CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(UNAUDITED)

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PKF Ibrahim Ahmed Al-Bassam & Co. Certified Public Accountants

Report on review of interim condensed financial information

To the shareholders of Chubb Arabia Cooperative Insurance Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Chubb Arabia Cooperative Insurance Company (the "Company") as of 30 September 2023 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and the interim condensed statements of changes in equity and cash flows for the nine-month period ended 30 September 2023 and other explanatory notes. The directors are responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed financial information 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 information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

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CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	30 September 2023 (Unaudited)	31 December 2022 (Restated - Notes 3 and 4) (Unaudited)	1 January 2022 (Restated - Notes 3 and 4) (Unaudited)
ASSETS				
Cash and cash equivalents	6	**34,996,464**	24,919,814	186,043,885
Term deposits	7	**218,654,480**	243,331,053	57,236,755
Investments				
Financial assets at fair value through profit or loss ("FVTPL")	8	**67,452,741**	24,007,287	27,421,360
Financial assets at fair value through other comprehensive income ("FVOCI")	8	**110,635,471**	109,925,751	111,761,878
Prepaid expenses and other assets		**30,006,844**	24,616,937	21,307,634
Reinsurance contract assets	10	**262,869,568**	189,641,217	139,062,929
Property and equipment		**2,112,944**	2,704,838	2,323,765
Intangible assets		**2,966,085**	4,407,414	2,798,598
Goodwill	5	**43,774,750**	43,774,750	43,774,750
Statutory deposit	9	**30,000,000**	30,000,000	30,000,000
Accrued income on statutory deposit	9	**3,994,004**	2,862,640	2,406,669
TOTAL ASSETS		**807,463,351**	700,191,701	624,138,223
LIABILITIES				
Accrued and other liabilities		**7,324,526**	10,961,081	11,202,769
Insurance contract liabilities	10	**355,512,615**	264,231,802	194,470,502
Employee benefit obligations		**12,743,239**	11,782,946	10,968,262
Zakat and income tax payable	19	**19,903,232**	15,550,754	19,305,244
Accrued income payable to SAMA		**1,131,364**	2,862,640	2,406,669
TOTAL LIABILITIES		**396,614,976**	305,389,223	238,353,446
EQUITY				
Share capital	11	**300,000,000**	300,000,000	300,000,000
Statutory reserve	20	**44,151,523**	40,867,123	39,927,701
Retained earnings		**37,261,853**	24,124,254	12,626,925
Fair value reserve		**32,809,568**	33,185,670	36,393,033
Remeasurement reserve of employee benefit obligations		**(3,374,569)**	(3,374,569)	(3,162,882)
TOTAL EQUITY		**410,848,375**	394,802,478	385,784,777
TOTAL LIABILITIES AND EQUITY		**807,463,351**	700,191,701	624,138,223

The accompanying notes from 1 to 26 form an integral part of this interim condensed financial information.

Eng. Nabil Yosuf Jokhdar Chairman of the Board of Directors	Nasir Jameel Sheikh Chief Financial Officer	Talal Omar Bahafi Chief Executive Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 30 September 2023 (Unaudited)	Three-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
Insurance revenue	12	**83,601,169**	75,993,465	**245,880,506**	221,296,099
Insurance service expenses	12	**(15,596,722)**	(99,327,678)	**(162,892,586)**	(158,173,888)
Net (expense) income from reinsurance contracts	12	**(59,262,371)**	24,711,043	**(68,161,177)**	(53,085,302)
Insurance service result		**8,742,076**	1,376,830	**14,826,743**	10,036,909
Interest income from financial assets not measured at FVTPL		**3,396,958**	1,931,123	**10,915,476**	4,688,380
Net gains (loss) on financial assets measured at FVTPL	8	**336,504**	(510,446)	**495,960**	(148,568)
Dividend income		**201,700**	192,579	**765,961**	565,106
Net investment income		**3,935,162**	1,613,256	**12,177,397**	5,104,918
Finance (expense) income from insurance contracts issued	13	**(57,611)**	328,846	**(4,195,513)**	2,131,585
Finance income (expense) from reinsurance contracts held	13	**28,204**	(364,753)	**3,466,701**	(1,872,432)
Net insurance finance (expense) income		**(29,407)**	(35,907)	**(728,812)**	259,153
Net insurance and investment result		**12,647,831**	2,954,179	**26,275,328**	15,400,980
Other operating expenses		**(3,786,161)**	(3,802,292)	**(10,580,204)**	(9,568,261)
Other income	14	**897,040**	3,328,666	**6,456,875**	4,341,906
Total profit for the period before zakat and income tax		**9,758,710**	2,480,553	**22,151,999**	10,174,625
Zakat expense	19	**(1,842,166)**	(719,766)	**(4,348,882)**	(1,771,164)
Income tax charge	19	**(473,396)**	(284,910)	**(1,381,118)**	(271,662)
		(2,315,562)	(1,004,676)	**(5,730,000)**	(2,042,826)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		**7,443,148**	1,475,877	**16,421,999**	8,131,799
Earnings per share (expressed in Saudi Riyals per share)					
Basic earnings per share	22	**0.25**	0.05	**0.55**	0.27
Diluted earnings per share	22	**0.25**	0.05	**0.55**	0.27

The accompanying notes from 1 to 26 form an integral part of this interim condensed financial information.

Eng. Nabil Yosuf Jokhdar Chairman of the Board of Directors	Nasir Jameel Sheikh Chief Financial Officer	Talal Omar Bahafi Chief Executive Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 30 September 2023 (Unaudited)	Three-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		**7,443,148**	1,475,877	**16,421,999**	8,131,799
Other comprehensive loss:					
Items that will be reclassified to the statement of income in subsequent periods					
Net changes in fair value of investments measured at FVOCI	8	**(1,008,314)**	(1,632,285)	**(510,095)**	(5,904,568)
Realised loss on investments measured at FVOCI reclassified to statement of income	8	**133,993**	-	**133,993**	-
		(874,321)	(1,632,285)	**(376,102)**	(5,904,568)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		**6,568,827**	(156,408)	**16,045,897**	2,227,231

The accompanying notes from 1 to 26 form an integral part of this interim condensed financial information.

Eng. Nabil Yosuf Jokhdar Chairman of the Board of Directors	Nasir Jameel Sheikh Chief Financial Officer	Talal Omar Bahafi Chief Executive Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Remeasurement reserve of employee benefit obligations	Total
Balance at 31 December 2022 (Audited)		**300,000,000**	**40,867,123**	**23,694,501**	**-**	**(3,374,569)**	**361,187,055**
Adjustment on adoption of IFRS 17	4	-	-	(4,155,626)	-	-	(4,155,626)
Adjustment on adoption of IFRS 9	4	-	-	4,585,379	33,185,670	-	37,771,049
Balance at 1 January 2023 (Restated - Notes 3 and 4) - (Unaudited)		**300,000,000**	**40,867,123**	**24,124,254**	**33,185,670**	**(3,374,569)**	**394,802,478**
Total comprehensive income for the period							
Net profit for the period attributable to the shareholders		-	-	16,421,999	-	-	16,421,999
Other comprehensive loss		-	-	-	(376,102)	-	(376,102)
Total comprehensive income (loss)for the period attributable to the shareholders		-	-	16,421,999	(376,102)	-	16,045,897
Transfer to statutory reserve		-	3,284,400	(3,284,400)	-	-	-
		-	3,284,400	13,137,599	(376,102)	-	16,045,897
Balance at 30 September 2023 (Unaudited)		**300,000,000**	**44,151,523**	**37,261,853**	**32,809,568**	**(3,374,569)**	**410,848,375**
Balance at 31 December 2021 (Audited)		300,000,000	39,927,701	19,936,815	-	(3,162,882)	356,701,634
Adjustment on adoption of IFRS 17	4	-	-	(6,017,339)	-	-	(6,017,339)
Adjustment on adoption of IFRS 9	4	-	-	(1,292,551)	36,393,033	-	35,100,482
Balance at 1 January 2022 (Restated - Notes 3 and 4) - (Unaudited)		300,000,000	39,927,701	12,626,925	36,393,033	(3,162,882)	385,784,777
Total comprehensive income for the period (Restated - Note 3 and 4)							
Net profit for the period attributable to the shareholders		-	-	8,131,799	-	-	8,131,799
Other comprehensive loss		-	-	-	(5,904,568)	-	(5,904,568)
Total comprehensive income (loss) for the period attributable to the shareholders		-	-	8,131,799	(5,904,568)	-	2,227,231
Transfer to statutory reserve		-	479,826	(479,826)	-	-	-
		-	479,826	7,651,973	(5,904,568)	-	2,227,231
Balance at 30 September 2022 (Restated - Notes 3 and 4) - (Unaudited)		300,000,000	40,407,527	20,278,898	30,488,465	(3,162,882)	388,012,008

The accompanying notes from 1 to 26 form an integral part of this interim condensed financial information.

Eng. Nabil Yosuf Jokhdar
Chairman of the Board of Directors

Nasir Jameel Sheikh
Chief Financial Officer

Talal Omar Bahafi
Chief Executive Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For nine-month period ended 30 September 2023 (Unaudited)	For nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Total profit for the period before zakat and income tax		**22,151,999**	10,174,625
Adjustments for non-cash items:			
Depreciation of property and equipment		**572,562**	478,504
Amortization of intangible assets		**664,240**	202,341
Net (gain) loss on financial assets measured at FVTPL	8	**(495,960)**	148,568
Loss on disposal of financial assets measured at FVOCI		**147,553**	-
Gain on disposal of property and equipment		**(104,674)**	-
Provision for employees benefit obligations		**1,419,153**	1,287,965
Dividend income		**(765,961)**	(565,106)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		**(3,105,817)**	324,040
Accrued and other liabilities		**(3,636,555)**	(3,736,507)
Accrued income on statutory deposit	9	**(1,131,364)**	(327,915)
Accrued income payable to SAMA		**(1,731,276)**	327,915
Changes in insurance contract assets		**-**	(1,758,935)
Changes in reinsurance contract assets	10	**(73,228,351)**	(58,440,057)
Changes in insurance contract liabilities	10	**91,280,813**	87,605,859
Cash generated from operations		**32,036,362**	35,721,297
Employee benefit obligations paid		**(458,860)**	(1,061,624)
Zakat and income tax paid	19	**(1,377,522)**	(10,908,953)
Net cash generated from operating activities		**30,199,980**	23,750,720
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement in term deposits	7	**(33,901,859)**	(50,126,975)
Redemption of term deposits		**58,578,432**	-
Purchases of investments:			
Financial assets at FVTPL	8	**(42,949,494)**	-
Financial assets at FVOCI	8	**(3,337,500)**	(9,672,610)
Payments for purchases of property and equipment		**(65,994)**	(222,200)
Proceeds from sale of property and equipment		**190,000**	
Additions to intangible assets		**(1,507,001)**	(1,641,134)
Proceed from sale of financial assets at FVTPL		**-**	3,101,006
Proceed from sale of financial assets at FVOCI		**2,104,125**	11,406,032
Dividend income received		**765,961**	565,106
Net cash used in investing activities		**(20,123,330)**	(46,590,775)

Eng. Nabil Yosuf Jokhdar Chairman of the Board of Directors	Nasir Jameel Sheikh Chief Financial Officer	Talal Omar Bahafi Chief Executive Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS (continued)
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For nine-month period ended 30 September 2023 (Unaudited)	For nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)
Net change in cash and cash equivalents		**10,076,650**	(22,840,055)
Cash and cash equivalents at the beginning of the period	6	**24,919,814**	186,043,885
Cash and cash equivalents at end of the period	6	**34,996,464**	163,203,830

The accompanying notes from 1 to 26 form an integral part of this interim condensed financial information.

Eng. Nabil Yosuf Jokhdar
Chairman of the Board of Directors

Nasir Jameel Sheikh
Chief Financial Officer

Talal Omar Bahafi
Chief Executive Officer

(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information - legal status and principal activities

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

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

The Company operates through three main branches located in the Kingdom of Saudi Arabia. Following are the commercial registration numbers of the three branches:

Branch type	**Location**	**Commercial Registration number**
Regional branch	Khobar	2051043431
Regional branch	Riyadh	1010310552
Regional branch	Jeddah	4030233953

2. Basis of preparation

(a) Statement of Compliance

The interim condensed financial information of the Company has been prepared in accordance with 'International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA"). The Company have applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in Kingdom of Saudi Arabia with effect from 1 January 2023 and the resultant changes to the significant judgments, estimates and accounting policies are described in Notes 3 and 4.

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 is recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by management of the Company and the Board of Directors.

In accordance with the requirements of Implementing Regulation for Co-operative Insurance Companies (the "Regulations") issued by SAMA and as per by-laws of the Company, 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 from insurance operations is transferred to the shareholders' operations in full.

SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations.

In preparing the Company's financial information in compliance with IAS 34, as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized 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.

2. Basis of preparation (continued)

(b) Basis of measurement

The interim condensed financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended 31 December 2022. except for the measurement of financial assets at FVTPL, financial assets at FVOCI and employee benefit obligations recorded at the present value using the projected unit credit method.

The Company's interim condensed statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, prepaid expenses and other assets, financial assets at FVTPL, accrued and other liabilities, zakat and income tax payable and accrued income payable to SAMA. The following balances would generally be classified as non-current: financial assets at FVOCI, property and equipment, goodwill, intangible assets, statutory deposit and certain engineering related insurance and reinsurance contracts, employee benefit obligations and accrued income on statutory deposit. The balances which are of mixed in nature i.e. include both current and non-current portions include term deposits, insurance contract liabilities and reinsurance contract assets/liabilities.

(c) Basis of presentation

The interim condensed financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company. The interim results may not represent a proportionate share of the annual results due to cyclical variability in premiums and uncertainty of claims occurrences.

(f) Changes in products and services

During the three-month and nine-month periods ended 30 September 2023, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company. Refer Note 3 and 4 for details regarding impact of adoption of IFRS 17 and IFRS 9.

3. Significant accounting policies

3.1 New standards, amendments and interpretations applied by the Company

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2022, except as explained below.

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standards:

a) IFRS 17 *Insurance contracts* ("IFRS 17"), and
b) IFRS 9 *Financial Instruments* ("IFRS 9").

The new accounting policies and the impact of the adoption of these new standards are disclosed in Note 3.2, Note 3.3 and Note 4, respectively. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting the other new and amended standards as they have no material impact on the Company's interim condensed financial information.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2023 reporting periods and have not been early adopted by the Company. Management is in the process of assessing the impact of such new standards and interpretations on its interim condensed financial information.

3.2 Changes in accounting policies

3.2.1 IFRS 17

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

i. Classification and summary of measurement models

The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. Cash flows from insurance contracts are split into Liability for Incurred Claims ("LIC") and Liability for Remaining Coverage ("LRC"). As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

The Company issues non-life insurance to the businesses. Non-life insurance products offered include property, engineering, motor standard corporate, motor standard retail, motor third party, motor manafeth, casualty, marine, group life and other liability. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

None of the insurance contracts issued by the Company contain embedded derivatives, investment components or any other goods and services.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

ii. Level of aggregation

The Company identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

The portfolios are further divided by year of issue.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

iii. Recognition

The Company recognises a group of insurance contracts issued from the earliest of the following:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

iii *Recognition* (continued)

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- For reinsurance contracts that provide proportionate coverage, at the later of:
  (i) the beginning of the coverage period of the group of reinsurance contracts and
  (ii) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

However, if the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

iv. *Contract boundaries*

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

i) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

ii) Both of the following criteria are satisfied
- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. Measurement

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts.

The liability for remaining coverage includes:

- Fulfilment cash flows which are comprised of:
- Discounted estimates of future cash flows.; and
- A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided.

However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements or

- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

- Insurance contracts:

The coverage period of motor and marine contracts in the group of contracts is one year or less. PAA eligibility testing has been performed for the Casualty, Engineering, Other liability, Group life and Property group of contracts. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

Testing is completed on both:

- the product level then groups are formed based on the product and the terms of the product, and
- the portfolio level then groups are formed on a portfolio level.

Where the potential deviation is below financial statement materiality, the associated portfolio / product is deemed eligible for the PAA.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v *Measurement* (continued)

● Insurance contracts (continued)

The upper bound is derived by simulating the maximum potential difference between PAA and GMM for thousands of combinations of input assumptions (term, volatility, expected claims and expense ratio, acquisition expense ratio, risk adjustment) for contracts. It is derived as follows:

i) Simulate differences between PAA and GMM for several thousand contracts with various cashflow assumptions,

ii) Derive a generic curve of the maximum deviation normalized by GWP for each contract duration and level of reasonable shock applied,

iii) Apply the curve to the projected distribution of premium by contract duration to derive the portfolio potential deviation

The resulting upper-bound curves are then applied to all IFRS 17 portfolios. This effectively ensures that portfolios with a low volume of business but which are likely to be eligible for the PAA are demonstrated to be eligible without requiring a bespoke cashflow projection based on detailed actuarial assumptions and judgement.

For portfolios that have failed the upper-bound PAA eligibility test, a best estimate of the potential deviation between the PAA and the GMM is determined for a hypothetical representative contract. The hypothetical representative contract is identified based on the current contract wording and projected distribution of coverage periods, and is assumed to have GWP equal to the projected GWP of the entire portfolio. Where the potential deviation is below financial statement materiality, the associated portfolio is deemed eligible for the PAA.

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous and facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

i) the LRC; and
ii) the LIC, comprising the fulfilment cash flows (“FCF”) related to past service allocated to the group of contracts at the reporting date.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. *Measurement* (continued)

- Insurance contracts (continued)

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

i) the remaining coverage; and
ii) the incurred claims, comprising the FCF related to past service allocated to the group of contracts at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;

b) decreased for insurance acquisition cash flows paid in the period;

c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period;

d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses; and

e) increased for any adjustment to the financing component, where applicable.

- Reinsurance contracts:

The Company reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any acquisition cash flows paid.

For reinsurance contracts held on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. Measurement (continued)

- Reinsurance contracts (continued):

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a) increased for ceding premiums paid in the period; and

b) decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, which are covered in Note 3.3.

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the estimates of claims liability. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

vi. *Measurement* (continued)

- Reinsurance contracts (continued):

Subsequent measurement under PAA:

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and
b. the LIC, comprising the fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
b. decreased for insurance acquisition cash flows paid in the period.
c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service.
e. expenses

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
a. increased for ceding premiums paid in the period;
b. increased for broker fees paid in the period; and
c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

On initial recognition of each group of contracts, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a year.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

3. Significant accounting policies (continued)

3.2.1 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. Measurement (continued)

- Reinsurance contracts (continued):

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the estimates of claims liability. The allowance is the amount that can reasonably be recovered from the disposal of the asset.

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

The Company had identified onerous contracts on initial recognition from the motor product line on the basis of combined ratios derived from the technical price recommendation.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

v. *Measurement* (continued)

- Reinsurance contracts (continued):

Non-performance risk (NPR) adjustment:

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

vi. *De-recognition and contract modification*

The Company derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms in recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were limited instances of modification or derecognition identified during the three-month and nine-month periods ended 30 September 2023.

vii. *Acquisition & Attributable Cost*

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts.

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfilment of the groups of insurance contracts. The Company allocates the attributable costs based on a number of drivers.

Both acquisition and attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses. The Company amortises the insurance acquisition costs over the contract period.

viii. *Combination / unbundling of contracts*

While identifying a contract in the scope of IFRS 17, the Company has to assess whether embedded derivatives, investment components and goods and services components need to be separated and accounted for under another standard. The Company does not issue any insurance contracts that contain embedded derivatives or distinct investment components. The Company does not underwrite contracts which require to separate the goods and services components.

ix. *Risk adjustments for non-financial risk*

The Company has decided to adopt the Value at risk method on incurred claims for the estimation of risk adjustment. The Company has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, where applicable, keeping the level of confidence in a range from 70th to 80th otherwise, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

x. Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Company recognised in the statement of income (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Other operating expenses

Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The impact of seasonality is not considered material in relation to recording the insurance revenue.

The Company has developed impairment calculations based on provision matrix approach. LRC adjustment is recorded as an adjustment to LRC with corresponding impact recorded in Insurance Revenue. The Company has used these impairment calculations to project the expected premium receipts to each period.

Insurance service expenses include the following:

a incurred claims for the period.
b other incurred directly attributable expenses.
c insurance acquisition cash flows amortization.
d changes that relate to past service – changes in the FCF relating to the LIC.
e changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.
f loss component.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the recognition of premium.

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

x. Presentation (continued)

Net expenses from reinsurance contracts: (continued)

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the period in the statement of income.

xi. Changes to classification, recognition and measurement

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- ***Deferral of acquisition costs*** – Under IFRS 17, insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. An entity may elect to capitalise and amortise these costs over the coverage period based on the expected timing of incurred insurance service expense of the related group.

- ***Discount rate*** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts.

- ***Risk Adjustment*** - Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned.

- ***Onerous contracts*** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

xii. Accounting policy choices

Length of cohorts

IFRS 17 places an upper limit of 12 months on the length of cohorts so that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company has elected to use annual cohorts.

Use of OCI for insurance finance income or expense (IFIE)

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk. In reference to the presentation in statement of income, the Company will present the entire insurance finance income or expenses in profit or loss.

Expense attribution

The Company will perform regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts.

Deferral of acquisition cost

In reference to the recognition of acquisition costs, the Company has decided to capitalize and amortize the acquisition cost over the contract period instead of immediately recognizing it as an expense.

Policyholder surplus accounting

The Company does not make any allowance for surplus distribution when determining onerosity. Currently, the amount is determined on a retrospective basis only, allocated to group of contracts based on the Company's defined allocation policy and presented as part of LIC.

xiii. Changes to presentation and disclosure

Statement of financial position

Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance and reinsurance contracts issued that are assets;
- Portfolios of insurance and reinsurance contracts issued that are liabilities;
- Portfolios of reinsurance contracts held that are assets; and
- Portfolios of reinsurance contracts held that are liabilities.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

xiii. Changes to presentation and disclosure (continued)

Line items under IFRS 17	**Line items under IFRS 4, now combined under one line item under IFRS 17**
Insurance contract liabilities	Premiums receivable Deferred policy acquisition costs Unearned premiums Outstanding claims Claims incurred but not reported Premium deficiency reserve Due to agents, brokers and third-party administrator Policyholders payable Najm, manafeth, SAMA fee within prepaid expenses and other assets Survey fee, actuarial fee and Elm fee payables, within accrued expenses and other liabilities
Reinsurance contract assets	Reinsurers' share of unearned premiums Reinsurers' share of outstanding claims Reinsurers' share of claims incurred but not reported Minimum Deposit premium (XOL), within prepaid expenses and other assets XOL reinstatement payable, within accrued expenses and other liabilities Payable to reinsurers, within due to reinsurers, agents, brokers and third-party administrator Due from reinsurers XOL claims recoverable Unearned reinsurance commission

Statements of income

The line item descriptions in the statement of income have been changed significantly compared to presentation in the latest annual financial statements.

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and expected credit losses on policy holders.

Insurance service expense under IFRS 17 includes gross claims paid, changes in outstanding claims, changes in incurred but not reported claims, changes in loss component, policy acquisition costs, attributable expenses and the impact of release in the risk adjustment. The change in additional premium reserve is eliminated and instead changes in loss component is taken.

Net income (expenses) from reinsurance contracts held under IFRS 17 includes reinsurance premium ceded, changes in reinsurer's share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non-financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under Net insurance financial result in Net income.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.1 IFRS 17 (continued)

xiii. Changes to presentation and disclosure (continued)

IFRS 17 resulted in presentation changes to IFRS 4's underwriting expenses since expenses are classified either as insurance acquisition cash flows and fulfilment cash flows within insurance service expense or as other expenses when they are not directly attributable to insurance contracts. As a result, a portion of expenses classified as underwriting expenses under IFRS 4 are now presented as other expenses under IFRS 17 in the line Other operating expense.

The following previously reported line items are no longer disclosed: direct premiums written, net earned premiums, net claims incurred, and underwriting expenses.

The impact of transition to IFRS 17 on retained earnings is given in note 4.

3.2.2 IFRS 9

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The nature of the changes in accounting policies can be summarised, as follows:

3.2.2.1 Financial assets and liabilities

i. Initial recognition

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

i. Initial recognition (continued)

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, contributions or discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

Interest income is recognised using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, profit income is recognised by applying the effective interest rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:
- Fair value through through profit or loss (FVTPL);
- Fair value through Other Comprehensive Income (FVOCI)
- Held at amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:
(i) the Company’s business model for managing the financial assets; and
(ii) the contractual cash flow characteristics of the financial assets.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and profit:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage. Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Debt instruments (continued)

Amortised cost:
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Profit income from these financial assets is included in 'Interest income' using the effective profit method. Currently no debt instrument is classified as amortised cost.

Fair value through other comprehensive income ("FVOCI"):
Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special interest income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Interest income' using the effective profit method.

Fair value through profit or loss (FVTPL):
Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the period in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent and no such instances have occurred during the three-month and nine-month periods ended 30 September 2023.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company classifies all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. The Company has designated its investment in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company, as FVOCI.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Equity instruments: (continued)

Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Company's right to receive payments is established.

Any gain or loss on the disposal of equity classified as FVOCI will be non- recycling i.e. on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.

iii. Impairment of financial assets

Overview of Expected Credit Loss "ECL" principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company.

Premiums receivable balances have been classified under insurance contract liabilities and the reinsurers' receivable balances and reinsurers' share of outstanding claims and claims incurred but not reported have been classified under reinsurance contract assets, as rights and obligations under insurance contracts are accounted for under IFRS 17 because the policyholder transfers significant insurance risk to the insurer rather than financial risk, which are in the scope of IFRS 17 for impairment.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

iii. Impairment of financial assets (continued)

Staging of financial assets

The Company categorizes its investments portfolio classified as FVTPL, amortized cost and FVOCI into stage 1, stage 2 and stage 3 as described below:

Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;

Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

Credit impaired financial asset

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

iii. Impairment of financial assets (continued)

Definition of default

In assessing whether an issuer is in default, the Company considers indicators that are:

- qualitative- e.g., breaches of covenant.
- quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

For the investment portfolio, a generalized approach is used, where assets are classified under 3 different stages based on the SICR criteria: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolio, a simplified approach is used, for which staging is not required, based on a lifetime ECL computation.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows. Probability of Default ('PD')

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD')
Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD')
The exposure at default is an estimate of the exposure at a future default date.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

iii. Impairment of financial assets (continued)

Forward looking estimate

While estimating the ECL, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyzes the relationship between key economic trends with the estimate of PD. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Financial assets are written-off only when there is no reasonable expectation of recovery.

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is not material, hence not recognized.

iv. Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.1 Financial assets and liabilities (continued)

v. Classification and subsequent measurement of financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective profit method.

vi. Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income.

3.2.2.2 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
- Debt instruments at amortised cost.
- IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognised in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:
- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI);
- The remaining amount of the change in the fair value is presented in the statement of income.

The Company has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2022. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

3. Significant accounting policies (continued)

3.2 Changes in accounting policies (continued)

3.2.2 IFRS 9 (continued)

3.2.2.3 Changes to the impairment calculation

Under IFRS 9, the Expected credit loss ("ECL") allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted to present value.

Probability of Default ('PD'): The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD'): Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default ('EAD'): The exposure at default is an estimate of the exposure at a future default date.

Forward looking estimate: While estimating the ECL, the Company will review macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company will analyze the relationship between key economic trends with the estimate of PD.

IFRS 9 impairment applies to financial instruments that are not measured at Fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio (debt instruments) and cash and cash equivalents.

3. Significant accounting policies (continued)

3.3 Critical accounting judgments, estimates and assumptions

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 expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. Actual results may differ from these estimates.

In preparing this interim 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 statements as at and for the year ended 31 December 2022, except for Points (i) to (vi) below, which changed upon adoption of IFRS 17 and IFRS 9.

Following are the accounting judgments and estimates that are critical in preparation of this interim condensed financial information:

(i) Estimates of future cash flows to fulfil insurance contracts

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts on a systematic basis. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts as per the requirements of IFRS 17 and guidelines received from local regulator.

3. Significant accounting policies (continued)

3.3 Critical accounting judgments, estimates and assumptions (continued)

(i) Estimates of future cash flows to fulfil insurance contracts (continued)

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at Company level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognised in statement of income as they are incurred.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts using activity-based costing techniques. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts.

(ii) Discounting methodology

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims.

The Company adopts a bottom-up approach. Cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company determines the risk-free rates using EIOPA rates denominated in USD and adjusted for the country risk premium. There rates are adjusted to reflect the liquidity characteristics of the group of insurance contracts. Discount rates range from 3.9% to 6.4% have been used for discounting liability for incurred claims ("LIC"). There is no allowance for the time value of money for liability for remaining coverage ("LRC").

(iii) Risk adjustments for non-financial risks

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

3 Significant accounting policies (continued)

3.3 Critical accounting judgments, estimates and assumptions (continued)

(iii) Risk adjustments for non-financial risks (continued)

Bootstrapping and Mack's Chain Ladder methods are considered for the estimation of the risk adjustment. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

The confidence level approach is used and the risk adjustment is calculated at the 75th percentile (the target confidence level) where applicable, keeping the level of confidence in a range from 70th to 80th otherwise.

(iv) Onerosity determination

For contracts measured using the PAA, the Company shall assume that no contracts in a portfolio of insurance contracts are onerous at initial recognition unless facts and circumstances indicate otherwise.

The Company performs the assessment of onerous contracts based on benchmark prices where available and on a combined ratio approach based on expected claims and expenses with an allowance for directly attributable expenses, on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if "facts and circumstances" indicate that there are significant changes in product pricing, product design, results of similar contracts it has recognized, forecasts or environmental factors.

If at any time before and during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted at current rates. The methodology and fact and circumstances are reviewed by the established profitability assessment Committee at regular intervals. Refer Note 3.2.1 (v) for further details in this regard.

(v) Estimates for expected premium receipts

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables. The Company has identified the Gross domestic product and the inflation rate of the country in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(vi) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards

As stated in note 2, this is the Company's first interim condensed financial information prepared in accordance with the requirements of IFRS 17 and IFRS 9.

The judgements, estimates, assumption and accounting policies, as set out in note 2 and 3, respectively, have been applied in preparing the interim condensed financial information for the period ended 30 September 2023 and 30 September 2022 and in the preparation of statement of financial position as at 1 January 2022 and 31 December 2022.

i) IFRS 17

On transition to IFRS 17, the Company has applied the modified retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, 1 January 2022, the Company:

- has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied;
- derecognised any existing balances that would not exist had IFRS 17 always applied; and
- recognised any resulting net difference in equity.

The impact on total equity, total assets and total liabilities as at 31 December 2022 and 1 January 2022, arising from actuarial risk adjustment, discounting, loss component adjustment and estimates for expected premium receipts is given below. The overall decrease in net equity is principally on account of requirements of IFRS 17 for computing risk adjustment and expected premium receipts as compared to allowance for doubtful debts under IAS 39. Also see Note 3.2.1(xi) for details regarding the methodology and assumptions used to determine such adjustments.

The impact of transition to IFRS 17 on retained earnings, total assets and total liabilities is, as follows:

	1 January 2023	1 January 2022
(Decrease) / increase in the Company's retained earnings		
Change in measurement of reinsurance contract assets	**20,795,177**	17,950,167
Change in measurement of insurance contract liabilities	**(24,950,803)**	(23,967,506)
Impact of adoption of IFRS 17 before zakat and income tax	**(4,155,626)**	(6,017,339)

	1 January 2023	1 January 2022
Increase / (reduction) in the Company's total assets		
Risk adjustment	**30,143,212**	19,418,130
Discounting	**(9,092,332)**	(1,361,786)
Others	**(255,703)**	(106,177)
Impact of adoption of IFRS 17 on total assets	**20,795,177**	17,950,167

	1 January 2023	1 January 2022
(Increase) / reduction in the Company's total liabilities		
Risk adjustment	**(35,420,610)**	(23,264,663)
Discounting	**10,998,518**	1,727,970
Loss component	**(1,706,558)**	(5,193,513)
Reversal of additional premium reserves	**4,069,544**	2,824,722
Estimates for expected premium receipts	**(7,445,109)**	(3,686,665)
Deferred policy acquisition costs	**4,524,723**	3,487,081
Others	**28,689**	137,562
Impact of adoption of IFRS 17 on total liabilities	**(24,950,803)**	(23,967,506)

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

i) IFRS 17 (continued)

The impact on the net (loss) income for the three-month and nine-month periods ended 30 September 2022 attributable to the shareholders, arising from actuarial risk adjustment, discounting, loss component adjustment and estimates for expected premium receipts recomputed for premiums receivable, reinsurers' receivable, reinsurers' share of outstanding claims and claims incurred but not reported, in line with the requirements of IFRS 17, is as follows:

	For the three-month period ended 30 September 2022
Increase (reduction) in the Company's net income	
Risk adjustment, net	(816,500)
Discounting, net	462,232
Loss component	(622,678)
Estimates for expected premium receipts	236,054
Others	199,228
Impact of adoption of IFRS 17 on net income	**(541,664)**

	For the nine-month period ended 30 September 2022
Increase (reduction) in the Company's net income	
Risk adjustment, net	(988,983)
Discounting, net	1,364,079
Loss component	1,410,915
Estimates for expected premium receipts	(1,425,746)
Others	(532,162)
Impact of adoption of IFRS 17 on net income	**(171,897)**

Others principally includes changes in earnings pattern.

ii) IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using a full retrospective approach. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designated financial assets as measured at FVOCI. This category includes financial assets that were previously designated as held for trading.

The changes in the classification of financial assets are predominantly due to IFRS 9 classification of equity instruments (including mutual funds) at FVTPL except for those which on transition the Company has elected to present the changes in fair value in OCI. Sukuks HFT are required to be classified as FVTPL, however sukuk which meet the requirements of the IFRS 9 business models hold to collect and sell are classified as FVOCI. The remaining financial assets which have been classified as amortised cost meet the criteria of held to collect business model. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9. Loss allowance of above financial assets is not material, hence not recognized.

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

ii) *IFRS 9* (continued)

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of application i.e. 1 January 2023 and 1 January 2022 is, as follows:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Re-measurement	New carrying amount under IFRS 9
Financial Assets as on 1 January 2023:					
Cash and cash equivalents	Loans & receivables	Held at amortised cost	24,919,814	-	24,919,814
Investments:					
-Mutual funds	Held for trading (HFT)	FVTPL	22,441,225	-	22,441,225
-Equity securities	Held for trading (HFT)	FVTPL	1,566,062	-	1,566,062
-Equity securities*	Available for sale (AFS)	FVOCI	1,932,078	37,771,049	39,703,127
-Sukuk and bonds	Held for trading (HFT)	FVOCI	70,222,624	-	70,222,624
Term Deposits	Loans & receivables	Held at amortised cost	243,331,053	-	243,331,053
Statutory deposit	Loans & receivables	Held at amortised cost	30,000,000	-	30,000,000
Accrued income on statutory deposit	Loans & receivables	Held at amortised cost	2,862,640	-	2,862,640
Other financial assets	Loans & receivables	Held at amortised cost	13,119,140	-	13,119,140

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	Re-measurement	New carrying amount under IFRS 9
Financial assets as on 1 January 2022:					
Cash and cash equivalents	Loans & receivables	Held at amortised cost	186,043,885	-	186,043,885
Investments:					
-Mutual funds	Held for trading (HFT)	FVTPL	24,470,047	-	24,470,047
-Equity securities	Held for trading (HFT)	FVTPL	2,951,313	-	2,951,313
-Equity securities*	Available for sale (AFS)	FVOCI	1,932,078	35,100,482	37,032,560
-Sukuk and bonds	Held for trading (HFT)	FVOCI	74,729,318	-	74,729,318
Term Deposits	Loans & receivables	Held at amortised cost	57,236,755	-	57,236,755
Statutory deposit	Loans & receivables	Held at amortised cost	30,000,000	-	30,000,000
Accrued income on statutory deposit	Loans & receivables	Held at amortised cost	2,406,669	-	2,406,669
Other financial assets	Loans & receivables	Held at amortised cost	13,220,521	-	13,220,521

* Includes impact of revaluation of investments in Najm. Refer Note 8 for further details in this regard.

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

ii) IFRS 9 (continued)

Most of the financial assets that were classified as loan and receivables and held to maturity under IAS 39 continues to be measured at amortised costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI.

The impact on opening fair value reserve and opening accumulated losses, as at 1 January 2023 and 1 January 2022, is as follows:

	Impact on opening retained earnings	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from HFT to FVOCI - Sukuks	4,585,379	(4,585,379)
- Revaluation of najm investments (Refer Note 8)	-	37,771,049
Impact of initial application of IFRS 9 as at 1 January 2023	4,585,379	33,185,670

	Impact on opening retained earnings	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from HFT to FVOCI - Sukuks	(1,292,551)	1,292,551
- Revaluation of najm investments (Refer Note 8)	-	35,100,482
Impact of initial application of IFRS 9 as at 1 January 2022	(1,292,551)	36,393,033

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

ii) IFRS 9 (continued)

The impact on the net loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2022 upon adoption of IFRS 9, is as follows:

	Impact on net income	**Impact on other comprehensive income**
Adjustment to other comprehensive income under IFRS 9		
- Reclassification of investments from HFT to FVOCI - Sukuks	**1,632,285**	**(1,632,285)**
- Revaluation of najm investments (Refer Note 8)	**-**	**-**
Impact of initial application of IFRS 9 for the three-month period 30 September 2022	**1,632,285**	**(1,632,285)**
	Impact on opening retained earnings	**Impact on opening fair value reserve**
Adjustment to opening fair value reserve under IFRS 9		
- Reclassification of investments from HFT to FVOCI - Sukuks	**5,904,568**	**(5,904,568)**
- Revaluation of najm investments (Refer Note 8)	**-**	**-**
Impact of initial application of IFRS 9 for the nine-month period 30 September 2022	**5,904,568**	**(5,904,568)**

Furthermore, the classification of financial liabilities has changed from 'Other financial liabilities at amortised cost' as per IAS 39 to 'amortised cost' as per IFRS 9, with no corresponding change in carrying value of such financial liabilities.

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iii) Reconciliation of interim condensed statement of financial position as at:

	1 January 2022					
	Pre-adoption of IFRS 17 and IFRS 9 (Audited)	IFRS 17 Reclassification	IFRS 17 Remeasurement	IFRS 9 Reclassification	IFRS 9 Remeasurement	Post adoption of IFRS 17 and IFRS 9 (Unaudited)
ASSETS						
Cash and cash equivalents	186,043,885	-	-	-	-	186,043,885
Premiums and reinsurance balances receivable - net	151,583,164	(151,583,164)	-	-	-	-
Reinsurers' share of unearned premiums	102,701,355	(102,701,355)	-	-	-	-
Reinsurers' share of outstanding claims	48,128,358	(48,128,358)	-	-	-	-
Reinsurers' share of claims incurred but not reported	48,309,514	(48,309,514)	-	-	-	-
Deferred policy acquisition costs	6,429,477	(6,429,477)	-	-	-	-
Investments held for trading	102,150,678	-	-	(102,150,678)	-	-
Investments available for sale	1,932,078	-	-	(1,932,078)	-	-
Term deposits	57,236,755	-	-	-	-	57,236,755
Financial assets at fair value through profit or loss ("FVTPL")	-	-	-	27,421,360	-	27,421,360
Financial assets at fair value through other comprehensive income ("FVOCI")	-	-	-	76,661,396	35,100,482	111,761,878
Prepaid expenses and other assets	23,397,934	(2,090,300)	-	-	-	21,307,634
Reinsurance contract assets	-	121,112,762	17,950,167	-	-	139,062,929
Property and equipment	2,323,765	-	-	-	-	2,323,765
Intangible asset	2,798,598	-	-	-	-	2,798,598
Goodwill	43,774,750	-	-	-	-	43,774,750
Statutory deposit	30,000,000	-	-	-	-	30,000,000
Accrued income on statutory deposit	2,406,669	-	-	-	-	2,406,669
TOTAL ASSETS	**809,216,980**	**(238,129,406)**	**17,950,167**	**-**	**35,100,482**	**624,138,223**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iii) Reconciliation of interim condensed statement of financial position as at: (continued)

	1 January 2022					
	Pre-adoption of IFRS 17 and IFRS 9 (Audited)	IFRS 17		IFRS 9		Post adoption of IFRS 17 and IFRS 9 (Unaudited)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
LIABILITIES AND EQUITY						
LIABILITIES						
Accrued and other liabilities	12,751,559	(1,548,780)	(10)	-	-	11,202,769
Insurance contract liabilities	-	167,678,264	26,792,238	-	-	194,470,502
Accounts payable	41,043,098	(41,043,098)	-	-	-	-
Surplus distribution payable	2,180,026	(2,180,026)	-	-	-	-
Reinsurers' balances payable	85,044,497	(85,044,497)	-	-	-	-
Unearned premiums	137,001,880	(137,001,880)	-	-	-	-
Unearned reinsurance commission	9,130,990	(9,130,990)	-	-	-	-
Outstanding claims	60,486,403	(60,486,403)	-	-	-	-
Claims incurred but not reported	64,178,785	(64,178,785)	-	-	-	-
Additional premium reserves	2,824,722	-	(2,824,722)	-	-	-
Other technical reserves	5,193,211	(5,193,211)	-	-	-	-
Employee benefit obligations	10,968,262	-	-	-	-	10,968,262
Zakat and income tax	19,305,244	-	-	-	-	19,305,244
Accrued income payable to SAMA	2,406,669	-	-	-	-	2,406,669
TOTAL LIABILITIES	**452,515,346**	**(238,129,406)**	**23,967,506**	**-**	**-**	**238,353,446**
EQUITY						
Share capital	300,000,000	-	-	-	-	300,000,000
Statutory reserve	39,927,701	-	-	-	-	39,927,701
Retained earning	19,936,815	-	(6,017,339)	(1,292,551)	-	12,626,925
Fair value reserve	-	-	-	1,292,551	35,100,482	36,393,033
Remeasurement reserve of employee benefit obligations	(3,162,882)	-	-	-	-	(3,162,882)
TOTAL EQUITY	**356,701,634**	**-**	**(6,017,339)**	**-**	**35,100,482**	**385,784,777**
TOTAL EQUITY AND LIABILITIES	**809,216,980**	**(238,129,406)**	**17,950,167**	**-**	**35,100,482**	**624,138,223**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iii) Reconciliation of interim condensed statement of financial position as at: (continued)

	1 January 2023					
	Pre-adoption of IFRS 17 and IFRS 9 (Audited)	IFRS 17		IFRS 9		Post adoption of IFRS 17 and IFRS 9 (Unaudited)
		Reclassification	Remeasurement	Reclassification	Remeasurement	
ASSETS						
Cash and cash equivalents	24,919,814	-	-	-	-	24,919,814
Term deposits	243,331,053	-	-	-	-	243,331,053
Premiums and reinsurance balances receivable - net	143,764,682	(143,764,682)	-	-	-	-
Reinsurers' share of unearned premiums	98,727,855	(98,727,855)	-	-	-	-
Reinsurers' share of outstanding claims	118,827,786	(118,827,786)	-	-	-	-
Reinsurers' share of claims incurred but not reported	50,198,832	(50,198,832)	-	-	-	-
Deferred policy acquisition costs	7,439,545	(7,439,545)	-	-	-	-
Investments held for trading	94,229,911	-	-	(94,229,911)	-	-
Investments available for sale	1,932,078	-	-	(1,932,078)	-	-
Financial assets at fair value through profit or loss (“FVTPL”)	-	-	-	24,007,287	-	24,007,287
Financial assets at fair value through other comprehensive income (“FVOCI”)	-	-	-	72,154,702	37,771,049	109,925,751
Prepaid expenses and other assets	27,227,396	(2,610,459)	-	-	-	24,616,937
Reinsurance contract assets	-	168,846,040	20,795,177	-	-	189,641,217
Property and equipment	2,704,838	-	-	-	-	2,704,838
Intangible asset	4,407,414	-	-	-	-	4,407,414
Goodwill	43,774,750	-	-	-	-	43,774,750
Statutory deposit	30,000,000	-	-	-	-	30,000,000
Accrued income on statutory deposit	2,862,640	-	-	-	-	2,862,640
TOTAL ASSETS	**894,348,594**	**(252,723,119)**	**20,795,177**	-	**37,771,049**	**700,191,701**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iii) Reconciliation of interim condensed statement of financial position as at: (continued)

	1 January 2023					
	Pre-adoption of IFRS 17 and IFRS 9 (Audited)	**IFRS 17**		**IFRS 9**		
		Reclassification	**Remeasurement**	**Reclassification**	**Remeasurement**	
LIABILITIES AND EQUITY						
LIABILITIES						
Accrued and other liabilities	12,669,597	(1,708,516)	-	-	-	10,961,081
Insurance contract liabilities	-	235,211,455	29,020,347	-	-	264,231,802
Accounts payable	34,881,824	(34,881,824)	-	-	-	-
Surplus distribution payable	2,024,445	(2,024,445)	-	-	-	-
Reinsurers' balances payable	93,622,626	(93,622,626)	-	-	-	-
Unearned premiums	137,670,475	(137,670,475)	-	-	-	-
Unearned reinsurance commission	8,266,618	(8,266,618)	-	-	-	-
Outstanding claims	139,465,009	(139,465,009)	-	-	-	-
Claims incurred but not reported	63,499,431	(63,499,431)	-	-	-	-
Additional premium reserves	4,069,544	-	(4,069,544)	-	-	-
Other technical reserves	6,795,630	(6,795,630)	-	-	-	-
Employee benefit obligations	11,782,946	-	-	-	-	11,782,946
Zakat and income tax	15,550,754	-	-	-	-	15,550,754
Accrued income payable to SAMA	2,862,640	-	-	-	-	2,862,640
TOTAL LIABILITIES	**533,161,539**	**(252,723,119)**	**24,950,803**	**-**	**-**	**305,389,223**
EQUITY						
Share capital	300,000,000	-	-	-	-	300,000,000
Statutory reserve	40,867,123	-	-	-	-	40,867,123
Retained earning	23,694,501	-	(4,155,626)	4,585,379	-	24,124,254
Fair value reserve for investments	-	-	-	(4,585,379)	37,771,049	33,185,670
Remeasurement reserve of employee benefit obligations	(3,374,569)	-	-	-		(3,374,569)
TOTAL EQUITY	**361,187,055**	**-**	**(4,155,626)**	**-**	**37,771,049**	**394,802,478**
TOTAL EQUITY AND LIABILITIES	**894,348,594**	**(252,723,119)**	**20,795,177**	**-**	**37,771,049**	**700,191,701**

4. Impact of adoption of new accounting standards (continued)

iv) Reconciliation of interim condensed statement of income:

The line-item descriptions in the interim condensed statement of income have been changed significantly compared with the prior year. Previously, the Company reported the following line items:

- Gross premiums written
- Reinsurance premiums ceded – Local
- Reinsurance premiums ceded – International
- Changes in unearned premiums – net
- Gross claims paid
- Reinsurers' share of claims paid
- Changes in outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Changes in claims handling reserves
- Reinsurance share of changes in outstanding claims
- Reinsurance share of changes in claims incurred but not reported
- Policy acquisition costs
- Allowance for doubtful receivables
- General and administrative expenses
- Selling and marketing expenses
- Other income – net
- Income attributed to the insurance operations

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Finance (expenses) income from insurance contracts issued
- Finance (expenses) income from reinsurance contracts held
- Other operating expenses

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iv) Reconciliation of interim condensed statement of income: (continued)

	For the three-month ended 30 September 2022 (unaudited)					
		IFRS 17		IFRS 9		
	Pre-adoption of IFRS 17 and IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement	Post adoption of IFRS 17 and IFRS 9
Revenues						
Gross premiums	55,666,760	(55,666,760)	-	-	-	-
Reinsurance premium ceded:						
- Local	(2,556,807)	2,556,807	-	-	-	-
- Foreign	(27,225,807)	27,225,807	-	-	-	-
Excess of loss	(1,789,218)	1,789,218	-	-	-	-
Net premiums	24,094,928	(24,094,928)	-	-	-	-
Changes in unearned premiums	20,441,324	(20,441,324)	-	-	-	-
Changes in reinsurers' share of	(20,150,080)	20,150,080	-	-	-	-
Net premiums	24,386,172	(24,386,172)	-	-	-	-
Reinsurance commission income	6,355,835	(6,355,835)	-	-	-	-
Net revenues	30,742,007	(30,742,007)	-	-	-	-
Insurance revenue	-	75,863,811	129,654	-	-	75,993,465
Insurance service expenses	-	(92,009,981)	(7,317,697)	-	-	(99,327,678)
Net expense from reinsurance	-	17,335,236	7,375,807	-	-	24,711,043
Insurance service result	**-**	**1,189,066**	**187,764**	**-**	**-**	**1,376,830**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iv) Reconciliation of interim condensed statement of income: (continued)

	For the three-month ended 30 September 2022 (unaudited)					
		IFRS 17		IFRS 9		
	Pre-adoption of IFRS 17 and IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement	Post adoption of IFRS 17 and IFRS 9
Underwriting costs and expenses						
Gross claims paid	(19,172,263)	19,172,263	-	-	-	-
Expenses incurred related to claims	(398,461)	398,461	-	-	-	-
Reinsurers' share of gross claims paid	7,409,655	(7,409,655)	-	-	-	-
Net claims and other benefits paid	(12,161,069)	12,161,069	-	-	-	-
Changes in outstanding claims	(48,231,141)	48,231,141	-	-	-	-
Changes in reinsurers' share of outstanding claims	47,610,583	(47,610,583)	-	-	-	-
Changes in claims incurred but not reported	(8,170,673)	8,170,673	-	-	-	-
Changes in reinsurers' share of claims incurred but not reported	8,339,854	(8,339,854)	-	-	-	-
Net claims and other benefits incurred	(12,612,446)	12,612,446	-	-	-	-
Additional premium reserves	707,218	-	(707,218)	-	-	-
Other technical reserves	(806,369)	806,369	-	-	-	-
Policy acquisition costs	(5,101,422)	5,101,422	-	-	-	-
Other underwriting expenses	(2,038,425)	2,038,425	-	-	-	-
Total underwriting costs and expenses	(19,851,444)	20,558,662	(707,218)	-	-	-
Interest income from financial assets not measured at FVTPL	-	-	-	1,931,123	-	1,931,123
Net loss on financial assets measured at FVTPL	-	-	-	(510,446)	-	(510,446)
Dividend income	-	-	-	192,579	-	192,579
Net insurance and investment results	**10,890,563**	**(8,994,279)**	**(519,454)**	**1,613,256**	**-**	**2,990,086**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iv) Reconciliation of interim condensed statement of income: (continued)

	For the three-month ended 30 September 2022 (unaudited)					
		IFRS 17		IFRS 9		
	Pre-adoption of IFRS 17 and IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement	Post adoption of IFRS 17 and IFRS 9
Finance income from insurance contracts issued	-	-	328,846	-	-	328,846
Finance expenses from reinsurance contracts held	-	-	(364,753)	-	-	(364,753)
Net insurance expenses	-	-	(35,907)	-	-	(35,907)
Other expenses						
Allowance for impairment of doubtful debts	(244,273)	244,273	-	-	-	-
General and administrative expenses	(12,284,690)	12,284,690	-	-	-	-
Dividend, interest and commission income	2,123,702	-	-	(2,123,702)	-	-
Realised gain on disposal of investments held for trading	-	-	-	-	-	-
Unrealised gain on investments held for trading	(2,142,731)	-	-	2,142,731	-	-
Other operating expenses	-	(3,815,989)	13,697	-	-	(3,802,292)
Other income	3,328,666	-	-	-	-	3,328,666
Total other expenses	(9,219,326)	8,712,974	13,697	19,029	-	(473,626)
Total profit for the period before surplus, zakat and income tax	1,671,237	(281,305)	(541,664)	1,632,285	-	2,480,553
Income attributed to insurance operations	(281,305)	281,305	-	-	-	-
Total profit for the period before zakat and income tax	1,389,932	-	(541,664)	1,632,285	-	2,480,553
Zakat charge	(719,766)	-	-	-	-	(719,766)
Income tax charge	(284,910)	-	-	-	-	(284,910)
Net profit for the period attributable to the shareholders	385,256	-	(541,664)	1,632,285	-	1,475,877
Other comprehensive loss						
Net changes in fair value of investments measured at FVOCI	-	-	-	(1,632,285)	-	(1,632,285)
Total comprehensive loss	**385,256**	**-**	**(541,664)**	**-**	**-**	**(156,408)**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iv) Reconciliation of interim condensed statement of income: (continued)

	For the nine-month ended 30 September 2022 (unaudited)					
		IFRS 17		**IFRS 9**		
	Pre-adoption of IFRS 17 and IFRS 9	**Reclassification**	**Remeasurement**	**Reclassification**	**Remeasurement**	**Post adoption of IFRS 17 and IFRS 9**
Revenues						
Gross premiums written	199,828,337	(199,828,337)	-	-	-	-
Reinsurance premium ceded:						
- Local	(8,033,749)	8,033,749	-		-	-
- Foreign	(105,119,938)	105,119,938	-		-	-
Excess of loss expenses	(5,390,148)	5,390,148	-		-	-
Net premiums written	81,284,502	(81,284,502)	-	-	-	-
Changes in unearned premiums	24,490,510	(24,490,510)				
Changes in reinsurers' share of unearned premiums	(32,034,533)	32,034,533	-	-	-	-
Net premiums earned	73,740,479	(73,740,479)	-	-	-	-
Reinsurance commission income	18,444,344	(18,444,344)	-	-	-	-
Net revenues	92,184,823	(92,184,823)	-	-	-	-
Insurance revenue	-	222,828,245	(1,532,146)	-	-	221,296,099
Insurance service expenses	-	(157,674,881)	(499,007)	-	-	(158,173,888)
Net expense from reinsurance contracts	-	(55,523,317)	2,438,015	-	-	(53,085,302)
Insurance service result	**-**	**9,630,047**	**406,862**	**-**	**-**	**10,036,909**

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
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FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iv) Reconciliation of interim condensed statement of income: (continued)

	For the nine-month ended 30 September 2022 (unaudited)					
		IFRS 17		IFRS 9		
	Pre-adoption of IFRS 17 and IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement	Post adoption of IFRS 17 and IFRS 9
Underwriting costs and expenses						
Gross claims paid	(39,879,772)	39,879,772	-	-	-	-
Expenses incurred related to claims	(1,060,061)	1,060,061	-	-	-	-
Reinsurers' share of gross claims paid	11,880,920	(11,880,920)	-	-	-	-
Net claims and other benefits paid	**(29,058,913)**	**29,058,913**	**-**	**-**	**-**	**-**
Changes in outstanding claims	(65,213,864)	65,213,864	-	-	-	-
Changes in reinsurers' share of outstanding claims	57,017,785	(57,017,785)	-	-	-	-
Changes in claims incurred but not reported	(7,346,213)	7,346,213	-	-	-	-
Changes in reinsurers' share of claims incurred but not reported	9,920,665	(9,920,665)	-	-	-	-
Net claims and other benefits incurred	**(34,680,540)**	**34,680,540**	**-**	**-**	**-**	**-**
Additional premium reserves	1,737,201	-	(1,737,201)			
Other technical reserves	(1,228,046)	1,228,046	-	-	-	-
Policy acquisition costs	(14,390,010)	14,390,010	-	-	-	-
Other underwriting expenses	(5,655,029)	5,655,029	-	-	-	-
Total underwriting costs and expenses	**(54,216,424)**	**55,953,625**	**(1,737,201)**	**-**	**-**	**-**
Interest income from financial assets not measured at FVTPL	-	-	-	4,688,380	-	4,688,380
Net gains on financial assets measured at FVTPL	-	-	-	(148,568)	-	(148,568)
Dividend income	-	-	-	565,106	-	565,106
Net insurance and investment results	**37,968,399**	**(26,601,151)**	**(1,330,339)**	**5,104,918**	**-**	**15,141,827**

(All amounts expressed in Saudi Riyals unless otherwise stated)

4. Impact of adoption of new accounting standards (continued)

iv) Reconciliation of interim condensed statement of income: (continued)

	For the nine-month ended 30 September 2022 (unaudited)					
		IFRS 17		IFRS 9		
	Pre-adoption of IFRS 17 and IFRS 9	**Reclassification**	**Remeasurement**	**Reclassification**	**Remeasurement**	**Post adoption of IFRS 17 and IFRS 9**
Finance income from insurance contracts issued	-	-	2,131,585	-	-	2,131,585
Finance expenses from reinsurance contracts held	-	-	(1,872,432)	-	-	(1,872,432)
Net insurance expense	**-**	**-**	**259,153**	**-**	**-**	**259,153**
Other expenses						
Allowance for impairment of doubtful debts	(1,490,602)	1,490,602	-	-	-	-
General and administrative expenses	(34,732,178)	34,732,178	-	-	-	-
Dividend, interest and commission income	5,354,319	-	-	(5,354,319)	-	-
Realised losses on disposal of investments held for trading	(100,833)	-	-	100,833	-	-
Unrealised losses on investments held for trading	(6,053,136)	-	-	6,053,136	-	-
Other income	4,341,906	-	-	-	-	4,341,906
Other operating expenses	-	(10,467,550)	899,289	-	-	(9,568,261)
Total other expenses	**(32,680,524)**	**25,755,230**	**899,289**	**799,650**	**-**	**(5,226,355)**
Total profit for the period before surplus, zakat and income tax	**5,287,875**	**(845,921)**	**(171,897)**	**5,904,568**	**-**	**10,174,625**
Income attributed to insurance operations	(845,921)	845,921	-	-	-	-
Total profit for the period before zakat and income tax	**4,441,954**	**-**	**(171,897)**	**5,904,568**	**-**	**10,174,625**
Zakat charge	(1,771,164)	-	-	-	-	(1,771,164)
Income tax reversal	(271,662)	-	-	-	-	(271,662)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	**2,399,128**	**-**	**(171,897)**	**5,904,568**	**-**	**8,131,799**
Other comprehensive loss						
Net changes in fair value of investments measured at FVOCI	-	-	-	(5,904,568)	-	(5,904,568)
Total comprehensive income	**2,399,128**	**-**	**(171,897)**	**-**	**-**	**2,227,231**

(All amounts expressed in Saudi Riyals unless otherwise stated)

5. Goodwill

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

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 Saudi Riyals 43.8 million.

6. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following:

	30 September 2023 (Unaudited)	31 December 2022 - Restated (Unaudited)
Cash in hand	**20,000**	-
Cash at banks		
- Current accounts	**34,976,464**	16,919,814
- Time deposits	**-**	8,000,000
	34,996,464	24,919,814

Cash at banks is placed with counterparties with sound credit ratings. As at 30 September 2023, no deposits were placed with local banks with original maturities of less than three months from the date of placement (31 December 2022: 0.7% to 4.9%) per annum.

The gross carrying amount of cash and cash equivalents represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023 and 31 December 2022, the ECL allowance on such financial assets was immaterial.

7. Term deposits

Long-term deposits, amounting to Saudi Riyals 107.1 million (31 December 2022: Saudi Riyals 86.6 million), represent deposits with maturity of more than one year from the date of placement and are placed with the financial institutions carrying commission income at the rate of 4.4% to 5.7% per annum and will mature by 27 December 2023 between 21 March 2024 (31 December 2022: 3.5% to 5.7% per annum and will mature by 15 January 2024 between 21 March 2024).

The gross carrying amount of long-term deposits represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

Short-term deposits, amounting to Saudi Riyals 111.6 million (31 December 2022: Saudi Riyals 156.7 million), are placed with local banks and financial institutions with an original maturity of more than nine months but less than or equal to twelve months from the date of placement. These deposits earned commission income at a rate of 5.8% to 6.4% per annum for the nine-month period ended 30 September 2023 (31 December 2022: 3.7% to 6.4%).

The gross carrying amount of short-term deposits represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

(All amounts expressed in Saudi Riyals unless otherwise stated)

8. Investments

(a) Investments are classified as follows:

	30 September 2023 (Unaudited)	31 December 2022 - Restated (Unaudited)
Financial assets at FVTPL		
Equity	**1,707,545**	1,566,062
Mutual Funds	**65,745,196**	22,441,225
	67,452,741	24,007,287
Financial assets at FVOCI		
Equity	**39,703,127**	39,703,127
Debt instruments	**70,932,344**	70,222,624
	110,635,471	109,925,751
	178,088,212	133,933,038

Debt instruments represent investments in Sukuks that are classified as investments measured at FVOCI, as they pass SPPI assessment. The Company's business model for Sukuk classified as FVOCI is to hold to collect and sell the contractual cash flows.

Investment in mutual funds are classified as investments measured at FVTPL since these are equity instruments. As a result, these funds were classified as FVTPL from the date of initial application.

Equity investment at FVOCI represent equity investment of 3.45% holding (31 December 2022: 3.45%) in Najm for Insurance Services Company (Najm), a Saudi Closed Joint Stock Company, and in accordance with Company's accounting policy under Note 3.2, investments in equity instruments should be measured at fair value. During the nine-month period ended 30 September 2023, the Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of Saudi Riyals 1.9 million until 31 December 2022, to be Saudi Riyals 37.0 million as at 31 December 2021 and Saudi Riyals 39.7 million as at 31 December 2022. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value have been recorded in the opening equity as of 1 January 2022 and 31 December 2022.

The gross carrying amount of financial assets measured at FVOCI represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

(b) Movement in investments carried at fair value through profit or loss is as follows:

	30 September 2023 (Unaudited)	31 December 2022 - Restated (Unaudited)
Balance at beginning of the period / year	**24,007,287**	27,421,360
Additions during the period / year	**42,949,494**	1,618,714
Withdrawal during the period / year	**-**	(4,891,502)
Changes in fair value of investments	**495,960**	(141,285)
Balance at end of the period / year	**67,452,741**	24,007,287

(All amounts expressed in Saudi Riyals unless otherwise stated)

8 Investments (continued)

(c) Movement in investments carried at fair value through other comprehensive income is as follows:

	30 September 2023 (Unaudited)	31 December 2022 - Restated (Unaudited)
Balance at beginning of the period / year	**109,925,751**	111,761,878
Additions during the period / year	**3,337,500**	13,474,852
Withdrawal during the period / year	**(1,970,132)**	(12,002,783)
Changes in fair value of investments	**(510,095)**	(3,207,363)
Realized fair value losses	**(147,553)**	(100,833)
Balance at end of the period / year	**110,635,471**	109,925,751

9. Statutory deposit

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. SAMA is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent. In accordance with the instruction received from the Saudi Central Bank (SAMA) vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 30 September 2023 as an asset and a liability in this interim condensed financial information.

The gross carrying amount of statutory deposit represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 30 September 2023, 31 December 2022 and 1 January 2022, the ECL allowance on such financial assets was immaterial.

(All amounts expressed in Saudi Riyals unless otherwise stated)

10. Insurance and reinsurance contracts

10.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

30 September 2023 (Unaudited)	**Engineering**	**Property**	**Marine**	**Motor Standard– Corporate**	**Motor Standard – Retail**	**Motor Third Party**	**Motor Manafeth**	**Casualty**	**Group life**	**Other liability**	**Total**
Insurance contracts											
Insurance contract assets	-	-	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	**24,195,993**	**187,892,275**	**79,245,573**	**23,672,160**	**5,589,019**	**2,857,201**	**1,916,041**	**12,698,360**	**8,818,920**	**8,627,073**	**355,512,615**
											355,512,615
Reinsurance contracts											
Reinsurance contract assets	**17,990,347**	**163,007,464**	**70,305,930**	**176,084**	**19,783**	**56,584**	**9,841**	**881,319**	**3,471,064**	**6,951,152**	**262,869,568**
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-	-
											262,869,568
31 December 2022 - Restated (Unaudited)											
Insurance contracts											
Insurance contract assets	-	-	-	-	-	-	-	-	-	-	-
Insurance contract liabilities	38,438,506	159,579,873	11,027,362	20,668,600	4,473,884	1,307,821	291,601	12,852,956	9,988,106	5,603,093	264,231,802
											264,231,802
Reinsurance contracts											
Reinsurance contract assets	31,214,713	142,153,871	3,385,532	1,383,836	(5,504)	(1,440)	(1,886)	2,392,636	4,745,189	4,374,270	189,641,217
Reinsurance contract liabilities	-	-	-	-	-	-	-	-	-	-	-
											189,641,217

(All amounts expressed in Saudi Riyals unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.1 Insurance contracts

	As at 30 September 2023 (unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	7,775,158	1,706,558	219,329,476	35,420,610	264,231,802
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	7,775,158	1,706,558	219,329,476	35,420,610	264,231,802
Insurance revenue	(245,880,506)	-	-	-	(245,880,506)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	156,092,098	13,595,180	169,687,278
Reversal of losses on onerous contracts	-	(154,341)	-	-	(154,341)
Changes that relate to past service - adjustments to the LIC	-	-	(32,302,303)	(7,215,847)	(39,518,150)
Insurance acquisition cashflows amortisation	32,877,799	-	-	-	32,877,799
Insurance service expenses	32,877,799	(154,341)	123,789,795	6,379,333	162,892,586
Finance expense from insurance contracts	-	-	4,195,513	-	4,195,513
Total changes in the statement of income	(213,002,707)	(154,341)	127,985,308	6,379,333	(78,792,407)
Cashflows					
Premiums received	277,455,795	-	-	-	277,455,795
Claims and other directly attributable expenses paid	-	-	(77,106,277)	-	(77,106,277)
Insurance acquisition cashflows paid	(30,276,298)	-	-	-	(30,276,298)
Total cash inflows (outflows)	247,179,497	-	(77,106,277)	-	170,073,220
Insurance contracts					
Insurance contract liabilities – closing	41,951,948	1,552,217	270,208,507	41,799,943	355,512,615
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	41,951,948	1,552,217	270,208,507	41,799,943	355,512,615

(All amounts expressed in Saudi Riyals unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (continued)

	As at 31 December 2022 - Restated (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	6,098,841	5,193,513	159,913,485	23,264,663	194,470,502
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	6,098,841	5,193,513	159,913,485	23,264,663	194,470,502
Insurance revenue	(299,355,899)	-	-	-	(299,355,899)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	195,515,439	25,091,563	220,607,002
Reversal of losses on onerous contracts	-	(3,486,955)	-	-	(3,486,955)
Changes that relate to past service - adjustments to the LIC	-	-	(43,294,520)	(12,935,616)	(56,230,136)
Insurance acquisition cashflows amortisation	36,871,579	-	-	-	36,871,579
Insurance service expenses	36,871,579	(3,486,955)	152,220,919	12,155,947	197,761,490
Finance income from insurance contracts	-	-	(1,122,027)	-	(1,122,027)
Total changes in the statement of income	(262,484,320)	(3,486,955)	151,098,892	12,155,947	(102,716,436)
Cashflows					
Premiums received	298,548,029	-	-	-	298,548,029
Claims and other directly attributable expenses paid	-	-	(91,682,901)	-	(91,682,901)
Insurance acquisition cashflows paid	(34,387,392)	-	-	-	(34,387,392)
Total cash inflows (outflows)	264,160,637	-	(91,682,901)	-	172,477,736
Insurance contracts					
Insurance contract liabilities – closing	7,775,158	1,706,558	219,329,476	35,420,610	264,231,802
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	7,775,158	1,706,558	219,329,476	35,420,610	264,231,802

(All amounts expressed in Saudi Riyals unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held

	As at 30 September 2023 (unaudited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	**(3,406,934)**	-	**162,904,940**	**30,143,211**	**189,641,217**
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	**(3,406,934)**	-	**162,904,940**	**30,143,211**	**189,641,217**
Allocation of reinsurance premium	**(141,742,732)**	-	-	-	**(141,742,732)**
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	**89,293,394**	**11,441,249**	**100,734,643**
Loss-recovery on onerous underlying contracts	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	**(23,379,449)**	**(3,773,639)**	**(27,153,088)**
Amounts recoverable from reinsurers - net	-	-	**65,913,945**	**7,667,610**	**73,581,555**
Finance income from reinsurance contracts	-	-	**3,466,701**	-	**3,466,701**
Total changes in the statement of income	**(141,742,732)**	-	**69,380,646**	**7,667,610**	**(64,694,476)**
Cashflows					
Premiums ceded and acquisition cashflows paid	**157,069,203**	-	**(19,146,376)**	-	**137,922,827**
Recoveries from reinsurance	-	-	-	-	-
Total cash inflows (outflows)	**157,069,203**	-	**(19,146,376)**	-	**137,922,827**
Reinsurance contracts					
Reinsurance contract assets – closing	**11,919,537**	-	**213,139,210**	**37,810,821**	**262,869,568**
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	**11,919,537**	-	**213,139,210**	**37,810,821**	**262,869,568**

(All amounts expressed in Saudi Riyals unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (continued)

	As at 31 December 2022 - Restated (Unaudited)				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding Loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	8,419,691	-	111,225,108	19,418,130	139,062,929
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	8,419,691	-	111,225,108	19,418,130	139,062,929
Allocation of reinsurance premium	(180,288,510)	-	-	-	(180,288,510)
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	113,008,405	21,006,927	134,015,332
Onerous contracts recognized	-	-	-	-	-
Loss-recovery on onerous underlying contracts	-	-	-	-	-
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(31,065,863)	(10,281,846)	(41,347,709)
Amounts recoverable from reinsurers - net	-	-	81,942,542	10,725,081	92,667,623
Finance expenses from reinsurance contracts	-	-	(884,132)	-	(884,132)
Total changes in the statement of income	(180,288,510)	-	81,058,410	10,725,081	(88,505,019)
Cashflows					
Premiums ceded and acquisition cashflows paid	168,461,885	-	-	-	168,461,885
Recoveries from reinsurance	-	-	(29,378,578)	-	(29,378,578)
Total cash inflows (outflows)	168,461,885	-	(29,378,578)	-	139,083,307
Reinsurance contracts					
Reinsurance contract assets – closing	(3,406,934)	-	162,904,940	30,143,211	189,641,217
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(3,406,934)	-	162,904,940	30,143,211	189,641,217

(All amounts expressed in Saudi Riyals unless otherwise stated)

11. Share capital

The authorized, issued and paid up capital of the Company was Saudi Riyals 300 million at 30 September 2023 (31 December 2022: Saudi Riyals 300 million) consisting of 30 million shares (31 December 2022: 30 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as of 30 September 2023 and 31 December 2022 is as below:

		Authorized and issued		Paid up
	Company incorporated in	**No. of Shares**	**Saudi Riyals**	
Chubb International Holding Co.	United States of America	9,000,000	90,000,000	90,000,000
El-Khereiji Investment Company	Kingdom of Saudi Arabia	7,500,000	75,000,000	75,000,000
International Corporation For Trade and Contract Services	Kingdom of Saudi Arabia	1,500,000	15,000,000	15,000,000
General Public		12,000,000	120,000,000	120,000,000
		30,000,000	**300,000,000**	**300,000,000**

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for three-month and nine-month periods ended 30 September 2023 and 30 September 2022 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance contract balances reconciliation.

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the three-month period ended 30 September 2023											
Insurance revenue from contracts measured under PAA	**11,033,009**	**32,297,020**	**4,154,553**	**12,399,682**	**1,668,722**	**1,437,538**	**2,059,996**	**10,185,726**	**3,548,371**	**4,816,552**	**83,601,169**
Incurred claims and other directly attributable expenses	**(1,568,710)**	**(2,976,057)**	**(4,071,134)**	**(11,849,259)**	**(1,156,258)**	**(1,458,377)**	**(742,459)**	**(998,129)**	**(1,640,815)**	**(973,227)**	**(27,434,425)**
Changes that relate to past service - adjustments to the LIC	**13,553,597**	**9,810,081**	**708,482**	**822,348**	**210,681**	**(72,814)**	**233,996**	**(1,953,764)**	**270,113**	**(139,357)**	**23,443,363**
Gain on onerous contracts - net	**-**	**-**	**-**	**(43,672)**	**(14,828)**	**(48,708)**	**-**	**-**	**-**	**-**	**(107,208)**
Insurance acquisition cash flows amortisation	**(1,185,043)**	**(3,275,627)**	**(597,594)**	**(2,727,525)**	**(306,391)**	**(242,896)**	**(843,545)**	**(1,143,307)**	**(618,508)**	**(558,016)**	**(11,498,452)**
Total insurance service expenses	**10,799,844**	**3,558,397**	**(3,960,246)**	**(13,798,108)**	**(1,266,796)**	**(1,822,795)**	**(1,352,008)**	**(4,095,200)**	**(1,989,210)**	**(1,670,600)**	**(15,596,722)**

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
Reinsurance income contracts measured under the PAA											
Reinsurance premium ceded	(6,953,846)	(26,241,380)	(2,822,634)	(138,919)	(18,365)	(23,928)	(21,423)	(4,928,956)	(2,193,998)	(3,339,602)	(46,683,051)
Claims recovered	700,626	1,086,553	2,570,162	46,562	6,079	827	3,486	225,606	941,369	346,150	5,927,420
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-	-
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-	-
Onerous contracts recognized	-	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	(11,339,347)	(8,686,793)	(636,855)	(4,140)	8	-	-	2,157,315	(262,983)	266,055	(18,506,740)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts	(17,592,567)	(33,841,620)	(889,327)	(96,497)	(12,278)	(23,101)	(17,937)	(2,546,035)	(1,515,612)	(2,727,397)	(59,262,371)
Insurance service result	4,240,286	2,013,797	(695,020)	(1,494,923)	389,648	(408,358)	690,051	3,544,491	43,549	418,555	8,742,076

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the three-month period ended 30 September 2022											
Insurance revenue from contracts measured under PAA	9,814,571	31,506,729	3,862,252	10,439,397	1,231,321	490,849	1,890,107	8,873,185	2,734,244	5,150,810	75,993,465
Incurred claims and other directly attributable expenses	(5,195,804)	(74,765,266)	(1,243,533)	(7,990,477)	(1,344,330)	(989,626)	(638,997)	(2,158,780)	(3,027,368)	(651,339)	(98,005,520)
Changes that relate to past service - adjustments to the LIC	1,593,913	2,445,780	1,439,230	231,287	232,919	21,740	126,472	1,945,821	(355,897)	745,393	8,426,658
Reversal of losses on onerous contracts - net	-	-	-	181,854	(130,525)	33,210	-	-	-	-	84,539
Insurance acquisition cash flows amortisation	(1,067,925)	(2,946,446)	(383,394)	(2,204,212)	(242,649)	(196,411)	(600,411)	(1,121,573)	(459,470)	(610,864)	(9,833,355)
Total insurance service expenses	(4,669,816)	(75,265,932)	(187,697)	(9,781,548)	(1,484,585)	(1,131,087)	(1,112,936)	(1,334,532)	(3,842,735)	(516,810)	(99,327,678)

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
Reinsurance income / (expenses) - contracts measured under the PAA											
Reinsurance premium ceded	(7,047,787)	(26,416,824)	(2,068,319)	(153,653)	(17,816)	(17,358)	(26,396)	(4,195,410)	(1,519,194)	(3,531,883)	(44,994,640)
Claims recovered	3,711,348	68,696,717	443,517	(137,371)	(19,407)	(14,308)	(1,314)	63,001	2,199,260	53,686	74,995,129
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-	-
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-	-
Onerous contracts recognized	-	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	(1,455,106)	(1,790,536)	(1,123,697)	(87,427)	(9,954)	(4,150)	-	(715,344)	320,772	(424,004)	(5,289,446)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts	(4,791,545)	40,489,357	(2,748,499)	(378,451)	(47,177)	(35,816)	(27,710)	(4,847,753)	1,000,838	(3,902,201)	24,711,043
Insurance service result	353,210	(3,269,846)	926,056	279,398	(300,441)	(676,054)	749,461	2,690,900	(107,653)	731,799	1,376,830

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the nine-month period ended 30 September 2023											
Insurance revenue from contracts measured under PAA	31,327,332	94,354,731	15,929,107	35,180,094	4,487,057	4,507,216	6,319,519	27,738,202	9,473,375	16,563,873	245,880,506
Incurred claims and other directly attributable expenses	(14,947,097)	(17,008,173)	(76,204,188)	(33,466,768)	(3,843,285)	(3,971,191)	(2,430,739)	(4,910,591)	(9,054,890)	(3,850,364)	(169,687,286)
Changes that relate to past service - adjustments to the LIC	20,665,230	4,771,097	2,136,137	2,243,800	509,357	(424,226)	(1,003,755)	3,772,938	3,612,270	3,235,301	39,518,149
Reversal of losses on onerous contracts - net	-	-	-	72,128	185,891	(103,676)	-	-	-	-	154,343
Insurance acquisition cash flows amortisation	(3,438,814)	(9,344,573)	(1,722,001)	(7,654,968)	(833,130)	(755,311)	(2,525,000)	(3,256,833)	(1,560,645)	(1,786,517)	(32,877,792)
Total insurance service expenses	2,279,319	(21,581,649)	(75,790,052)	(38,805,808)	(3,981,167)	(5,254,404)	(5,959,494)	(4,394,486)	(7,003,265)	(2,401,580)	(162,892,586)

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
Reinsurance income contracts measured under the PAA											
Reinsurance premium ceded	**(21,760,872)**	**(79,184,510)**	**(10,349,689)**	**(420,610)**	**(50,754)**	**(57,860)**	**(67,195)**	**(12,797,576)**	**(5,654,025)**	**(11,399,640)**	**(141,742,731)**
Claims recovered	**10,330,181**	**10,818,134**	**70,252,988**	**(3,252)**	**(359)**	**(445)**	**(515)**	**1,758,918**	**5,785,361**	**1,793,630**	**100,734,641**
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-	-
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-	-
Onerous contracts recognized	-	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	**(16,949,617)**	**(1,297,076)**	**(1,690,080)**	**142,428**	**2,458**	-	-	**(1,966,236)**	**(2,739,870)**	**(2,655,094)**	**(27,153,087)**
Reinsurance acquisition cash flows amortisation											
Total net expenses from reinsurance contracts	**(28,380,308)**	**(69,663,452)**	**58,213,219**	**(281,434)**	**(48,655)**	**(58,305)**	**(67,710)**	**(13,004,894)**	**(2,608,534)**	**(12,261,104)**	**(68,161,177)**
Insurance service result	**5,226,343**	**3,109,630**	**(1,647,726)**	**(3,907,148)**	**457,235**	**(805,493)**	**292,315**	**10,338,822**	**(138,424)**	**1,901,189**	**14,826,743**

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the nine-month period ended 30 September 2022											
Insurance revenue from contracts measured under PAA	26,475,848	92,787,081	15,438,576	28,265,101	4,022,999	2,544,710	4,773,518	23,527,466	6,965,354	16,495,446	221,296,099
Incurred claims and other directly attributable expenses	(15,245,869)	(91,966,833)	(5,972,406)	(25,652,064)	(4,068,369)	(3,001,758)	(1,628,088)	(7,380,649)	(6,764,940)	(4,616,241)	(166,297,217)
Changes that relate to past service - adjustments to the LIC	5,868,182	13,631,042	2,148,641	2,305,998	594,631	21,034	631,142	3,789,502	(38,206)	2,849,530	31,801,496
Reversal of losses on onerous contracts - net	-	-	-	3,088,023	(135,808)	195,900	-	-	-	-	3,148,115
Insurance acquisition cash flows amortisation	(2,845,761)	(7,978,376)	(1,266,079)	(5,816,901)	(735,436)	(541,991)	(1,759,391)	(3,060,952)	(1,126,138)	(1,695,257)	(26,826,282)
Total insurance service expenses	(12,223,448)	(86,314,167)	(5,089,844)	(26,074,944)	(4,344,982)	(3,326,815)	(2,756,337)	(6,652,099)	(7,929,284)	(3,461,968)	(158,173,888)

(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
Reinsurance income - contracts measured under the PAA											
Reinsurance premium ceded	(18,989,539)	(78,294,767)	(9,269,832)	(456,683)	(61,404)	(57,760)	(69,820)	(11,290,268)	(3,776,974)	(11,211,586)	(133,478,633)
Claims recovered	11,192,963	78,085,116	3,128,509	(38,022)	(5,131)	(1,071)	(2,622)	2,563,910	4,200,335	2,397,777	101,521,764
Effect of changes in the risk of reinsurers non-performance	-	-	-	-	-	-	-	-	-	-	-
Reversal of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-	-
Onerous contracts recognized	-	-	-	-	-	-	-	-	-	-	-
Changes that relate to past service - adjustments to incurred claims	(4,323,729)	(12,143,484)	(1,266,422)	(484,777)	(44,536)	(36,117)	(18,376)	(1,206,925)	188,240	(1,792,307)	(21,128,433)
Reinsurance acquisition cash flows amortisation	-	-	-	-	-	-	-	-	-	-	-
Total net expenses from reinsurance contracts	(12,120,305)	(12,353,135)	(7,407,745)	(979,482)	(111,071)	(94,948)	(90,818)	(9,933,283)	611,601	(10,606,116)	(53,085,302)
Insurance service result	2,132,095	(5,880,221)	2,940,987	1,210,675	(433,054)	(877,053)	1,926,363	6,942,084	(352,329)	2,427,362	10,036,909

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. Insurance finance expense - net

An analysis of the net insurance finance income (expenses) by product line for the three-month ended 30 September 2023 and 30 September 2022 respectively is presented below:

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the three-month period ended 30 September 2023											
Finance expenses from insurance contracts issued											
Interest accreted	(386,009)	(328,465)	62,356	(44,289)	(9,028)	(33,746)	7,199	194,865	(14,589)	179,473	(372,233)
Effects of changes in interest rates and other financial assumptions	(7,644)	257,046	12,542	5,725	1,395	(679)	1,381	22,513	(476)	22,819	314,622
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance expenses from insurance contracts issued	(393,653)	(71,419)	74,898	(38,564)	(7,633)	(34,425)	8,580	217,378	(15,065)	202,292	(57,611)
Finance expenses from reinsurance contracts held											
Interest accreted	327,437	297,996	(61,446)	(4,380)	(549)	288	231	(138,228)	16,298	(147,657)	289,990
Effects of changes in interest rates and other financial assumptions	10,209	(229,701)	(10,708)	(236)	(30)	(38)	8	(13,732)	781	(18,339)	(261,786)
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance income from reinsurance contracts held	337,646	68,295	(72,154)	(4,616)	(579)	250	239	(151,960)	17,079	(165,996)	28,204
Net insurance finance expenses	(56,007)	(3,124)	2,744	(43,180)	(8,212)	(34,175)	8,819	65,418	2,014	36,296	(29,407)

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. Insurance finance expense – net (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the three-month period ended 30 September 2022											
Finance income from insurance contracts issued											
Interest accreted	(5,907)	(34,829)	(6,301)	(26,731)	(3,153)	(1,786)	(283)	(24,904)	7,010	(5,288)	(102,172)
Effects of changes in interest rates and other financial assumptions	58,930	367,199	(4,865)	(24,443)	(4,902)	4,856	(446)	1,790	22,456	10,443	431,018
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance income from insurance contracts issued	53,023	332,370	(11,166)	(51,174)	(8,055)	3,070	(729)	(23,114)	29,466	5,155	328,846
Finance expenses from reinsurance contracts held											
Interest accreted	2,119	15,242	7,577	1,306	159	161	28	26,207	(5,117)	3,809	51,491
Effects of changes in interest rates and other financial assumptions	(56,878)	(367,118)	13,971	108	221	143	58	16,727	(16,312)	(7,164)	(416,244)
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance expenses from reinsurance contracts held	(54,759)	(351,876)	21,548	1,414	380	304	86	42,934	(21,429)	(3,355)	(364,753)
Net insurance finance expenses	(1,736)	(19,506)	10,382	(49,760)	(7,675)	3,374	(643)	19,820	8,037	1,800	(35,907)

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. Insurance finance expense – net (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the nine-month period ended 30 September 2023											
Finance income from insurance contracts issued											
Interest accreted	(760,867)	(3,317,694)	(22,135)	(338,116)	(37,924)	(65,033)	16,313	(56,107)	(212,113)	44,452	(4,749,224)
Effects of changes in interest rates and other financial assumptions	12,433	450,257	15,437	14,279	3,236	1,916	2,071	26,674	725	26,683	553,711
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance expenses from insurance contracts issued	(748,434)	(2,867,437)	(6,698)	(323,837)	(34,688)	(63,117)	18,384	(29,433)	(211,388)	71,135	(4,195,513)
Finance income from reinsurance contracts held											
Interest accreted	673,411	3,037,072	(8,183)	31,710	3,042	1,440	1,886	39,576	180,884	(38,185)	3,922,653
Effects of changes in interest rates and other financial assumptions	(5,019)	(402,388)	(12,235)	(5)	-	-	-	(15,282)	(102)	(20,921)	(455,952)
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance income from reinsurance contracts held	668,392	2,634,684	(20,418)	31,705	3,042	1,440	1,886	24,294	180,782	(59,106)	3,466,701
Net insurance finance expenses	(80,042)	(232,753)	(27,116)	(292,132)	(31,646)	(61,677)	20,270	(5,139)	(30,606)	12,029	(728,812)

(All amounts expressed in Saudi Riyals unless otherwise stated)

13. Insurance finance expense – net (continued)

	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total
For the nine-month period ended 30 September 2022											
Finance income from insurance contracts issued											
Interest accreted	(25,742)	(150,161)	(29,832)	(95,158)	(9,955)	(12,606)	(20,643)	(31,959)	(410)	(55,975)	(432,441)
Effects of changes in interest rates and other financial assumptions	360,002	1,737,480	38,993	73,132	137	26,040	1,468	174,315	54,143	98,316	2,564,026
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance income from insurance contracts issued	334,260	1,587,319	9,161	(22,026)	(9,818)	13,434	(19,175)	142,356	53,733	42,341	2,131,585
Finance income from reinsurance contracts held											
Interest accreted	23,438	138,499	22,338	16,705	1,808	1,790	1,077	26,805	8,162	18,749	259,371
Effects of changes in interest rates and other financial assumptions	(305,743)	(1,591,640)	(11,358)	(5,121)	14	(41)	-	(107,529)	(43,395)	(66,990)	(2,131,803)
Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-
Finance expenses from reinsurance contracts held	(282,305)	(1,453,141)	10,980	11,584	1,822	1,749	1,077	(80,724)	(35,233)	(48,241)	(1,872,432)
Net insurance finance income	51,955	134,178	20,141	(10,442)	(7,996)	15,183	(18,098)	61,632	18,500	(5,900)	259,153

14. Other income

Other income comprises of income from the Umrah product related to general and accident insurance, under an agreement which was signed together with 27 other insurance companies. The compulsory Umrah product is offered by the Ministry of Hajj and Umrah and approved by SAMA for Insurance for pilgrims coming from outside the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah.

15. Commitments and contingencies

The Company's commitments and contingencies are as follows:

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 result or financial position.

Capital commitments

The Company had capital commitments related to a new software as at 31 December 2022. As on 30 September 2023, the Company had no capital commitments as the contract related to software has been terminated (31 December 2022: Saudi Riyals 3.6 million). Further, amount capitalized in software development has been transferred to "Prepaid expenses and other assets" based on the ongoing negotiations with developer and management expects to recover full amount by the year end.

16. Fair value of financial instruments

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

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

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

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

a) Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
b) Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
c) Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

(All amounts expressed in Saudi Riyals unless otherwise stated)

16. Fair value of financial instruments (continued)

(a) Carrying amounts and fair value

	30 September 2023 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Investments at FVTPL	**67,452,741**	**-**	**-**	**67,452,741**
Investments at FVOCI	**65,932,844**	**4,999,500**	**39,703,127**	**110,635,471**
Total investments	**133,385,585**	**4,999,500**	**39,703,127**	**178,088,212**

	31 December 2022 - Restated (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Investments at FVTPL	24,007,287	-	-	24,007,287
Investments at FVOCI	65,235,124	4,987,500	39,703,127	109,925,751
Total investments	89,242,411	4,987,500	39,703,127	133,933,038

Significant unobservable inputs used in the valuation of level 3 investment include fair value estimates from reputable third-party valuer who use technique such as discounted cash flows and other sophisticated models. The fair value of investments in sukuk at level 2 is based on the value of similar quoted sukuk communicated by the fund manager.

The fair value of investment in quoted equity instruments including mutual funds and quoted sukuk at level 1 is based on quoted prices available in the market. Additionally, there were no changes in the valuation techniques.

Cash and cash equivalents, deposits, statutory deposit, accrued income on statutory deposits and the financial labilities except employee benefit obligations are measured at amortized cost.

17. Information related to product lines

Results of product lines do not include general and administration expenses, allowances for doubtful debts, investment and commission income, realized gain (loss) on investments and other income.

Product lines' assets do not include cash and cash equivalents, prepaid expenses and other assets, term deposits, property and equipment, right-of-use assets, intangible assets, goodwill, statutory deposit, accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

Product lines' liabilities do not include accrued and other liabilities, lease liabilities, employee benefit obligations, zakat and income tax, surplus distribution payable, accrued commission income payable to SAMA. Accordingly, they are included in unallocated liabilities.

The Company's information is presented into business units based on their products and services in the following product lines:

- Engineering;
- Property;
- Marine;
- Motor standard - corporate;
- Motor standard - retail;
- Motor third party;
- Motor manafeth;
- Casualty;
- Group life; and
- Other liability.

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

	Insurance operations												
30 September 2023 - (Unaudited)	**Engineering**	**Property**	**Marine**	**Motor Standard – Corporate**	**Motor Standard – Retail**	**Motor Third Party**	**Motor Manafeth**	**Casualty**	**Group life**	**Other liability**	**Total**	**Unallocated**	**Total**
Assets													
Reinsurance contract assets	**17,990,347**	**163,007,464**	**70,305,930**	**176,084**	**19,783**	**56,584**	**9,841**	**881,319**	**3,471,064**	**6,951,152**	**262,869,568**	**-**	**262,869,568**
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	**544,593,783**	**544,593,783**
Total assets	**17,990,347**	**163,007,464**	**70,305,930**	**176,084**	**19,783**	**56,584**	**9,841**	**881,319**	**3,471,064**	**6,951,152**	**262,869,568**	**544,593,783**	**807,463,351**
Liabilities													
Insurance contract liabilities	**24,195,993**	**187,892,275**	**79,245,573**	**23,672,160**	**5,589,019**	**2,857,201**	**1,916,041**	**12,698,360**	**8,818,920**	**8,627,073**	**355,512,615**	**-**	**355,512,615**
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	-	-	-	**451,950,736**	**451,950,736**
Total liabilities and equity	**24,195,993**	**187,892,275**	**79,245,573**	**23,672,160**	**5,589,019**	**2,857,201**	**1,916,041**	**12,698,360**	**8,818,920**	**8,627,073**	**355,512,615**	**451,950,736**	**807,463,351**

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

	Insurance operations												
31 December 2022 - Restated (Unaudited)	**Engineering**	**Property**	**Marine**	**Motor Standard – Corporate**	**Motor Standard – Retail**	**Motor Third Party**	**Motor Manafeth**	**Casualty**	**Group life**	**Other liability**	**Total**	**Unallocated**	**Total**
Assets													
Reinsurance contract assets	31,214,713	142,153,871	3,385,532	1,383,836	(5,504)	(1,440)	(1,886)	2,392,636	4,745,189	4,374,270	189,641,217	-	189,641,217
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	510,550,484	510,550,484
Total assets	31,214,713	142,153,871	3,385,532	1,383,836	(5,504)	(1,440)	(1,886)	2,392,636	4,745,189	4,374,270	189,641,217	510,550,484	700,191,701
Liabilities													
Insurance contract liabilities	38,438,506	159,579,873	11,027,362	20,668,600	4,473,884	1,307,821	291,601	12,852,956	9,988,106	5,603,093	264,231,802	-	264,231,802
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	-	-	-	435,959,899	435,959,899
Total liabilities and equity	38,438,506	159,579,873	11,027,362	20,668,600	4,473,884	1,307,821	291,601	12,852,956	9,988,106	5,603,093	264,231,802	435,959,899	700,191,701

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Three-month period ended 30 September 2023 (Unaudited)	**Engineering**	**Property**	**Marine**	**Motor Standard – Corporate**	**Motor Standard – Retail**	**Motor Third Party**	**Motor Manafeth**	**Casualty**	**Group life**	**Other liability**	**Total**	**Unallocated**	**Total**
Insurance revenue	11,033,009	32,297,020	4,154,553	12,399,682	1,668,722	1,437,538	2,059,996	10,185,726	3,548,371	4,816,552	83,601,169	-	83,601,169
Insurance service expenses	10,799,844	3,558,397	(3,960,246)	(13,798,108)	(1,266,796)	(1,822,795)	(1,352,008)	(4,095,200)	(1,989,210)	(1,670,600)	(15,596,722)	-	(15,596,722)
Net expenses from reinsurance contracts	(17,592,567)	(33,841,620)	(889,327)	(96,497)	(12,278)	(23,101)	(17,937)	(2,546,035)	(1,515,612)	(2,727,397)	(59,262,371)	-	(59,262,371)
Insurance service result	4,240,286	2,013,797	(695,020)	(1,494,923)	389,648	(408,358)	690,051	3,544,491	43,549	418,555	8,742,076	-	8,742,076
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	-	-	3,396,958	3,396,958
Net gain on FVTPL investments	-	-	-	-	-	-	-	-	-	-	-	336,504	336,504
Dividend income	-	-	-	-	-	-	-	-	-	-	-	201,700	201,700
Net investment income	-	-	-	-	-	-	-	-	-	-	-	3,935,162	3,935,162
Finance (expenses) income from insurance contracts issued	(393,653)	(71,419)	74,898	(38,564)	(7,633)	(34,425)	8,580	217,378	(15,065)	202,292	(57,611)	-	(57,611)
Finance income (expenses) from reinsurance contracts held	337,646	68,295	(72,154)	(4,616)	(579)	250	239	(151,960)	17,079	(165,996)	28,204	-	28,204
Net insurance finance (expenses) income	(56,007)	(3,124)	2,744	(43,180)	(8,212)	(34,175)	8,819	65,418	2,014	36,296	(29,407)	-	(29,407)
Net insurance and investment result	4,184,279	2,010,673	(692,276)	(1,538,103)	381,436	(442,533)	698,870	3,609,909	45,563	454,851	8,712,669	3,935,162	12,647,831

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Three-month period ended 30 September 2023 (Unaudited)	**Engineering**	**Property**	**Marine**	**Motor Standard – Corporate**	**Motor Standard – Retail**	**Motor Third Party**	**Motor Manafeth**	**Casualty**	**Group life**	**Other liability**	**Total**	**Unallocated**	**Total**
Other operating expenses – net	-	-	-	-	-	-	-	-	-	-	-	**(3,786,161)**	**(3,786,161)**
Other income	-	-	-	-	-	-	-	-	-	-	-	**897,040**	**897,040**
Total profit for the period before zakat and income tax	**4,184,279**	**2,010,673**	**(692,276)**	**(1,538,103)**	**381,436**	**(442,533)**	**698,870**	**3,609,909**	**45,563**	**454,851**	**8,712,669**	**1,046,041**	**9,758,710**
Zakat expense	-	-	-	-	-	-	-	-	-	-	-	**(1,842,166)**	**(1,842,166)**
Income tax	-	-	-	-	-	-	-	-	-	-	-	**(٤٧٣,٣٩٦)**	**(473,396)**
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	**4,184,279**	**2,010,673**	**(692,276)**	**(1,538,103)**	**381,436**	**(442,533)**	**698,870**	**3,609,909**	**45,563**	**454,851**	**8,712,669**	**(١,٢٦٩,٥٢١)**	**7,443,148**

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Three-month period ended 30 September 2022 (Unaudited)	**Engineering**	**Property**	**Marine**	**Motor Standard – Corporate**	**Motor Standard – Retail**	**Motor Third Party**	**Motor Manafeth**	**Casualty**	**Group life**	**Other liability**	**Total**	**Unallocated**	**Total**
Insurance revenue	9,814,571	31,506,729	3,862,252	10,439,397	1,231,321	490,849	1,890,107	8,873,185	2,734,244	5,150,810	75,993,465	-	75,993,465
Insurance service expenses	(4,669,816)	(75,265,932)	(187,697)	(9,781,548)	(1,484,585)	(1,131,087)	(1,112,936)	(1,334,532)	(3,842,735)	(516,810)	(99,327,678)	-	(99,327,678)
Net expenses from reinsurance contracts	(4,791,545)	40,489,357	(2,748,499)	(378,451)	(47,177)	(35,816)	(27,710)	(4,847,753)	1,000,838	(3,902,201)	24,711,043	-	24,711,043
Insurance service result	353,210	(3,269,846)	926,056	279,398	(300,441)	(676,054)	749,461	2,690,900	(107,653)	731,799	1,376,830	-	1,376,830
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	-	-	1,931,123	1,931,123
Net loss on FVTPL investments	-	-	-	-	-	-	-	-	-	-	-	(510,446)	(510,446)
Dividend income	-	-	-	-	-	-	-	-	-	-	-	192,579	192,579
Net investment income	-	-	-	-	-	-	-	-	-	-	-	1,613,256	1,613,256
Finance income (expenses) from insurance contracts issued	53,023	332,370	(11,166)	(51,174)	(8,055)	3,070	(729)	(23,114)	29,466	5,155	328,846	-	328,846
Finance (expenses) income from reinsurance contracts held	(54,759)	(351,876)	21,548	1,414	380	304	86	42,934	(21,429)	(3,355)	(364,753)	-	(364,753)
Net insurance finance income (expenses)	(1,736)	(19,506)	10,382	(49,760)	(7,675)	3,374	(643)	19,820	8,037	1,800	(35,907)	-	(35,907)
Net insurance and investment result	351,474	(3,289,352)	936,438	229,638	(308,116)	(672,680)	748,818	2,710,720	(99,616)	733,599	1,340,923	1,613,256	2,954,179

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Three-month period ended 30 September 2022 (Unaudited)	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total	Unallocated	Total
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	(3,802,292)	(3,802,292)
Other income	-	-	-	-	-	-	-	-	-	-	-	3,328,666	3,328,666
Total profit for the period before zakat and income tax	351,474	(3,289,352)	936,438	229,638	(308,116)	(672,680)	748,818	2,710,720	(99,616)	733,599	1,340,923	1,139,630	2,480,553
Zakat expense	-	-	-	-	-	-	-	-	-	-	-	(719,766)	(719,766)
Income tax	-	-	-	-	-	-	-	-	-	-	-	(284,910)	(284,910)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	351,474	(3,289,352)	936,438	229,638	(308,116)	(672,680)	748,818	2,710,720	(99,616)	733,599	1,340,923	134,954	1,475,877

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Nine-month period ended 30 September 2023 (Unaudited)	**Engineering**	**Property**	**Marine**	**Motor Standard – Corporate**	**Motor Standard – Retail**	**Motor Third Party**	**Motor Manafeth**	**Casualty**	**Group life**	**Other liability**	**Total**	**Unallocated**	**Total**
Insurance revenue	31,327,332	94,354,731	15,929,107	35,180,094	4,487,057	4,507,216	6,319,519	27,738,202	9,473,375	16,563,873	245,880,506	-	245,880,506
Insurance service expenses	2,279,319	(21,581,649)	(75,790,052)	(38,805,808)	(3,981,167)	(5,254,404)	(5,959,494)	(4,394,486)	(7,003,265)	(2,401,580)	(162,892,586)	-	(162,892,586)
Net income from reinsurance contracts	(28,380,308)	(69,663,452)	58,213,219	(281,434)	(48,655)	(58,305)	(67,710)	(13,004,894)	(2,608,534)	(12,261,104)	(68,161,177)	-	(68,161,177)
Insurance service result	5,226,343	3,109,630	(1,647,726)	(3,907,148)	457,235	(805,493)	292,315	10,338,822	(138,424)	1,901,189	14,826,743	-	14,826,743
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	-	-	10,915,476	10,915,476
Net income on FVTPL investments	-	-	-	-	-	-	-	-	-	-	-	495,960	495,960
Dividend income	-	-	-	-	-	-	-	-	-	-	-	765,961	765,961
Net investment income	-	-	-	-	-	-	-	-	-	-	-	12,177,397	12,177,397
Finance (expense) income from insurance contracts issued	(748,434)	(2,867,437)	(6,698)	(323,837)	(34,688)	(63,117)	18,384	(29,433)	(211,388)	71,135	(4,195,513)	-	(4,195,513)
Finance income (expenses) from reinsurance contracts held	668,392	2,634,684	(20,418)	31,705	3,042	1,440	1,886	24,294	180,782	(59,106)	3,466,701	-	3,466,701
Net insurance finance (expense) income	(80,042)	(232,753)	(27,116)	(292,132)	(31,646)	(61,677)	20,270	(5,139)	(30,606)	12,029	(728,812)	-	(728,812)
Net insurance and investment result	5,146,301	2,876,877	(1,674,842)	(4,199,280)	425,589	(867,170)	312,585	10,333,683	(169,030)	1,913,218	14,097,931	12,177,397	26,275,328

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Nine-month period ended 30 September 2023 (Unaudited)	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total	Unallocated	Total
Other operating expenses – net	-	-	-	-	-	-	-	-	-	-	-	(10,580,204)	(10,580,204)
Other income	-	-	-	-	-	-	-	-	-	-	-	6,456,875	6,456,875
Total profit for the period before zakat and income tax	5,146,301	2,876,877	(1,674,842)	(4,199,280)	425,589	(867,170)	312,585	10,333,683	(169,030)	1,913,218	14,097,931	8,054,068	22,151,999
Zakat expense	-	-	-	-	-	-	-	-	-	-	-	(4,348,882)	(4,348,882)
Income tax	-	-	-	-	-	-	-	-	-	-	-	(1,381,118)	(1,381,118)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	5,146,301	2,876,877	(1,674,842)	(4,199,280)	425,589	(867,170)	312,585	10,333,683	(169,030)	1,913,218	14,097,931	2,324,068	16,421,999

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Nine-month period ended 30 September 2022 (Unaudited)	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total	Unallocated	Total
Insurance revenue	26,475,848	92,787,081	15,438,576	28,265,101	4,022,999	2,544,710	4,773,518	23,527,466	6,965,354	16,495,446	221,296,099	-	221,296,099
Insurance service expenses	(12,223,448)	(86,314,167)	(5,089,844)	(26,074,944)	(4,344,982)	(3,326,815)	(2,756,337)	(6,652,099)	(7,929,284)	(3,461,968)	(158,173,888)	-	(158,173,888)
Net expenses from reinsurance contracts	(12,120,305)	(12,353,135)	(7,407,745)	(979,482)	(111,071)	(94,948)	(90,818)	(9,933,283)	611,601	(10,606,116)	(53,085,302)	-	(53,085,302)
Insurance service result	2,132,095	(5,880,221)	2,940,987	1,210,675	(433,054)	(877,053)	1,926,363	6,942,084	(352,329)	2,427,362	10,036,909	-	10,036,909
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	-	-	-	4,688,380	4,688,380
Net losses on FVTPL investments	-	-	-	-	-	-	-	-	-	-	-	(148,568)	(148,568)
Dividend income	-	-	-	-	-	-	-	-	-	-	-	565,106	565,106
Net investment income	-	-	-	-	-	-	-	-	-	-	-	5,104,918	5,104,918
Finance income (expenses) from insurance contracts issued	334,260	1,587,319	9,161	(22,026)	(9,818)	13,434	(19,175)	142,356	53,733	42,341	2,131,585	-	2,131,585
Finance (expenses) income from reinsurance contracts held	(282,305)	(1,453,141)	10,980	11,584	1,822	1,749	1,077	(80,724)	(35,233)	(48,241)	(1,872,432)	-	(1,872,432)
Net insurance finance income (expenses)	51,955	134,178	20,141	(10,442)	(7,996)	15,183	(18,098)	61,632	18,500	(5,900)	259,153	-	259,153
Net insurance and investment result	2,184,050	(5,746,043)	2,961,128	1,200,233	(441,050)	(861,870)	1,908,265	7,003,716	(333,829)	2,421,462	10,296,062	5,104,918	15,400,980

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Nine-month period ended 30 September 2022 (Unaudited)	Engineering	Property	Marine	Motor Standard – Corporate	Motor Standard – Retail	Motor Third Party	Motor Manafeth	Casualty	Group life	Other liability	Total	Unallocated	Total
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	(9,568,261)	(9,568,261)
Other income	-	-	-	-	-	-	-	-	-	-	-	4,341,906	4,341,906
Total profit for the period before zakat and income tax	2,184,050	(5,746,043)	2,961,128	1,200,233	(441,050)	(861,870)	1,908,265	7,003,716	(333,829)	2,421,462	10,296,062	(121,437)	10,174,625
Zakat expense	-	-	-	-	-	-	-	-	-	-	-	(1,771,164)	(1,771,164)
Income tax	-	-	-	-	-	-	-	-	-	-	-	(271,662)	(271,662)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	2,184,050	(5,746,043)	2,961,128	1,200,233	(441,050)	(861,870)	1,908,265	7,003,716	(333,829)	2,421,462	10,296,062	(2,164,263)	8,131,799

(All amounts expressed in Saudi Riyals unless otherwise stated)

18. Related party transactions and balances

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

Nature of transactions	Transactions for the nine-month period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Affiliates		
Gross written premium	**891,310**	550,512
Rent	**1,242,801**	1,119,524
Claims expenses	**2,165,277**	2,363,333
Board of Directors		
Remuneration	**1,068,750**	1,068,750
Meeting fee and expenses	**1,367,399**	1,545,992
Shareholder		
Reinsurance premium ceded	**36,600,873**	40,916,858
Reinsurance share of paid claims	**8,169,491**	3,349,000
Reinsurance commission income	**6,505,309**	7,813,858

Nature of balances	Balances	
	For the nine-month period ended 30 September 2023 (Unaudited)	31 December 2022 – Restated (Unaudited)
Affiliates		
Premiums and reinsurance receivables	**76,532**	15,990
Board of Directors		
Remuneration and meeting fee	**2,336,000**	2,336,000
Shareholder		
Reinsurance balance payable	**20,868,308**	19,521,835

The compensation of key management personnel during three-month and nine-month periods then ended is as follows:

	Nine-month period ended 30 September 2023 (Unaudited)	Nine-month period ended 30 September 2022 (Unaudited)
Salaries and benefits	**3,471,815**	3,123,569
Employee benefit obligations	**330,089**	248,066
	3,801,904	3,371,635

(All amounts expressed in Saudi Riyals unless otherwise stated)

19. Zakat and Income Tax

a) *Shareholding percentage*

The shareholding percentage of the Company at 30 September 2023 and 31 December 2022 was as follows:

	30 September 2023	31 December 2022
Shareholding percentage subject to zakat	**70**	70
Shareholding percentage subject to income tax	**30**	30
	100	100

b) *Income tax*

Income tax provision relates to non-Saudi shareholders and 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:

	30 September 2023 (Unaudited)	31 December 2022 (Unaudited)
At the beginning of the period / year	**15,550,754**	19,305,244
Provision for the year:		
-Zakat	**4,348,882**	6,220,520
-Income tax	**1,381,118**	933,943
Paid during the period / year	**(1,377,522)**	(10,908,953)
At the end of the period / year	**19,903,232**	15,550,754

Zakat and income tax charge for the three-month and nine-month periods ended 30 September 2023 is Saudi Riyals 2.3 million and Saudi Riyals 5.7 million respectively (for the three-month and nine-month periods ended 30 September 2022: Zakat and income tax charge of Saudi Riyals 1 million and Saudi Riyals 2 million respectively).

19. Zakat and income tax (continued)

d) Status of assessments

In 2015, ZATCA raised final assessments for the years ended 31 December 2009 to 2012 and claimed additional zakat and income tax liability including withholding tax amounting to Saudi Riyals 13.8 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 paid Saudi Riyals 14.9 million (including delay penalties and withholding tax) and also had furnished a bank guarantee of Saudi Riyals 3.3 million in favor of ZATCA to avoid any further delay penalties until the appeal against the assessments is finalized. In 2021, the Company received final decision from General Secretariat of Tax Committees (GSTC) – Appellate Committee with settlement amount of Saudi Riyals 12.8 million (Saudi Riyals 3.4 million refundable against income tax and WHT from the additional amount of Saudi Riyals 14.9 million paid and Saudi Riyals 1.2 million payable against additional zakat). During the last year, the Company had paid an additional zakat liability of Saudi Riyals 1.2 million. Based on it, the Company has filed a settlement letter with ZATCA and waiting their concurrence to it.

The Company has also received a provisional assessment for the years 2013 to 2015 where ZATCA had requested for an additional zakat and income tax liability of Saudi Riyals 6.2 million. The management has filed an appeal against this assessment. However, the Company had submitted an additional bank guarantee amounting to Saudi Riyals 6.2 million to cover the full additional liability and to avoid delay penalties. Furthermore, the company had settled the additional Zakat and tax liability for mentioned years with an amount of Saudi Riyals 5.4 million as had been finally resolved. Based on final settlement and with ZATCA approval, all guarantees amounting to Saudi Riyals 9.5 million have been liquidated / returned during the 2022.

Furthermore, in 2020, the ZATCA raised final assessments for the years ended 31 December 2016 to 2018 and assessed additional zakat and income tax liability amounting to Saudi Riyals 10.6 million. The management filed an appeal with the ZATCA and the ZATCA issued a revised assessment with the additional zakat and income tax liability amounting to Saudi Riyals 8.5 million. Subsequently, based on the appeal filed by the Company against the revised assessments, the Tax violation and Dispute Resolution Committee (TVDRC) partially accepted the Company's contentions, cancelled the additional tax liability, and reduced the additional zakat liability to Saudi Riyals 7.1 million. The Company has filed appeal against TVDRC's unfavorable rulings with the Tax Violation and Dispute Appellate Committee (TVDAC). The management believes that the outcome of these appeal will be in the favor of the Company.

The ZATCA in 2020 also raised a Withholding tax assessment for the years 2016 and 2017 amounting to Saudi Riyals 6.8 million. The Company filed an appeal against the above-mentioned assessment which has been rejected by TVDRC. Accordingly, the Company filed an appeal with TVDAC against the TVDRC decision. Additionally, in March 2021, the Company settled the additional WHT liability amounting to Saudi Riyals 6.8 million under the tax amnesty scheme of waiving the delay fine if the principal amount is paid. The company will request a refund of this amount after favorable outcome of the case.

Furthermore, During the year 2021, ZATCA has raised assessment for the years 2019 and 2020 with additional income tax and zakat liability of Saudi Riyals 7.3 million. Accordingly, the Company filed an appeal with the ZATCA, which was rejected by the ZATCA. Accordingly, the Company filed an appeal with the TVDRC against the ZATCA assessments. During December 2022, the TVDRC issued its decision partially in favor of the Company reducing the income tax and zakat liability to Saudi Riyals 7 million. However, the Company was not notified by the TVDRC of its decision and therefore, the Company was unable to escalate its appeal within the statutory deadline of 30 days. Nevertheless, the Company has filed an appeal with the TVDAC and requested to accept its appeal on the basis that it was not notified of the TVDRC's decision issuance. The TVDAC's review/decision is awaited.

The Company has filed zakat and tax returns up to year ended 31 December 2022 and obtained the required certificate.

(All amounts expressed in Saudi Riyals unless otherwise stated)

20. Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

21. Capital risk management

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

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

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to c1ontinue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum capital requirement
- Premium solvency margin; or
- Claims solvency margin

The Company is in compliance with the solvency margin requirements as stipulated by the Law.

22. Basic and diluted earnings per share

Basic and diluted earnings per share for the three-month and nine-month periods ended 30 September 2023 and 2022 is calculated by dividing total loss for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

The basic and diluted earnings per share is calculated as follows:

	Three-month period ended 30 September 2023 (Unaudited)	**Three-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)**	**Nine-month period ended 30 September 2023 (Unaudited)**	**Nine-month period ended 30 September 2022 (Restated - Notes 3 and 4) (Unaudited)**
Total income for the period attributable to the shareholders	**7,443,148**	1,475,877	**16,421,999**	8,131,799
Weighted average number of ordinary shares for basic and diluted income per share	**30,000,000**	30,000,000	**30,000,000**	30,000,000
Basic and diluted earnings per share	**0.25**	0.05	**0.55**	0.27

(All amounts expressed in Saudi Riyals unless otherwise stated)

23. Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

	For the three-month period ended 30 September 2023					
				Protection & Savings		Total
Breakdown of GWP	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	
Retail	-	**3,496,990**	**45,157**	-	-	**3,542,147**
Very small	-	**282,074**	**1,094,523**	-	**5,064**	**1,381,661**
Small	-	**523,274**	**1,373,471**	-	**58,575**	**1,955,320**
Medium	-	**902,828**	**1,122,184**	-	**371,395**	**2,396,407**
Corporate	-	**11,688,365**	**43,174,481**	-	**568,594**	**55,431,440**
Total	-	**16,893,531**	**46,809,816**	-	**1,003,628**	**64,706,975**

	For the three-month period ended 30 September 2022					
				Protection & Savings		Total
Breakdown of GWP	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	
Retail	-	3,030,531	118,717	-	-	3,149,248
Very small	-	363,488	382,452	-	-	745,940
Small	-	701,703	1,555,349	-	55,675	2,312,727
Medium	-	808,692	1,003,667	-	(575)	1,811,784
Corporate	-	8,894,463	36,879,393	-	1,873,205	47,647,061
Total	-	13,798,877	39,939,578	-	1,928,305	55,666,760

	For the nine-month period ended 30 September 2023					
				Protection & Savings		Total
Breakdown of GWP	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	
Retail	-	**12,370,316**	**216,777**	-	-	**12,587,093**
Very small	-	**2,464,055**	**1,920,134**	-	**77,490**	**4,461,679**
Small	-	**1,902,793**	**5,068,469**	-	**209,247**	**7,180,509**
Medium	-	**5,836,427**	**4,541,220**	-	**565,079**	**10,942,726**
Corporate	-	**40,057,129**	**149,805,645**	-	**6,415,973**	**196,278,747**
Total	-	**62,630,720**	**161,552,245**	-	**7,267,789**	**231,450,754**

	For the nine-month period ended 30 September 2022					
				Protection & Savings		Total
Breakdown of GWP	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	
Retail	-	8,974,480	346,441	-	-	9,320,921
Very small	-	1,185,314	1,575,552	-	-	2,760,866
Small	-	1,514,333	6,146,923	-	157,868	7,819,124
Medium	-	5,579,175	4,306,827	-	417,348	10,303,350
Corporate	-	28,902,728	134,668,081	-	6,053,267	169,624,076
Total	-	46,156,030	147,043,824	-	6,628,483	199,828,337

(All amounts expressed in Saudi Riyals unless otherwise stated)

24. Net written premium

Details relating to net written premium are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

	For the three-month period ended 30 September 2023					
				Protection & Savings		Total
Item	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	
Gross written premium	**-**	**16,893,531**	**46,809,816**	**-**	**1,003,628**	**64,706,975**
Reinsurance premium ceded – globally (including excess of loss)	**-**	**(246,560)**	**(32,311,570)**	**-**	**(453,557)**	**(33,011,687)**
Reinsurance premium ceded – locally (including excess of loss)	**-**		**(3,505,960)**	**-**	**(82,578)**	**(3,588,538)**
Net written premium - total	**-**	**16,646,971**	**10,992,286**	**-**	**467,493**	**28,106,750**

	For the three-month period ended 30 September 2022					
				Protection & Savings		Total
Item	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	
Gross written premium	-	13,798,877	39,939,578	-	1,928,305	55,666,760
Reinsurance premium ceded – globally (including excess of loss)	-	(215,223)	(27,665,343)	-	(1,134,459)	(29,015,025)
Reinsurance premium ceded – locally (including excess of loss)	-	-	(2,430,757)	-	(126,050)	(2,556,807)
Net written premium - total	-	13,583,654	9,843,478	-	667,796	24,094,928

	For the nine-month period ended 30 September 2023					
				Protection & Savings		Total
Item	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	
Gross written premium	**-**	**62,630,720**	**161,552,245**	**-**	**7,267,789**	**231,450,754**
Reinsurance premium ceded – globally (including excess of loss)	**-**	**(640,345)**	**(115,147,819)**	**-**	**(2,952,194)**	**(118,740,358)**
Reinsurance premium ceded – locally (including excess of loss)	**-**	**-**	**(11,206,675)**	**-**	**(588,161)**	**(11,794,836)**
Net written premium - total	**-**	**61,990,375**	**35,197,751**	**-**	**3,727,434**	**100,915,560**

(All amounts expressed in Saudi Riyals unless otherwise stated)

24. Net written premium (continued)

	For the nine-month period ended 30 September 2022					
				Protection & Savings		
Item	**Medical**	**Motor**	**Property & casualty**	**Individual**	**Group (Term life)**	**Total**
Gross written premium	-	46,156,030	147,043,824	-	6,628,483	199,828,337
Reinsurance premium ceded – globally (including excess of loss)	-	(645,667)	(106,853,313)	-	(3,011,106)	(110,510,086)
Reinsurance premium ceded – locally (including excess of loss)	-	-	(7,706,083)	-	(327,666)	(8,033,749)
Net written premium - total	-	45,510,363	32,484,428	-	3,289,711	81,284,502

25. Subsequent event

No events have arisen subsequent to 30 September 2023, and before the date of approval of this interim condensed financial information, that could have a significant effect on the interim condensed financial information as at 30 September 2023.

26. Approval of the interim condensed financial information

This interim condensed financial information has been approved by the Board of Directors on 18 Rabi'II 1445 H corresponding to 2 November 2023.