>Three-months ended March 31, 2019</i>			<i>Three months ended March 31, 2018</i>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR	SR	SR	SR	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	9,862,874	758,434	10,621,308	11,672,855	133,692	11,806,547
	(8,876,587)	8,876,587	-	(10,505,570)	10,505,570	-
	986,287	9,635,021	10,621,308	1,167,285	10,639,262	11,806,547
Items that will not be reclassified to statement of income						
	-	-	-	-	-	-
	986,287	9,635,021	10,621,308	1,167,285	10,639,262	11,806,547
		20,000,000			20,000,000	

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)
AT MARCH 31, 2019

Earnings per share for the period (adjusted) 18 **0.48** 0.53

22. SUPPLEMENTARY INFORMATION (Continued)
d) Interim statement of cash flows

	<i>March 31, 2019</i>			<i>March 31, 2018</i>		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
	SR	SR	SR	SR	SR	SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
OPERATING ACTIVITIES						
Total income for the period	986,287	9,635,021	10,621,308	1,167,285	10,639,262	11,806,547
Adjustments for:						
Depreciation of property and equipment	57,933	-	57,933	75,909	-	75,909
Right-of-use depreciation	269,625	-	269,625			
Amortisation of intangible assets	54,434	-	54,434	29,815	-	29,815
Gain on sale of property and equipment	-	-	-	(24,162)	-	(24,162)
Interest on finance lease obligations	20,253	-	20,253			
Allowance for doubtful debts	917,921	-	917,921	192,123	-	192,123
Unrealised gains on investments held for trading	(325,137)	(421,789)	(746,926)	336,902	(430,367)	(93,465)
Realised gain on disposal of investments held for trading	(35,590)	(46,170)	(81,760)	-	-	-
Provision for end-of-service indemnities	336,898	-	336,898	691,149	-	691,149
	2,282,624	9,167,062	11,449,686	2,469,021	10,208,895	12,677,916
Working capital adjustments:						
Premiums and insurance balances receivable	(40,906,369)	-	(40,906,369)	(46,826,559)	-	(46,826,559)
Reinsurers' share of unearned premiums	(13,544,300)	-	(13,544,300)	(18,481,897)	-	(18,481,897)
Reinsurers' share of outstanding claims	1,191,699	-	1,191,699	3,588,975	-	3,588,975
Reinsurers' share of claims incurred but not reported	2,304,439	-	2,304,439	(543,933)	-	(543,933)
Deferred policy acquisition costs	(3,419,938)	-	(3,419,938)	(5,111,541)	-	(5,111,541)
Deferred excess of loss premiums	(934,192)	-	(934,192)	(1,101,813)	-	(1,101,813)
Prepayments and other assets	(1,241,843)	(314,583)	(1,556,426)	(2,175,724)	(5,884,542)	(8,060,266)
Accounts payable	3,454,178	-	3,454,178	7,573,716	-	7,573,716
Accrued expenses and other liabilities	1,917,351	897,500	2,814,851	(1,349,517)	417,998	(931,519)
Reinsurance balances payable	6,431,062	-	6,431,062	21,476,251	-	21,476,251
Gross unearned premiums	38,270,728	-	38,270,728	44,885,702	-	44,885,702
Unearned reinsurance commission income	3,539,384	-	3,539,384	3,599,975	-	3,599,975
Gross outstanding claims	129,610	-	129,610	(5,555,225)	-	(5,555,225)
Claims incurred but not reported	(7,295,113)	-	(7,295,113)	645,850	-	645,850
Additional premium reserves	1,500,047	-	1,500,047	(296,757)	-	(296,757)
Other technical reserves	(353,775)	-	(353,775)	(712,265)	-	(712,265)
Cash from operations	(6,674,408)	9,749,979	3,075,571	2,084,259	4,742,351	6,826,610
Surplus distribution payable to policyholders	(232,296)	-	(232,296)	-	-	-
End-of-service indemnities paid	-	-	-	(204,700)	-	(204,700)
Net cash from/(used in) operating activities	(6,906,704)	9,749,979	2,843,275	1,879,559	4,742,351	6,621,910

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Continued)

AT MARCH 31, 2019

22. SUPPLEMENTARY INFORMATION (continued)

d) Interim statement of cash flows (continued)

	<i>March 31, 2019</i>			<i>March 31, 2018</i>		
	Insurance operations SR	Shareholders' operations SR	Total SR	Insurance operations SR	Shareholders' operations SR	Total SR
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
INVESTING ACTIVITIES						
Purchase of investments held for trading	(2,448,563)	(3,176,439)	(5,625,002)	-	-	-
Proceeds from disposal of investments held for trading	4,413,615	5,725,635	10,139,250	-	-	-
Additions in long term deposits	-	(37,722,093)	(37,722,093)	-	-	-
Purchase of property and equipment	(38,265)	-	(38,265)	(9,500)	-	(9,500)
Proceeds from sale of property and equipment	-	-	-	47,100	-	47,100
Purchase of intangibles assets	(89,063)	-	(89,063)	(132,000)	-	(132,000)
Net cash used in investing activities	1,837,724	(35,172,897)	(33,335,173)	(94,400)	-	(94,400)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment under finance lease obligation	(1,122,227)	-	(1,122,227)	-	-	-
Interoperation balances	(33,536,500)	33,536,500	-	3,520,523	(3,520,523)	-
Due to (from) shareholders/insurance operations	3,421,327	(3,421,327)	-	-	-	-
Net cash from/(used in) financing activities	(31,237,400)	30,115,173	(1,122,227)	3,520,523	(3,520,523)	-
DECREASE IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at the beginning of the period	(36,306,380)	4,692,255	(31,614,125)	5,305,682	1,221,828	6,527,510
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	73,042,726	68,467,593	141,510,319	86,494,129	55,430,429	141,924,558
	36,736,346	73,159,848	109,896,194	91,799,811	56,652,257	148,452,068