

ARABIA INSURANCE COOPERATIVE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

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

ARABIA INSURANCE COOPERATIVE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

INDEX	Page
Independent auditors' review report	1
Interim condensed statement of financial position	2
Interim condensed statement of income	3
Interim condensed statement of comprehensive income	4
Interim condensed statement of changes in shareholders' equity	5
Interim condensed statement of cash flows	6
Notes to the interim condensed financial statements	7-33

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

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

INTRODUCTION

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

SCOPE OF REVIEW

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

CONCLUSION

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

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01 November 2023
17 Rabi'Al-Thani 1445H



ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2023
Expressed in Saudi Riyals

	Note	30 September 2023 (Unaudited)	31 December 2022 (Restated – Unaudited)	1 January 2022 (Restated – Unaudited)
ASSETS				
Insurance contract assets	10	8,505,686	8,922,340	10,831,430
Reinsurance contract assets	10	799,062,333	793,014,478	106,039,328
Cash and cash equivalents	4	162,753,935	79,119,375	85,343,023
Term deposits		447,024,183	173,988,589	57,430,925
Statutory deposit		53,000,000	40,000,000	40,000,000
Accrued income on statutory deposit		7,612,354	5,380,250	4,493,336
Investments	5	174,158,514	192,137,407	176,107,584
Right-of-use assets		6,336,873	1,296,797	3,214,715
Property and equipment, net		10,584,884	10,152,613	7,417,955
Prepaid expenses and other assets		51,169,004	47,983,136	29,361,862
TOTAL ASSETS		1,720,207,766	1,351,994,985	520,240,158
LIABILITIES				
Insurance contract liabilities	10	1,087,271,590	1,055,679,287	250,826,332
Reinsurance contract liabilities	10	9,778,145	5,231,665	-
Accrued income on statutory deposit		7,612,832	5,380,607	4,493,686
Accrued expenses and other liabilities		39,967,019	23,063,579	8,830,001
Lease liabilities		5,044,232	1,236,027	2,742,492
Provision for end-of-service benefits		13,853,213	11,563,544	10,479,356
Provision for zakat and income tax	8	10,601,375	7,215,968	7,652,889
TOTAL LIABILITIES		1,174,128,406	1,109,370,677	285,024,756
EQUITY				
Share capital	11	530,000,000	265,000,000.00	265,000,000
Fair value reserve for investments	5	39,304,615	36,191,539.83	35,245,175
Actuarial loss on defined benefit plan		(512,515)	(512,514.98)	(543,842)
Accumulated losses		(22,712,740)	(58,054,718.00)	(64,485,931)
TOTAL EQUITY		546,079,360	242,624,307	235,215,402
TOTAL LIABILITIES AND EQUITY		1,720,207,766	1,351,994,984	520,240,158


Chief Financial Officer


Authorized Board Member


Chief Executive Officer

The accompanying notes 1 to 16 form part of these unaudited interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED STATEMENT OF INCOME
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

Note	For the three months period ended		For the nine months period ended		
	30 September 2023 (Unaudited)	30 September 2022 (Restated – Unaudited)	30 September 2023 (Unaudited)	30 September 2022 (Restated – Unaudited)	
REVENUES					
Insurance revenue	10	220,481,278	154,309,948	640,989,016	385,943,672
Insurance service expenses	10	(155,303,868)	(137,420,033)	(464,757,370)	(1,209,029,620)
Insurance service result before reinsurance contracts held		65,177,410	16,889,915	176,231,646	(823,085,948)
Allocation of reinsurance premiums	10	(32,858,722)	(27,428,633)	(95,306,084)	(85,005,924)
Amounts recoverable (reversed) from reinsurance	10	(1,423,126)	4,072,905	(5,609,416)	911,719,459
Net income (expenses) from reinsurance contracts held		(34,281,848)	(23,355,728)	(100,915,500)	826,713,535
Insurance service result		30,895,562	(6,465,813)	75,316,146	3,627,587
Income from investment and deposits		8,145,052	1,774,418	21,655,358	4,285,620
Expected credit (loss)		(86,895)	(4,868)	(80,080)	(34,480)
Net investment income		8,058,157	1,769,550	21,575,278	4,251,140
Net finance expenses from insurance contracts issued	10	(8,894,396)	(10,048,096)	(26,327,808)	(11,341,303)
Net finance income from reinsurance contracts held	10	7,239,889	9,335,191	21,603,938	9,772,016
Net insurance finance expenses		(1,654,507)	(712,905)	(4,723,870)	(1,569,287)
Net insurance and investment result		37,299,212	(5,409,168)	92,167,554	6,309,440
Other operating expenses (non-attributable)		(9,696,436)	(4,140,022)	(27,813,294)	(12,977,833)
Gross income/(loss) for the period		27,602,776	(9,549,190)	64,354,260	(6,668,393)
Provision for zakat & income tax	8	(3,000,000)	(1,000,000)	(9,000,000)	(3,000,000)
Gross income/(loss) for the period after zakat & income tax		24,602,776	(10,549,190)	55,354,260	(9,668,393)
Net income attributable to insurance operations		(2,376,230)	(241,283)	(5,108,500)	(380,056)
Net income/(loss) attributable to shareholders		22,226,546	(10,790,473)	50,245,760	(10,048,449)
Earning (loss) per share (basic and diluted)	13	0.42	(0.37)	0.97	(0.34)


Chief Financial Officer

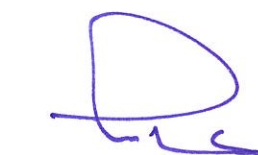

Authorized Board Member


Chief Executive Officer

The accompanying notes 1 to 16 form part of these unaudited interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

	Note	For the three months period ended		For the nine months period ended	
		30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)
Net income/(loss) attributable to shareholders		22,226,546	(10,790,473)	50,245,760	(10,048,449)
Net change in investments held at fair value through other comprehensive income	5	1,062,953	476,674	3,113,075	(239,937)
Total comprehensive income/(loss) for the period		23,289,499	(10,313,799)	53,358,835	(10,288,386)



Chief Financial Officer




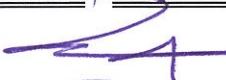

Authorized Board Member



Chief Executive Officer

The accompanying notes 1 to 16 form part of these unaudited interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

30 September 2023		Share capital	Fair value reserve on investments	Actuarial loss on defined benefit plan	Accumulated Losses	Total shareholders' equity
	Note					
Balance at the beginning of the period (Restated – Unaudited)		265,000,000	36,191,540	(512,515)	(58,054,718)	242,624,307
Total comprehensive income for the period:						
Net income for the period attributable to the shareholders		-	-	-	50,245,760	50,245,760
Changes in fair values of investments	5	-	3,113,075	-	-	3,113,075
Total comprehensive income for the period attributed to the shareholders		-	3,113,075	-	50,245,760	53,358,835
Increase in share capital	11	265,000,000	-	-	-	265,000,000
Transaction cost related to increase in share capital	11	-	-	-	(14,903,782)	(14,903,782)
Balance at the end of the period (Unaudited)		530,000,000	39,304,615	(512,515)	(22,712,740)	546,079,360
30 September 2022						
		Share capital	Fair value reserve on investments	Actuarial loss on defined benefit plan	Accumulated Losses	Total shareholders' equity
Balance at the beginning of the period as previously reported (Audited)		265,000,000	135,695	(543,842)	(49,496,359)	215,095,494
Transition adjustment on initial application of IFRS 17, net of zakat and tax		-	-	-	(14,924,749)	(14,924,749)
Transition adjustment on initial application of IFRS 09, net of zakat and tax		-	35,109,480	-	(64,823)	35,044,657
Balance as at the beginning of the period (Restated – Unaudited)		265,000,000	35,245,175	(543,842)	(64,485,931)	235,215,402
Net loss for the period attributable to the shareholders		-	-	-	(10,048,449)	(10,048,449)
Changes in fair values of investments		-	(239,937)	-	-	(239,937)
Total comprehensive income for the period attributed to the shareholders		-	(239,937)	-	(10,048,449)	(10,288,386)
Balance at the end of the period (Restated – Unaudited)		265,000,000	35,005,238	(543,842)	(74,534,380)	224,927,016
						
		Chief Financial Officer	Authorized Board Member	Chief Executive Officer		

The accompanying notes 1 to 16 form part of these unaudited interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)
Cash flow from operating activities		
Gross income/(loss) for the period after zakat and income tax	50,245,760	(10,048,449)
Adjustments for non-cash items:		
Depreciation and amortisation of property and equipment	2,849,260	2,121,793
Finance charges	53,821	62,124
Provision for employee benefits obligation	2,430,926	1,098,000
Depreciation of right-of-use assets	711,656	1,617,927
Accrued zakat and income tax	9,000,000	3,000,000
Expected credit loss (gain)	(9,281)	45,352
	65,282,142	(2,103,253)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(3,185,868)	(17,648,664)
Accrued income on statutory deposit	120	4
Accrued expenses and other liabilities	16,903,440	8,511,552
Insurance contracts	32,008,956	(6,380,312)
Reinsurance contracts	(1,501,375)	106,039,328
Cash used in generated from operating activities	109,507,415	88,418,655
Zakat and income tax paid	(5,614,593)	(4,936,921)
Payment of employee benefits obligation	(141,255)	(458,151)
Net cash generated from operating activities	103,751,567	83,023,583
Cash flow from investing activities		
Additions to property and equipment	(3,281,530)	(3,726,958)
Proceeds/(additions) from Investments	21,101,249	(14,741,039)
(Additions)/proceeds in term deposits	(273,035,594)	42,449,827
(Increase) in statutory deposit	(13,000,000)	-
Net cash (used in) generated from investing activities	(268,215,875)	23,981,830
Cash flow from financing activities		
Issue of right shares	265,000,000	-
Transaction costs on the issue of right shares	(14,903,782)	-
Lease liabilities paid	(1,997,350)	(1,527,620)
Net cash generated from (used in) financing activities	248,098,868	(1,527,620)
Net increase in cash and cash equivalents	83,634,560	105,477,793
Cash and cash equivalents at the beginning of the period	79,119,375	85,343,023
Cash and cash equivalents at the end of the period	162,753,935	190,820,816
Supplemental schedule of non-cash information		
Change in fair value reserve on investments - OCI	3,113,075	(239,937)

Chief Financial Officer

Authorized Board Member

Chief Executive Officer

The accompanying notes 1 to 16 form part of these unaudited interim condensed financial statements.

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

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

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

The amended Company’s by laws were approved on January 25th, 2023, to reflect the new share capital of SR 530 million. Commercial registration was updated as well (note 11).

2. BASIS OF PREPARATION

a) Basis of presentation:

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

The interim condensed financial statements of the Company were prepared for the nine months period ended on September 30, 2023 in accordance with International Accounting Standard 34 adopted in the Kingdom of Saudi Arabia and the Insurance Control Law and Regulations for Companies in the Kingdom of Saudi Arabia.

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

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

2. BASIS OF PREPARATION (CONTINUED)

a) Basis of presentation: (CONTINUED)

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

The Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations and presents the financial information accordingly, as required by Saudi Central Bank regulations. Assets, liabilities, revenues and expenses clearly attributable to either activity are 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 combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in the combined financial statements. 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 are expressed in Saudi Riyals.

b) Significant accounting judgements, estimates and assumptions

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

Claims and Future Cash Flows

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

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

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

Expense Attribution

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups.

2. BASIS OF PREPARATION (CONTINUED)

Expense Attribution (CONTINUED)

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

Calculation of Expected Credit Losses

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

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

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 IFRS 17 - Insurance Contracts

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

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

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

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). This was determined actuarially where groups of contracts were automatically eligible for PAA since the coverage period is no more than 12 months, or results under PAA were not materially different from those under the general model. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

(a) Recognition

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

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

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

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

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

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

3.1 IFRS 17 - Insurance Contracts (CONTINUED)

(b) Level of Aggregation

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

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

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

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

(c) Risk Adjustment

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

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

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The Value at Risk (VAR) method was used to derive the overall risk adjustment for non-financial risk is based on a 75% level of confidence in relation of the Company’s overall risk thresholds.

(d) Discounting Methodology

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

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

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

(e) Premium Allocation Approach (PAA)

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

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

3.1 IFRS 17 - Insurance Contracts (CONTINUED)

(e) Premium Allocation Approach (PAA) (CONTINUED)

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

Liability for Remaining Coverage:

- Excluding loss component
- Loss component, if any

Liability for Incurred Claims:

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

The Company's portfolios were assessed as eligible to be measured under the premium allocation approach based on the actuarial analysis whereby most groups automatically for having coverage duration of 12 months or less, or the results of applying PAA were not materially different from those under GMM.

Transition to IFRS 17

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

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

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

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)

3.2 IFRS 9 - Financial Instruments

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

(a) Classification and Measurement

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

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

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition;
- Debt instruments at amortised cost.

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

(b) Impairment Calculation

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

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

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

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

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

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

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

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

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

Expressed in Saudi Riyals

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS (CONTINUED)
3.2.1 Transition to IFRS 9

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

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

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

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

Bonds and funds which meet the requirements of the IFRS 9 business model "hold to collect and sell" are classified as FVOCI. The remaining financial assets which have been classified as amortized cost meet the criteria of held to collect business model. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

3.3 Transition Impact of the adoption IFRS 17 and IFRS 9

Below is a summary of the overall impact for IFRS 9 :

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

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

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

ARABIA INSURANCE COOPERATIVE COMPANY

(A SAUDI JOINT STOCK COMPANY)

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

Expressed in Saudi Riyals

4. CASH AND CASH EQUIVALENTS	30 September 2023		
	(Unaudited)		
	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
Cash on hand and in banks	35,129,097	1,314,838	36,443,935
Time deposits	120,000,000	6,310,000	126,310,000
	155,129,097	7,624,838	162,753,935

	31 December 2022		
	(Restated - Unaudited)		
	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
Current account at banks	34,387,257	963,967	35,351,224
Time deposits	-	43,768,151	43,768,151
	34,387,257	44,732,118	79,119,375

	1 January 2022		
	(Restated - Unaudited)		
	<i>Insurance Operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
Current account at banks	26,223,760	1,098,724	27,322,484
Time deposits	-	58,020,539	58,020,539
	26,223,760	59,119,263	85,343,023

Time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. The average commission rate on time deposits at end of the period is 5.43% per annum (31 December 2022: 2.76% per annum) (1 January 2022: 0.78% per annum). Current accounts and time deposits are placed with counterparties who have good investment grade credit ratings. The carrying amounts disclosed above reasonably approximate the fair value at the statement of financial position date.

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

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

5. INVESTMENTS

Investments comprise of the following:

	30 September 2023 (Unaudited)			31 December 2022 (Restated - Unaudited)			1 January 2022 (Restated - Unaudited)		
	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total	Insurance Operations	Shareholders' Operations	Total
	SR			SR			SR		
Investments at fair value through OCI	-	107,739,145	107,739,145	-	112,162,611	112,162,611	-	97,402,145	97,402,145
Debt instruments at amortized cost	15,765,113	50,716,787	66,481,900	32,450,625	47,596,538	80,047,163	31,903,125	46,836,628	78,739,753
ECL provision	(9,607)	(52,924)	(62,531)	(18,154)	(54,212)	(72,366)	(14,035)	(20,280)	(34,315)
Total	15,755,506	158,403,008	174,158,514	32,432,471	159,704,937	192,137,407	31,889,090	144,218,493	176,107,584

The movement in investments is as follows:

	Insurance Operations		
	30 September 2023 (Unaudited)	31 December 2022 (Restated – Unaudited)	1 January 2022 (Restated – Unaudited)
	SR		
Beginning balance	32,432,471	31,889,090	32,653,125
Additions	-	1,672,500	-
Disposals	(16,685,512)	(1,125,000)	(750,000)
ECL Provision	8,547	(4,120)	(14,035)
Ending balance	15,755,506	32,432,471	31,889,090

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals
5. INVESTMENTS (CONTINUED)

	Shareholders' Operations		
	30 September 2023 (Unaudited)	31 December 2022 (Restated – Unaudited)	1 January 2022 (Restated – Unaudited)
Beginning balance	159,704,937	144,218,493	71,500,387
Additions	4,431,813	78,918,566	148,292,189
Disposals	(8,842,635)	(64,746,994)	(112,728,712)
Net additions and disposals	(4,410,822)	14,171,572	35,563,477
Realized (loss) profit during the period / year	(5,470)	1,502,439	2,675,001
Change in investments at fair value through OCI	3,113,075	946,365	34,499,908
Impairments	-	(1,100,000)	
ECL provision	1,288	(33,932)	(20,280)
Ending balance	158,403,008	159,704,937	144,218,493

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

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

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

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

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

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

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

Fair value

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

30 September 2023 (Unaudited)	Fair value			
	Level 1	Level 2	Level 3	Total
Investments at fair value through OCI				
- Mutual funds	-	37,104,090	-	37,104,090
- Discretionary portfolio	12,966,955	-	-	12,966,955
- REIT	3,402,626	-	-	3,402,626
- Bonds/Sukuk	4,217,040	10,345,307	-	14,562,347
- Equity	-	-	39,703,127	39,703,127
Total	20,586,621	47,449,397	39,703,127	107,739,145

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals
5. INVESTMENTS (CONTINUED)

31 December 2022 (Restated – Unaudited)	Fair value			Total
	Level 1	Level 2	Level 3	
Investments at fair value through OCI				
- Mutual funds	-	35,208,857	933,697	36,142,554
- Discretionary portfolio	11,075,955	-	-	11,075,955
- Bonds/Sukuk	4,183,378	11,057,597	-	15,240,975
- Equity	-	-	39,703,127	39,703,127
Total	15,259,333	46,266,454	40,636,824	102,162,611

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

6. COMMITMENTS AND CONTINGENCIES

a. Commitments and contingencies comprise of the following:

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

b. Litigations and lawsuits

The Company operates in the insurance business and is vulnerable to lawsuits during its normal business cycle.

While it is impractical to predict or know the final outcome of all lawsuits, management believes that these lawsuits (including the cases) will not have any material impact on the Company's results or its financial position.

The Company does not have any material lawsuit on the date of preparing the interim condensed financial statements.

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

7. RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of transactions	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)
Board of Directors and the companies they represent	Gross Premiums	1,725,390	6,845,136
	Claims paid	441,366	545,373
	Expenses paid by Arabia Insurance Company behalf on behalf of the Company	706,448	299,670
Arabia Insurance Company - Lebanon (shareholder)	Expenses paid by the company for the Arabian Insurance Company	180,000	2,750
	Payment the balance of the Arabian Insurance	706,448	495,802

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

	30 September 2023 (Unaudited)	31 December 2022 (Restated – Unaudited)	1 January 2022 (Restated – Unaudited)
Arabia Insurance Company – Lebanon – Shareholder	180,000	-	(198,882)
Jordan Insurance Company – Shareholder	83,346	83,346	83,346
Board members and the companies they represent	2,065,660	1,194,014	1,959,091
Reinsurance balance due from Jordan Insurance Company	546,767	546,767	546,767

Compensation of key management personnel

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

	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)
Short-term benefits	3,651,800	2,939,385
End of service benefit	137,935	120,718
	3,789,735	3,060,103

8. PROVISION FOR ZAKAT AND INCOME TAX

Zakat charge for the period

The zakat provision consists of the zakat charged during the period in the amount of SR 7,000,000 (September 30, 2022: SAR 2,883,841). The zakat provision is calculated on the Saudi shareholders' share of the capital at 71.60% (2022: 71.60%).

Income tax charge for the period

Income tax provision consists of income tax charged during the period in an amount of SR 2,000,000 (September 30, 2022: 116,159 Saudi riyals). Income tax is calculated on the share of capital by non-Saudi shareholders at a rate of 28.4% (2022: 28.4%).

Status of assessment

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

Zakat, Income Tax and Withholding Tax

During the third quarter of 2023, a decision was issued by the First Appeals committee for Income for violations and tax disputes to partially dismiss the lawsuit for the assessment of withholding tax for the years: 2015, 2016 and 2017 to the first department for adjudication in violations income tax disputes.

As for the year 2018, the appeal lawsuit filed by the Company against the decision issued by the the first department for adjudication in violations income tax disputes in the city of Riyadh regarding the Zakat and withholding tax assessment adjusted by the Zakat, Tax and Customs Authority is still under study by the General Secretariat of Tax Committees.

During the third quarter, the Company completed submitting data and documents for the purpose of examining the zakat and income tax returns submitted by the Company for the years 2021 and 2022.

Value Added Tax

During the third quarter, the Company received letters issued by the Zakat, Tax and Customs Authority to submit additional queries, data and documents for the purpose of examining the value -added tax returns submitted by the Company for the years 2021 and 2022. The Company has met these requests within the specified deadline.

9. OPERATING SEGMENTS

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

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

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

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

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

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

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

Expressed in Saudi Riyals

9. OPERATING SEGMENTS (CONTINUED)

Statement of Financial Position

	30 September 2023					
	(Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
Assets						
Insurance contract assets	7,372,381	-	-	-	-	1,133,305
Reinsurance contract assets	12,214,384	11,840,032	46,707,220	700,609,635	4,476,014	23,215,048
Unallocated assets						912,639,747
Total	19,586,765	11,840,032	46,707,220	700,609,635	4,476,014	24,348,353
Liabilities						
Insurance contract liabilities	62,322,289	218,133,623	65,000,892	703,577,448	6,522,260	31,715,078
Reinsurance contract liabilities	-	-	-	4,247,593	-	5,530,552
Unallocated liabilities	-	-	-	-	-	-
Total	62,322,289	218,133,623	65,000,892	707,825,041	6,522,260	37,245,630
	31 December 2022					
	(Restated – Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
Assets						
Insurance contract assets	-	-	-	3,936,304	4,986,036	-
Reinsurance contract assets	11,703,484	15,039,134	10,138,132	721,890,713	4,698,326	29,544,689
Unallocated assets						550,058,167
Total	11,703,484	15,039,134	10,138,132	725,827,017	9,684,362	1,351,994,985
Liabilities						
Insurance contract liabilities	60,842,206	262,863,033	7,367,392	688,908,380	3,103,148	32,595,128
Reinsurance contract liabilities	-	5,231,665	-	-	-	-
Unallocated liabilities						48,459,725
Total	60,842,206	268,094,698	7,367,392	688,908,380	3,103,148	1,109,370,677

ARABIA INSURANCE COOPERATIVE COMPANY

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

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

Expressed in Saudi Riyals

9. OPERATING SEGMENTS (CONTINUED)

Statement of Financial Position

1 January 2022
(Restated – Unaudited)

	Motor	Medical	Engineering	Property	Marine	Others	Total
Assets							
Insurance contract assets	-	-	1,622,336	724,330	4,433,040	4,051,724	10,831,430
Reinsurance contract assets	12,327,284	19,044,847	9,286,960	45,369,916	5,808,392	14,201,929	106,039,328
Unallocated assets							403,369,400
Total	12,327,284	19,044,847	10,909,296	46,094,246	10,241,432	18,253,653	520,240,158
Liabilities							
Insurance contract liabilities	97,996,387	80,738,179	6,534,236	41,145,669	6,178,598	18,233,263	250,826,332
Unallocated liabilities							34,198,424
Total	97,996,387	80,738,179	6,534,236	41,145,669	6,178,598	18,233,263	285,024,756

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

Expressed in Saudi Riyals

9. OPERATING SEGMENTS (CONTINUED)
Statement of Income

	Three-month period ended 30 September 2023 (Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
REVENUES						
Insurance revenue	40,580,678	135,297,634	11,490,116	22,026,150	3,376,672	7,710,028
Insurance service expenses	(52,360,907)	(96,888,322)	(1,555,317)	(1,647,825)	(886,847)	(1,964,650)
Insurance service result before reinsurance contracts held	(11,780,229)	38,409,312	9,934,799	20,378,325	2,489,825	5,745,378
Allocation of reinsurance premiums	(535,500)	-	(8,954,782)	(17,177,614)	(1,551,009)	(4,639,817)
Amounts recoverable from reinsurance	-	378,456	100,230	(2,752,214)	156,127	694,275
Net profit/(expenses) from reinsurance contracts held	(535,500)	378,456	(8,854,552)	(19,929,828)	(1,394,882)	(3,945,542)
Insurance service result	(12,315,729)	38,787,768	1,080,247	448,497	1,094,943	1,799,836
Income from investment and deposits						
Expected credit loss						
Net investment income						
Net finance expenses from insurance contracts issued	(627,731)	(914,902)	(53,067)	(7,005,390)	(39,905)	(253,401)
Net finance income from reinsurance contracts held	-	8,670	31,540	6,971,462	32,153	196,064
Insurance finance result	(627,731)	(906,232)	(21,527)	(33,928)	(7,752)	(57,337)
Net insurance and investment result	(12,943,460)	37,881,536	1,058,720	414,569	1,087,191	1,742,499
Other operating expenses (non-attributable)						
Gross income for the period						
Provision for zakat and income tax						
Gross income for the period after zakat and income tax						
Net income attributable to insurance operations						
Net Income attributable to shareholders						

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

Expressed in Saudi Riyals

9. OPERATING SEGMENTS (CONTINUED)

Statement of Income

	Three-month period ended 30 September 2022 (Restated - Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
REVENUES						
Insurance revenue	42,857,576	78,669,558	4,274,972	16,236,383	2,981,969	9,289,490
Insurance service expenses	(50,065,424)	(80,823,521)	(660,601)	(1,655,243)	(462,569)	(3,752,676)
Insurance service result before reinsurance contracts held	(7,207,848)	(2,153,963)	3,614,371	14,581,140	2,519,400	5,536,814
Allocation of reinsurance premiums	(326,400)	(4,098,450)	(2,720,310)	(13,254,027)	(1,987,864)	(5,041,582)
Amounts recoverable from reinsurance	-	4,295,299	(241,102)	(1,704,424)	(314,402)	2,037,534
Net profit/(expenses) from reinsurance contracts held	(326,400)	196,849	(2,961,412)	(14,958,451)	(2,302,266)	(3,004,048)
Insurance service result	(7,534,248)	(1,957,114)	652,959	(377,311)	217,134	2,532,766
Income from investment and deposits						
Expected credit loss						
Net investment income						
Net finance expenses from insurance contracts issued	(352,951)	(306,638)	(31,154)	(9,185,092)	(19,956)	(152,304)
Net finance income from reinsurance contracts held	-	35,948	19,056	9,152,426	15,755	112,007
Insurance finance result	(352,951)	(270,690)	(12,098)	(32,666)	(4,201)	(40,297)
Net insurance and investment result	(7,887,199)	(2,227,804)	640,861	(409,977)	212,933	2,492,469
Other operating expenses (non-attributable)						
Gross (loss) for the period						
Provision for zakat and income tax						
Gross (loss) for the period after zakat and income tax						
Net income attributable to insurance operations						
Net (loss) attributable to shareholders						

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

Expressed in Saudi Riyals

9. OPERATING SEGMENTS (CONTINUED)

Statement of Income

	Nine-month period ended 30 September 2023 (Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
REVENUES						
Insurance revenue	121,524,882	387,685,133	26,956,796	64,685,602	10,200,884	29,935,719
Insurance service expenses	(160,125,129)	(284,458,936)	(5,465,494)	(5,114,741)	(2,852,621)	(6,740,449)
Insurance service result before reinsurance contracts held	(38,600,247)	103,226,197	21,491,302	59,570,861	7,348,263	23,195,270
Allocation of reinsurance premiums	(1,606,500)	(2,575,000)	(21,034,005)	(51,532,868)	(5,255,601)	(13,302,110)
Amounts recoverable from reinsurance	275,400	1,393,180	(382,411)	(9,247,643)	777,171	1,574,887
Net expenses from reinsurance contracts held	(1,331,100)	(1,181,820)	(21,416,416)	(60,780,511)	(4,478,430)	(11,727,223)
Insurance service result	(39,931,347)	102,044,377	74,886	(1,209,650)	2,869,833	11,468,047
Income from investment and deposits						
Expected credit loss						
Net investment income						
Net finance expenses from insurance contracts issued	(1,781,897)	(2,663,538)	(161,473)	(20,916,267)	(98,408)	(706,224)
Net finance income from reinsurance contracts held	-	53,404	99,300	20,820,712	79,620	550,902
Insurance finance result	(1,781,897)	(2,610,134)	(62,173)	(95,555)	(18,788)	(155,322)
Net insurance and investment result	(41,713,244)	99,434,243	12,713	(1,305,205)	2,851,045	11,312,725
Other operating expenses (non-attributable)						
Gross income for the period						
Provision for zakat and income tax						
Gross income for the period after zakat and income tax						
Net income attributable to insurance operations						
Net income attributable to shareholders						

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

Expressed in Saudi Riyals

9. OPERATING SEGMENTS (CONTINUED)

Statement of Income

	Nine-month period ended 30 September 2022 (Restated - Unaudited)					
	Motor	Medical	Engineering	Property	Marine	Others
REVENUES						
Insurance revenue	118,157,236	174,765,306	13,658,409	46,571,135	9,027,636	23,763,950
Insurance service expenses	(123,088,478)	(170,149,731)	274,370	(897,739,599)	(1,806,515)	(16,519,667)
Insurance service result before reinsurance contracts held	(4,931,242)	4,615,575	13,932,779	(851,168,464)	7,221,121	7,244,283
Allocation of reinsurance premiums	(979,200)	(16,285,370)	(9,283,787)	(38,416,287)	(5,911,808)	(14,129,472)
Amounts recoverable from reinsurance	-	14,767,011	(289,137)	886,712,128	(333,268)	10,862,725
Net profit/(expenses) from reinsurance contracts held	(979,200)	(1,518,359)	(9,572,924)	848,295,841	(6,245,076)	(3,266,747)
Insurance service result	(5,910,442)	3,097,217	4,359,855	(2,872,623)	976,045	3,977,536
Income from investment and deposits						
Expected credit loss						
Net investment income						
Net finance expenses from insurance contracts issued	(913,465)	(537,300)	(104,871)	(9,403,720)	(55,085)	(326,862)
Net finance income from reinsurance contracts held	-	76,677	64,254	9,363,185	43,672	224,228
Insurance finance result	(913,465)	(460,623)	(40,617)	(40,535)	(11,412)	(102,634)
Net insurance and investment result	(6,823,906)	2,636,593	4,319,238	(2,913,158)	964,633	3,874,902
Other operating expenses (non-attributable)						
Gross (loss) for the period						
Provision for zakat and income tax						
Gross (loss) for the period after zakat and income tax						
Net income attributable to insurance operations						
Net (loss) attributable to shareholders						

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

Expressed in Saudi Riyals

10. INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES

	30 September 2023 (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2023					
Insurance contract assets	(8,922,340)	-	-	-	(8,922,340)
Insurance contract liabilities	183,982,024	5,340,297	859,483,015	6,873,951	1,055,679,287
Net insurance contract liabilities	175,059,684	5,340,297	859,483,015	6,873,951	1,046,756,947
<u>Changes in the statement of income and OCI:</u>					
Insurance revenue	(640,989,016)	-	-	-	(640,989,016)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	405,343,080	607,007	405,950,087
Insurance acquisition cash flows amortization	47,505,246	-	-	-	47,505,246
Losses and reversals of losses on onerous contracts	-	(3,460,687)	-	-	(3,460,687)
Changes that relate to past service - adjustments to the LIC	-	-	14,762,724	-	14,762,724
Insurance service expenses	47,505,246	(3,460,687)	420,105,804	607,007	464,757,370
Insurance service result	(593,483,770)	(3,460,687)	420,105,804	607,007	(176,231,646)
Finance (expense)/income from insurance contracts	-	-	26,031,076	296,732	26,327,808
Total changes in the statement of income and OCI	(593,483,770)	(3,460,687)	446,136,880	903,739	(149,903,838)
<u>Cash flows</u>					
Premiums received	659,207,213	-	-	-	659,207,213
Claims and other directly attributable expenses paid	-	-	(446,890,262)	-	(446,890,262)
Insurance acquisition cashflows paid	(30,404,156)	-	-	-	(30,404,156)
Total cash inflows / (outflows)	628,803,057	-	(446,890,262)	-	181,912,795
Net closing balance	210,378,971	1,879,610	858,729,633	7,777,690	1,078,765,904
Insurance contracts					
Insurance contract assets	(8,505,686)	-	-	-	(8,505,686)
Insurance contract liabilities	218,884,657	1,879,610	858,729,633	7,777,690	1,087,271,590
Net insurance contract liabilities - 30 September 2023	210,378,971	1,879,610	858,729,633	7,777,690	1,078,765,904

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERM FINANCIAL STATEMENTS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

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

	30 September 2023 (Unaudited)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
Reinsurance contracts - 1 January 2023					
Reinsurance contract assets	26,592,942	-	765,539,005	882,531	793,014,478
Reinsurance contract liabilities	(5,231,665)	-	-	-	(5,231,665)
Net reinsurance contract assets	21,361,277	-	765,539,005	882,531	787,782,813
<u>Changes in the statement of income and OCI:</u>					
Amounts Allocated to Reinsurance	(95,306,084)	-	-	-	(95,306,084)
Incurred Claims Amounts Recoverable from Reinsurance	-	-	20,128,951	294,729	20,423,680
Changes that relate to past service: changes related to AIC	-	-	(25,827,110)	(354,143)	(26,181,253)
Losses and reversals of losses on onerous contracts	-	148,156	-	-	148,156
Net expenses from reinsurance contracts	-	148,156	(5,698,159)	(59,414)	(5,609,417)
Net income (expenses) from reinsurance contracts held	(95,306,084)	148,156	(5,698,159)	(59,414)	(100,915,501)
Finance expense from insurance contracts	-	-	21,578,275	25,663	21,603,938
Total changes in the statement of income and OCI	(95,306,084)	148,156	15,880,116	(33,751)	(79,311,563)
<u>Cash flows</u>					
Premiums ceded and acquisition cashflows paid	110,432,924	-	-	-	110,432,924
Recoveries from reinsurance	-	-	(29,619,986)	-	(29,619,986)
Total cash inflows / (outflows)	110,432,924	-	(29,619,986)	-	80,812,938
Net closing balance	36,488,117	148,156	751,799,135	848,780	789,284,188
Insurance contracts					
Reinsurance contract assets	46,266,262	148,156	751,799,135	848,780	799,062,333
Reinsurance contract liabilities	(9,778,145)	-	-	-	(9,778,145)
Net reinsurance contract assets 30 September 2023	36,488,117	148,156	751,799,135	848,780	789,284,188

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

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

	31 December 2022 (Unaudited)				
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Insurance contracts - 1 January 2022					
Insurance contract assets	(10,831,430)	-	-	-	(10,831,430)
Insurance contract liabilities	59,003,279	12,611,036	172,742,015	6,470,002	250,826,332
Net insurance contract liabilities	48,171,849	12,611,036	172,742,015	6,470,002	239,994,902
<u>Changes in the statement of income and OCI:</u>					
Insurance revenue	(560,533,496)	-	-	-	(560,533,496)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,073,886,340	233,480	1,074,119,820
Insurance acquisition cashflows amortization	41,441,465	-	-	-	41,441,465
Losses and reversals of losses on onerous contracts	-	(7,270,739)	-	-	(7,270,739)
Changes that relate to past service - adjustments to the LIC	-	-	(5,493,563)	-	(5,493,563)
Insurance service expenses	41,441,465	(7,270,739)	1,068,392,777	233,480	1,102,796,982
Insurance service result	(519,092,031)	(7,270,739)	1,068,392,777	233,480	542,263,486
Finance (expense)/income from insurance contracts	-	-	21,732,667	170,469	21,903,136
Total changes in the statement of income and OCI	(519,092,031)	(7,270,739)	1,090,125,444	403,949	564,166,622
<u>Cash flows</u>					
Premiums received	697,414,828	-	-	-	697,414,828
Claims and other directly attributable expenses paid	-	-	(403,384,444)	-	(403,384,444)
Insurance acquisition cashflows paid	(51,434,961)	-	-	-	(51,434,961)
Total cash inflows / (outflows)	645,979,867	-	(403,384,444)	-	242,595,423
Net closing balance	175,059,684	5,340,297	859,483,015	6,873,951	1,046,756,947
Insurance contracts					
Insurance contract assets	(8,922,340)	-	-	-	(8,922,340)
Insurance contract liabilities	183,982,024	5,340,297	859,483,015	6,873,951	1,055,679,287
Net insurance contract liabilities - 31 December 2022	175,059,684	5,340,297	859,483,015	6,873,951	1,046,756,947

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023

Expressed in Saudi Riyals

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

	31 December 2022 (Unaudited)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	Total
Reinsurance contracts - 1 January 2022					
Reinsurance contracts	21,354,444	1,027,629	82,593,666	1,063,589	106,039,328
Net reinsurance contract assets	21,354,444	1,027,629	82,593,666	1,063,589	106,039,328
<u>Changes in the statement of income and OCI:</u>					
Amounts Allocated to Reinsurance	(111,936,060)	-	-	-	(111,936,060)
Incurred Claims Amounts Recoverable from Reinsurance	-	-	686,489,431	1,102,361	687,591,792
Changes that relate to past service: changes related to AIC	-	-	483,321	(1,306,224)	(822,903)
Losses and reversals of losses on onerous contracts	-	(1,027,628)	-	-	(1,027,628)
Net expenses from reinsurance contracts	-	(1,027,628)	686,972,753	(203,863)	685,741,261
Net income (expenses) from reinsurance contracts held	(111,936,060)	(1,027,628)	686,972,753	(203,863)	573,805,201
Finance expense from insurance contracts	-	-	19,219,054	22,805	19,241,859
Total changes in the statement of income and OCI	(111,936,060)	(1,027,628)	706,191,806	(181,058)	593,047,060
<u>Cash flows</u>					
Premiums ceded and acquisition cashflows paid	111,942,894	-	-	-	111,942,894
Recoveries from reinsurance	-	-	(23,246,468)	-	(23,246,468)
Total cash inflows / (outflows)	111,942,894	-	(23,246,468)	-	88,696,426
Net closing balance	21,361,278	-	765,539,004	882,531	787,782,813
Insurance contracts					
Reinsurance contract assets	26,592,942	-	765,539,005	882,531	793,014,478
Reinsurance contract liabilities	(5,231,665)	-	-	-	(5,231,665)
Net reinsurance contract assets - 31 December 2022	21,361,277	-	765,539,005	882,531	787,782,813

ARABIA INSURANCE COOPERATIVE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023
Expressed in Saudi Riyals

11. SHARE CAPITAL

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

12. CAPITAL MANAGEMENT

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

Manages its capital company requirements by assessing deficiencies between the authorized and required levels of capital on a regular basis.

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

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

13. EARNINGS PER SHARE

The earnings per share for the three month period ended 30 September 2023 and 2022 is calculated by dividing the net profit / (loss) of the period attributed to shareholders by the average number of shares issued for the period. The weighted average shares outstanding was recalculated to account for the capital increase of SR 265 million for the period ended 30 September 2023.

	For the three months period ended		For the nine months period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)
Issued ordinary shares as at 1st January	26,500,000	26,500,000	26,500,000	26,500,000
New shares issued during the period (Right issue)	26,500,000	-	25,124,865	-
Restatement effect of rights issue of shares	-	2,775,739	-	2,775,739
Weighted average number of ordinary shares	53,000,000	29,275,739	51,624,865	29,275,739

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

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

	For the three months period ended		For the nine months period ended	
	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited - Restated)
Net Income/(Loss) for the period attributable to the shareholders	22,226,546	(10,790,473)	50,245,760	(10,048,449)
Weighted average number of ordinary shares	53,000,000	29,275,739	51,624,865	29,275,739
Basic and diluted earnings/(loss) per share	0.42	-	0.97	-
		0.37		0.34

14. PREMIUMS WRITTEN BY TYPE OF CUSTOMERS

For the three months period ended 30 September 2023 (Unaudited)					
	Medical	Motor	Property and accidents	Protection and savings	Total
Individual clients	8,000,156	11,590,852	305,529	-	19,896,537
Very small size entities	96,071,670	654,285	2,914,138	-	99,640,093
Small size entities	21,682,064	825,351	1,616,802	48,688	24,172,905
Medium size entities	4,061,656	1,256,910	2,703,522	56	8,022,144
Large size entities	23,809,978	1,187,269	9,661,073	(5,918)	34,652,402
Total	153,625,524	15,514,668	17,201,064	42,826	186,384,082
For the three months period ended 30 September 2022 (Restated – Unaudited)					
	Medical	Motor	Property and accidents	Protection and savings	Total
Individual clients	8,439,147	15,660,877	300,761	-	24,400,785
Very small size entities	88,305,298	39,731	75,648	-	88,420,677
Small size entities	29,190,733	1,182,759	3,418,094	8,884	33,800,470
Medium size entities	15,810,544	2,151,691	2,479,797	-	20,442,032
Large size entities	11,738,945	7,108,764	10,551,737	4,774	29,404,220
Total	153,484,667	26,143,822	16,826,037	13,658	196,468,184
For the nine months period ended 30 September 2023 (Unaudited)					
	Medical	Motor	Property and accidents	Protection and savings	Total
Individual clients	27,848,741	41,062,405	704,295	-	69,615,441
Very small size entities	265,207,094	1,504,863	3,853,450	-	270,565,407
Small size entities	46,416,384	6,233,069	14,603,399	48,915	67,301,767
Medium size entities	16,250,025	39,293,935	144,140,381	132,009	199,816,350
Large size entities	27,099,424	51,518,051	106,376,780	695,178	185,689,433
Total	382,821,668	139,612,323	269,678,305	876,102	792,988,398
For the nine months period ended 30 September 2022 (Restated – Unaudited)					
	Medical	Motor	Property and accidents	Protection and savings	Total
Individual clients	31,743,289	47,319,671	871,476	-	79,934,436
Very small size entities	179,120,329	448,941	569,359	-	180,138,629
Small size entities	55,871,310	4,631,065	11,675,387	8,884	72,186,646
Medium size entities	30,314,323	36,469,950	21,662,933	534,115	88,981,321
Large size entities	14,131,135	58,303,494	75,795,154	192,624	148,422,407
Total	311,180,386	147,173,121	110,574,309	735,623	569,663,439

15. COMPARATIVE FIGURES

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

16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements have been approved by the Board of Directors on 31 October 2023 corresponding to 16 Rabi Al-Thani 1445 H.