

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
(UNAUDITED)
FOR THE THREE AND NINE MONTH PERIODS ENDED
SEPTEMBER 30, 2023**

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’
REVIEW REPORT (UNAUDITED)**
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

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

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Walaa Cooperative Insurance Company (A Saudi Joint Stock Company) ("the Company") as at September 30, 2023, the related interim condensed statements of income and comprehensive income for the three and nine month periods then ended, and the interim condensed statements of changes in equity and cash flows for the nine month period then ended, and the related notes which form integral part of these interim condensed financial statements. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard ("IAS") 34, 'Interim Financial Reporting' as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

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


Conclusion

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

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WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

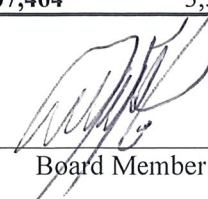
	Note	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Restated & Unaudited)
SAR "000"			
Assets			
Cash and cash equivalents	6	599,153	534,210
Short term deposits		399,406	354,999
Accrued income on investment		11,583	17,169
Prepaid expenses and other assets		53,686	123,009
Insurance contract assets	13	-	8,793
Reinsurance contract assets	13	795,040	801,387
Financial assets for unit linked insurance contracts		503,884	483,741
Due from insurance/shareholders' operations		107,187	3,280
Statutory deposit		85,058	85,058
Accrued income on statutory deposit		3,275	17,246
Investments	7	1,024,059	955,532
Long term deposits		144,990	49,997
Property and equipment, net	8	34,246	32,061
Intangible assets	5	121,482	96,975
Goodwill	5	24,415	24,415
Total assets		3,907,464	3,587,872
Liabilities and equity			
Liabilities			
Insurance contract liabilities	13	2,334,874	2,120,672
Reinsurance contract liabilities	13	468	3,258
Accrued expenses and other liabilities	9	165,572	254,801
Accrued income payable to SAMA		3,275	17,246
Due to shareholders'/insurance operations		107,187	3,280
Provision for zakat and income tax	15	47,644	45,231
Provision for end-of-service benefits (EOSB)		29,281	26,948
Total liabilities		2,688,301	2,471,436
Equity			
Share capital	16	850,583	850,583
Share premium	16	193,119	193,119
Statutory reserve		63,327	63,327
Retained earnings / (accumulated losses)		37,689	(65,038)
Fair value reserve for investments	7	74,308	74,308
Total shareholders' equity		1,219,026	1,116,299
Re-measurement of EOSB related to insurance operations		137	137
Total equity		1,219,163	1,116,436
Total liabilities and equity		3,907,464	3,587,872



Chief Financial Officer



Chief Executive Officer



Board Member

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Restated) (Unaudited)	2023 (Unaudited)	2022 (Restated) (Unaudited)
		SAR “000”			
Insurance revenue	13	741,667	650,966	2,106,491	1,872,611
Insurance service expenses	13	(411,076)	(425,003)	(1,193,256)	(1,148,661)
Insurance service result before reinsurance contracts held		330,591	225,963	913,235	723,950
Allocation of reinsurance premiums	13	(369,210)	(283,285)	(979,293)	(862,320)
Amounts recoverable from reinsurers for incurred claims	13	52,296	58,024	87,960	80,309
Net expense from reinsurance contracts held		(316,914)	(225,261)	(891,333)	(782,011)
Insurance service result		13,677	702	21,902	(58,061)
Commission income on investments and deposits		16,404	4,934	38,150	13,398
Dividends on investments		4,651	1,670	11,939	9,373
Realized gain / (loss) on investments measured at FVTPL	7	2,252	(504)	5,579	29,075
Un-realized gain / (loss) on investments measured at FVTPL	7	2,369	3,308	46,283	(22,309)
Net investment income		25,676	9,408	101,951	29,537
Finance income / (expenses) from insurance contracts issued	13	7,712	(5,979)	(5,948)	(15,601)
Finance income / (expenses) from reinsurance contracts held	13	(7,202)	4,219	1,804	10,720
Net insurance finance income / (expenses)		510	(1,760)	(4,144)	(4,881)
Net insurance and investment result		39,863	8,350	119,709	(33,405)
Other income		5,524	4,720	7,944	4,804
Other operating expenses		(612)	(536)	(14,926)	(20,070)
Net income / (loss) for the period attributable to shareholders before zakat & tax		44,775	12,534	112,727	(48,671)
Provision for zakat & tax		(5,000)	(1,500)	(10,000)	(8,000)
Net income / (loss) for the period, after zakat & tax, attributable to the shareholders		39,775	11,034	102,727	(56,671)
Earnings / (loss) per share (expressed in SAR per share)	20				
Basic and diluted earnings / (loss) per share		0.47	0.17	1.21	(0.88)
Weighted average number of ordinary outstanding shares (in ‘thousands)		85,058	64,640	85,058	64,640


Chief Financial Officer


Chief Executive Officer


Board Member

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Restated) (Unaudited)	2023 (Unaudited)	2022 (Restated) (Unaudited)
SAR “000”					
Total income/(loss) for the period attributable to the shareholders		39,775	11,034	102,727	(56,671)
Other comprehensive income:					
<i>Items that will not be reclassified to the interim condensed statement of income in subsequent periods</i>					
Net changes in fair value of investments measured at FVOCI – equity instruments	7	-	1,335	-	4,006
Total comprehensive income/(loss) for the period		39,775	12,369	102,727	(52,665)


 Chief Financial Officer


 Chief Executive Officer



 Board Member

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WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023


Notes	Share capital	Share premium	Statutory reserve	Fair value reserve for investments SAR '000	Retained earnings/ (accumulated losses)	Remeasurement of EOSB obligations	Total
2023							
Balance at January 1, 2023 (Restated & Unaudited)	850,583	193,119	63,327	74,308	(65,038)	137	1,116,436
Comprehensive income for the period:							
Net profit for the period attributable to the shareholders	-	-	-	-	102,727	-	102,727
Total comprehensive income for the period attributable to the shareholders	-	-	-	-	102,727	-	102,727
Balance at September 30, 2023 (Unaudited)	850,583	193,119	63,327	74,308	37,689	137	1,219,163



Chief Financial Officer



Chief Executive Officer



Board Member

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Notes	Share capital	Share premium	Statutory reserve	Fair value reserve for investments	Accumulated losses	Remeasurement of EOSB Obligations	Total
					SAR '000			
Balance at January 1, 2022 (Audited)		646,397	103,277	63,327	38,522	(40,750)	(147)	810,626
Transition impact IFRS-17	4	-	-	-	-	15,965	-	15,965
Transition impact IFRS-9	4	-	-	-	30,445	27,827	-	58,272
Balance at January 1, 2022 (Restated & Unaudited)		646,397	103,277	63,327	68,967	3,042	(147)	884,863
Comprehensive income / (loss) for the period:								
Net loss for the period attributable to the shareholders		-	-	-	-	(56,671)	-	(56,671)
Unrealized gain on investments measured at FVOCI		-	-	-	4,006	-	-	4,006
Total comprehensive loss for the period attributable to the shareholders		-	-	-	4,006	(56,671)	-	(52,665)
Balance at September 30, 2022 (Restated & Unaudited)		646,397	103,277	63,327	72,973	(53,629)	(147)	832,198


 Chief Financial Officer


 Chief Executive Officer



 Board Member

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Notes	2023 (Unaudited)	2022 (Restated) (Unaudited)
		SAR'000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit / (loss) for the period before zakat and income tax		112,727	(48,671)
<u>Adjustments for non-cash / non-operating items:</u>			
Depreciation of property and equipment	8	6,118	4,729
Amortization of intangible assets		7,285	1,872
Dividends on investments		(11,939)	(9,373)
Commission income on investments and deposits		(38,150)	(13,398)
Realized gain on investments measured at FVTPL	7	(5,579)	(29,075)
Un-realized gain /loss on investment measured at FVTPL	7	(46,283)	22,309
Provision for end-of-service indemnities		3,861	3,126
<u>Changes in operating assets and liabilities:</u>			
Insurance contract assets	13	8,793	-
Insurance contract liabilities	13	214,202	237,948
Reinsurance contract assets	13	6,347	(100,354)
Reinsurance contract liabilities	13	(2,790)	(3,470)
Prepaid expenses and other assets		69,323	(41,559)
Accrued expenses and other liabilities	9	(85,455)	97,403
		238,460	121,487
End-of-service indemnities paid		(1,528)	(1,207)
Zakat and income tax paid		(7,587)	(3,281)
Net cash generated from operating activities		229,345	116,999
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments, net	7	(16,665)	47,340
Financial assets for unit linked insurance contracts, net		(20,143)	-
Commission income received		43,736	13,113
Dividend income		11,939	9,373
Long term deposits, net		(94,993)	49,996
Short term deposits, net		(44,407)	1,659
Additions in intangible assets, net		(31,792)	(1,334)
Additions in property and equipment	8	(8,303)	(6,628)
Net cash (used in) / generated from investing activities		(160,628)	113,519
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability paid	9	(3,774)	(2,754)
Net cash used in financing activities		(3,774)	(2,754)
Net change in cash and cash equivalents		64,943	227,764
Cash and cash equivalents, beginning of the period		534,210	325,048
Cash and cash equivalents, end of the period		599,153	552,812


Chief Financial Officer


Chief Executive Officer


Board Member

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WALAA COOPERATIVE INSURANCE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

1. GENERAL

Walaa Cooperative Insurance Company (a Joint Stock Company incorporated in Kingdom of Saudi Arabia), “the Company”, was formed pursuant to Royal Decree No. (S/114) dated 02/05/1428H. The Company operates under UNN 7001526578 (formerly Commercial Registration no. 2051034982) dated Jumada II 19, 1428H corresponding to July 4, 2007. The registered address of the Company's head office is as follows:

Walaa Cooperative Insurance Company
Head Office
4513, Adh Dhahran Al Khubar Al Janubiyah
Unit No: 8, Al-Khobar 34621-8615
Kingdom of Saudi Arabia

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, casualty insurance and protection & savings both linked and non-linked.

On 2 Jumada II, 1424H, corresponding to July 31, 2003, the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On 28 Jumada II, 1429H corresponding to July 2, 2008, the Saudi Central Bank (“SAMA”), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license number (TMN/16/20087) to transact insurance activities in Saudi Arabia.

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

The share capital of the Company as of September 30, 2023, is amounted to SAR 850.6 million comprising of 85.1 million shares of SAR 10 each (December 31, 2022: SAR 850.6 million comprising of 85.1 million shares of SAR 10 each). Refer note 16.

Proposed Right Issue

The Board of Directors in their meeting held on September 17, 2023 (corresponding to 03 Rabi Al Awwal 1445H) recommended to increase share capital by offering right issue with an additional amount of SAR425 million to support growth plan of the company and maintain its solvency margin. However, this is subject to Saudi Central Bank, Capital Market Authority and other regulatory authorities’ approvals in addition to Extraordinary General Assembly approval.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

2. BASIS OF PREPARATION

(a) Basis of presentation

The interim condensed financial statements of the Company as at and for the period ended September 30, 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia.

The financial statements of the Company as at and for the period ended September 30, 2023 , respectively, were prepared in compliance with the IAS 34 and the International Financial Reporting Standards ("IFRS") respectively, as modified by SAMA for the accounting of zakat and income tax (relating to the application of IAS 12 – "Income Taxes" and IFRIC 21 – "Levies" so far as these relate to zakat and income tax) and the Regulations for Companies in the Kingdom of Saudi Arabia.

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

The interim condensed consolidated financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through profit and loss (FVTPL) and fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations. Except for property and equipment, intangible assets, statutory deposit, accrued income on statutory deposit, investments measured at amortized cost, long-term deposits, goodwill, end-of-service indemnities and accrued income payable to SAMA, all other assets and liabilities are of short-term nature, unless, stated otherwise.

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

2. BASIS OF PREPARATION (CONTINUED)

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 the allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and 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.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2022, except as disclosed in note 3 the change in policies due to first time adoption of IFRS 17 and IFRS 9.

Amounts in these interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

(b) Seasonality of operations

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

(c) Critical accounting judgments, estimates and assumptions

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

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2022 except those as mentioned in below note no 3 after the implementation of IFRS 17 and IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2022 prepared on the basis of IFRS 4 except for the adoption of new standards.

The Company has applied IFRS 17 and 9 including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments.

The nature and effects of the key changes in the Company's accounting policies prepared for IFRS 17 and 9 are summarised below:

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in to IFRS 17. The nature of the changes in accounting policies can be summarized, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

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) except individual life products on which "Variable Fees Approach" (VFA) has been applied. The PAA simplifies the measurement of insurance contracts in comparison with the "General Measurement Model" (GMM) in IFRS 17.

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

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
- Measurement of the liability for incurred claims (previously claims outstanding, incurred-but-not- reported (IBNR) claims and other technical reserves) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company capitalizes insurance acquisition cash flows for all other product lines. The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of insurance contracts is recognized, an asset for insurance acquisition cash flows is recognized. When insurance contracts are recognized, the related portion of the asset for insurance acquisition cash flows is derecognized and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group of contracts.

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates the following line items as presented in previous statement of financial positions:

- Premiums and reinsurers' receivable – net
- Reinsurers' share of unearned premiums
- Reinsurers' share of outstanding claims
- Reinsurers' share of claims incurred but not reported
- Reinsurers' share of mathematical reserves
- Deferred policy acquisition costs
- Certain balances from Prepaid and other assets
- Policyholders claims payable

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Reinsurers' balances payable
- Unearned premiums
- Unearned reinsurance commission
- Outstanding claims
- Claims incurred but not reported
- Gross mathematical reserves
- Additional premium reserves
- Other technical reserves
- Certain balances from Accrued and other liabilities

The above mentioned line items have been merged into insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately as follows:

- 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
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified
- Derecognized any existing balances that would not exist had IFRS 17 always applied
- Recognized any resulting net difference in equity

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgment to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Some investment contracts without discretionary participation feature (DPF) issued by the Company fall under this category.

Some investment contracts issued by the Company contain discretionary participation feature (DPF), whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Company's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Company accounts for these contracts under IFRS 17

The Company issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Company's policy is to hold such investment assets.

An insurance contract with direct participation features is defined by the Company as one which, at inception, meets the following criteria:

- the contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Investment components in Savings and Participating products comprise policyholder account values less applicable surrender fees.

The Company uses judgment to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Company's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the FCF that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the VFA. The VFA modifies the accounting model in IFRS 17 (referred to as the GMM) to reflect that the consideration an entity receives for the contracts is a variable fee.

Direct participating contracts issued by the Company are contracts with direct participation features where the Company holds the pool of underlying assets and accounts for these groups of contracts under the VFA.

All other insurance contracts originated by the Company are without direct participation features.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

Unit of account

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgment to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For Life Risk and Savings product lines, sets of contracts usually correspond to policyholder pricing groups that the Company determined to have similar insurance risk and that are priced within the same insurance rate ranges. The Company monitors the profitability of contracts within portfolios and the likelihood of changes in insurance, financial and other exposures resulting in these contracts becoming onerous at the level of these pricing groups with no information available at a more granular level.

Contracts issued within Participating product lines are always priced with high expected profitability margins, and thus, such contracts are allocated to groups of contracts that have no significant possibility of becoming onerous as at initial recognition.

For all contracts measured using the PAA, the Company assumes that no such 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. Similar to Life Risk and Savings contracts, this assessment is performed at a policyholder pricing at group of contract level.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. 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.

Transition approaches that were applied by the Company on adoption of IFRS 17 with respect to contracts aggregation requirements is as follows:

Contract measured under PAA	-	Full retrospective approach (FRA) from inception
Contract not measured under PAA	-	Full retrospective approach (FRA) from 2018 onwards
	-	Modified retrospective approach (MRA) from 2016 to 2018
	-	Fair value approach (FVA) over contracts issues before 2016

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

The Company applies IFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or combination of insurance contracts.

Recognition and derecognition

Groups of insurance contracts issued are initially recognized 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.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Investment contracts with DPF are initially recognized at the date the Company becomes a party to the contract.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (proportionate or quota share reinsurance) is recognized at the later of:

- the beginning of the coverage period of the group of contracts; or
- the initial recognition of any underlying insurance contract.

The Company does not recognize a group of quota share reinsurance contracts held until it has recognized at least one of the underlying insurance contracts.

A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance) is recognized at the beginning of the coverage period of that group.

Only contracts that 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for contract modification and derecognition

An insurance contract is derecognized when it is:

- extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and certain additional criteria are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:

- a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
 - i. is not in scope of IFRS 17;
 - ii. results in different separable components;
 - iii. results in a different contract boundary; or
 - iv. belongs to a different group of contracts;
- b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract not accounted for under the PAA is derecognized from within a group of insurance contracts, the Company:

- a. Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group of contracts.
- b. Adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the LRC of the group) in the following manner, depending on the reason for the derecognition:
 - i. If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
 - ii. If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
 - iii. If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in a. adjusted for the premium the Company would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognizing the new contract in this case, the Company assumes such a hypothetical premium as actually received.
- c. Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognized, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- a. if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;
- b. if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;
- c. if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement

Fulfilment cash flows

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- a. are based on a probability weighted mean of the full range of possible outcomes.
- b. are determined from the perspective of the group of contracts, provided the estimates are consistent with observable market prices for market variables; and
- c. reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

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. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgment and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums, or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- b. both of the following criteria are satisfied:
 - i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
 - ii. the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Company provide policyholders with an option to buy an annuity upon the initially issued policies maturity. The Company assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Company until they are exercised.

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

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Company to deliver cash at a present or future date.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive services from the reinsurer.

The Company's quota share life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Company treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one-year's boundary are included in each of the reinsurance contracts' measurement.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognized in General and administrative expenses as incurred.

Insurance acquisition costs

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- a. costs directly attributable to individual contracts and groups of contracts; and
- b. costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognized, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognized.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Initial measurement - groups of contracts not measured under the PAA
Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Company will recognize as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- a. the initial recognition of the FCF;
- b. the derecognition at the date of initial recognition of any asset or liability recognized for insurance acquisition cash flows; and
- c. cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognized in profit or loss immediately with no CSM recognized on the balance sheet on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognized as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Company recognizes the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Company will recognize as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- a. the initial recognition of the FCF; and
- b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

No contracts acquired were assessed as onerous at initial recognition.

Subsequent measurement - groups of contracts not measured under the PAA

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

- a. the LRC, comprising:
 - i. the FCF related to future service allocated to the group of contracts at that date; and
 - ii. the CSM of the group at that date; and
- b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

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

- a. the remaining coverage, comprising:
 - i. the FCF related to future service allocated to the group of contracts at that date; and
 - ii. the CSM of the group at that date; and
- b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in fulfilment cash flows

The FCF are updated by the Company for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- a. changes that relate to current or past service are recognized in profit or loss; and
- b. changes that relate to future service are recognized by adjusting the CSM or the loss component within the LRC as per the policy below.

For insurance contracts under the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
- c. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
- d. changes in the risk adjustment for non-financial risk that relate to future service.

Adjustments a.-c. are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

For insurance contracts under the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- b. changes in the FCF relating to the LIC; and
- c. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

For investment contracts with DPF that are measured under the GMM and provide the Company with discretion as to the timing and amount of the cash flows to be paid to the policyholders, a change in discretionary cash flows is regarded as relating to future service and accordingly adjusts the CSM. At inception of such contracts, the Company specifies its commitment as crediting interest to the policyholder's account balance based on the return on a pool of assets less a spread. The effect of discretionary changes in the spread on the FCF adjusts the CSM while the effect of changes in assumptions that relate to financial risk on this commitment are reflected in insurance finance income or expenses.

When no commitment is specified, the effect of all changes in assumptions that relate to financial risk and changes thereof on the FCF is recognized in insurance finance expenses.

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjust the CSM:

- a. changes in the share of the fair value of the underlying items; and
- b. changes in the FCF that do not vary based on the returns of underlying items:
 - i. changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
 - ii. experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
 - iii. changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
 - iv. differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and
 - v. changes in the risk adjustment for non-financial risk that relate to future service. Adjustments ii.-v. are measured using the current discount rates.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For insurance contracts under the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a. changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b. changes in the FCF that do not vary based on the returns of underlying items:
 - i. changes in the FCF relating to the LIC; and
 - ii. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

The Company does not have any products with complex guarantees and does not use derivatives to economically hedge the risks.

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period (which the Company defines as three-month interim), the carrying amount of the CSM is adjusted by the Company to reflect the effect of the following changes:

- a. The effect of any new contracts added to the group of contracts.
- b. For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- c. Changes in the FCF relating to future service are recognized by adjusting the CSM. Changes in the FCF are recognized in the CSM to the extent the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognized in insurance service expenses and a loss component is recognized within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- d. The effect of any currency exchange differences.
- e. The amount recognized as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognized in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognized in the insurance service result.

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Company revises the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognized in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For contracts issued, the Company determines the coverage period for the CSM recognition as follows:

- a. for term life and universal life insurance contracts, the coverage period corresponds to the policy coverage for mortality risk; and
- b. for direct participating contracts and for investment contracts with DPF, the coverage period corresponds to the period in which insurance or investment management services are expected to be provided.

The total number of coverage units in a group of contracts is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- a. the quantity of benefits provided by contracts in the group;
- b. the expected coverage duration of contracts in the group; and
- c. the likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group.

The Company uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits.

The Company determines coverage units as follows:

- a. for term life and universal life insurance contracts, coverage units are determined based on the policies' face values that are equal to the fixed death benefit amounts;
- b. for direct participating contracts, coverage units are based on the fixed death benefits amounts (during the insurance coverage period) plus policyholders' account values;
- c. for investment contracts with DPF, coverage units are based on policyholders' account values

The Company reflects the time value of money in the allocation of the CSM to coverage units.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

Coverage units for the proportionate term life reinsurance contracts are based on the insurance coverage provided by the reinsurer and are determined by the ceded policies' fixed face values taking into account new business projected within the reinsurance contract boundary.

The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary. Refer to the Contract boundary section in the note.

Onerous contracts - Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Company recognizes the excess in insurance service expenses and records it as a loss component of the LRC.

When a loss component exists, the Company allocates the following between the loss component and the remaining component of the LRC for the respective group of contracts, based on the ratio of the loss component to the FCF relating to the expected future cash outflows:

- a. expected incurred claims and expenses for the period;
- b. changes in the risk adjustment for non-financial risk for the risk expired; and
- c. finance income (expenses) from insurance contracts issued.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amounts of loss component allocation in a. and b. above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Decreases in the FCF in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the FCF in subsequent periods increase the loss component.

Initial and subsequent measurement - groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The respective group of acquired contracts do not meet the PAA eligibility criteria and have been measured under the GMM.

The excess of loss reinsurance contracts provide coverage on the insurance contracts originated for claims incurred during a period of one year or less and are accounted for under the PAA.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognized over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For reinsurance contracts held on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

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 FCF related to past service allocated to the group of contracts 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 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;
- b. decreased for insurance acquisition cash flows paid in the period;
- c. decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
- d. increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service 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; and
- b. decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money since insurance contracts issued by the Company and measured under the PAA typically have a settlement period of over one year.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If a group of contracts becomes onerous, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognized in insurance service expenses. Subsequently, the Company amortizes the amount of the loss component within the LRC by decreasing insurance service expenses. The loss component amortization is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Company remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

Amounts recognized in comprehensive income

Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For contracts not measured under the PAA, insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
 - a. insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - i. amounts related to the loss component;
 - ii. repayments of investment components;
 - iii. amounts of transaction-based taxes collected in a fiduciary capacity; and
 - iv. insurance acquisition expenses;
 - b. changes in the risk adjustment for non-financial risk, excluding:
 - i. changes included in insurance finance income (expenses);
 - ii. changes that relate to future coverage (which adjust the CSM); and
 - iii. amounts allocated to the loss component;
 - c. amounts of the CSM recognized in profit or loss for the services provided in the period; and
 - d. experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.
- Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

- a. incurred claims and benefits excluding investment components;
- b. other incurred directly attributable insurance service expenses;
- c. amortization of insurance acquisition cash flows;
- d. changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- e. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

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FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For contracts not measured under the PAA, amortization of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above.

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in General and administrative expenses in the statement of income.

Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- a. reinsurance expenses;
- b. incurred claims recovery;
- c. other incurred directly attributable insurance service expenses;
- d. effect of changes in risk of reinsurer non-performance;
- e. for contracts measured under the GMM, changes that relate to future service (i.e. changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts); and
- f. changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognized similarly to insurance revenue. The amount of reinsurance expenses recognized in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Company expects to pay in exchange for those services.

For contracts not measured under the PAA, reinsurance expenses comprise the following amounts relating to changes in the remaining coverage:

- a. insurance claims and other expenses recovery in the period measured at the amounts expected to be incurred at the beginning of the period, excluding repayments of investment components;
- b. changes in the risk adjustment for non-financial risk, excluding:
 - changes included in finance income (expenses) from reinsurance contracts held; and
 - changes that relate to future coverage (which adjust the CSM);
- c. amounts of the CSM recognized in profit or loss for the services received in the period; and
- d. ceded premium experience adjustments relating to past and current service.

For groups of reinsurance contracts held measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

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.

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- a. the effect of the time value of money and changes in the time value of money; and
- b. the effect of financial risk and changes in financial risk.

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FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the FCF and the CSM;
- b. the effect of changes in interest rates and other financial assumptions; and
- c. foreign exchange differences arising from contracts denominated in a foreign currency.

For contracts measured under the VFA, the main amounts within insurance finance income or expenses are:

- a. changes in the fair value of underlying items;
- b. interest accreted on the FCF relating to cash flows that do not vary with returns on underlying items; and
- c. the effect of changes in interest rates and other financial assumptions on the FCF relating to cash flows that do not vary with returns on underlying items.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

- a. interest accreted on the LIC; and
- b. the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the GMM and the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss (i.e. the profit or loss option (the PL option) is applied).

For the contracts measured using the VFA, the P&L option is applied. As the Company holds the underlying items for these contracts, the use of the P&L option results in the elimination of accounting mismatches with income or expenses included in profit or loss on the underlying assets held. This is applied because the amounts of income or expenses for the underlying assets are recognized in profit or loss.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 9 Financial Instruments

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

- (a) Financial assets carried at amortized cost;
- (b) Financial assets carried at fair value through other comprehensive income (FVOCI); and
- (c) Financial assets carried at fair value through profit or loss (FVTPL)

(a) Financial assets at amortized cost:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- (i) The asset is held within a "business model" whose objective is to hold assets to collect contractual cash flows;
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below. Further, financial assets carried at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Financing income, foreign exchange gains and losses and impairment are recognized in the profit or loss. Any gain or loss on derecognition is recognized in the profit or loss.

(i) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(ii) SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial asset to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial assets at fair value through other comprehensive income (FVOCI):

Debt instruments at FVOCI

The Company applies the category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Financing income and foreign exchange gains and losses and impairment losses are recognized in statement of profit or loss. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss.

This category only includes debt instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. Debt instruments at FVOCI are subject to an impairment assessment under IFRS 9.

Equity instruments at FVOCI

Upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

For debt instruments measured at amortized cost, FVTPL and FVOCI, the interest income, foreign currency gains or losses and impairment gains or losses are recognized in profit and loss. For debt instruments classified as FVTPL, unrealized and realized fair value changes are recognized in profit and loss. For debt instruments measured at FVOCI, the fair value gains or losses are recognized in other comprehensive income until derecognition, when the cumulative gains or losses recognized in other comprehensive income are reclassified to profit or loss.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company subsequently measures all equity investments at fair value. Dividends from such investments are recognized in the statement of profit or loss. The unrealized and realized fair value gains and losses on equity investments that are held for trading are recognized in profit or loss. Where the Company has made an irrevocable election at initial recognition to classify the equity investments through other comprehensive income, the changes in fair value are recognized in other comprehensive income. For all equity investments at FVOCI, there is no subsequent recycling of fair value gains and losses to profit or loss at derecognition.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except in the following cases, for which the amount recognized is 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, whereas 12-month expected credit losses are the portion of expected credit losses that results from default events that are possible within the 12 months after the reporting date. In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses:

Expected credit losses are a probability-weighted estimate of credit losses and are measured as follows:

- For financial assets that are not credit-impaired at the reporting date: 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; and
- For financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit impaired financial assets:

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

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset (either partially or in full), the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed in profit or loss.

Presentation of loss allowances in the statement of financial position:

Loss allowances for expected credit losses are presented as follows:

- financial assets measured at amortized cost: the loss allowance is deducted from the gross carrying amount of the assets; and
- debt investments measured at FVOCI: the loss allowance is recognized in other comprehensive income.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE

EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES

Reconciliation of interim condensed statement of financial position as at 1 January 2022 (opening balance of 2022):

1st January 2022 (opening balance of 2022)						
Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9	
	Re- classification	Re- measure ment	Re- classification	Re- measure ment		
SAR “000”						
Assets						
Statutory deposit	64,640	-	-	-	-	64,640
Accrued income on statutory deposit	10,764	-	-	-	-	10,764
Property and equipment, net	30,969	-	-	-	-	30,969
Intangible assets	37,713	-	-	-	-	37,713
Goodwill	24,415	-	-	-	-	24,415
Due from shareholders’ operations	4,437	-	-	-	-	4,437
Long term deposits	100,000	-	-	-	(7)	99,993
Investments	773,236	-	-	-	58,311	831,547
Short term deposits	201,659	-	-	-	(1)	201,658
Prepaid expenses and other assets	97,401	(17,895)	-	-	(24)	79,482
Reinsurers’ share of mathematical reserve	123,696	(123,696)	-	-	-	-
Deferred policy acquisition costs	36,476	(36,476)	-	-	-	-
Reinsurers’ share of outstanding claims	338,919	(338,919)	-	-	-	-
Reinsurers’ share of incurred but not reported claims	149,655	(149,655)	-	-	-	-
Reinsurers’ share of unearned premiums	538,598	(538,598)	-	-	-	-
Receivables, net	582,129	(582,129)	-	-	-	-
Accrued income on investment	7,419	-	-	-	-	7,419
Insurance contract assets	-	-	-	-	-	-
Reinsurance contract assets	-	681,154	(10,341)	-	-	670,813
Cash and cash equivalents	325,055	-	-	-	(7)	325,048
Total assets	3,447,181	(1,106,214)	(10,341)	-	58,272	2,388,898

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE (CONTINUED)

	1st January 2022 (opening balance of 2022)					
Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9	
	Re- classification	Re- measure ment	Re- classification	Re- measure ment		
	SAR “000”					
Surplus distribution payable	2,148	(2,148)	-	-	-	-
Provision for end-of-service benefits (EOSB)	21,982	-	-	-	-	21,982
Accrued income payable to SAMA	10,764	-	-	-	-	10,764
Due to insurance operations	4,437	-	-	-	-	4,437
Accrued expenses and other liabilities	190,702	(48,540)	-	-	-	142,162
Gross mathematical reserve	123,696	(123,696)	-	-	-	-
Gross outstanding claims	480,616	(480,616)	-	-	-	-
Incurred but not reported claims reserve	266,202	(266,202)	-	-	-	-
Premium deficiency reserve	9,054	(9,054)	-	-	-	-
Other technical reserves	7,701	(7,701)	-	-	-	-
Unit-linked reserves	-	-	-	-	-	-
Unearned commission income	31,258	(31,258)	-	-	-	-
Gross unearned premiums	1,074,103	(1,074,103)	-	-	-	-
Reinsurers’ balances payable	335,026	(335,026)	-	-	-	-
Policyholders claims payable	47,658	(47,658)	-	-	-	-
Insurance contract liabilities	-	1,316,318	(26,306)	-	-	1,290,012
Reinsurance contract liabilities	-	3,470	-	-	-	3,470
Provision for zakat and income tax	31,208	-	-	-	-	31,208
Total liabilities	2,636,555	(1,106,214)	(26,306)	-	-	1,504,035
Equity						
Share capital	646,397	-	-	-	-	646,397
Share premium	103,277	-	-	-	-	103,277
Statutory reserve	63,327	-	-	-	-	63,327
Fair value reserve for investments	38,522	-	-	(38,522)	68,967	68,967
Remeasurements of defined benefit obligation	(147)	-	-	-	-	(147)
Retained earnings / (accumulated losses)	(40,750)	-	15,965	38,522	(10,695)	3,042
Total equities	810,626	-	15,965	-	58,272	884,863
Total Liabilities and Equities	3,447,181	(1,106,214)	(10,341)	-	58,272	2,388,898

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE (CONTINUED)

Reconciliation of interim condensed statement of financial position as at 31 December 2022 (closing balance of 2022):

31st December 2022 (closing balance of 2022)

	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Re- classification	Re- measure ment	Re- classification	Re- measure ment	
		SAR “000”				
Assets						
Statutory deposit	85,058	-	-	-	-	85,058
Accrued income on statutory deposit	17,246	-	-	-	-	17,246
Property and equipment, net	32,061	-	-	-	-	32,061
Intangible assets	92,857	4,118	-	-	-	96,975
Goodwill	24,415	-	-	-	-	24,415
Due from shareholders’ operations	10,827	(7,547)	-	-	-	3,280
Long term deposits	50,000	-	-	-	(3)	49,997
Investments	910,202	-	-	-	45,330	955,532
Financial assets for unit linked insurance contracts	483,741	-	-	-	-	483,741
Short term deposits	355,000	-	-	-	(1)	354,999
Prepaid expenses and other assets	311,797	(188,753)	-	-	(35)	123,009
Reinsurers’ share of mathematical reserve	89,123	(89,123)	-	-	-	-
Deferred policy acquisition costs	51,236	(51,236)	-	-	-	-
Reinsurers’ share of outstanding claims	291,813	(291,813)	-	-	-	-
Reinsurers’ share of incurred but not reported claims	180,995	(180,995)	-	-	-	-
Reinsurers’ share of unearned premiums	616,806	(616,806)	-	-	-	-
Receivables, net	727,862	(727,862)	-	-	-	-
Accrued income on investment	17,168	1	-	-	-	17,169
Insurance contract assets	-	8,793	-	-	-	8,793
Reinsurance contract assets	-	798,136	3,251	-	-	801,387
Cash and cash equivalents	534,221	-	-	-	(11)	534,210
Total assets	4,882,428	(1,343,087)	3,251	-	45,280	3,587,872

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE (CONTINUED)

31st December 2022 (closing balance of 2022)						
Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9	
	Re- classification	Re- measure ment	Re- classification	Re- measure ment		
SAR “000”						
Liabilities						
Surplus distribution payable	9,100	(9,100)	-	-	-	-
Provision for end-of-service benefits (EOSB)	26,948	-	-	-	-	26,948
Accrued income payable to SAMA	17,246	-	-	-	-	17,246
Due to insurance operations	10,827	(7,547)	-	-	-	3,280
Accrued expenses and other liabilities	309,693	(54,892)	-	-	-	254,801
Gross mathematical reserve	89,795	(89,795)	-	-	-	-
Gross outstanding claims	546,399	(546,399)	-	-	-	-
Incurred but not reported claims reserve	317,579	(317,579)	-	-	-	-
Premium deficiency reserve	7,763	(7,763)	-	-	-	-
Other technical reserves	7,120	(7,120)	-	-	-	-
Unit-linked reserves	483,741	(483,741)	-	-	-	-
Unearned commission income	46,085	(46,085)	-	-	-	-
Gross unearned premiums	1,182,003	(1,182,003)	-	-	-	-
Reinsurers’ balances payable	452,929	(452,929)	-	-	-	-
Policyholders claims payable	270,519	(270,519)	-	-	-	-
Insurance contract liabilities	-	2,129,127	(8,455)	-	-	2,120,672
Reinsurance contract liabilities	-	3,258	-	-	-	3,258
Provision for zakat and income tax	45,231	-	-	-	-	45,231
Total liabilities	3,822,978	(1,343,087)	(8,455)	-	-	2,471,436
Equity						
Share capital	850,583	-	-	-	-	850,583
Share premium	193,119	-	-	-	-	193,119
Statutory reserve	63,327	-	-	-	-	63,327
Fair value reserve for investments	20,398	-	-	(20,398)	74,308	74,308
Remeasurements of defined benefit obligation	137	-	-	-	-	137
Accumulated losses	(68,114)	-	11,706	20,398	(29,028)	(65,038)
Total equities	1,059,450	-	11,706	-	45,280	1,116,436
Total liabilities and equities	4,882,428	(1,343,087)	3,251	-	45,280	3,587,872

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FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

4. TRANSITIONAL NOTE (CONTINUED)

Reconciliation of interim condensed statement of income for the nine-month period ended 30 September 2022:

Reconciliation of income for the nine-month period ended 30 September 2022:						
30 September 2022	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Re- classification	Re- measure ment	Re- classification	Re- measure ment	
	SAR “000”					
REVENUE						
Insurance revenue	-	1,856,910	15,701	-	-	1,872,611
Allocation of reinsurance premiums	-	(860,144)	(2,176)	-	-	(862,320)
Gross premiums written	1,987,294	(1,987,294)	-	-	-	-
Reinsurance ceded	(963,769)	963,769	-	-	-	-
Changes in gross unearned premium	(129,486)	129,486	-	-	-	-
Changes in reinsurers’ share of unearned premiums	44,824	(44,824)	-	-	-	-
Reinsurance commissions	58,801	(58,801)	-	-	-	-
Other underwriting income	16,333	(16,333)	-	-	-	-
TOTAL REVENUES	1,013,997	(17,231)	13,525	-	-	1,010,291
UNDERWRITING COSTS AND EXPENSES						
Insurance service expenses	-	(1,191,861)	43,200	-	-	(1,148,661)
Amounts recoverable from reinsurers	-	109,963	(29,654)	-	-	80,309
Gross claims paid	(753,450)	753,450	-	-	-	-
Surrenders and maturities	(24,167)	24,167	-	-	-	-
Expenses incurred related to claims	(28,724)	28,724	-	-	-	-
Reinsurers’ share of claims paid	76,382	(76,382)	-	-	-	-
Changes in gross outstanding claims	(130,525)	130,525	-	-	-	-
Changes in reinsurance share of outstanding claims	32,408	(32,408)	-	-	-	-
Changes in claims incurred but not reported	(7,952)	7,952	-	-	-	-
Changes in reinsurance share of incurred but not reported claims	1,173	(1,173)	-	-	-	-
Changes in premium deficiency reserve	1,431	(1,431)	-	-	-	-
Changes in reserves for takaful activities	(232)	232	-	-	-	-
Policy acquisition costs	(61,738)	61,738	-	-	-	-
Other underwriting expenses	(96,021)	96,021	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	(991,415)	(90,483)	13,546	-	-	(1,068,352)
INSURANCE SERVICE RESULT	22,582	(107,714)	27,071	-	-	(58,061)
INVESTMENT INCOME, INSURANCE FINANCE INCOME						
Commission income on investments and deposits	13,398	-	-	-	-	13,398
Dividends on investments	9,373	-	-	-	-	9,373
Realized gain on investments measured at FVTPL	29,075	-	-	-	-	29,075
Un-realized gain / (loss) on investments measured at FVTPL	9,423	-	-	(6,347)	(25,385)	(22,309)
Finance expenses from insurance contracts issued	-	-	(15,601)	-	-	(15,601)
Finance income from reinsurance contracts held	-	-	10,720	-	-	10,720
NET INVESTMENT AND INSURANCE FINANCE INCOME	61,269	-	(4,881)	(6,347)	(25,385)	24,656
OTHER OPERATING (EXPENSES) / INCOME						
Other income	-	84	4,720	-	-	4,804
Allowance for doubtful debts	(17,147)	17,147	-	-	-	-
Other operating expenses	(110,544)	90,483	-	-	(9)	(20,070)
TOTAL OTHER OPERATING (EXPENSES) / INCOME	(127,691)	107,714	4,720	-	(9)	(15,266)

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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4. TRANSITIONAL NOTE (CONTINUED)

30 September 2022	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post adoption of IFRS 17 & IFRS 9
		Re- classification	Re- measure ment SAR “000”	Re- classification	Re- measure ment	
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO SHAREHOLDERS BEFORE ZAKAT & TAX	(43,840)	-	26,910	(6,347)	(25,394)	(48,671)
Provision for zakat & tax	(8,000)	-	-	-	-	(8,000)
NET LOSS FOR THE PERIOD, AFTER ZAKAT & TAX, ATTRIBUTABLE TO THE SHAREHOLDERS	(51,840)	-	26,910	(6,347)	(25,394)	(56,671)
Net changes in fair value of investments measured at FVOCI-equity instruments	(6,347)	-	-	6,347	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(58,187)	-	26,910	-	(25,394)	(56,671)

Reclassification impact on interim condensed statement of income on adoption of IFRS 17

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

- Gross premium written
- Reinsurance premiums ceded – local
- Reinsurance premiums ceded – international
- Other underwriting income
- Changes in unearned premiums – net
- Gross claims paid
- Surrenders and maturities
- Expenses incurred related to claims
- Reinsurer’s share of claims paid
- Changes in gross outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Changes in claims handling reserves
- Changes in reinsurance share of outstanding claims
- Changes in reinsurance share of incurred but not reported claims
- Changes in reserves for takaful activities
- Changes in unit linked reserves
- Policy acquisition costs
- Other underwriting expenses
- Allowance for doubtful debts

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurers
- Finance income / expenses from insurance contracts issued
- Finance income / expenses from reinsurance contracts held

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4. TRANSITIONAL NOTE (CONTINUED)

Summary of re-classification and re-measurement impact on the interim condensed statement of financial position on adoption of IFRS 17 on 1 January 2022 (opening balance of 2022)

Impact on equity:	(amounts in SAR '000)
	Impact on equity on transition to IFRS 17 on 1 January 2022
Drivers of changes in equity	
Changes in measurement of insurance contract liabilities	26,306
Changes in measurement of reinsurance contract assets	(10,341)
Total impact	15,965
Impact on insurance contract liabilities:	
	Impact on liabilities on transition to IFRS 17 on 1 January 2022
Drivers of changes	
Risk adjustment	(31,192)
Loss component on onerous contracts	(7,571)
Re-measurement adjustments	65,069
Total impact	26,306
Impact on reinsurance contract assets:	
	Impact on assets on transition to IFRS 17 on 1 January 2022
Drivers of changes	
Risk adjustment	12,239
Re-measurement adjustments	(22,580)
Total impact	(10,341)

Summary of re-classification and re-measurement impact on the interim condensed statement of financial position on adoption of IFRS 9 on 1 January 2022 (opening balance of 2022)

Impairment of financial assets and revaluation:

The following tables reconciles the impairment allowance and provision recorded as per the measurement of IAS 39 as at 31 December 2021 to opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2022 to arrive at the final impact on equity due to transition to IFRS 9:

Impact on equity:	(amounts in SAR '000)
	Impact on equity on transition to IFRS 9 on 1 January 2022
Drivers of changes in equity	
Re-classification / re-measurement impact on financial assets at amortized costs	(39)
Re-classification / re-measurement impact on financial assets at FVTPL	27,866
Re-classification / re-measurement impact on financial assets at FVOCI	30,445
Total impact	58,272

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4. TRANSITIONAL NOTE (CONTINUED)

Particulars	Re- classification	Re- measurement SAR "000"	1 January 2022 (IFRS 9)
Financial assets at amortized costs (IFRS 9)			
Expected credit loss on cash and cash equivalents	-	(7)	(7)
Expected credit loss on long term deposits	-	(7)	(7)
Expected credit loss on short term deposits	-	(1)	(1)
Expected credit loss on other receivables	-	(24)	(24)
Total impact	-	(39)	(39)
Financial assets at FVTPL (IFRS 9)			
Fair value changes on the assets reclassified from available for sale to FVTPL	-	(10,656)	(10,656)
Fair value reserve on available for sale investments transferred from OCI to P&L for investments classified as FVTPL	38,522	-	38,522
Total impact	38,522	(10,656)	27,866
Financial assets at FVOCI (IFRS 9)			
Fair value reserve on available for sale investments transferred from OCI to P&L for investments classified as FVTPL	(38,522)	-	(38,522)
Fair value changes on the assets reclassified from available for sale to FVOCI	-	68,967	68,967
Total impact	(38,522)	68,967	30,445

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FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

5. GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

Acquisition of SABB Takaful

After initial recording of net assets acquired from SABB Takaful, the Company undertook a comprehensive Purchase Price Allocation and has identified the following intangible assets. Their valuation approach and methodologies are further detailed below:

Shareholders' operations	December 31, 2022 (Audited)	IFRS 17 impact	January 01, 2023 (Unaudited & restated)
	SAR'000		
<i>Intangible Assets acquired in merger</i>			
- Individual Life	48,899	3,771	52,670
- General Takaful	4,485	346	4,831
Total	53,384	4,117	57,501

Individual Life

The Company has acquired the Individual Life insurance segment which comprises of Unit Linked insurance policies (ULIP) (Regular Saving, Simple Saving, Education, Retirement and Single Premium) from SABB Takaful effective the Acquisition Date. SABB Bank in the past has consistently generated revenues for SABB Takaful. The relationship has been spanning for more than 10 years, hence considered as a customer relationship with estimated useful life of 10 years.

Historically, SABB Takaful was able to achieve 76% of its budgeted revenue. Hence, considered the same for FY23 and FY24 and 5% y-o-y growth from FY25 onwards. The Individual life insurance policies have been valued using the "Multi-Period Excess Earning Method". Contributory asset charges (CAC), which include working capital (WC) charge and Assembled Workforce have been adjusted with the underwriting income to arrive at the Excess Earnings. Since the working capital and capex are minimal, the CAC do not have material impact on the cash-flows. An EBIT margin of 5.7% has been considered based on the historical EBIT margin of individual life insurance contracts. A discount factor of 16.6% (WACC + 1%) has been used to discount the excess earnings to arrive at the value of the intangible.

The value of the Individual Life Customer Relationship intangible is assumed to be SAR 48.9 million initially that was adjusted by SAR 3.8 million post implementation of IFRS 17.

General Takaful

General Takaful insurance policies consists of policies relating to marine, property, accident & liability, which have a life of one year. Average tenure of the customer relationship with SABB Takaful, for General Takaful insurance policies is between 10 and 12 years, hence it can be assumed that the estimated useful life of the customer relationship is 10 years. A 0.7% y-o-y growth rate has been assumed based on the historical growth of General Takaful contracts.

An EBIT margin of 9.7% has been considered based on the historical EBIT margins on these policies.

Customer relationship intangible is valued using the "Multi-Period Excess Earning Method". Contributory Asset charges (CAC), which include Working Capital (WC) charge and Assembled Workforce have been adjusted with the underwriting income to arrive at the Excess Earnings. Since the working capital and capex are minimal, the CAC do not have a material impact on the cash flows. A discount factor of 16.6% (WACC+1%) has been used to discount the Excess Earnings to arrive at the value of the customer relationship intangible. The value of the General Takaful customer relationship intangible is assumed to be SAR 4.5 million initially that was adjusted by SAR 0.3 million post implementation of IFRS 17.

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5. GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS
(CONTINUED)

Acquisition of Metlife (Continued)

During the year ended December 31, 2020, the shareholders in the EGM held on January 27, 2020 corresponding to 2 Jumada II 1441H approved the proposed merger of the Company and MAA to be effected by way of a merger pursuant to Articles 191, 192, and 193 of the Companies Law issued under Royal Decree No. M3 dated 28/1/1437H (corresponding to 10/11/2015G), through the issuance of 0.6577614444444444 new shares in the Company for each share in MAA subject to the terms and conditions of the Merger Agreement.

The purchase consideration was determined to be SAR 191,566 thousand which consisted of the issue of 11,839,706 new shares to the shareholders of MAA.

The Company has undertaken a comprehensive purchase price allocation and has identified the following intangible assets. Their valuation approach and methodologies are further detailed below:

	Shareholders' operations
	SAR'000
Goodwill	24,415
<i>Intangible Assets acquired in merger</i>	
- Customer Contract ('ALICO')	5,454
- Customer Relationship	2,832
- Product Licenses (Protection & savings)	24,847
Total	57,548

Customer Contract ('ALICO')

On the Acquisition Date, Walaa acquired the Saudi run-off portfolio of American Life Insurance Company "ALICO" which was transferred initially to MAA on April 1st, 2015 as per the portfolio transfer agreement entered between MetLife ALICO and MAA and was 100% reinsured back to MetLife under a quota-share reinsurance agreement. This portfolio includes long term life protection, savings insurance products and personal accident policies. As per the terms of the portfolio transfer agreement and the quota-share reinsurance agreement, the Company is entitled to a reinsurance commission at an agreed rate and reimbursement of all expenses related to administration of the portfolio. The management has employed "Multi Period Excess Earning Method" for valuing the contractual customer relationship and is considered to have a useful life of 83 years based on the run-off of the customer portfolio.

Customer Relationship

IAS 38 specifies that if an entity can evidence that it can control economic benefits from non-contractual relationships, those customer relationships are identified as separable and can be recognized as an intangible asset. Arab National Bank ("has a relationship and was also 30% stakeholder of MAA) has historically contributed a consistent revenue stream for MAA with various insurance agreements. Hence, the relationship has been regarded to represent a Customer Relationship intangible. The management has employed "Multi Period Excess Earning Method" for valuing the non-contractual customer relationship and is considered to have a useful life of 6 years.

Product Licenses

As a result of the Transaction, Walaa acquired the Protection & Savings Insurance License. This license has been identified as an intangible asset. This life insurance intangible was valued using the "Multi Period Excess Earning Method" from the Protection & savings Line of Business for valuing product licenses. This is considered to be an intangible asset with an indefinite life and will therefore be subject to the annual impairment assessments.

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6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

		Insurance operations	
		September 30, 2023	December 31, 2022
		(Unaudited)	(Unaudited & restated)
		SAR'000	
Cash and bank balances		444,696	300,242
Deposits maturing within 3 months from the acquisition date		124,820	123,888
ECL on cash and cash equivalents		(12)	(11)
Total		569,504	424,119

		Shareholders' operations	
		September 30, 2023	December 31, 2022
		(Unaudited)	(Unaudited & restated)
		SAR'000	
Bank balances		29,651	60,092
Deposits maturing within 3 months from the acquisition date		-	50,000
ECL on cash and cash equivalents		(2)	(1)
Total		29,649	110,091
Total cash and cash equivalents		599,153	534,210

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

7. INVESTMENTS

Investments are classified as follows:

	Shareholders' operations	
	September 30, 2023	December 31, 2022
	(Unaudited)	(Unaudited & restated)
	SAR'000	
Investments measured at FVTPL	436,465	366,187
Investments measured at amortized cost	269,471	298,646
Investments measured at FVOCI	79,406	79,406
Total	785,342	744,239
	Policyholders' operations	
	September 30, 2023	December 31, 2022
	(Unaudited)	(Unaudited & restated)
	SAR'000	
Investments measured at FVTPL	-	-
Investments measured at amortized cost	238,717	211,293
Investments measured at FVOCI	-	-
Total	238,717	211,293
	Total	
	September 30, 2023	December 31, 2022
	(Unaudited)	(Unaudited & restated)
	SAR'000	
Investments measured at FVTPL	436,465	366,187
Investments measured at amortized cost	508,188	509,939
Investments measured at FVOCI	79,406	79,406
Total	1,024,059	955,532
The movement in investments measured at FVTPL is as follows:		
	September 30, 2023	December 31, 2022
	(Unaudited)	(Unaudited & restated)
	SAR'000	
Opening balance	366,187	445,166
Acquired through business combination	-	7,816
Purchases	180,311	137,881
Impairment and other adjustments	-	(1,185)
Disposals	(161,895)	(215,663)
Realized gain on disposals	5,579	37,442
Changes in fair value of investments, net	46,283	(45,270)
Closing balance	436,465	366,187

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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7. INVESTMENTS (CONTINUED)

The movement in investments measured at FVOCI is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited & restated)
	SAR'000	
Opening balance	79,406	74,065
Changes in fair value of investments	-	5,341
Closing balance	79,406	79,406

The movement in investments measured at amortised costs is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited & restated)
	SAR'000	
Opening balance	509,939	312,315
Acquired through business combination	-	95,138
Purchases	36,781	102,508
Matured during the period	(38,860)	-
Amortization	328	(22)
Closing balance	508,188	509,939

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8. PROPERTY AND EQUIPMENT, NET

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SAR'000	
Land	16,400	16,400
Property and equipment	14,230	9,306
Right of use assets	3,616	6,355
Total	34,246	32,061

9. ACCRUED AND OTHER LIABILITIES

	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited & restated)
	SAR'000	
Accrued and other liabilities	162,760	248,908
Lease rentals	2,812	5,893
Total	165,572	254,801

10. COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SAR'000	
Letters of guarantee	12,131	13,143

- a) The Company has submitted these bank guarantees to various parties which are fully covered by margin deposits amounting to SAR 12.131 million (2022: SAR 13.143 million).
- b) The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company's management, based on independent legal advice, believes that the outcome of court cases will not have a material impact on the Company's income or financial condition.

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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11. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Determination of fair value and fair value hierarchy

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

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

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

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

a. Carrying amounts and fair value

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 assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value.

**Policyholders and Shareholders’
Operations**

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
September 30, 2023 (Unaudited)					
		SAR '000			
Financial assets measured at fair value					
Investments measured at FVTPL	436,465	318,108	-	118,357	436,465
Investment measured at FVOCI	79,406	-	-	79,406	79,406
Total	515,871	318,108	-	197,763	515,871

**Policyholders and Shareholders’
Operations**

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2022 (Unaudited & Restated)					
		SAR '000			
Financial assets measured at fair value					
Investments measured at FVTPL	366,187	274,988	-	91,199	366,187
Investment measured at FVOCI	79,406	-	-	79,406	79,406
Total	445,593	274,988	-	170,605	445,593

Transfer between the levels

During the period, there were no transfers into or out of each level.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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12. 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 chief executive officer 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 chief executive officer is measured in a manner consistent with that in the income statement. Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include cash and cash equivalents, short term deposits, long term deposits, due from insurance / shareholders' operation, investments except financial assets for unit linked insurance contracts, statutory deposits, accrued income on investments and statutory deposits, prepaid expenses & other assets, property and equipment, intangible assets and goodwill. Accordingly, these are included in unallocated assets.

Segment liabilities do not include accrued expenses and other liabilities, due to shareholders/policyholders, end-of-service indemnities and accrual loss thereon, accrued income payable to SAMA, provision for Zakat and tax. Accordingly, these are included in unallocated liabilities.

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

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

The segment information provided to the Company's chief executive officer for the reportable segments for the Company's total assets and liabilities as at September 30, 2023 and December 31, 2022, its total revenues, expenses, and net income for the three and nine month periods then ended, are as follows:

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12. OPERATING SEGMENTS (CONTINUED)

Segmental statement of financial position

An analysis of the amounts presented on the balance sheet for insurance contracts and reinsurance contracts has been included in the table below:

	Medical	Motor	Property	Energy	Engineering	Protection and Saving (P&S) – Non- Linked SAR “000”	P&S – Linked	Others	Total insurance operations	Shareholders operation	Total
As at September 30, 2023											
(Unaudited)											
Assets											
Insurance contract assets	-	-	-	-	-	-	-	-	-	-	-
Reinsurance contract assets	4,150	4,421	135,865	306,432	138,753	47,129	-	158,290	795,040	-	795,040
Financial assets for unit linked insurance contracts	-	-	-	-	-	-	503,884	-	503,884	-	503,884
Unallocated assets	-	-	-	-	-	-	-	-	1,335,738	1,272,802	2,608,540
Total assets	4,150	4,421	135,865	306,432	138,753	47,129	503,884	158,290	2,634,662	1,272,802	3,907,464
Liabilities and equity											
Insurance contract liabilities	198,324	477,467	198,358	346,071	210,968	136,928	510,972	255,786	2,334,874	-	2,334,874
Reinsurance contract liabilities	-	-	-	-	-	468	-	-	468	-	468
Unallocated liabilities and shareholders’ equity	-	-	-	-	-	-	-	-	299,320	1,272,802	1,572,122
Total liabilities and shareholders’ equity	198,324	477,467	198,358	346,071	210,968	137,396	510,972	255,786	2,634,662	1,272,802	3,907,464

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12. OPERATING SEGMENTS (CONTINUED)

	Medical	Motor	Property	Energy	Engineering	Protection and Saving (P&S) – Non- Linked	P&S – Linked	Others	Total insurance operations	Shareholders operation	Total
	SAR “000”										
As at December 31, 2022											
(Unaudited & restated)											
Assets											
Insurance contract assets	6,148	-	-	-	-	-	-	2,645	8,793	-	8,793
Reinsurance contract assets	11	-	325,931	169,745	78,631	76,271	-	150,798	801,387	-	801,387
Financial assets for unit linked contracts	-	-	-	-	-	-	483,741	-	483,741	-	483,741
Unallocated assets	-	-	-	-	-	-	-	-	1,107,657	1,186,294	2,293,951
Total assets	6,159	-	325,931	169,745	78,631	76,271	483,741	153,443	2,401,578	1,186,294	3,587,872
Liabilities and equity											
Insurance contract liabilities	304,854	301,868	291,068	276,212	80,326	144,189	490,265	231,890	2,120,672	-	2,120,672
Reinsurance contract liabilities	2,372	314	-	-	-	569	-	3	3,258	-	3,258
Unallocated liabilities and shareholders’ equity	-	-	-	-	-	-	-	-	277,648	1,186,294	1,463,942
Total liabilities and shareholders’ equity	307,226	302,182	291,068	276,212	80,326	144,758	490,265	231,893	2,401,578	1,186,294	3,587,872

WALAA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

Segmental statement of income

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

For the three-month period ended 30 September 2023 (Unaudited)

	Medical	Motor	Property	Energy	Engineering	P&S - non linked	P&S - linked	Others	Unallocated	Total
	SAR "000"									
Insurance revenue	152,565	114,522	59,221	161,931	57,246	54,086	3,399	138,697	-	741,667
Insurance service expenses	(166,187)	(123,422)	(11,698)	(19,831)	(11,166)	(47,436)	(677)	(30,659)	-	(411,076)
Insurance service result before reinsurance contracts held	(13,622)	(8,900)	47,523	142,100	46,080	6,650	2,722	108,038	-	330,591
Allocation of reinsurance premiums	(818)	(106)	(48,650)	(161,486)	(33,242)	(15,839)	-	(109,069)	-	(369,210)
Amounts recoverable from reinsurance for incurred claims	1,636	1,512	6,426	19,107	4,007	16,537	-	3,071	-	52,296
Net (expenses) / income from reinsurance contracts held	818	1,406	(42,224)	(142,379)	(29,235)	698	-	(105,998)	-	(316,914)
Insurance service result	(12,804)	(7,494)	5,299	(279)	16,845	7,348	2,722	2,040	-	13,677
Commission income on investments and deposits	-	-	-	-	-	-	-	-	16,404	16,404
Dividends on investments	-	-	-	-	-	-	-	-	4,651	4,651
Realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	-	2,252	2,252
Un-realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	-	2,369	2,369
Net investment income	-	-	-	-	-	-	-	-	25,676	25,676
Finance income/(expenses) from insurance contracts issued	1,464	1,647	3,324	655	622	1,461	(2,712)	1,251	-	7,712
Finance expenses from reinsurance contracts held	(10)	-	(3,339)	(654)	(614)	(1,300)	-	(1,285)	-	(7,202)
Net insurance finance income/(expenses)	1,454	1,647	(15)	1	8	161	(2,712)	(34)	-	510
Net insurance and investment result	(11,350)	(5,847)	5,284	(278)	16,853	7,509	10	2,006	25,676	39,863

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

For the three-month period ended 30 September 2023 (Unaudited)	Medical	Motor	Property	Energy	Engineering	P&S - non linked	P&S - linked	Others	Unallocated	Total
	SAR “000”									
Other income										5,524
Other operating expenses										(612)
Net income for the period, before zakat & tax, attributable to the shareholders										44,775
Provision for zakat & tax										(5,000)
Net income for the period, after zakat & tax, attributable to the shareholders										39,775

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

For the three-month period ended 30

September 2022

(Unaudited & restated)

	Medical	Motor	Property	Energy	Engineering	P&S-non linked	Others	Unallocated	Total
	SAR "000"								
Insurance revenue	158,957	132,947	67,202	152,038	22,650	39,401	77,771	-	650,966
Insurance service expenses	(168,073)	(140,345)	(24,486)	(8,466)	(7,773)	(42,102)	(33,758)	-	(425,003)
Insurance service result before reinsurance contracts held	(9,116)	(7,398)	42,716	143,572	14,877	(2,701)	44,013	-	225,963
Allocation of reinsurance premiums	(2,990)	(790)	(59,956)	(132,478)	(13,620)	(8,147)	(65,304)	-	(283,285)
Amounts recoverable from reinsurance for incurred claims	1,143	(416)	18,243	1,562	3,977	9,045	24,470	-	58,024
Net (expenses) / income from reinsurance contracts held	(1,847)	(1,206)	(41,713)	(130,916)	(9,643)	898	(40,834)	-	(225,261)
Insurance service result	(10,963)	(8,604)	1,003	12,656	5,234	(1,803)	3,179	-	702
Commission income on investments and deposits	-	-	-	-	-	-	-	4,934	4,934
Dividends on investments	-	-	-	-	-	-	-	1,670	1,670
Realized loss on investments measured at FVTPL	-	-	-	-	-	-	-	(504)	(504)
Un-realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	3,308	3,308
Net investment income	-	-	-	-	-	-	-	9,408	9,408
Finance expenses from insurance contracts issued	(178)	(874)	(2,478)	(94)	(758)	(546)	(1,051)	-	(5,979)
Finance income from reinsurance contracts held	4	-	2,446	94	721	99	855	-	4,219
Net insurance finance expenses	(174)	(874)	(32)	-	(37)	(447)	(196)	-	(1,760)
Net insurance and investment result	(11,137)	(9,478)	971	12,656	5,197	(2,250)	2,983	9,408	8,350

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

For the three-month period ended 30

September 2022

(Unaudited & restated)

	Medical	Motor	Property	Energy	Engineering	P&S-non linked	Others	Unallocated	Total
	SAR "000"								
Other income									4,720
Other operating expenses									(536)
Net loss for the period, before zakat & tax, attributable to the shareholders									12,534
Provision for zakat & tax									(1,500)
Net loss for the period, after zakat & tax, attributable to the shareholders									11,034

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

For the nine-month period ended 30
September 2023 (Unaudited)

	Medical	Motor	Property	Energy	Engineering	P&S - non linked	P&S - linked	Others	Unallocated	Total
	SAR "000"									
Insurance revenue	504,224	331,025	153,650	478,281	115,340	166,338	10,873	346,760	-	2,106,491
Insurance service expenses	(508,945)	(364,433)	(19,850)	(31,027)	(32,811)	(129,190)	(2,027)	(104,973)	-	(1,193,256)
Insurance service result before reinsurance contracts held	(4,721)	(33,408)	133,800	447,254	82,529	37,148	8,846	241,787	-	913,235
Allocation of reinsurance premiums	(2,019)	(1,851)	(128,050)	(468,634)	(82,841)	(53,782)	-	(242,116)	-	(979,293)
Amounts recoverable from reinsurance for incurred claims	2,605	3,709	(12,403)	20,710	13,647	27,188	-	32,504	-	87,960
Net (expenses) / income from reinsurance contracts held	586	1,858	(140,453)	(447,924)	(69,194)	(26,594)	-	(209,612)	-	(891,333)
Insurance service result	(4,135)	(31,550)	(6,653)	(670)	13,335	10,554	8,846	32,175	-	21,902
Commission income on investments and deposits	-	-	-	-	-	-	-	-	38,150	38,150
Dividends on investments	-	-	-	-	-	-	-	-	11,939	11,939
Realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	-	5,579	5,579
Un-realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	-	46,283	46,283
Net investment income	-	-	-	-	-	-	-	-	101,951	101,951
Finance expenses from insurance contracts issued	(663)	(805)	(563)	-	(268)	(2,595)	(64)	(990)	-	(5,948)
Finance income from reinsurance contracts held	-	-	485	-	229	1,003	-	87	-	1,804
Net insurance finance expenses	(663)	(805)	(78)	-	(39)	(1,592)	(64)	(903)	-	(4,144)
Net insurance and investment result	(4,798)	(32,355)	(6,731)	(670)	13,296	8,962	8,782	31,272	101,951	119,709

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

For the nine-month period ended 30 September 2023 (Unaudited)	Medical	Motor	Property	Energy	Engineering	P&S - non linked	P&S - linked	Others	Unallocated	Total
	SAR "000"									
Other income										7,944
Other operating expenses										(14,926)
Net income for the period, before zakat & tax, attributable to the shareholders										112,727
Provision for zakat & tax										(10,000)
Net income for the period, after zakat & tax, attributable to the shareholders										102,727

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

For the nine-month period ended 30 September 2022 (Unaudited & restated)	Medical	Motor	Property	Energy	Engineering	P&S - non linked	Others	Unallocated	Total
	SAR "000"								
Insurance revenue	399,534	416,014	256,316	409,435	74,384	111,549	205,379	-	1,872,611
Insurance service expenses	(425,743)	(500,144)	(43,752)	(19,934)	(3,189)	(95,104)	(60,795)	-	(1,148,661)
Insurance service result before reinsurance contracts held	(26,209)	(84,130)	212,564	389,501	71,195	16,445	144,584	-	723,950
Allocation of reinsurance premiums	(4,399)	(2,144)	(228,488)	(389,876)	(52,661)	(23,772)	(160,980)	-	(862,320)
Amounts recoverable from reinsurance for incurred claims	4,431	872	26,655	6,086	(8,372)	18,745	31,892	-	80,309
Net (expenses) / income from reinsurance contracts held	32	(1,272)	(201,833)	(383,790)	(61,033)	(5,027)	(129,088)	-	(782,011)
Insurance service result	(26,177)	(85,402)	10,731	5,711	10,162	11,418	15,496	-	(58,061)
Commission income on investments and deposits	-	-	-	-	-	-	-	13,398	13,398
Dividends on investments	-	-	-	-	-	-	-	9,373	9,373
Realized gain on investments measured at FVTPL	-	-	-	-	-	-	-	29,075	29,075
Un-realized loss on investments measured at FVTPL	-	-	-	-	-	-	-	(22,309)	(22,309)
Net investment income	-	-	-	-	-	-	-	29,537	29,537
Finance expenses from insurance contracts issued	(713)	(2,353)	(6,275)	(418)	(1,914)	(1,375)	(2,553)	-	(15,601)
Finance income from reinsurance contracts held	16	-	6,182	417	1,821	259	2,025	-	10,720
Net insurance finance expenses	(697)	(2,353)	(93)	(1)	(93)	(1,116)	(528)	-	(4,881)
Net insurance and investment result	(26,874)	(87,755)	10,638	5,710	10,069	10,302	14,968	29,537	(33,405)

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

12. OPERATING SEGMENTS (CONTINUED)

For the nine-month period ended 30 September 2022 (Unaudited & restated)	Medical	Motor	Property	Energy	Engineering	P&S - non linked	Others	Unallocated	Total
	SAR “000”								
Other income									4,804
Other operating expenses									(20,070)
Net loss for the period, before zakat & tax, attributable to the shareholders									(48,671)
Provision for zakat & tax									(8,000)
Net loss for the period, after zakat & tax, attributable to the shareholders									(56,671)

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

13. INSURANCE AND REINSURANCE CONTRACTS

Analysis of Insurance and Reinsurance contract assets and liabilities by PAA / GMM / VFA Approach:

as at 30 September 2023

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	Total
Insurance contract assets					
- Contracts under PAA	-	-	-	-	-
- Contracts under GMM/VFA	-	-	-	-	-
Reinsurance contract assets	150,263	-	627,412	17,365	795,040
- Contracts under PAA	135,816	-	627,412	17,365	780,593
- Contracts under GMM/VFA	14,447	-	-	-	14,447
Insurance contract liabilities	1,354,879	16,048	931,099	32,848	2,334,874
- Contracts under PAA	825,281	14,786	927,607	32,593	1,800,267
- Contracts under GMM/VFA	529,598	1,262	3,492	255	534,607
Reinsurance contract liabilities	989	(2)	(481)	(38)	468
- Contracts under PAA	-	-	-	-	-
- Contracts under GMM/VFA	989	(2)	(481)	(38)	468

as at 31 December 2022

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	Total
Insurance contract assets	39,292	-	(27,299)	(3,200)	8,793
- Contracts under PAA	39,292	-	(27,299)	(3,200)	8,793
- Contracts under GMM/VFA	-	-	-	-	-
Reinsurance contract assets	3,090	-	778,837	19,460	801,387
- Contracts under PAA	3,090	-	778,837	19,460	801,387
- Contracts under GMM/VFA	-	-	-	-	-
Insurance contract liabilities	945,679	17,033	1,111,985	45,975	2,120,672
- Contracts under PAA	458,721	15,644	1,109,964	45,817	1,630,146
- Contracts under GMM/VFA	486,958	1,389	2,021	158	490,526
Reinsurance contract liabilities	4,979	-	(1,555)	(166)	3,258
- Contracts under PAA	3,931	-	(1,111)	(131)	2,689
- Contracts under GMM/VFA	1,048	-	(444)	(35)	569

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

13. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Analysis by remaining coverage and incurred claims

PAA – Insurance Contracts

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	Total
Opening liabilities as at 31 December 2022	458,721	15,644	1,109,964	45,817	1,630,146
Opening assets as at 31 December 2022	(39,292)	-	27,299	3,200	(8,793)
Net opening insurance contract liabilities as at 31 December 2022	419,429	15,644	1,137,263	49,017	1,621,353
Insurance revenue	2,094,902	-	-	-	2,094,902
Insurance service expenses	197,395	(858)	1,010,642	(16,424)	1,190,755
Incurred claims and other expenses	-	-	966,470	20,645	987,115
Future service: losses on onerous contracts and reversals	-	(858)	-	-	(858)
Past service: changes to liabilities for incurred claims	-	-	39,728	(37,069)	2,659
Insurance acquisition costs	197,395	-	-	-	197,395
Changes to surplus distribution payable	-	-	4,444	-	4,444
Insurance service result before reinsurance contracts held	1,897,507	858	(1,010,642)	16,424	904,147
Finance expenses from insurance contracts issued	-	-	(5,849)	-	(5,849)
Total changes in the statement of income	1,897,507	858	(1,016,491)	16,424	898,298
Cash flows	2,303,359	-	(1,226,147)	-	1,077,212
Premium received	2,492,837	-	-	-	2,492,837
Claims and directly attributable expenses paid	-	-	(1,226,147)	-	(1,226,147)
Insurance acquisition cash flows	(189,478)	-	-	-	(189,478)
Net closing insurance contract liabilities as at 30 September 2023	825,281	14,786	927,607	32,593	1,800,267
Insurance contract liability as at 30 September 2023	825,281	14,786	927,607	32,593	1,800,267
Insurance contract assets as at 30 September 2023	-	-	-	-	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

13. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

<u>PAA Reinsurance Contracts</u>	Assets for remaining coverage (ARC)		Assets for Amounts recoverable on Incurred claims (AIC)		Total
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	
Opening assets as at 31 December 2022	3,090	-	778,837	19,460	801,387
Opening liabilities as at 31 December 2022	(3,931)	-	1,111	131	(2,689)
<u>Net opening reinsurance contract assets/(liabilities) as at 31 December 2022</u>	(841)	-	779,948	19,591	798,698
Allocation of reinsurance premiums	979,188	-	-	-	979,188
Amounts recoverable from reinsurance for incurred claims	-	-	90,010	(2,226)	87,784
Incurred claims and other expenses	-	-	272,869	10,259	283,128
Past service: changes to liabilities for incurred claims	-	-	(182,859)	(12,485)	(195,344)
Net (expenses) / income from reinsurance contracts held	(979,188)	-	90,010	(2,226)	(891,404)
Finance income from reinsurance contracts held	-	-	2,195	-	2,195
Total changes in the statement of income	(979,188)	-	92,205	(2,226)	(889,209)
Cash flows	(1,115,845)	-	244,741	-	(871,104)
Premium paid	(1,122,556)	-	-	-	(1,122,556)
Claims received	-	-	239,665	-	239,665
Fixed commission received	6,711	-	-	-	6,711
Profit commission/sliding scale commission received	-	-	5,076	-	5,076
<u>Net closing reinsurance contract assets as at 30 September 2023</u>	135,816	-	627,412	17,365	780,593
Reinsurance contract assets as at 30 September 2023	135,816	-	627,412	17,365	780,593
Reinsurance contract liabilities as at 30 September 2023	-	-	-	-	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

13. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

GMM-VFA Insurance Contracts

	Liability for remaining coverage (LFRC)		Liability for incurred claims (LIC)		
	LFRC excluding LC	Loss Component (LC)	LIC excluding RA	Risk Adjustment (RA)	Total
Opening liabilities as at 31 December 2022	486,958	1,389	2,021	158	490,526
Opening assets as at 31 December 2022	-	-	-	-	-
<u>Net opening insurance contract liabilities as at 31 December 2022</u>	486,958	1,389	2,021	158	490,526
Insurance revenue	11,589	-	-	-	11,589
Expected claims expenses incurred in the period	543	-	-	-	543
Expected directly attributable expenses incurred in the period	5,138	-	-	-	5,138
Loss component run off	(215)	-	-	-	(215)
Expected other insurance service expenses incurred in the period	2,912	-	-	-	2,912
Change in risk adjustment for non-financial risk	69	-	-	-	69
Amount of CSM recognized in statement of income	2,238	-	-	-	2,238
Recovery of insurance acquisition cash flows	904	-	-	-	904
Insurance service expenses	(88,800)	(125)	91,337	89	2,501
Incurred claims and other expenses	904	-	1,876	108	2,888
Future service: losses on onerous contracts and reversals of those losses	-	(125)	-	-	(125)
Past service: changes to liabilities for incurred claims	-	-	(243)	(19)	(262)
Surrenders and maturities	(89,704)	-	89,704	-	-
Insurance service result before reinsurance contracts held	100,389	125	(91,337)	(89)	9,088
Finance income/(expenses) from insurance contracts issued	(33)	2	(60)	(8)	(99)
Total changes in the statement of income	100,356	127	(91,397)	(97)	8,989
Other movements - insurance pool portfolio	(766)	-	-	-	(766)
Changes in fair value of unit linked investments	(60,149)	-	-	-	(60,149)
Cash flows	82,081	-	(89,926)	-	(7,845)
Premiums received	83,319	-	-	-	83,319
Claims paid	-	-	(89,926)	-	(89,926)
Insurance acquisition cash flows	(1,238)	-	-	-	(1,238)
<u>Net closing insurance contract liabilities as at 30 September 2023</u>	529,598	1,262	3,492	255	534,607
Insurance contract liability as at 30 September 2023	529,598	1,262	3,492	255	534,607
Insurance contract assets as at 30 September 2023	-	-	-	-	-

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

13. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

GMM-VFA Reinsurance Contracts

	Assets for remaining coverage (ARC)		Assets for Amounts recoverable on Incurred claims (AIC)		
	ARC excluding LRC	Loss Recovery component (LRC)	AIC excluding RA	Risk Adjustment (RA)	Total
Opening assets as at 31 December 2022	-	-	-	-	-
Opening liabilities as at 31 December 2022	(1,048)	-	444	35	(569)
<u>Net opening reinsurance contract Assets/(Liabilities) as at 31 December 2022</u>	(1,048)	-	444	35	(569)
Allocation of reinsurance premiums	105	-	-	-	105
Expected claims recoverable in the period	220	-	-	-	220
Amount of CSM recognized in statement of income	(115)	-	-	-	(115)
Amounts recoverable from reinsurers for incurred claims	-	1	174	1	176
Incurred claims and other expenses	-	-	157	12	169
Future service: loss recovery component for onerous contracts	-	1	-	-	1
Past service: changes to liabilities for incurred claims	-	-	17	(11)	6
Net (expenses) / income from reinsurance contracts held	(105)	1	174	1	71
Finance income/(expenses) from reinsurance contracts held	(404)	-	11	2	(391)
Total changes in the statement of income	(509)	1	185	3	(320)
Other movements - insurance pool portfolio	335	1	-	-	336
Cash flows	(14,680)	-	148	-	(14,532)
Premium paid	(17,509)	-	-	-	(17,509)
Claim recoveries received from reinsurers	-	-	148	-	148
Fixed commission received	2,829	-	-	-	2,829
<u>Net closing reinsurance contract assets/(liabilities) as at 30 September 2023</u>	13,458	2	481	38	13,979
Reinsurance contract assets as at 30 September 2023	14,447	-	-	-	14,447
Reinsurance contract liabilities as at 30 September 2023	(989)	2	481	38	(468)

WALAA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

13. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Analysis of measurement components of Insurance and reinsurance contract assets and liabilities for contracts measured under GMM / VFA

<u>GMM-VFA Insurance Contracts</u>	Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
Opening liabilities as at 31 December 2022	452,951	919	36,656	490,526
Opening assets as at 31 December 2022	-	-	-	-
<u>Net opening insurance contract liabilities as at 31 December 2022</u>	452,951	919	36,656	490,526
Insurance service result before reinsurance contracts held				
Changes that relate to current services	6,717	(38)	2,238	8,917
Changes that relate to future services	14,818	(625)	(14,284)	(91)
Changes that relate to past services	243	19	-	262
Insurance service result before reinsurance contracts held	21,778	(644)	(12,046)	9,088
Finance income/(expenses) from insurance contracts issued	1,335	(33)	(1,401)	(99)
Total changes in the statement of income	23,113	(677)	(13,447)	8,989
Other movements - insurance pool portfolio	246	-	(1,012)	(766)
Changes in fair value of unit linked investments	(60,149)	-	-	(60,149)
Cash flows				
Premiums received	83,319	-	-	83,319
Claims and other attributable expenses paid	(89,926)	-	-	(89,926)
Insurance acquisition cash flows	(1,238)	-	-	(1,238)
Total cash flows	(7,845)	-	-	(7,845)
<u>Net closing insurance contract liabilities as at 30 September 2023</u>	481,896	1,596	51,115	534,607
Insurance contract liability as at 30 September 2023	481,896	1,596	51,115	534,607
Insurance contract assets as at 30 September 2023	-	-	-	-

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13. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

GMM-VFA Reinsurance Contracts

Opening assets as at 31 December 2022

Opening liabilities as at 31 December 2022

Net opening reinsurance contract assets/(liabilities) as at 31 December 2022

Net (expenses) / income from reinsurance contracts held

Changes that relate to current services

Changes that relate to future services

Changes that relate to past services

Net (expenses) / income from reinsurance contracts held

Finance income/(expenses) from reinsurance contracts held

Total changes in the statement of income

Other movements - insurance pool portfolio

Cash flows

Reinsurance premiums paid

Claim recoveries received from reinsurer

Fixed commission received

Total cash flows

Net closing reinsurance contract assets / (liabilities) as at 30 September 2023

Reinsurance contract assets as at 30 September 2023

Reinsurance contract liabilities as at 30 September 2023

Estimates of PV of Future Cash Flows	Risk Adjustment (RA)	Contractual Service Margin (CSM)	Total
-	-	-	-
444	35	(1,048)	(569)
444	35	(1,048)	(569)
(59)	3	115	59
(18,559)	(814)	19,375	2
12	(2)	-	10
(18,606)	(813)	19,490	71
(494)	2	101	(391)
(19,100)	(811)	19,591	(320)
(417)	-	753	336
(17,509)	-	-	(17,509)
148	-	-	148
2,829	-	-	2,829
(14,532)	-	-	(14,532)
(4,541)	(776)	19,296	13,979
(5,022)	(814)	20,283	14,447
481	38	(987)	(468)

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13. INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)

Impact of contracts recognized in the period for Individual Life - VFA business for the nine-month period ended 30 September 2023

Particulars	Non-onerous contracts originated	Onerous contracts originated	Total
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	893	382	1,275
- Claims and other directly attributable expenses	2,034	430	2,464
Estimates of the present value of future cash outflows	2,927	812	3,739
Estimates of the present value of future cash inflows	(4,300)	(569)	(4,869)
Risk adjustment for non-financial risk	29	9	38
CSM	1,344	(87)	1,257
Increase in insurance contract liabilities from contracts recognized in the period	-	165	165

Insurance revenue and the CSM by transition method for Individual Life - VFA business for the nine-month period ended 30 September 2023

Particulars	New contracts and contracts measured under the full retrospective approach at transition	Contracts measured under the fair value approach at transition	Contracts measured under the modified retrospective approach at transition	Total
Insurance revenue	5,907	3,848	1,335	11,090
Opening CSM	17,731	13,484	5,441	36,656
CSM recognized in profit and loss for the services provided	(1,174)	(727)	(337)	(2,238)
Changes in estimates that adjust the CSM	(713)	(8,558)	(1,893)	(11,164)
Contracts initially recognized in the period	1,257	-	-	1,257
	(630)	(9,285)	(2,230)	(12,145)
Finance expenses from insurance contracts issued	416	740	36	1,192
Total amounts recognized as income	(214)	(8,545)	(2,194)	(10,953)
Closing CSM	17,517	4,939	3,247	25,703

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them.

Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors.

The following are the details of the major related party transactions during the period and the related balances:

	Transactions for the nine-month period ended		Net balance receivable / (payable) as at	
	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
	SAR'000		SAR'000	
Entities controlled, jointly controlled, or significantly influenced by related parties				
Insurance premium written / receivable from				
- BOD and related parties	95,331	15,508	40,570	21,541
- Key management personnel	23	9	-	-
- Major Shareholders and related parties	18,842	-	4,210	44,929
Reinsurance business with Directors and related parties.	-	-	-	(13)
Policy acquisition costs with Major Shareholders and their related parties.	4,896	-	(2,017)	(572)
Rebate income from Major Shareholders and their related parties.	3,531	-	-	-
Claims paid and payable to BOD and their related parties.	56,065	11,189	(22,390)	(5,881)
Claims paid and payable to Major Shareholders and their related parties.	28,483	-	42,196	(51,553)

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

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
	SAR'000	
Salaries and other allowances	5,032	4,627
Provision for end of service indemnities	824	676
	5,856	5,303
Remuneration to those charged with governance	4,250	3,947

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2023

15. ZAKAT AND INCOME TAX

The Company has filed Zakat and income tax returns with Zakat, Tax, and Customs Authority ("ZATCA") up to the year ended December 31, 2022, and obtained the required certificate from Zakat, Tax, and Customs Authority that is valid up to April 30, 2024.

Status of assessments

In 2019, the Company has received an assessment order for the year 2016 for an additional zakat and tax liability amounting to SR 20 million. The Company successfully appealed against most of the items in this assessment and paid an amount of SR 1.9 million as a full and final settlement.

During 2020, the Company received an assessment order for the year 2014 for an additional zakat and tax liability amounting to SAR 5.9 million. Further, during 2020, the Company has received assessment orders for the years 2015, 2017 and 2018 for an additional zakat and tax liability amounting to SAR 9.3 million. The Company has appealed against these assessments, which are under review and consideration by the General Secretariat of Tax Committees ("GSTC"). Currently the Company is in process of settlement with ZATCA and will continue in appeal process if the position is not in the Company's favour.

During 2022, the Company received an assessment for the years 2019 and 2020 for an additional zakat and tax liability amounting to SR 8.8 million. The Company has appealed against these assessments and in order for the objection to be accepted, the Company has partially paid twenty-five percent (25%) of assessed amount. These appeals are currently under settlement with ZATCA.

During 2023, the Company submitted documents required by the ZATCA for the years 2021 and 2022 and is awaiting the ZATCA's response.

Indirect tax matters

In addition to above, the Company has received VAT assessments for 2018-2020 for an additional liability amounting to SAR 27 million. The Company is in discussions with ZATCA over these assessments and expecting a favourable response. On 31 May 2023, the Company has settled the VAT liability for the year 2018, 2019 and 2020 amounting SAR 9.7 million to get benefit from amnesty of the delay fines. The Company applied for an appeal regarding those years and ZATCA requested to re-study the case.

During 2023, the Company submitted documents required by the ZATCA for the years 2021 and 2022 and is awaiting the ZATCA's response.

Status of SABB Takaful assessments:

During 2018, ZATCA has issued the tax/zakat assessments for the years ended 31 December 2011 to 2014. The Company filed an objection against the ZATCA assessment. Since ZATCA rejected the objection, the Company filed an appeal before GSTC. During 2023, the case reached the final level of appeal and the decision was in the company's favour. The Company, after discussions with ZATCA to apply the rulings, has paid 774,341,65 SAR and the case has been closed.

During 2019, the ZATCA issued the tax/zakat assessment for the year ended 31 December 2018. The Company filed an appeal against the ZATCA assessment, with net zakat impact of around SAR 0.9 million before the GSTC. During 2021, the TVDRC conducted the hearings to discuss the case and issued its ruling of rejecting the Company's contention. The Company appealed against the ruling to TVDAC.

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15. ZAKAT AND INCOME TAX (CONTINUED)

Indirect tax matters- SABB Takaful:

During 2020, the ZATCA raised an assessment based on the tax audit conducted with respect to Value Added Tax (VAT). In the said assessment, the ZATCA had decided to apply 5% VAT on the policyholder charges for life insurance policies supplied by SABB Takaful Company under Individual Family with effect from 1 January 2018 till 30 November 2019 along with the late payment penalties, amounting to SAR 1.68 million. During 2020, the Company used the ZATCA initiative program and paid the principal VAT amount of SAR 0.97 million under protest. Upon the payment, the ZATCA waived the late payment penalties amounting to SAR 0.71 million.

Further, the management of the Company reviewed assessment orders and responded in the specified time and is confident that the additional liability would be adjusted significantly in favour of the Company. The management also believes that the provision as reflected in these financial statements is sufficient to meet any additional zakat and tax obligation.

Status of MetLife assessments

Indirect tax matters - MetLife

The Company has received VAT assessments for 2020 and Requirements were sent to ZATCA after receiving the initial assessment, the Company will continue to appeal.

Provision for Zakat and Income Tax

Provision for zakat has been made at 2.5776% of the higher of approximate zakat base or adjusted net income and 2.5% on adjusted net income attributable to the Saudi shareholders of the Company.

Income tax is payable at 20% of the adjusted net income attributable to the foreign shareholders of the Company.

Shareholding subject to zakat and income tax

The following is the assumed shareholding percentage for computation as at the end of the period. Actual percentage might vary at the time of computation and submission of zakat and tax return:

	September 30, 2023	December 31, 2022
	%	%
Shareholding subject to zakat	87.75	87.75
Shareholding subject to income tax	12.25	12.25

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16. SHARE CAPITAL

The authorized, issued and paid-up capital of the Company at September 30, 2023 is amounted to SAR 850.6 million comprising of 85.06 million shares of SAR 10 each (December 31, 2022: SAR 850.6 million comprising of 85.06 million shares of SAR 10 each).

In the year 2015, the Company had increased its share capital from SAR 200 million to SAR 400 million, by issuing 20 million right shares to its existing shareholders, which were offered at an exercise price of SAR 12 per share. This resulted in a share premium less issuance cost amounting to SAR 30.1 million.

The Company's Board of Directors in their meeting held on April 8, 2019, corresponding to 3 Sha'aban 1440H recommended to the Extraordinary General Assembly to increase share capital of the Company. The Extraordinary General Assembly approved to increase share capital of the Company from SAR 440 million to SAR 528 million by issuing one bonus share for every five existing shares owned by the shareholder. The increase in share capital is through capitalization of retained earnings of SAR 88 million. The increase in share capital was approved by the shareholders in their meeting held on 16 Ramadan 1440H (Corresponding to May 21, 2019).

The Board of Directors in their meeting held on 30 Muharram 1441 H (corresponding to 29 September 2019) resolved to increase the share capital from SAR 528,000,000 to SAR 646,397,060 by issuing 11,839,706 ordinary shares to merge MetLife AIG ANB Cooperative Insurance Company "MAA" into the Company and transferring all of MAA's assets and liabilities to the Company through a securities exchange offer. The merger was successfully completed and shared issued accordingly during 2020. The fair value of 11,839,706 shares of the Company was determined on the basis of closing market price of the Company's ordinary shares of SAR 16.18 per share on the Tadawul on the last trading date prior to the acquisition date of February 29, 2020. Issue costs which were directly attributable to the issue of the shares were not material. As a result, there was an increase in share capital and share premium amounting to SAR 118,397 thousand and SAR 73,169 thousand, respectively.

The shareholders in the EGM held on September 15, 2022 corresponding to 19 Safar 1444H approved the merger of SABB Takaful Company into the Company in accordance with the provisions of Articles (191), (192) and (193) of the Companies Law by issuing (0.6005476176470590) new shares in the Company against each share in SABB Takaful Company ("SABB Takaful") ("Merger Transaction"), in accordance with the terms and conditions of the merger agreement.

The purchase consideration was determined to be SAR 294,028 thousand which was settled by issuing 20,418,619 new shares of the Company to the shareholders of SABB Takaful at the Company's market price of SAR 14.4 per share at the effective date of merger.

The Board of Directors in their meeting held on September 17, 2023 (corresponding to 03 Rabi Al Awwal 1445H) recommended to increase share capital by offering right issue with an additional amount of SAR 425 million to support growth plan of the company and maintain its solvency margin. However, this is subject to Saudi Central Bank, Capital Market Authority, and other regulatory authorities' approvals in addition to Extraordinary General Assembly approval.

Shareholding structure of the Company is as below:

	September 30, 2023		
	Authorized and issued		Paid up
	No. of Shares	SAR "000"	
Saudi British Bank	13,272,100	132,721	132,721
Others	71,786,225	717,862	717,862
Total	85,058,325	850,583	850,583

	December 31, 2022		
	Authorized and issued		Paid up
	No. of Shares	SAR "000"	
Saudi British Bank	13,272,100	132,721	132,721
Others	71,786,225	717,862	717,862
Total	85,058,325	850,583	850,583

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
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17. GROSS WRITTEN PREMIUM (GWP)

Analysis of gross premium written is as follows:

(Unaudited)	For the three-month period ended September 30, 2023					Total Gross premiums written
Class	Corporate					
	Micro	Small	Medium	Large	Individual	
	SR'000					
Medical	11,728	8,364	8,884	78,699	22,545	130,220
Motor	1,458	2,755	3,963	11,430	245,095	264,701
Property	12,731	22,825	4,799	56,525	-	96,880
Engineering	3,314	8,321	26,392	25,559	-	63,586
Energy	54	-	1,268	17,651	-	18,973
Protection & Savings – non-Linked	19,519	153	2,028	29,140	191	51,031
Protection & Savings – Linked	-	-	-	-	18,241	18,241
Others	6,279	32,219	16,754	47,598	14,144	116,994
Total	55,083	74,637	64,088	266,602	300,216	760,626

(Unaudited)	For the three-month period ended September 30, 2022					
Class	Corporate					Total Gross premiums written
	Micro	Small	Medium	Large	Individual	
	SAR'000					
Medical	14,995	13,132	10,732	116,059	20,080	174,998
Motor	574	1,806	2,366	8,615	81,451	94,812
Property	18,575	10,108	5,646	40,527	2	74,858
Engineering	1,239	2,180	12,096	46,420	-	61,935
Energy	326	-	-	38,734	-	39,060
Protection & Savings – non-Linked	13,281	25	(10)	24,332	287	37,915
Others	3,754	10,094	16,227	71,943	10,570	112,588
Total	52,744	37,345	47,057	346,630	112,390	596,166

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17. GROSS WRITTEN PREMIUM (GWP) (CONTINUED)

(Unaudited)	For the nine-month period ended September 30, 2023					Total Gross premiums written
Class	Corporate					
	Micro	Small	Medium	Large	Individual	
	SAR'000					
Medical	28,328	22,669	36,771	321,906	90,575	500,249
Motor	6,542	10,198	17,922	50,907	414,571	500,140
Property	34,163	29,235	13,999	72,699	1	150,097
Engineering	6,857	16,598	42,123	127,307	-	192,885
Energy	54	474	1,268	514,423	-	516,219
Protection & Savings – non-Linked	47,536	1,056	4,784	109,588	377	163,341
Protection & Savings - Linked	-	-	-	-	60,424	60,424
Others	18,879	59,532	47,866	191,702	64,617	382,596
Total	142,359	139,762	164,733	1,388,532	630,565	2,465,951

(Unaudited)	For the nine-month period ended September 30, 2022					
Class	Corporate					Total Gross premiums written
	Micro	Small	Medium	Large	Individual	
	SR'000					
Medical	44,100	36,565	36,091	368,723	55,400	540,879
Motor	1,560	6,150	11,504	38,161	290,238	347,613
Property	23,766	13,118	12,099	85,028	2	134,013
Engineering	4,298	4,521	18,194	69,160	-	96,173
Energy	326	-	8	542,315	-	542,649
Protection & Savings – non-Linked	33,389	502	479	79,363	1,243	114,976
Others	7,514	21,809	29,015	139,439	23,344	221,121
Total	114,953	82,665	107,390	1,322,189	370,227	1,997,424

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18. DIVIDEND

No dividend was proposed or paid during the period.

19. CAPITAL 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 dividend paid to shareholders or issue shares.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

20. EARNING/ (LOSS) PER SHARE ("EPS")

Basic and diluted earnings / (loss) per share from shareholders' income/ (loss) is calculated by dividing net income/ (loss) for the period by weighted average number of ordinary shares outstanding during the period.

21. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on November 1, 2023, corresponding to 17 Rabi' al-Thani, 1445H.