

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

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

**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REVIEW REPORT**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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**Crowe**

Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting  
Member Crowe Global



**AlKharashi & Co.**  
Certified Accountants And Auditors

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

**TO THE SHAREHOLDERS OF  
ARABIA INSURANCE COOPERATIVE COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
Kingdom of Saudi Arabia**

### INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of **Arabia Insurance Cooperative Company - (the "Company")** as at 31 March 2023, and the related interim condensed statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three month period then ended and a summary of significant accounting policies and other explanatory notes ("interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### SCOPE OF REVIEW

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

### CONCLUSION

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

**Al Azem, Al Sudairy, Al Shaikh & Partners  
For Professional Consulting**  
P. O. Box 10504  
Riyadh 11443  
Kingdom of Saudi Arabia

Abdullah M. Al Azem  
Certified Public Accountant  
License No. 335



**AlKharashi & Co. Certified Accountants and  
Auditors**  
P.O. Box 8306  
Riyadh 11482  
Kingdom of Saudi Arabia

Abdullah S Al Msned  
Certified Public Accountant  
License No. 456



21 June 2023  
03 Dhual-Hijja 1444H

**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**  
Expressed in Saudi Riyals

		31 March 2023 (Unaudited)	31 December 2022 (Restated – Unaudited)	1 January 2022 (Restated – Unaudited)
	Note			
<b>ASSETS</b>				
Insurance contract assets	10	15,000,507	8,922,340	10,831,430
Reinsurance contract assets	10	773,219,878	793,014,478	106,039,328
Cash and cash equivalents	4	125,877,111	79,119,375	85,343,023
Term deposits		377,884,886	173,988,589	57,430,925
Statutory deposit		53,000,000	40,000,000	40,000,000
Accrued income on statutory deposit		5,953,658	5,380,250	4,493,336
Investments	5	192,057,902	192,137,408	176,107,584
Right-of-use assets		1,106,334	1,296,797	3,214,715
Property and equipment, net		11,435,415	10,152,613	7,417,955
Prepaid expenses and other assets		55,072,007	47,983,136	29,361,862
<b>TOTAL ASSETS</b>		<b>1,610,607,698</b>	<b>1,351,994,986</b>	<b>520,240,158</b>
<b>LIABILITIES</b>				
Insurance contract liabilities	10	1,016,726,219	1,055,679,287	250,826,332
Reinsurance contract liabilities	10	8,250,692	5,231,665	-
Accrued Income on statutory deposit		5,954,122	5,380,607	4,493,686
Accrued expenses and other liabilities		52,700,903	20,569,434	7,391,457
Lease liability		884,819	1,236,027	2,742,492
Provision for end-of-service benefits		12,176,934	11,563,543	10,479,356
Provision for zakat and income tax	8	10,715,968	7,215,968	7,652,889
<b>TOTAL LIABILITIES</b>		<b>1,107,409,657</b>	<b>1,106,876,531</b>	<b>283,586,212</b>
<b>INSURANCE OPERATIONS' ACCUMULATED SURPLUS</b>				
Surplus distribution payable		3,234,710	2,494,147	1,438,544
Actuarial loss on defined benefit plan		(512,515)	(512,515)	(543,842)
<b>TOTAL LIABILITIES &amp; ACCUMULATED SURPLUS</b>		<b>1,110,131,852</b>	<b>1,108,858,163</b>	<b>284,480,914</b>
<b>EQUITY</b>				
Share capital	12	530,000,000	265,000,000	265,000,000
Fair value reserve for investments	5	36,112,267	36,191,540	35,245,175
Accumulated losses		(65,636,421)	(58,054,717)	(64,485,931)
<b>TOTAL EQUITY</b>		<b>500,475,846</b>	<b>243,136,823</b>	<b>235,759,244</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,610,607,698</b>	<b>1,351,994,986</b>	<b>520,240,158</b>

  
Chief Financial Officer

  
Authorized Board Member

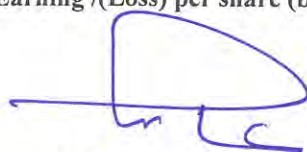
  
Chief Executive Officer

The accompanying notes 1 to 17 form part of these unaudited interim condensed financial statements.



**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

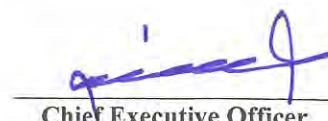
	Note	For the three months period ended	
		31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)
		Total	Total
<b>REVENUES</b>			
Insurance revenue	10	197,279,217	100,218,191
Insurance service expenses	10	(148,636,507)	(84,236,544)
<b>Insurance service result before reinsurance contracts held</b>		<b>48,642,710</b>	<b>15,981,647</b>
Allocation of reinsurance premiums	10	(27,610,794)	(29,237,247)
Amounts recoverable from reinsurance	10	(4,808,358)	7,567,140
<b>Net expenses from reinsurance contracts held</b>		<b>(32,419,152)</b>	<b>(21,670,107)</b>
<b>Insurance service result</b>		<b>16,223,558</b>	<b>(5,688,460)</b>
Income from investment and deposits		6,431,658	1,239,744
Expected credit loss		(26,128)	(9,646)
<b>Net investment income</b>		<b>6,405,530</b>	<b>1,230,098</b>
Net finance expenses from insurance contracts issued	10	(8,671,685)	(596,862)
Net finance income from reinsurance contracts held	10	7,170,273	201,845
<b>Insurance finance results</b>		<b>(1,501,412)</b>	<b>(395,017)</b>
<b>Net insurance and investment result</b>		<b>21,127,677</b>	<b>(4,853,379)</b>
Other operating expenses		(9,565,032)	(4,430,843)
<b>Gross Income/(Loss) for the period</b>		<b>11,562,644</b>	<b>(9,284,222)</b>
Provision for zakat & tax	8	(3,500,000)	(1,000,000)
Gross Income/(Loss) for the period after zakat& tax		8,062,644	(10,284,222)
<b>Net Income attributable to insurance operations</b>		<b>(740,563)</b>	<b>-</b>
<b>Net Income/(Loss) attributable to shareholders</b>		<b>7,322,081</b>	<b>(10,284,222)</b>
<b>Earning /(Loss) per share (basic and diluted)</b>	14	<b>0.15</b>	<b>(0.39)</b>



Chief Financial Officer



Authorized Board Member



Chief Executive Officer

The accompanying notes 1 to 17 form part of these unaudited interim condensed financial statements.

**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

	For the three months period ended	
	31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)
Note		
Net income/(loss) for the period after zakat and income tax	7,322,081	(10,284,222)
Net change in investments held at fair value through other comprehensive income	5 (79,273)	356,017
<b>Total comprehensive income/loss for the year attributable to the shareholders</b>	<b>7,242,808</b>	<b>(9,928,205)</b>
Net comprehensive income attributed to the insurance operations	740,563	-
<b>Total comprehensive income/(loss)</b>	<b>7,983,371</b>	<b>(9,928,205)</b>

  
Chief Financial Officer

  
Authorized Board Member

  
Chief Executive Officer

The accompanying notes 1 to 17 form part of these unaudited interim condensed financial statements.

**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

31 March 2023	Note	Share capital	Accumulated losses	Fair value reserve on investments	Total shareholders' equity
Balance at the beginning of the period (Restated – Unaudited)		265,000,000	(58,054,717)	36,191,540	243,136,823
<b>Total comprehensive income for the period:</b>					
Net income for the period attributable to the shareholders					
Changes in fair values of investments					
<b>Total comprehensive income for the period attributed to the shareholders</b>	<b>5</b>	-	7,322,081	-	7,322,081
Increase in share capital				(79,273)	(79,273)
Transaction cost related to increase in share capital				(79,273)	(79,273)
<b>Balance at the end of the period (Unaudited)</b>	<b>12</b>	<b>265,000,000</b>	<b>7,322,081</b>	<b>(79,273)</b>	<b>265,000,000</b>
	<b>12</b>	<b>-</b>	<b>(14,903,782)</b>	<b>-</b>	<b>(14,903,782)</b>
		<b>530,000,000</b>	<b>(65,636,418)</b>	<b>36,112,267</b>	<b>500,475,848</b>
<b>31 March 2022</b>		<b>Share capital</b>	<b>Accumulated losses</b>	<b>Fair value reserve on investments</b>	<b>Total shareholders' equity</b>
Balance at the beginning of the period as previously reported (Audited)		265,000,000	(49,496,359)	135,695	215,639,336
Transition adjustment on initial application of IFRS 17, net of Zakat and tax	<b>3</b>	-	(14,924,749)	-	(14,924,749)
Transition adjustment on initial application of IFRS 9, net of Zakat and tax	<b>3</b>	-	(64,823)	35,109,480	35,044,657
Balance as at 1 January 2022 (Restated – Unaudited)		265,000,000	(64,485,931)	35,245,175	235,759,244
Net loss for the period attributable to the shareholders			(10,284,222)		(10,284,222)
Changes in fair values of investments				356,017	356,017
<b>Total comprehensive loss for the period attributed to the shareholders</b>		<b>-</b>	<b>(10,284,222)</b>	<b>356,017</b>	<b>(9,928,205)</b>
<b>Balance at the end of the period (Restated – Unaudited)</b>		<b>265,000,000</b>	<b>(74,770,153)</b>	<b>35,601,192</b>	<b>225,831,039</b>

Chief Financial Officer

Authorized Board Member

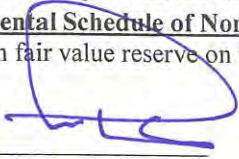
Chief Executive Officer

The accompanying notes 1 to 17 form part of these unaudited interim condensed financial statements.



**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

		For the three months period ended	
	Notes	31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)
<b><u>Cash Flow From Operating Activities</u></b>			
Gross income/(loss) for the period after zakat and income tax		8,062,644	(10,284,222)
<b><u>Adjustments For Non-Cash Items:</u></b>			
Depreciation and amortisation of property and equipment		921,613	580,557
Finance charges		12,052	27,167
Provision for employee benefits obligation		628,391	366,000
Depreciation of right-of-use assets		190,463	539,309
Accrued zakat and income tax	8	3,500,000	1,000,000
Expected credit loss		232	(1,460)
		<b>13,315,395</b>	<b>(7,772,649)</b>
<b><u>Changes In Operating Assets And Liabilities:</u></b>			
Prepaid expenses and other assets		(7,088,872)	(4,717,695)
Accrued income on statutory deposit		107	-
Accrued expenses and other liabilities		32,131,470	12,794,873
Insurance contracts		(45,031,235)	(17,596,322)
Reinsurance contracts		22,813,627	9,305,338
<b>Cash Generated from Operating Activities</b>		<b>16,140,492</b>	<b>(7,986,455)</b>
Payment of employee benefits obligation		(15,000)	(82,667)
<b>Net Cash Generated From Operating Activities</b>		<b>16,125,492</b>	<b>(8,069,122)</b>
<b><u>Cash Flow From Investing Activities</u></b>			
(Additions) to property and equipment		(2,204,414)	(953,751)
(Additions) from investments		-	(11,152,851)
(Additions) proceeds in term deposits		(203,896,298)	6,961,957
Increase in statutory deposit		(13,000,000)	-
<b>Net Cash (Used In) Investing Activities</b>		<b>(219,100,712)</b>	<b>(5,144,645)</b>
<b><u>Cash Flow From Financing Activities</u></b>			
Issue of right shares	12	265,000,000	-
Transaction costs on the issue of right shares		(14,903,784)	-
Lease liabilities paid		(363,261)	(406,416)
<b>Net Cash Generated From Financing Activities</b>		<b>249,732,955</b>	<b>(406,416)</b>
Net increase in cash and cash equivalents		46,757,736	(13,620,182)
Cash and cash equivalents at the beginning of the period		79,119,375	85,343,023
<b>Cash and Cash Equivalents at The End of The Period</b>		<b>125,877,111</b>	<b>71,722,841</b>
<b><u>Supplemental Schedule of Non-Cash Information</u></b>			
Change in fair value reserve on investments - OCI	5	(79,273)	356,017

  
Chief Financial Officer

  
Authorized Board Member

  
Chief Executive Officer

The accompanying notes 1 to 17 form part of these unaudited interim condensed financial statements.



**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

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**1. ORGANISATION AND PRINCIPAL ACTIVITIES**

Arabia Insurance Cooperative Company (the "Company") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010243302 dated 18 Muharram 1429H (corresponding to 27 January 2008). The registered address of the Company is P.O. Box 28655, Riyadh 11323, Kingdom of Saudi Arabia.

The objectives of the Company is to transact cooperative insurance business and carry out related activities in the Kingdom of Saudi Arabia. Its principal activity includes all classes of general insurance, medical insurance, savings and protection. The Company was listed on the Saudi Stock Exchange (Tadawul) on 26 Muharram 1429H (corresponding to 4 February 2008). The Company started insurance and reinsurance operations on 4 Muhrram 1430H (corresponding to 1 January 2009).

On 14 Jumada Thani 1435H (corresponding to 14 April 2014), the Saudi Central Bank (SAMA) issued official approval numbered 351000076885 to amend the licence issued to the Company number TMN/15/20086 to transact insurance and reinsurance activities to be restricted to insurance activities only.

The amended Company's bylaws were approved on January 25th, 2023, to reflect the new capital of SR 530 million. Commercial registration was updated as well (note 12).

**2. BASIS OF PREPARATION**

**a) Basis of presentation:**

The interim condensed financial statements of the company have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" (IAS 34) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed financial statements of the company were prepared for the three months period ended on March 31, 2023 in accordance with International Accounting Standard 34 adopted in the Kingdom of Saudi Arabia and the Insurance Control Law and Regulations for Companies in the Kingdom of Saudi Arabia.

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 statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of revenues and expenses from joint operations is determined and approved by the management and the Board of Directors.

The interim condensed financial statements are prepared on the going concern basis and on the historical cost basis, except for certain investments that are measured at fair value and end of service benefits are measured at present value. The balance sheet is not displayed using the current / non-current classification.

Effective January 1, 2023, the Company adopted IFRS 17 – Insurance Contracts, and IFRS 9 – Financial Instruments. The adoption of IFRS 17 and IFRS 9 had a significant impact on the accounting of insurance and reinsurance contracts, and the accounting of financial instruments, respectively.

**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

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**2. BASIS OF PREPARATION (continued)**

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

The interim condensed statement of financial position, interim condensed statements of income, interim condensed comprehensive income and cash flows of the insurance operations and shareholders' operations which are presented in Note 11 of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by SAMA implementing regulations. SAMA implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders' operations. Accordingly, the interim condensed statements of financial position, interim condensed statements of income, interim condensed comprehensive income and cash flows prepared for the insurance operations and shareholders' operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and must be read in conjunction with the annual financial statements of the company as they are on December 31, 2022, taking into consideration the impact of applying IFRS 17, and IFRS 9 on the financial statements, and related footnotes, as stated in note 3.

The interim condensed financial statements are expressed in Saudi Riyals.

**b) Significant accounting judgements, estimates and assumptions**

The preparation of the interim condensed financial statements requires the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results ultimately may differ from those estimates.

**Claims and Future Cash Flows**

The estimates of 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.

The Company estimates insurance liabilities in relation to claims incurred on an accident year basis, with further allocation to cohorts in proportion to the gross or reinsurance premiums earned by the respective cohort of contracts in a given accident year.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contract. Actuarial models are utilized to analyse and project related claims estimates.

**Expense Attribution**

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, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of

**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

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**2. BASIS OF PREPARATION (continued)**

**b) Significant accounting judgements, estimates and assumptions (continued)**  
**Expense Attribution (continued)**

The Company projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation, where applicable. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. Claims settlement-related expenses are allocated based on the claims costs.

**Calculation of Expected Credit Losses**

Expected credit losses (ECL) utilize model based assumptions to estimate impairment of financial assets and premiums receivable. ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

As for expected credit losses for reinsures and contracts held, the company adopted a specific model for reinsures where by credit losses are estimated based on the credit ratings of reinsures, as published by international rating agencies at the measurement date.

**3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS**

**3.1 IFRS 17 - Insurance Contracts**

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, and an explicit risk adjustment for non-financial risk.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovermg insurance acquisition cash flows.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. Differences arising from the adoption of IFRS 17 were recognised in retained earnings as of January 1, 2022.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.



**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

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**3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)**  
**3.1 IFRS 17 - Insurance Contracts (continued)**

**(a) Recognition**

Recognition requirements are slightly different for issued contracts and held contracts. For groups of issued contracts, a group should be recognized at the earliest of the following:

- Beginning of the coverage period;
- Date when the first payment from a policyholder becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Reinsurance contracts held by an entity are recognized on the earlier of:

- Beginning of the coverage period of the group of reinsurance contracts held; and
- Date the entity recognizes an onerous group of underlying insurance contracts provided the reinsurance contract was in force on or before that date.

Regardless of the first point above, the recognition of proportional reinsurance contracts held shall be delayed until the recognition of the first underlying contract issued under that reinsurance contract.

**(b) Level of Aggregation**

Portfolios will be split by sub line of business. This grouping meets the portfolio requirement of “similar risks” due to the following:

- Sub lines of business are grouped based on the risks covered under the contracts; and
- Contracts written within particular sub lines of business will cover similar perils and thus risks.

Furthermore, the portfolio requirement of “management together” is met as:

- Each line of business is generally underwritten and monitored separately, with separate underwriter for each main line of business; and
- The current actuarial valuation is done at a sub-line of business level, with these more granular results provided for internal management reporting.

**(c) Risk Adjustment**

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled.

As the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company’s degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. The Company does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

**ARABIA INSURANCE COOPERATIVE COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**  
Expressed in Saudi Riyals

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**3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)**  
**3.1 IFRS 17 - Insurance Contracts (continued)**

**(c) Risk Adjustment (continued)**

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The Value at Risk (VAR) method was used to derive the overall risk adjustment for non-financial risk is based on a pre-determined level of confidence in relation of the Company's overall risk thresholds.

**(d) Discounting Methodology**

The Company has adjusted the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows.

Discount rates are derived using a bottom up approach utilizing the EIOPA (European insurance and occupational pension authority) rate as the risk free rate, adjusted for country risk and illiquidity.

Discounting is applied on liability for incurred claims components within the business sub-lines considering the duration of payment (whether direct or reinsurance) of claims can exceed a one-year period.

**(e) Premium Allocation Approach (PAA)**

PAA is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA, and General Model Measurement ("GMM"). In terms of computations, the major simplification relates to Liability for Remaining Coverage ("LRC").

Under PAA, it is not required to consider each component of the premium separately instead a single liability can be set up. The components of liability under PAA as at any valuation date can be summarized as follows:

Liability for Remaining Coverage:

- Excluding loss component
- Loss component, if any

Liability for Incurred Claims:

- Estimates of future cash flows
- Risk adjustment
- Discounting of cash flows

The Company's portfolios were assessed as eligible to be measured under the premium allocation approach.

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**3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)**  
**3.1 IFRS 17 - Insurance Contracts (continued)**

**3.1 Transition to IFRS 17**

The adoption of IFRS 17 will have a material impact on the accounting and reporting of financial figures of insurance and reinsurance contracts due to the change in recognition, measurement and presentation methodology as detailed in these interim financial statements. Below is a summary of the impact on assets and liabilities:

	31 December 2022	1 January 2022
<b>Drivers of Changes in Liabilities</b>		
Risk adjustment	(6,873,951)	(6,470,002)
Loss component	(3,739,374)	(3,646,036)
Liability for remaining coverage	(9,817,505)	(6,601,864)
Liability for incurred claims	27,365,014	1,826,927
<b>Total Impact on Liabilities</b>	<b>6,934,184</b>	<b>(14,890,975)</b>
<b>Drivers of Changes in Assets</b>		
Reinsurance risk adjustment	882,531	1,063,589
Reinsurance Loss component	-	1,027,629
Reinsurance assets for incurred claims	(24,479,325)	(2,124,992)
<b>Total Impact on Assets</b>	<b>(23,596,794)</b>	<b>(33,774)</b>
<b>Total Impact on Equity</b>	<b>(16,662,610)</b>	<b>(14,924,749)</b>

In the statement of financial position, deferred acquisition costs and premiums receivable will no longer be presented separately as they are part of liability for remaining coverage. Similarly, receivables from reinsurers and deferred reinsurance commissions will be part of reinsurance assets. This will lead to the reduction of assets and liabilities previously presented.



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**3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)**

**3.2 IFRS 9 - Financial Instruments**

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement as of January 1, 2023. Consequently, the Company applied IFRS 9 retrospectively. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of January 1, 2022. The nature of the changes in accounting policies can be summarised, as follows:

**(a) 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, available for sale, held-to-maturity, and loans and receivables, 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. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

**(b) 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 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.

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

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.

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**3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)**  
**3.2 IFRS 9 - Financial Instruments (continued)**

**(b) Impairment Calculation (continued)**

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 probability of default.

IFRS 9 impairment applies to financial instruments that are not measured at Fair Value through the statement of income. Equity instruments measured at fair value through other comprehensive income are also excluded from the purview of impairment.

**3.2.1 Transition to IFRS 9**

The changes to the impairment calculation methodology adopted based on IFRS 9 resulted in changes to the valuation and carrying amounts of investments where market value is not applied. Additionally, the investment in Najm Company for Insurance Services, which was previously valued at cost of SR 1.9 million was independently valued as of year-end 2021 (SR 37.0 million), and again as of year-end 2022 (SR 39.7 million). The carrying amount of Najm (initially held at cost of SR 1.9 million) was adjusted retroactively retrospectively to coincide with the adoption of IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities, inclusive of the expected credit losses, as at 1 January 2022:

	IAS 39 31 December 2021	Reclassification	Remeasurement	IFRS 9 1 January 2022
	SR	SR	SR	SR
Cash and cash equivalents	85,343,072	-	(49)	85,343,023
Term deposits	57,460,919	-	(29,994)	57,430,925
Bonds at amortized cost	78,739,756	10,000,000	(28,453)	88,711,303
Available for sale - bonds/funds	60,369,585	(60,369,585)		-
Available for sale - equity investment	1,923,077	(1,923,077)		-
Financial assets at FVOCI	-	50,369,585	(5,865)	50,363,720
Equity investment at FVOCI	-	1,923,077	35,109,480	37,032,557
Statutory Deposit and accrued income on statutory deposit	44,493,686		(350)	44,493,336
Prepayment and other assets	1,681,150		(112)	1,681,038
<b>Total</b>	<b>330,011,245</b>	<b>-</b>	<b>35,044,657</b>	<b>365,055,902</b>

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**3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (continued)**  
**3.2 IFRS 9 - Financial Instruments (continued)**

**3.2.1 Transition to IFRS 9 (continued)**

The changes in the classification of financial assets are predominantly due to the classification of various sukuk/bonds, funds and equity instruments at fair value through other comprehensive income as elected by the company.

Bonds and funds which meet the requirements of the IFRS 9 business model "hold to collect and sell" are classified as FVOCI. The remaining financial assets which have been classified as amortized 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.

**3.3 Transition Impact of the adoption IFRS 17 and IFRS 9**

Below is a summary of the overall impact for IFRS 9

	<b>31 December 2022</b>	<b>1 January 2022</b>
	<b>SR</b>	<b>SR</b>
Impact of applying ECL – Financial Assets	(173,339)	(64,823)
Revaluation of Najm	37,780,047	35,109,480
<b>Total Impact for IFRS 9</b>	<b>37,606,708</b>	<b>35,044,657</b>

The overall impact on the Company's equity as a result of the adoption of IFRS 17 and IFRS 9 is as follows:

	<b>31 December 2022</b>	<b>1 January 2022</b>
	<b>SR</b>	<b>SR</b>
Transition To		
IFRS 17	(16,662,610)	(14,924,749)
IFRS 9	37,606,708	35,044,657
<b>Total Impact</b>	<b>20,944,098</b>	<b>20,119,908</b>



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**4. CASH AND CASH EQUIVALENTS**

<b>31 March 2023</b> (Unaudited)			
	<b>Insurance Operations SR</b>	<b>Shareholders' Operations SR</b>	<b>Total SR</b>
Cash on hand and in banks	24,966,972	910,139	25,877,111
Time deposits	-	100,000,000	100,000,000
	<u>24,966,972</u>	<u>100,910,139</u>	<u>125,877,111</u>
<b>31 December 2022</b> (Restated – Unaudited)			
	<b>Insurance Operations SR</b>	<b>Shareholders' Operations SR</b>	<b>Total SR</b>
Current account at banks	34,387,257	963,967	35,351,224
Time deposits	-	43,768,151	43,768,151
	<u>34,387,257</u>	<u>44,732,118</u>	<u>79,119,375</u>
<b>1 January 2022</b> (Restated – Unaudited)			
	<b>Insurance Operations SR</b>	<b>Shareholders' Operations SR</b>	<b>Total SR</b>
Current account at banks	26,223,760	1,098,723	27,322,483
Time deposits	-	58,020,539	58,020,539
	<u>26,223,760</u>	<u>59,119,262</u>	<u>85,343,022</u>

Time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. The average variable commission rate on time deposits at end of the period is 5.34% per annum (31 December 2022: 2.76%% per annum) (1 January 2022: 0.78% per annum). Current accounts and time deposits are placed with counterparties who have good investment grade credit ratings. The carrying amounts disclosed above reasonably approximate the fair value at the statement of financial position date.

The management has conducted a review as required under IFRS 9 and based on such assessment, the management believes that there is no need for any significant expected credit loss against the carrying value of Cash and Cash equivalents.

## Expressed in Saudi Riyals

Investments comprise of the following:

Investments at fair value through OCI  
Debt instruments at amortized cost  
ECL provision  
**Total**

The movement in investments is as follows:

Beginning balance  
Additions  
Disposals  
ECL provision  
**Ending balance**

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**5. INVESTMENTS (continued)**

	<b>Shareholders' Operations</b>		
	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
	<b>(Unaudited)</b>	<b>(Restated – Unaudited)</b>	<b>(Restated – Unaudited)</b>
	<b>SR</b>	<b>SR</b>	<b>SR</b>
Beginning balance	159,704,937	144,218,493	71,500,387
Additions	-	78,918,563	148,292,189
Disposals	-	(64,746,994)	(112,728,712)
Net additions and disposals	-	14,171,569	35,563,477
Realized profit during the period / year	-	1,502,439	2,675,001
Change in investments at fair value through OCI	(79,273)	946,365	34,499,908
Impairments		(1,100,000)	
ECL provision	(3,031)	(33,929)	(20,280)
<b>Ending balance</b>	<b>159,622,633</b>	<b>159,704,937</b>	<b>144,218,493</b>

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 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:

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

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

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

**Fair value**

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.



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**5. INVESTMENTS (continued)**

1 January 2022 (Restated – Unaudited)	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
Investments at fair value through OCI				
Mutual funds	-	30,068,463	2,033,697	32,102,160
Bonds	18,267,425	-	-	18,267,425
Equity	-	-	37,032,560	37,032,560
Total	18,267,425	30,068,463	39,066,257	87,402,145

**6. COMMITMENTS AND CONTINGENCIES**

a. Commitments and contingencies comprise of the following:

	31 March 2023 (Unaudited)	31 December 2022 (Restated – Unaudited)	1 January 2022 (Restated – Unaudited)
	SR	SR	SR
Letter of guarantee	2,800,000	2,708,500	2,709,500

**b. Litigations and lawsuits**

The company operates in the insurance business and is vulnerable to lawsuits during its normal business cycle. While it is impractical to predict or know the final outcome of all lawsuits, management believes that these lawsuits (including the cases) will not have any material impact on the company's results or its financial position. The company does not have any material lawsuit on the date of preparing the interim condensed financial statements.



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**7. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties represent the main shareholders, directors, and senior management employees of the company, the companies that they are their main owners, and any other companies that are subject to their control or are jointly controlled or have effective control over them. Pricing policies and terms of these transactions are approved by the company's management and the Board of Directors. Details of major related party transactions and their balances are as follows:

Related party	Nature of transactions	Three months period ended 31 March 2023 (Unaudited) SR	Three months period ended 31 March 2022 (Restated – Unaudited) SR
Board of Directors and the companies they represent	Gross Premiums	105,718	647,524
Arabia Insurance Company - Lebanon (shareholder)	Claims paid	575,213	391,704
	Expenses paid by Arabia Insurance Company behalf on behalf of the Company	706,448	299,670

The above transactions with the related parties resulted in the following balances:

	31 March 2023 (Unaudited) SR	31 December 2022 (Restated – Unaudited) SR	1 January 2022 (Restated – Unaudited) SR
Arabia Insurance Company – Lebanon – Shareholder	-	-	(198,882)
Jordan Insurance Company – Shareholder	83,346	83,346	83,346
Board members and the companies they represent	893,822	1,194,014	1,959,091
Reinsurance balance due from Jordan Insurance Company	546,767	546,767	546,767

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**7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)****Compensation of key management personnel**

The compensation of the key management personnel during the period were as follows:

	31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)
	SR	SR
Short-term benefits	883,500	1,039,395
End of service benefits	36,563	43,058
	<u>920,063</u>	<u>1,082,453</u>

**8. ZAKAT AND INCOME TAX ACCRUED*****Zakat charge for the period***

The zakat provision consists of the zakat charged during the period in the amount of SR 3,500,000 (March 31, 2022: SAR 1,000,000). The zakat provision is calculated on the Saudi shareholders' share of the capital at 71.60% (2022: 71.60%).

***Income tax charge for the period***

Income tax provision consists of income tax charged during the period in an amount of Zero Saudi riyals (March 31, 2022: Zero Saudi riyals). Income tax is calculated on the share of capital by non-Saudi shareholders at a rate of 28.4% (2021: 28.4%).

***Status of assessment***

The company submitted its tax and zakat returns to the Zakat, Tax and Customs Authority for all years up to the fiscal year ending on December 31, 2022, and the company has received a final certificate for the fiscal year ending December 31, 2022.

***Zakat, Income Tax and Withholding Tax***

During the first quarter of the year 2023, the company received a decision issued by (The Appeal Committee for Tax Violations and Disputes) in connection with the lawsuit filed by the company against the resolution of the second department for adjudication in Zakat and income tax disputes regarding the Zakat and Income Tax assessments amended by the authority for the year 2012, whereby it was decided to support the company's opinion on some items and reject it on others. The company has addressed the Authority with the purpose of providing it with the amounts due from it according to the aforementioned decision, and the authority has responded that the decision and implementation are being reviewed in accordance with the decisions received, and the company will be notified with the implementation which is still pending as of the period ended on March 31, 2023.

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**8. ZAKAT AND INCOME TAX ACCRUED (continued)**

During the first quarter of the year 2023, the company obtained a " certificate regarding payment of withholding tax on medical reinsurance premium payments for the years 2015 to 2018 " from a tax consulting company appointed in this regard this certificate has been uploaded on the GSTC portal as additional supporting for the company and has been sent to the GSTC on January 31, 2023 as well.

***Value Added Tax***

A letter from the Zakat, Tax and Customs Authority that the company has been mandated to be part of the third wave to comply with Phase 2 (Integration phase) E-invoicing requirements to integrate E-Invoicing solutions and start sharing tax invoices and related notes with "Fatoora" Platform starting from October 1, 2023 and up to March 31, 2024.

**9. OPERATING SEGMENTS**

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed income statement. Segment assets and liabilities comprise operating assets and liabilities.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2022, with the exception of the impact of adopting IFRS 17 as previously discussed.

Segment assets do not include property and equipment, prepaid expenses and other assets, investments, time deposits, cash and cash equivalents, amounts due from a related party, statutory deposit, and investment returns from the statutory deposit, and thus they are included in the unallocated assets.

Segments 'liabilities do not include end-of-service benefits provision, payables and accrued expenses and other liabilities, other provisions, surplus payable distributions, actuarial loss for specific benefit plans, accrued zakat and income tax, and due statutory deposit investment returns and thus they are included in the unallocated liabilities.

General and administrative expenses, commission income were allocated as per IFRS 17 requirements.

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**9. OPERATING SEGMENTS (continued)**

**Statement of Financial Position**

31 March 2023 (Unaudited)							
	Motor	Medical	Engineering	Property	Marine	Others	Total
Assets							
Insurance contract assets	-	-	-	10,496,506	4,504,001	-	15,000,507
Reinsurance contract assets	12,410,021	14,307,353	10,524,209	702,301,860	4,868,163	28,808,272	773,219,878
Unallocated Assets	-	-	-	-	-	-	870,448,238
Total	12,410,021	14,307,353	10,524,209	712,798,366	9,372,164	28,808,272	1,658,668,623
Liabilities							
Insurance contract liabilities	51,733,194	233,498,329	5,888,045	690,662,293	3,629,354	31,315,005	1,016,726,219
Reinsurance contract liabilities	-	8,250,692	-	-	-	-	8,250,692
Unallocated Liabilities	-	-	-	-	-	-	133,215,866
Total	51,733,194	241,749,021	5,888,045	690,662,293	3,629,354	31,315,005	1,158,192,777

	31 December 2022 (Restated – Unaudited)						
	Motor	Medical	Engineering	Property	Marine	Others	Total
<b>Assets</b>							
Insurance contract assets	-	-	-	3,936,304	4,986,036	-	8,922,340
Reinsurance contract assets	11,703,484	15,039,134	10,138,132	721,890,713	4,698,326	29,544,689	793,014,478
Unallocated Assets	-	-	-	-	-	-	584,293,489
Total	11,703,484	15,039,134	10,138,132	725,827,017	9,684,362	29,544,689	1,386,230,307
<b>Liabilities</b>							
Insurance contract liabilities	60,842,206	262,863,033	7,367,392	688,908,379	3,103,148	32,595,129	1,055,679,287
Reinsurance contract liabilities	-	5,231,665	-	-	-	-	5,231,665
Unallocated Liabilities	-	-	-	-	-	-	82,182,532
Total	60,842,206	268,094,698	7,367,392	688,908,379	3,103,148	32,595,129	1,143,093,484

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## 9. OPERATING SEGMENTS (continued)

Statement of Financial Position						
	1 January 2022 (Restated – Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
Assets						Total
Insurance contract assets	-	-	1,622,336	724,330	4,433,040	4,051,724
Reinsurance contract assets	12,327,284	19,044,847	9,286,960	45,369,916	5,808,392	14,201,929
Unallocated Assets	-	-	-	-	-	-
Total	12,327,284	19,044,847	10,909,296	46,094,246	10,241,432	18,253,653
						558,401,744
Liabilities						
Insurance contract liabilities	97,996,387	80,738,179	6,534,236	41,145,669	6,178,598	18,233,263
Reinsurance contract liabilities	-	-	-	-	-	-
Unallocated Liabilities	-	-	-	-	-	-
Total	97,996,387	80,738,179	6,534,236	41,145,669	6,178,598	18,233,263
						322,642,501



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**9. OPERATING SEGMENTS (continued)**

Statement of Income	For the three months period ended 31 March 2023					
	(Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
<b>REVENUES</b>						
Insurance revenue	40,607,350	121,290,871	4,926,707	20,764,640	3,228,988	6,460,662
Insurance service expenses	(57,192,841)	(85,548,177)	(1,039,219)	(945,793)	(1,418,425)	(2,492,053)
<b>Insurance service result before reinsurance contracts held</b>	<b>(16,585,491)</b>	<b>35,742,694</b>	<b>3,887,488</b>	<b>19,818,847</b>	<b>1,810,563</b>	<b>3,968,609</b>
Allocation of reinsurance premiums	(535,500)	-	(3,437,544)	(16,989,632)	(2,180,782)	(4,467,336)
Amounts recoverable from reinsurance	(899,964)	227,925	(330,551)	(5,284,215)	604,254	874,193
<b>Net expenses from reinsurance contracts held</b>	<b>(1,435,464)</b>	<b>227,925</b>	<b>(3,768,095)</b>	<b>(22,273,847)</b>	<b>(1,576,528)</b>	<b>(3,593,143)</b>
<b>Insurance service result</b>	<b>(18,020,956)</b>	<b>35,970,619</b>	<b>119,393</b>	<b>(2,455,000)</b>	<b>234,036</b>	<b>375,466</b>
Income from investment and deposits						6,431,658
Expected credit loss						(26,128)
<b>Net investment income</b>						<b>6,405,530</b>
Net finance expenses from insurance contracts issued	(586,529)	(839,396)	(59,031)	(6,943,406)	(24,152)	(219,171)
Net finance income from reinsurance contracts held	-	29,491	38,130	6,912,613	19,055	170,984
<b>Insurance finance results</b>	<b>(586,529)</b>	<b>(809,905)</b>	<b>(20,901)</b>	<b>(30,793)</b>	<b>(5,097)</b>	<b>(48,187)</b>
<b>Net insurance and investment result</b>	<b>(18,607,484)</b>	<b>35,160,714</b>	<b>98,492</b>	<b>(2,485,793)</b>	<b>228,939</b>	<b>327,279</b>
Other operating expenses (Non-attributable)						(9,565,032)
<b>Gross Income for the period</b>						<b>11,562,644</b>
Provision for Zakat and Income Tax						(3,500,000)
Gross income for the period after Zakat and Income Tax						8,062,644
Net Income attributable to insurance operations						(740,563)
<b>Net Income attributable to shareholders</b>						<b>7,322,081</b>

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

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
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Expressed in Saudi Riyals

**9. OPERATING SEGMENTS (continued)**

**Statement of Income**

For the three months period ended 31 March 2022  
(Restated – Unaudited)

**REVENUES**

	Motor	Medical	Engineering	Property	Marine	Others	Total
Insurance revenue	35,031,454	35,578,537	4,660,109	14,687,890	3,043,516	7,216,685	100,218,191
Insurance service expenses	(36,517,599)	(41,870,133)	1,223,412	261,016	(635,557)	(6,697,683)	(84,236,544)
<b>Insurance service result before reinsurance contracts held</b>	<b>(1,486,145)</b>	<b>(6,291,596)</b>	<b>5,883,521</b>	<b>14,948,905</b>	<b>2,407,959</b>	<b>519,002</b>	<b>15,981,647</b>
Allocation of reinsurance premiums	(326,400)	(6,301,437)	(3,261,891)	(12,457,502)	(1,964,516)	(4,925,501)	(29,237,247)
Amounts recoverable from reinsurance	-	5,351,759	306,889	(2,722,789)	(98,855)	4,730,137	7,567,140
<b>Net expenses from reinsurance contracts held</b>	<b>(326,400)</b>	<b>(949,678)</b>	<b>(2,955,002)</b>	<b>(15,180,291)</b>	<b>(2,063,371)</b>	<b>(195,364)</b>	<b>(21,670,107)</b>

**Insurance service result**

	(1,812,545)	(7,241,274)	2,928,519	(231,386)	344,588	323,638	(5,688,460)
Income from investment and deposits							1,239,744
Expected credit loss							(9,646)
<b>Net investment income</b>							<b>1,230,098</b>

**Net finance expenses from insurance contracts issued**

	(261,398)	(103,203)	(34,100)	(105,759)	(16,488)	(75,915)	(596,862)
<b>Net finance income from reinsurance contracts held</b>	<b>-</b>	<b>19,832,16</b>	<b>21,000</b>	<b>101,761</b>	<b>13,320</b>	<b>45,931</b>	<b>201,845</b>

**Insurance finance results**

	(261,398)	(83,371)	(13,100)	(3,997)	(3,167)	(29,984)	(395,017)
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**Net insurance and investment result**

	(2,073,943)	(7,324,645)	2,915,419	(235,383)	341,421	293,654	(4,853,379)
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**Other operating expenses**

							(4,430,843)
--	--	--	--	--	--	--	-------------

**Gross Loss for the period**

							(9,284,222)
--	--	--	--	--	--	--	-------------

**Provision for Zakat and Income Tax**

							(1,000,000)
--	--	--	--	--	--	--	-------------

**Gross Loss for the period after Zakat and Income Tax**

							(10,284,222)
--	--	--	--	--	--	--	--------------

**Net Loss attributable to shareholders**

							<u>(10,284,222)</u>
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**ARABIA INSURANCE COOPERATIVE COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

Expressed in Saudi Riyals

**10. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES**

	<b>31 March 2023</b>				
	<b>(Unaudited)</b>				
	<b>Liability for remaining coverage</b>		<b>Liability for incurred claims</b>		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
<b>Insurance contracts - 1 January 2023</b>					
Insurance contract assets	(8,922,340)	-	-	-	(8,922,340)
Insurance contract liabilities	183,982,024	5,340,297	859,483,015	6,873,951	1,055,679,287
<b>Net insurance contract liabilities</b>	<b>175,059,684</b>	<b>5,340,297</b>	<b>859,483,015</b>	<b>6,873,951</b>	<b>1,046,756,947</b>
<b><u>Changes in the statement of income and OCI:</u></b>					
<b>Insurance revenue</b>	<b>(197,279,217)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(197,279,217)</b>
<b>Insurance service expenses</b>					
Incurred claims and other directly attributable expenses	14,795,236	-	124,703,670	493,657	125,197,326
Insurance acquisition cash flows amortization	-	-	-	-	14,795,236
Losses and reversals of losses on onerous contracts	-	(3,935,634)	-	-	(3,935,634)
Changes that relate to past service - adjustments to the LIC	-	-	12,579,578	-	12,579,578
<b>Insurance service expenses</b>	<b>14,795,236</b>	<b>(3,935,634)</b>	<b>137,283,248</b>	<b>493,657</b>	<b>148,636,507</b>
<b>Insurance service result</b>	<b>(182,483,981)</b>	<b>(3,935,634)</b>	<b>137,283,248</b>	<b>493,657</b>	<b>(48,642,710)</b>
Finance expense/income from insurance contracts	-	-	8,580,162	91,522	8,671,684
<b>Total changes in the statement of income and OCI</b>	<b>(182,483,981)</b>	<b>(3,935,634)</b>	<b>145,863,410</b>	<b>585,179</b>	<b>(39,971,026)</b>
<b><u>Cash flows</u></b>					
Premiums received	160,193,848	-	-	-	160,193,848
Claims and other directly attributable expenses paid	-	-	(155,461,416)	-	(155,461,416)
Insurance acquisition cash flows paid	(9,792,641)	-	-	-	(9,792,641)
<b>Total cash inflows / (outflows)</b>	<b>150,401,207</b>	<b>-</b>	<b>(155,461,416)</b>	<b>-</b>	<b>(5,060,209)</b>
<b>Net closing balance</b>	<b>142,976,911</b>	<b>1,404,663</b>	<b>849,885,008</b>	<b>7,459,130</b>	<b>1,001,725,712</b>
<b>Insurance contracts</b>					
Insurance contract assets	(15,000,507)	-	-	-	(15,000,507)
Insurance contract liabilities	157,977,418	1,404,663	849,885,008	7,459,130	1,016,726,219
<b>Net insurance contract liabilities - 31 March 2023</b>	<b>142,976,911</b>	<b>1,404,663</b>	<b>849,885,008</b>	<b>7,459,130</b>	<b>1,001,725,712</b>

ARABIA INSURANCE COOPERATIVE COMPANY  
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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

Expressed in Saudi Riyals

10. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

	31 March 2023 (Unaudited)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
<b>Reinsurance contracts - 1 January 2023</b>					
Reinsurance contract assets	26,592,942	-	765,539,005	882,531	793,014,478
Reinsurance contract liabilities	(5,231,665)	-	-	-	(5,231,665)
<b>Net reinsurance contract assets</b>	<b>21,361,277</b>	<b>-</b>	<b>765,539,005</b>	<b>882,531</b>	<b>787,782,813</b>
<b>Changes in the statement of income and OCI:</b>					
<b>Amounts Allocated to Reinsurance</b>	<b>(27,610,793)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,610,793)</b>
Incurred Claims Amounts Recoverable from Reinsurance	-	-	6,476,779	106,121	6,582,901
Changes that relate to past service: changes related to AIC	-	-	(11,334,717)	(148,273)	(11,482,990)
Losses and reversals of losses on onerous contracts	-	91,731	-	-	91,731
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>91,731</b>	<b>(4,857,938)</b>	<b>(42,152)</b>	<b>(4,808,359)</b>
<b>Net expenses from reinsurance contracts held</b>	<b>(27,610,793)</b>	<b>91,731</b>	<b>(4,857,938)</b>	<b>(42,152)</b>	<b>(32,419,152)</b>
Finance expense from insurance contracts	-	-	7,161,604	8,669	7,170,273
<b>Total changes in the statement of income and OCI</b>	<b>(27,610,793)</b>	<b>91,731</b>	<b>2,303,666</b>	<b>(33,483)</b>	<b>(25,248,878)</b>
<b>Cash flows</b>					
Premiums ceded and acquisition cash flows paid	36,605,733	-	-	-	36,605,733
Recoveries from reinsurance	-	-	(34,170,481)	-	(34,170,481)
<b>Total cash inflows / (outflows)</b>	<b>36,605,733</b>	<b>-</b>	<b>(34,170,481)</b>	<b>-</b>	<b>2,435,252</b>
<b>Net closing balance</b>	<b>30,356,217</b>	<b>91,731</b>	<b>733,672,190</b>	<b>849,048</b>	<b>764,969,186</b>
<b>Insurance contracts</b>					
Reinsurance contract assets	38,606,909	91,731	733,672,190	849,048	773,219,878
Reinsurance contract liabilities	(8,250,692)	-	-	-	(8,250,692)
<b>Net reinsurance contract assets 31 March 2023</b>	<b>30,356,217</b>	<b>91,731</b>	<b>733,672,190</b>	<b>849,048</b>	<b>764,969,186</b>

ARABIA INSURANCE COOPERATIVE COMPANY  
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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

Expressed in Saudi Riyals

10. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

	31 December 2022 (Unaudited)				
	Liability for remaining coverage				Total
	Excluding loss component	Loss component	Estimates of present value of PCF	Risk adjustment for non-financial risk	
<b>Insurance contracts - 1 January 2022</b>					
Insurance contract assets	(10,831,430)	-	-	-	(10,831,430)
Insurance contract liabilities	59,003,279	12,611,036	172,742,016	6,470,002	250,826,332
<b>Net insurance contract liabilities</b>	48,171,849	12,611,036	172,742,016	6,470,002	239,994,902
<b>Changes in the statement of income and OCI:</b>					
Insurance revenue	(560,533,496)	-	-	-	(560,533,496)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,073,886,340	233,480	1,074,119,819
Insurance acquisition cash flows amortization	41,441,465	-	-	-	41,441,465
Losses and reversals of losses on onerous contracts	-	(7,270,739)	-	-	(7,270,739)
Changes that relate to past service - adjustments to the LIC	-	-	(5,493,563)	-	(5,493,563)
<b>Insurance service expenses</b>	41,441,465	(7,270,739)	1,068,392,777	233,480	1,102,796,982
<b>Insurance service result</b>	(519,092,031)	(7,270,739)	1,068,392,777	233,480	542,263,486
Finance expense/income from insurance contracts	-	-	21,732,667	170,469	21,903,136
<b>Total changes in the statement of income and OCI</b>	(519,092,031)	(7,270,739)	1,090,125,443	403,949	564,166,622
<b>Cash flows</b>					
Premiums received	697,414,828	-	-	-	697,414,828
Claims and other directly attributable expenses paid	-	-	(403,384,444)	-	(403,384,444)
Insurance acquisition cash flows paid	(51,434,962)	-	-	-	(51,434,962)
<b>Total cash inflows / (outflows)</b>	645,979,867	-	(403,384,444)	-	242,595,423
<b>Net closing balance</b>	175,059,684	5,340,297	859,483,015	6,873,951	1,046,756,947
<b>Insurance contracts</b>					
Insurance contract assets	(8,922,340)	-	-	-	(8,922,340)
Insurance contract liabilities	183,982,024	5,340,297	859,483,015	6,873,951	1,055,679,287
<b>Net insurance contract liabilities - 31 December 2022</b>	175,059,684	5,340,297	859,483,015	6,873,951	1,046,756,947



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10. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

	31 December 2022 (Unaudited)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
<b>Reinsurance contracts - 1 January 2022</b>					
Reinsurance contract assets	21,354,444	1,027,629	82,593,666	1,063,589	106,039,328
Reinsurance contract liabilities	-	-	-	-	-
<b>Net reinsurance contract assets</b>	<b>21,354,444</b>	<b>1,027,629</b>	<b>82,593,666</b>	<b>1,063,589</b>	<b>106,039,328</b>
<b><u>Changes in the statement of income and OCI:</u></b>	<b>(111,936,060)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(111,936,060)</b>
Amounts Allocated to Reinsurance	-	-	686,489,432	1,102,361	687,591,792
Incurred Claims Amounts Recoverable from Reinsurance	-	-	483,322	(1,306,224)	(822,903)
Changes that relate to past service: changes related to AIC	-	(1,027,628)	-	-	(1,027,628)
Losses and reversals of losses on onerous contracts	-	(1,027,628)	686,972,753	(203,864)	685,741,261
<b>Net expenses from reinsurance contracts</b>	<b>-</b>	<b>(1,027,628)</b>	<b>686,972,753</b>	<b>(203,864)</b>	<b>573,805,201</b>
<b>Net expenses from reinsurance contracts held</b>	<b>(111,936,060)</b>	<b>(1,027,628)</b>	<b>686,972,753</b>	<b>(203,864)</b>	<b>573,805,201</b>
Finance expense from insurance contracts	-	-	19,219,053	22,805	19,241,859
<b>Total changes in the statement of income and OCI</b>	<b>(111,936,060)</b>	<b>(1,027,628)</b>	<b>706,191,807</b>	<b>(181,058)</b>	<b>593,047,060</b>
<b><u>Cash flows</u></b>					
Premiums ceded and acquisition cash flows paid	111,942,894	-	-	-	111,942,894
Recoveries from reinsurance	-	-	(23,246,468)	-	(23,246,468)
<b>Total cash inflows / (outflows)</b>	<b>111,942,894</b>	<b>-</b>	<b>(23,246,468)</b>	<b>-</b>	<b>88,696,425</b>
<b>Net closing balance</b>	<b>21,361,277</b>	<b>-</b>	<b>765,539,005</b>	<b>882,531</b>	<b>787,782,813</b>
<b><u>Insurance contracts</u></b>					
Reinsurance contract assets	26,592,942	-	765,539,005	882,531	793,014,478
Reinsurance contract liabilities	(5,231,665)	-	-	-	(5,231,665)
<b>Net reinsurance contract assets - 31 December 2022</b>	<b>21,361,277</b>	<b>-</b>	<b>765,539,005</b>	<b>882,531</b>	<b>787,782,813</b>

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

**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
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**11. SUPPLEMENTARY INFORMATION**

Statement of Financial Position	31 March 2023 (Unaudited)		31 December 2022 (Restated – Unaudited)		1 January 2022 (Restated – Unaudited)	
	Insurance Operations	Shareholders' Operations	Insurance Operations	Shareholders' Operations	Insurance Operations	Shareholders' Operations
<b>ASSETS</b>						
Insurance contract assets	15,000,507	-	8,922,340	-	10,831,430	-
Reinsurance contract assets	773,219,878	-	793,014,478	-	106,039,328	-
Cash and cash equivalents	24,966,972	100,910,139	34,387,257	44,732,118	26,223,760	59,119,263
Term deposits	135,717,876	242,167,010	135,679,918	38,308,671	20,390,520	37,040,406
Statutory deposit	-	53,000,000	-	40,000,000	-	40,000,000
Accrued income on statutory deposit	-	5,953,658	-	5,380,250	-	4,493,336
Investments	32,435,269	159,622,633	32,432,471	159,704,937	31,889,090	144,218,493
Due from shareholders	48,060,925	-	34,235,321	-	38,161,586	-
Right-of-use assets	1,106,334	-	1,296,797	-	3,214,715	-
Property and equipment, net	11,435,415	-	10,152,613	-	7,417,955	-
Prepaid expenses and other assets	50,169,847	4,902,160	44,803,144	3,179,992	26,964,706	2,397,156
<b>TOTAL ASSETS</b>	<b>1,092,113,023</b>	<b>566,555,600</b>	<b>1,094,924,339</b>	<b>291,305,968</b>	<b>271,133,090</b>	<b>287,268,654</b>
<b>LIABILITIES</b>						
Insurance contract liabilities	1,016,726,219	-	1,055,679,287	-	250,826,332	-
Reinsurance contract liabilities	8,250,692	-	5,231,665	-	-	-
Accrued Income on statutory deposit	-	5,954,122	-	5,380,607	-	4,493,686
Accrued expenses and other liabilities	51,352,164	1,348,739	19,232,185	1,337,249	6,190,209	1,201,249
Lease liability	884,819	-	1,236,027	-	2,742,492	-
Due to insurance operations	-	48,060,925	-	34,235,321	-	38,161,586
Provision for end-of-service benefits	12,176,934	-	11,563,543	-	10,479,356	-
Provision for zakat and income tax	-	10,715,968	-	7,215,968	-	7,652,889
<b>TOTAL LIABILITIES</b>	<b>1,089,390,828</b>	<b>66,079,754</b>	<b>1,092,942,707</b>	<b>48,169,145</b>	<b>270,238,388</b>	<b>51,509,410</b>
<b>INSURANCE OPERATIONS' ACCUMULATED SURPLUS</b>						
Surplus distribution payable	3,234,710	-	2,494,147	-	1,438,544	-
Actuarial loss on defined benefit plan	(512,515)	-	(512,515)	-	(543,842)	-
<b>TOTAL LIABILITIES &amp; ACCUMULATED SURPLUS</b>	<b>1,092,113,023</b>	<b>66,079,754</b>	<b>1,094,924,339</b>	<b>48,169,145</b>	<b>271,133,090</b>	<b>51,509,410</b>
<b>EQUITY</b>						
Share capital	-	530,000,000	-	265,000,000	-	265,000,000
Fair value reserve for investments	-	36,112,267	-	36,191,540	-	35,245,175
Accumulated losses	-	(65,636,421)	-	(58,054,717)	-	(64,485,931)
<b>TOTAL EQUITY</b>	<b>-</b>	<b>500,475,846</b>	<b>-</b>	<b>243,136,823</b>	<b>-</b>	<b>235,759,244</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,092,113,023</b>	<b>566,555,600</b>	<b>1,094,924,339</b>	<b>291,305,968</b>	<b>271,133,090</b>	<b>287,268,654</b>

**ARABIA INSURANCE COOPERATIVE COMPANY**  
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**11. SUPPLEMENTARY INFORMATION (continued)**

**Statement of Income**

	For the three months period ended		
	31 March 2023 (Unaudited)	Insurance Operations	Shareholders' Operations
		31 March 2022 (Restated – Unaudited)	
<b>REVENUES</b>			
Insurance revenue	197,279,217	100,218,191	-
Insurance service expenses	(148,636,507)	(84,236,544)	-
<b>Insurance service result before reinsurance contracts held</b>	<b>48,642,710</b>	<b>15,981,647</b>	<b>-</b>
Allocation of reinsurance premiums	(27,610,793)	(29,237,247)	-
Amounts recoverable from reinsurance	(4,808,359)	7,567,140	-
<b>Net expenses from reinsurance contracts held</b>	<b>(32,419,152)</b>	<b>(21,670,107)</b>	<b>-</b>
<b>Insurance service result</b>	<b>16,223,558</b>	<b>(5,688,460)</b>	<b>-</b>
Income from investment and deposits	2,054,318	340,506	899,238
Expected credit loss	40,771	(525)	(9,121)
<b>Net investment income</b>	<b>2,095,089</b>	<b>339,981</b>	<b>890,117</b>
Net finance expenses from insurance contracts issued	(8,671,685)	(596,862)	-
Net finance income from reinsurance contracts held	7,170,273	201,845	-
<b>Insurance finance results</b>	<b>(1,501,412)</b>	<b>(395,017)</b>	<b>-</b>
<b>Net insurance and investment result</b>	<b>16,817,235</b>	<b>(5,743,497)</b>	<b>890,117</b>
Other operating expenses	(9,411,605)	(4,260,619)	(170,223)
<b>Gross Income/(Loss) for the period</b>	<b>7,405,630</b>	<b>(10,004,116)</b>	<b>719,894</b>
Provision for Zakat and Income Tax	-	-	(1,000,000)
Gross Income/(Loss) for the period after Zakat and Income Tax	7,405,630	(10,004,116)	(280,106)
<b>Gross Income/(Loss) for the period attributable to shareholders</b>	<b>(6,665,067)</b>	<b>10,004,116</b>	<b>-</b>
<b>Net Income/(Loss) for the period</b>	<b>740,563</b>	<b>-</b>	<b>(10,284,222)</b>

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023

Expressed in Saudi Riyals

11. SUPPLEMENTARY INFORMATION – (continued)

Statement of Other Comprehensive Income

Statement of Other Comprehensive Income	For the three months period ended		
	31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)	
	Insurance Operations	Shareholders’ Operations	Total
Net income for the period after zakat and income tax	740,563	7,322,081	8,062,644
<i>Items which will not be reclassified to statement of income in subsequent periods</i>			
Net change in investments held at fair value through other comprehensive income		(79,273)	(79,273)
Total comprehensive loss for the year	740,563	7,242,808	7,983,371
Net comprehensive income/(loss) attributed to the insurance operations	-	740,563	740,563
Total comprehensive income/ (loss) attributable to the shareholders	740,563	6,502,245	7,242,808
		-	(9,928,205)
			(9,928,205)

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**11. SUPPLEMENTARY INFORMATION – (continued)**

Statement of Cash Flows	For the three months period ended			
	31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)	Insurance Operations	Shareholders' Operations
<b>Cash Flow From Operating Activities</b>				
Gross income/(loss) for the period after zakat and income tax	740,563	7,322,081	8,062,644	(10,284,222)
<b>Adjustments for Non-Cash Items:</b>				
Depreciation and amortisation of property and equipment	921,613	-	921,613	-
Finance charges	12,052	-	12,052	-
Provision for employee benefits obligation	628,391	-	628,391	-
Depreciation of right-of-use assets	190,463	-	190,463	-
Accrued zakat and income tax	-	3,500,000	3,500,000	1,000,000
Expected credit loss	(2,799)	3,031	232	(1,999)
	2,490,283	10,825,112	13,315,395	(1,460)
<b>Changes In Operating Assets And Liabilities:</b>				
Prepaid expenses and other assets	(5,366,703)	(1,722,169)	(7,088,872)	(9,286,221)
Accrued income on statutory deposit	107	107	(3,975,290)	(742,405)
Accrued expenses and other liabilities	32,119,980	11,490	32,131,470	-
Insurance contracts	(45,031,235)	-	(45,031,235)	12,500
Reinsurance contracts	22,813,627	-	22,813,627	-
Cash generated from operating activities	7,025,952	9,114,540	16,140,492	12,500
Payment of employee benefits obligation	(15,000)	-	(15,000)	-
<b>Net Cash Generated From Operating Activities</b>	7,010,952	9,114,540	16,125,492	12,500
<b>Cash Flow From Investing Activities</b>				
Disposals/(additions) to property and equipment	(2,204,414)	-	(2,204,414)	-
Proceeds/(additions) from investments	-	-	-	-
Proceeds/(additions) in term deposits	(37,959)	(203,858,339)	(203,896,298)	(11,527,851)
Increase in statutory deposit	-	(13,000,000)	(13,000,000)	22,072,102
<b>Net Cash (Used In) Investing Activities</b>	(2,242,373)	(216,858,339)	(219,100,712)	6,961,957
<b>Cash Flow From Financing Activities</b>				
Issue of right shares	-	265,000,000	265,000,000	-
Transaction costs on the issue of right shares	-	(14,903,784)	(14,903,784)	-
Lease liabilities paid	(363,261)	-	(363,261)	-
Due from/ to Shareholders	(13,825,604)	13,825,604	-	(406,416)
<b>Net Cash Generated From Financing Activities</b>	(14,188,864)	263,921,819	249,732,955	(4,495,649)
Net increase in cash and cash equivalents	(9,420,284)	56,178,020	46,757,736	(4,495,649)
Cash and cash equivalents at the beginning of the period	34,387,257	44,732,118	79,119,375	(3,967,523)
<b>Cash and Cash Equivalents at The End of The Period</b>	24,966,972	100,910,139	125,877,111	59,119,263
<b>Supplemental Schedule Of Non-Cash Information</b>				
Change in fair value reserve on investments - OCI	-	(79,273)	(79,273)	55,151,740
				71,722,841
				356,017
				356,017



**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023**

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**12. SHARE CAPITAL**

As at 31 March, 2023, the authorized, subscribed and paid up share capital of the company is SAR 530 million, divided into 53 million shares at nominal value of SAR 10 each. During the previous year (on Rabi-Al-Thani 26, 1444 H corresponding to 20 November 2022) The Extra -Ordinary General Assembly approved increasing the capital by 100%, accordingly a total of 26.5 million right shares was issued at a nominal value of SAR 10 per share. The funds for the capital increase were received on January 18, 2023. The total transaction cost related to increase in share capital amount of SAR 14.9 million.

**13. CAPITAL MANAGEMENT**

Objectives are set by the company to maintain good capital ratios in order to support its business objectives and increase shareholder value.

A firm manages its capital requirements by assessing deficiencies between the authorized and required levels of capital on a regular basis.

Adjustments are made to current capital levels in light of changes in market conditions and the risk characteristics of the Company's activities. To maintain or adjust capital, the company may adjust dividends paid to shareholders or issue shares.

In the opinion of the Board of Directors, the company has fully complied with the capital requirements imposed from abroad during the reported financial period.

**14. EARNINGS PER SHARE**

The earnings per share for the three month period ended March 31, 2023 and 2022 is calculated by dividing the net profit / (loss) of the period attributed to shareholders by the average number of shares issued for the period. The weighted average shares outstanding was recalculated to account for the capital increase of SR 265 million only for the period ended 31 March 2023.

	For the three months period ended	
	31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)
Issued ordinary shares as at 1st January	26,500,000	26,500,000
New shares issued during the period (Right issue)	21,494,444	-
Restatement effect of rights issue of shares	-	-
Weighted average number of ordinary shares	<b>47,994,444</b>	26,500,000

The weighted average number of ordinary shares for prior period is computed using an adjustment factor of 1.10 which is a ratio of the theoretical ex-rights of SAR 11.18 and closing price per share of 12.34 on November 20 2022, the last day on which the shares were traded before the rights issue.

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

	31 March 2023 (Unaudited)	31 March 2022 (Restated – Unaudited)
Net Income/(Loss) for the period attributable to the shareholders	7,322,081	(10,284,222)
Weighted average number of ordinary shares	47,994,444	26,500,000
Basic and diluted earnings/(loss) per share	<b>0.15</b>	(0.39)

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**15. PREMIUMS WRITTEN BY TYPE OF CUSTOMERS**

For the three months period ended 31 March 2023  
(Unaudited)

Gross written premiums	Medical	Motors	Property and accidents SR	Protection and savings	Total
Individual clients	12,706,079	16,588,293	53,751	-	29,348,123
Very small size entities	87,306,697	243,513	525,892	-	88,076,102
Small size entities	12,276,801	4,089,448	8,855,837	-	25,222,086
Medium size entities	10,727,248	34,600,829	12,722,395	196,300	58,246,772
Large size entities	2,874,923	29,606,859	76,374,750	-	108,856,532
<b>Total</b>	<b>125,891,748</b>	<b>85,128,942</b>	<b>98,532,625</b>	<b>196,300</b>	<b>309,749,615</b>

For the three months period ended 31 March 2022  
(Restated – Unaudited)

Gross written premiums	Medical	Motors	Property and accidents SR	Protection and savings	Total
Individual clients	12,038,482	12,317,051	317,746	-	24,673,279
Very small size entities	33,084,619	123,250	34,519	-	33,242,388
Small size entities	18,558,944	2,393,660	2,640,524	-	23,593,128
Medium size entities	9,533,262	30,357,945	9,031,580	345,262	49,268,049
Large size entities	924,088	42,506,598	42,324,779	187,850	85,943,315
<b>Total</b>	<b>74,139,395</b>	<b>87,698,504</b>	<b>54,349,148</b>	<b>533,112</b>	<b>216,720,159</b>

**16. COMPARATIVE FIGURES**

In addition to change in presentation requirements as per IFRS 17 and IFRS 9, which resulted in the restatement of prior period financial statements, certain prior period figures which have not been impacted by the transition have been reclassified to conform to the current period presentation.

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

The interim condensed financial statements have been approved by the Board of Directors on 17 June 2023 corresponding to 28 Thul Qada 1444 H.