Allianz Saudi Fransi Cooperative
Insurance Company
(A Saudi Joint Stock Company)

UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW REPORT

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

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023

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

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

TO THE SHAREHOLDERS OF ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY)

INTRODUCTION

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

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement ("ISRE") 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

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Date: 9 November 2023

Corresponding to: 25 Rabi Al Akher 1445AH

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Certified Public Accountants

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	***September 30, 2023 (Unaudited) SR***	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
ASSETS				
Cash and cash equivalents	4	**223,052,561**	194,590,855	160,813,072
Prepaid expenses and other assets		**173,921,553**	128,701,818	202,209,213
Insurance contract assets	9a, 9b	**208,562,274**	182,645,683	104,944,713
Reinsurance contract assets	10a,10b	**301,178,482**	414,945,630	603,721,305
Financial assets for unit linked contracts		**480,072,784**	487,049,866	515,227,924
Investments	5	**726,428,285**	630,735,047	587,854,117
Right-of-use assets	11.1	**1,931,388**	4,107,309	844,193
Deferred tax asset	6	**7,562,940**	7,051,465	3,940,570
Property and equipment		**6,933,760**	7,159,521	7,968,658
Statutory deposit		**60,000,000**	60,000,000	60,000,000
Accrued income on statutory deposit		**647,884**	2,381,722	1,579,858
TOTAL ASSETS		**2,190,291,911**	2,119,368,916	2,249,103,623
LIABILITIES				
Insurance contract liabilities	9a, 9b	**1,125,801,919**	1,079,092,216	1,275,940,332
Reinsurance contract liabilities	10a, 10b	**150,043,634**	166,527,600	103,504,867
Accrued expenses and other liabilities		**97,865,641**	69,658,377	71,098,333
Lease liabilities	11.2	**3,151,061**	6,092,308	997,804
Employees' end-of-service obligations		**15,979,136**	19,381,794	19,030,822
Zakat and income tax	14	**30,978,375**	27,490,781	21,120,732
Accrued income payable to SAMA		**647,884**	2,381,722	1,579,858
TOTAL LIABILITIES		**1,424,467,650**	1,370,624,798	1,493,272,748
EQUITY				
Share capital	15	**600,000,000**	600,000,000	600,000,000
Share premium		**16,310,624**	16,310,624	16,310,624
Statutory reserve		**25,851,362**	25,851,362	21,867,493
Retained earnings		**96,766,967**	73,171,306	64,957,779
Fair value reserve for investments		**24,931,060**	27,895,269	47,787,620
Treasury shares	18	**(2,916,946)**	-	-
Actuarial reserve for employees' end-of-service obligations		**2,241,846**	2,241,846	3,392,704
Other reserves		**2,639,348**	3,273,711	1,514,655
TOTAL EQUITY		**765,824,261**	748,744,118	755,830,875
TOTAL LIABILITIES AND EQUITY		**2,190,291,911**	2,119,368,916	2,249,103,623
CONTINGENCIES AND COMMITMENTS	7			

Anuj Agarwal	Al Waleed Abdulrazak Al Dryaan	Hani Al Bukhaitan
Chief Executive Officer	Chairman	Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of this condensed interim financial information.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF INCOME

	Note	***For the three-months period ended***		***For the nine-months period ended***	
		September 30, 2023 (Unaudited) SR	*September 30, 2022 (Unaudited) SR (Restated)*	***September 30, 2023 (Unaudited) SR***	*September 30, 2022 (Unaudited) SR (Restated)*
Insurance revenue	9a,9b	**223,400,308**	180,524,322	**615,338,765**	532,667,465
Insurance service expenses	9a,9b	**(170,268,292)**	(133,753,129)	**(505,054,101)**	(353,999,802)
Insurance service result before reinsurance contracts		**53,132,016**	46,771,193	**110,284,664**	178,667,663
Allocation of reinsurance premiums	10a,10b	**(77,495,387)**	(73,778,639)	**(209,199,304)**	(229,377,387)
Amounts recoverable from reinsurance	10a,10b	**14,701,266**	28,584,700	**88,420,773**	34,585,446
Net expenses from reinsurance contracts		**(62,794,121)**	(45,193,939)	**(120,778,531)**	(194,791,941)
Insurance service result		**(9,662,105)**	1,577,254	**(10,493,867)**	(16,124,278)
Interest income from financial assets not measured at FVTPL		**565,040**	7,087,572	**32,318,897**	7,132,231
Net (loss) / income on investment measured at FVTPL		**(71,155)**	(3,089,095)	**208,041**	(6,841,933)
Other investment income		**12,389,146**	11,776,246	**43,191,517**	29,250,431
Net investment income		**12,883,031**	15,774,723	**75,718,455**	29,540,729
Finance income / (expenses) from insurance contracts	9a,9b	**247,524**	(5,647,093)	**(38,605,715)**	(12,166,531)
Finance income from reinsurance contracts	10a,10b	**2,553,994**	1,945,129	**8,003,909**	7,613,735
Net insurance finance expenses		**2,801,518**	(3,701,964)	**(30,601,806)**	(4,552,796)
Other income / (expenses)		**1,233,539**	(493,617)	**1,233,539**	(1,988,926)
NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX		**7,255,983**	13,156,396	**35,856,321**	6,874,729
Surplus attributed to the insurance operations		**(94,590)**	-	**(2,021,641)**	-
NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDEI BEFORE ZAKAT AND INCOME TAX		**7,161,393**	13,156,396	**33,834,680**	6,874,729
Provision for zakat and tax	14	**(3,577,947)**	(2,994,978)	**(10,239,019)**	(8,691,299)
NET INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDEI AFTER ZAKAT AND INCOME TAX		**3,583,446**	10,161,418	**23,595,661**	(1,816,570)
Earnings / (loss) per share					
Basic earnings / (loss) per share	15.2	**0.06**	0.17	**0.39**	(0.03)

Anuj Agarwal
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Hani Al Bukhaitan
Chief Financial Officier

The accompanying notes 1 to 19 form an integral part of this interim condensed financial information.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Note	***For the three-months period ended***		***For the nine-months period ended***	
		September 30, 2023 (Unaudited) SR	*September 30, 2022 (Unaudited) SR (Restated)*	***September 30, 2023 (Unaudited) SR***	*September 30, 2022 (Unaudited) SR (Restated)*
Net income / (loss) for the period attributable to the shareholders after zakat and income tax		**3,583,446**	10,161,418	**23,595,661**	(1,816,570)
Other comprehensive income / (loss)					
Items that may be recycled to interim statement of income in subsequent periods					
- Net change in fair value of FVOCI investments	5	**(10,831,717)**	(12,249,277)	**(3,403,249)**	(38,789,019)
- Deferred tax relating to change in fair value	6	**1,227,749**	1,628,465	**439,040**	4,844,749
Change in insurance finance reserves		**(1,094,604)**	1,289,941	**(634,363)**	1,719,836
Total comprehensive (loss) / income for the period		**(7,115,126)**	830,547	**19,997,089**	(34,041,004)

Anuj Agarwal Chief Executive Officer	Al Waleed Abdulrazak Al Dryaan Chairman	Hani Al Bukhaitan Chief Financial Officer

The accompanying notes 1 to 19 form an integral part of this interim condensed financial information.

ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share capital SR	*Share premium SR*	*Statutory reserve SR*	*Retained earnings SR*	*Actuarial reserve for end-of-service obligations SR*	*Fair value reserve on investments SR*	*Treasury shares SR*	*Other reserves SR*	*Total SR*
Balance as at 1 January 2023 (audited)	**600,000,000**	**16,310,624**	**25,851,362**	**68,107,765**	**2,241,846**	**(12,634,667)**	-	-	**699,876,930**
Transition adjustment on initial application of IFRS 17 (Note 3.2.4)	-	-	-	**10,812,321**	-		-	**3,273,711**	**14,086,032**
Transition adjustment on initial application of IFRS 9 (Note 3.3.4)	-	-	-	**(6,359,799)**	-	**45,344,627**	-	-	**38,984,828**
Deferred tax	-	-	-	**611,019**	-	**(4,814,691)**	-	-	**(4,203,672)**
Balance as at 1 January 2023 (unaudited) - Restated	**600,000,000**	**16,310,624**	**25,851,362**	**73,171,306**	**2,241,846**	**27,895,269**	-	**3,273,711**	**748,744,118**
Comprehensive income /(loss) for the period									
Net income for the period attributable to shareholders after zakat and income tax	-	-	-	**23,595,661**	-	-	-	-	**23,595,661**
Changes in fair values of FVOCI investments	-	-	-	-	-	**(3,403,249)**	-	-	**(3,403,249)**
Deferred tax relating to change in fair value	-	-	-	-	-	**439,040**	-	-	**439,040**
Other reserves	-	-	-	-	-	-	-	**(634,363)**	**(634,363)**
Total comprehensive income / (loss) for the period	-	-	-	**23,595,661**	-	**(2,964,209)**	-	**(634,363)**	**19,997,089**
Purchase of treasury shares under employee scheme	-	-	-	-	-	-	**(2,916,946)**	-	**(2,916,946)**
Balance as at 30 September 2023 (unaudited)	**600,000,000**	**16,310,624**	**25,851,362**	**96,766,967**	**2,241,846**	**24,931,060**	**(2,916,946)**	**2,639,348**	**765,824,261**
Balance as at 1 January 2022 (audited)	600,000,000	16,310,624	21,867,493	52,172,287	3,392,704	17,549,916	-	-	711,293,024
Transition adjustment on initial application of IFRS 17 (Note 3.2.4)	-	-	-	12,014,907	-	-	-	1,514,655	13,529,562
Transition adjustment on initial application of IFRS 9 (Note 3.3.4)	-	-	-	906,467	-	33,829,747	-	-	34,736,214
Deferred tax	-	-	-	(135,882)	-	(3,592,043)	-	-	(3,727,925)
Balance as at 1 January 2022 (unaudited) - Restated	600,000,000	16,310,624	21,867,493	64,957,779	3,392,704	47,787,620	-	1,514,655	755,830,875
Comprehensive income / (loss) for the period									
Net loss for the period attributable to shareholders after zakat and income tax	-	-	-	(1,816,570)	-	-	-	-	(1,816,570)
Changes in fair values of FVOCI investments	-	-	-	-	-	(38,789,019)	-	-	(38,789,019)
Deferred tax relating to change in fair value	-	-	-	-	-	4,844,749	-	-	4,844,749
Other reserves	-	-	-	-	-	-	-	1,719,836	1,719,836
Total comprehensive (loss) / income for the period	-	-	-	(1,816,570)	-	(33,944,270)	-	1,719,836	(34,041,004)
Balance as at 30 September 2022 (unaudited) (restated)	600,000,000	16,310,624	21,867,493	63,141,209	3,392,704	13,843,350	-	3,234,491	721,789,871

Anuj Agarwal
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Hani Al Bukhaitan
Chief Financial Officier

The accompanying notes 1 to 19 form an integral part of this interim condensed financial information.

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

	Note	***For the nine-months period ended*** September 30, 2023 (Unaudited) SR	*September 30, 2022 (Unaudited) SR (restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before zakat and income tax		**33,834,680**	6,874,729
Adjustments for non-cash and other items:			
Depreciation and amortization of property and equipment		**2,944,971**	2,865,836
Amortization of investments premium	5.2	**(33,618)**	145,568
Amortization of right-of-use assets	11.1	**2,175,921**	3,101,303
Net (gain) / loss on investment measured at FVTPL		**(208,041)**	6,841,933
Provision for end-of-service obligations		**73,052**	2,250,902
Finance cost on lease liabilities	11.2	**1,894,597**	1,547,663
Unrealised gain on financial assets for unit linked contracts		**(9,033,504)**	(3,461,085)
		31,648,058	20,166,849
Changes in operating assets and liabilities:			
Financial assets for unit linked contracts		**16,010,586**	23,097,861
Prepaid expenses and other assets		**(45,219,735)**	(8,089,338)
Accrued expenses and other liabilities		**28,217,688**	(3,484,972)
Insurance contract assets		**(25,916,591)**	(21,197,269)
Reinsurance contract assets		**113,767,148**	175,098,027
Insurance contract liabilities		**46,709,703**	(71,663,183)
Reinsurance contract liabilities		**(16,483,966)**	6,883,788
Changes in other reserve		**(634,363)**	1,719,835
		148,098,528	122,531,598
End-of-service obligations paid		**(3,475,710)**	(2,384,517)
Surplus paid		**(10,424)**	(2,520,503)
Zakat and income tax paid		**(6,823,860)**	(5,340,884)
Net cash generated from operating activities		**137,788,534**	112,285,694
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	5	**(167,303,306)**	(145,520,250)
Proceeds from sales of investments	5.2	**68,448,478**	83,075,501
Purchase of property and equipment		**(2,719,210)**	(2,402,990)
Net cash used in investing activities		**(101,574,038)**	(64,847,739)
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of shares held under employee scheme		**(2,916,946)**	-
Lease rental paid		**(4,835,844)**	(3,655,082)
Net cash used in financing activities		**(7,752,790)**	(3,655,082)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**28,461,706**	43,782,873
Cash and cash equivalents at the beginning of the period		**194,590,855**	160,813,072
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**223,052,561**	204,595,945
Non-cash information:			
Changes in fair value of investments measured at FVOCI	5	**3,403,249**	38,789,019
Deferred income tax	6	**(439,040)**	(4,844,749)

Anuj Agarwal	Al Waleed Abdulrazak Al Dryaan	Hani Al Bukhaitan
Chief Executive Officer	Chairman	Chief Financial Officier

The accompanying notes 1 to 19 form an integral part of this interim condensed financial information.

1. General

Allianz Saudi Fransi Cooperative Insurance Company (a Joint Stock Company incorporated in the Kingdom of Saudi Arabia), the "Company", was formed pursuant to Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006). The Company operates under Commercial Registration number 1010235601 dated 26 Jumada Thani 1428H corresponding to 12 July 2007. The Company operates through its six branches in the Kingdom of Saudi Arabia. The registered address of the Company's head office is as follows:

Allianz Saudi Fransi Cooperative Insurance Company
Al Safwa Commercial Building, Khurais Road
P.O. Box 3540
Riyadh 11481, Kingdom of Saudi Arabia.

The Company's ultimate parent is Allianz SE, a European financial services company headquartered in Munich, Germany.

The purpose of the Company is to transact cooperative insurance operations and all related activities. Its principal lines of business include Medical, Protection and saving, Motor, Engineering, Property and Other general insurance.

On July 31, 2003, corresponding to 2 Jumada II 1424H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). During March 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 to transact insurance activities in the Kingdom of Saudi Arabia.

On January 1, 2016, the Company's management 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.

Seasonality of operations

The Company operates in an industry where significant seasonal or cyclical variations in operating income are experienced during the financial year.

2. Basis of preparation

(a) Basis of presentation

The condensed interim financial information of the Company has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA"). This is the first set of the Company's condensed interim financial information in which IFRS 17 - Insurance Contracts ("IFRS 17") and IFRS 9 - Financial Instruments ("IFRS 9") as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant judgments, estimates and accounting policies are described in Note 3. Comparative information was restated due to the adoption of IFRS 17 and IFRS 9.

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts.

2. Basis of preparation (continued)

(a) Basis of presentation (continued)

In preparing the Company's financial information in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealized gains and 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 condensed interim financial information may not be considered indicative of the expected results for the full year.

The condensed interim financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value and defined benefits obligations, which are recognised at the present value of future obligation using Projected Unit Credit Method. The Company's statement of financial position is presented in order of liquidity. Except for property and equipment, investments, statutory deposit and warranty and engineering related insurance and reinsurance contracts, all other assets and liabilities are of short-term nature, unless, stated otherwise. The current and non-current classification of the assets and liabilities have not changed since the year ended December 31, 2022.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future . Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The condensed interim financial information does not include all of the information required for complete set of annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended December 31, 2022. Comparative information was restated due to the adoption of IFRS 17 - Insurance Contracts ("IFRS 17") and IFRS 9 - Financial Instruments ("IFRS 9"). Therefore, comparative information was restated accordingly to maintain comparability. Refer to Note 3 for more details.

The condensed interim financial information is expressed in Saudi Arabian Riyals (SR), which is also the functional currency of the Company.

3. Significant accounting policies

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

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

Treasure shares

These are recorded at cost and presented as a deduction from the equity as adjusted for any transaction cost, and gains or losses on sale of such shares. Subsequent to their acquisition, these are carried at the amount equal to the consideration paid. Any gains or losses on disposal of such shares are reflected under equity and are not recognized in the statement of income.

Share based payments

The Company offers its employees Long Term Incentive Plan (the "Plan"). The plan is approved by SAMA, under the terms of the plan the eligible employees are offered shares at a pre determined strike price on the grant date. On the completion of the vesting period, the shares will be issued to the employees.

3. Significant accounting policies (continued)

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

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standards:
a) IFRS 17 Insurance contracts ("IFRS 17"), and
b) IFRS 9 Financial Instruments ("IFRS 9").

The new accounting policies and the impact of the adoption of these new standards are disclosed in Note 3.2.

A number of other amendments became applicable for the current reporting period i.e. for reporting periods beginning on or after January 1, 2023. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

Interpretation	***Description***
IAS 1	*Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	*The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.*

Certain new interpretations issued but not yet effective up to the date of issuance of the Company's condensed interim financial information are listed below. The listing is of interpretations issued, which the Company reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new interpretations on its financial statements. The Company intends to adopt these interpretations when they are effective.

Interpretation	***Description***	***'ffective from periods beginning on or after the following date***
IFRS 16	*Lease liability in a sale and leaseback – Amendments to IFRS 16*	*January 1, 2024*
IFRS 10 and IAS 28	*Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)*	*Available for optional adoption / effective date deferred indefinitely*

3.2 IFRS 17 Insurance Contracts
IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has restated the comparative information for 2022 by applying the full retrospective transition approach prescribed in the standard. The nature of the changes in accounting policies can be summarized, as follows:

3.2.1 Changes in accounting policies:
IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

i. Classification and summary of measurement models
The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (continued)

i. Classification and summary of measurement models (continued)

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include marine, property, motor, engineering, accident & liability and term life. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

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

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

ii. Level of aggregation

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

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

The portfolios are further divided by year of issue.

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

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.

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

iii. Recognition

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

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

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (contnined)

iii. Recognition (continued)
The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

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

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

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

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

A substantive obligation to provide services ends when:

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

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

v. Measurement
The General Measurement Model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:
- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements; or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (continued)

v. Measurement (continued)
The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

- Insurance contracts:

The coverage period of Marine, Property, Motor TPL, Motor Comprehensive and Group life contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA. Once the selected term has ended, the insurance contract is terminated and a policyholder could potentially obtain new coverage on the new terms, subject to successful underwriting. All insurance contracts in this product line offer fixed and guaranteed death benefits over the contractual term.

PAA eligibility testing has been performed for all portfolios where the coverage period is more than one year and have a material business volume. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

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

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

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

On initial recognition of each group of insurance contracts except for longer term policies under engineering and accident & liability groups, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a year.

Accordingly, for longer-term policies, the liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk. For all other group of contracts, there is no allowance for time value of money as the premiums are received within one year of the coverage period.

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

a. the liability for remaining covergae (LRC); and
b. the liability for incurred claims (LIC), comprising the fulfilment cash flows (“FCF”) related to past service allocated to the group at the reporting date.

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (continued)

v. Measurement (continued)

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

a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premium receipts recognized as insurance revenue for the services provided in the period;
d. increased for the amortisation of insurance acquisition cash flows in the period recognized as insurance service expenses; and
e. increased for any adjustment to the financing component, where applicable.

- Reinsurance contracts:

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

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

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

a. increased for ceding premiums paid in the period; and
b. decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

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

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

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

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

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (continued)

v. Measurement (continued)

Onerous contract assessment:

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

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

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

Non-performance risk (NPR) adjustment:

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

The GMM also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows represent the risk-adjusted present value of an entity's rights and obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The contractual service margin("CSM") represents the unearned profit from in-force contracts that the Company will recognize as it provides services over the coverage period.

At inception, the contractual service margin cannot be negative. If the fulfilment cash flows lead to a negative contractual service margin at inception, it will be set to zero and the negative amount will be recorded immediately in profit and loss.

At the end of a reporting period, the carrying amount of a group of insurance contracts is the sum of the liability for remaining coverage and the liability of incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the contractual service margin, while the liability for incurred claims consists of the fulfillment cash flows related to past services.

The contractual service margin gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition of the group of contracts. A release from the contractual service margin is recognized in profit or loss each period to reflect the services provided in that period based on "coverage units". IFRS 17 only provides principle-based guidance on how to determine these coverage units.

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (continued)

v. Measurement (continued)

The general measurement model dominates following important features:

a) The standard approach.
b) Calculate the expected discounted cash flows, risk adjustment and the remaining CSM or loss component and put this on the balance.
c) Expected loss onerous contracts need to go directly through P&L.
d) Every year update assumptions and the amounts for the expected cash flows, risk adjustment, CSM and loss component.
e) Positive or negative changes can go through CSM, P&L or can hit the own funds directly.
f) Once the insurance service is delivered then part of the CSM will go through the P&L resulting in a profit.
g) At inception no profit can be made

The Company applies the GMM to:

- Term Insurance

The Variable Fee Approach (“VFA”) is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate direct participating contracts. An insurance contract has a direct participation feature if the following three requirements are met:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- the entity 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.

The Standard does not require separate adjustments to be identified for changes in the contractual service margin arising from changes in the amount of the entity’s share of the fair value of the underlying items and changes in estimates of fulfilment cash flows relating to future services. A combined amount might be determined for some or all of the adjustments.

Under the VFA, adjustments to the contractual service margin are determined using current discount rates whereas under the general model, adjustments are determined using discount rates locked in at inception of a group of insurance contracts.

In contrast to insurance contracts measured under the general measurement model, the contractual service margin for contracts with direct participation features is not explicitly adjusted for the accretion of interest since the adjustment of the contractual service margin for the changes in the amount of the entity’s share of the fair value of underlying items already incorporates an adjustment for financial risks, and this represents an implicit adjustment using current rates for the time value of money and other financial risks.

The variable fee approach possesses following key features;

a) Comparable to GMM, only difference is that this group of insurance contract have policy holders who participate in share of clearly identified pool of underlying items.
b) The insurer expects that part of the profit of the underlying items needs to be paid to the policy holder, while the amount paid to the policy holder depends on the underlying item.
c) The result is that VFA looks like GMM, not different at the start of the contract.
d) Only the subsequent years there are differences in the cash flows (as part goes to policy holder) and the CSM does not reflect the unearned profit for the insurer, as part of it also belongs to the policy holder.

The Company applies the variable fee model to:

- Education Unit link (DSF and Banca)
- Retirement Unit link (DSF and Banca)
- Group Retirement

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (continued)

vi. De-recognition and contract modification

The Company derecognizes a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified during the three-month and nine-month periods ended September 30, 2023 and September 30, 2022.

vii. Acquisition & Attributable Cost

Insurance acquisition cash flows are the costs that directly associated with selling and handling acquired businesses. The Company considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are not expensed when incurred and are deferred over the life of the insurance contract. While attributable costs are the costs that can fully or partially attributed to the insurance operations. The Company has in place allocation technique to allocate the costs based on direct to indirect costs ratio. Both acquisition and attributable costs fall under the insurance service expense while the non-attributable costs are reported under other operating expenses.

viii. Risk adjustment for non-financial risk

The Company has decided to adopt the Mack Method on incurred claims for motor business and Value at risk method on incurred claims for other lines of business in the estimation of risk adjustment. The Company has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows. While for premium risk, Solvency II approach is used to derive the risk with the same percentile as the claim reserves.

ix. Presentation

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

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

Insurance revenue

The insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each period on the passage of time for all groups of contracts except for longer term policies under engineering and accident & liability groups. For longer term policies under engineering and accident & liability groups of contracts, the expected premium receipts are allocated based on the expected timing of incurred insurance service expenses.

For insurance contracts measured under the general measurement model and the variable fee approach, insurance revenue includes claims and other directly attributable expenses as expected at the beginning of the reporting period, changes in the risk adjustment for non-financial risk, amounts of the CSM recognized for the services provided in the period, experience adjustments arising from premiums received in the period other than those that relate to future service and other amounts, including any other pre-recognition cash flows assets derecognized at the date of initial recognition.

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.1 Changes in accounting policies (continued)

ix. Presentation (continued)
Insurance service expenses

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

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time for all groups of contracts except for longer term policies under engineering and accident & liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

Net expenses from reinsurance contracts:
Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognizes reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts except for longer term policies under engineering and accident & liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses. Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are also presented separately in the insurance service result.

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

Insurance finance income and expenses
Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein. The Company includes all insurance finance income or expenses for the period in profit or loss.

3.2.2 Changes to classification, recognition and measurement

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:
- ***Deferral of acquisition costs*** – Under IFRS 17, insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalize and amortize these costs over the coverage period based on the passage of time for all groups of contracts.
- ***Discount rate*** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Under IFRS 4, claims liabilities were discounted using a rate that reflected the estimated market yield of the underlying assets backing these claims liabilities at the reporting date. 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.
- ***Risk Adjustment*** -Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned.
- ***Onerous contracts*** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4.

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.3 Changes to presentation and disclosure

Statement of financial position

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

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

Line items under IFRS 17	Line items under IFRS 4, now combined under one line item under IFRS 17
Insurance contract liabilities	- Premiums receivable - Deferred policy acquisition costs - Unearned premiums - Outstanding claims - Claims incurred but not reported - Premium deficiency reserve - Due to agents, brokers and third-party administrator, within accrued expenses and other liabilities - Policyholders payable, within accrued expenses and other liabilities - Salvage recoverable, within prepaid expenses and other assets - SAMA, Najm and Elm fee payables, within accrued expenses and other liabilities
Reinsurance contract assets	- Reinsurers’ share of unearned premiums - Reinsurers’ share of outstanding claims - Reinsurers’ share of claims incurred but not reported - Excess of loss (XOL) premiums payable, within accrued expenses and other liabilities - Value Added Tax (VAT) on reinsurance commission within prepaid expenses and other assets - Reinsurers’ balance payable - Reinsurers’ balance receivable - Unearned reinsurance commission

Statement of comprehensive income

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

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

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

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.3 Changes to presentation and disclosure (continued)

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

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

IFRS 17 resulted in presentation changes to IFRS 4's underwriting expenses since expenses are classified either as insurance acquisition cash flows and fulfilment cash flows within insurance service expense. The following previously reported line items are no longer disclosed: direct premiums written, net earned premiums, net claims incurred, and underwriting expenses.

3.2.4 Transition

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

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

For long-term life business contracts, the Company assessed that it would be impracticable to apply either the full or modified retrospective approach due to several practical issues. In order to calculate liability balances for long-term life portfolios measured under GMM and VFA, the Company decided to employ the fair value approach.

The transition approach is determined at the level of a group of insurance contracts and it affects the way the CSM is calculated on initial adoption of IFRS 17:
a. full retrospective approach – the CSM at initial recognition is based on initial assumptions when groups of contracts were recognised and rolled forward to the date of transition as if IFRS 17 had always been applied;
b. modified retrospective approach – the CSM at initial recognition is calculated based on assumptions at transition using some simplifications and taking into account the actual pre-transition fulfilment cash flows; and
c. fair value approach – the pre-transition fulfilment cash flows and experience are not considered.

The impact of transition to IFRS 17 on retained earnings is, as follows:

	January 1, 2023	January 1, 2022
Increase in the Company's total equity		
Change in measurement of reinsurance contract assets, net	(21,051,039)	23,897,508
Change in measurement of insurance contract liabilities, net	35,137,071	(10,367,946)
Impact of adoption of IFRS 17	14,086,032	13,529,562

	January 1, 2023	January 1, 2022
(Reduction) / increase in the Company's reinsurance contract assets, net		
Impact of loss component	3,964,511	19,647,354
Impact of deferral of indirect acquisition expense	6,581	(92,490)
Impact of discounting	(33,227,046)	(10,993,174)
Impact of risk adjustment	15,157,406	17,750,358
Impact of VFA and GMM	193,244	57,605
Impact of provision on expected premium receipts	(3,680,601)	(2,957,191)
Other	(3,465,134)	485,046
Impact of adoption of IFRS 17 on reinsurance contract assets	(21,051,039)	23,897,508

3. Significant accounting policies (continued)

3.2 IFRS 17 Insurance Contracts (continued)

3.2.4 Transition (continued)

Reduction / (increase) in the Company's insurance contract liabilities, net	**January 1, 2023**	**January 1, 2022**
Impact of loss component	(27,703,204)	(40,758,244)
Impact of deferral of indirect acquisition expense	24,293,887	24,792,012
Impact of discounting	39,196,777	12,679,605
Impact of risk adjustment	(20,798,995)	(22,789,361)
Impact of VFA and GMM	16,081,166	12,747,001
Impact of provision on expected premium receipts	(2,517,275)	3,109,041
Other	6,584,715	(148,000)
Impact of adoption of IFRS 17 on insurance contract liabilities	35,137,071	(10,367,946)

The impact on the net loss for the nine-month period ended September 30, 2022 attributable to the shareholders, arising from risk adjustment, discounting, loss component adjustment and expected premium receipts, in line with the requirements of IFRS 17 and IFRS 9, is as follows:

	For the 9 month period ended September 30, 2022	**For the 3 month period ended September 30, 2022**
Net income after zakat and income tax as previously reported	**11,696,776**	7,479,239
Estimated increase in the Company's net loss		
Loss component	**4,484,077**	690,893
Risk adjustment, net	**(1,564,496)**	(1,160,022)
Discounting, net	**3,283,240**	322,185
IFRS 9 impact	**(8,818,615)**	(1,053,669)
Other	**(10,897,553)**	3,882,790
Estimated impact of adoption of IFRS 17 and IFRS 9 on net loss		
Adjusted loss after zakat and income tax - restated	**(1,816,570)**	10,161,417

3.3 IFRS 9 Financial Instruments

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

3.3.1 Changes in accounting policies

3.3.1.1 Financial assets and liabilities

i. Initial recognition

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

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

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.

3. Significant accounting policies (continued)

3.3 IFRS 9 Financial Instruments (continued)

3.3.1 Changes in accounting policies (continued)

3.3.1.1 Financial assets and liabilities (continued)

b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

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

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

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

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

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

Debt instruments

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

Business model
The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.
Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

3. Significant accounting policies (continued)

3.3 IFRS 9 Financial Instruments (continued)

3.3.1 Changes in accounting policies (continued)

3.3.1.1 Financial assets and liabilities (continued)

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

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

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

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized. Profit income from these financial assets is included in 'Interest income' using the effective profit method.

Fair value through other comprehensive income ("FVOCI"):
Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special interest income and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Interest income' using the effective profit method. Currently no debt instrument is classified as FVOCI.

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

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are not expected to be frequent and no such instances have occurred during the three-month and nine-month periods ended September 30, 2023 and September 30, 2022.

3. Significant accounting policies (continued)

3.3 IFRS 9 Financial Instruments (continued)

3.3.1 Changes in accounting policies (continued)

3.3.1.1 Financial assets and liabilities (continued)

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

Equity instruments

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

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

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

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

3.3.1.2 Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company applies the three-stage model for impairment of financial assets measured at amortised cost and FVOCI, based on changes in credit quality since initial recognition.

Stage 1 ("Performing") includes financial assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these financial assets, 12-month expected credit losses ("ECL") are recognised and financial income is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). A 12-month ECL is the ECL that results from default events that are possible within 12-months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12-months.

3. Significant accounting policies (continued)

3.3 IFRS 9 Financial Instruments (continued)

3.3.1 Changes in accounting policies (continued)

3.3.1.2 Impairment of financial assets (continued)

Stage 2 ("Under-performing") includes financial assets that have had a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A significant increase in credit risk is presumed if a receivable is more than 30 days past due. For these financial assets, lifetime ECL are recognised, but financial income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that results from all possible default events over the maximum contractual period during which the Company is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

Stage 3 ("Non-performing") includes financial assets that have objective evidence of impairment at the reporting date. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. For these financial assets, lifetime ECL are recognized and financial income is calculated on the net carrying amount (that is, net of credit provision).

The Company, when determining whether the credit risk on a financial asset has increased significantly, considers reasonable and supportable information available (e.g. days past due, customer credit scoring etc.), in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial asset.

Financial assets are written-off only when there is no reasonable expectation of recovery. Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

Impairment losses on financial assets are presented separately on the statement of income.

3.3.1.3 Derecognition of financial assets

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

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

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

3.3.1.4 Classification and subsequent measurement of financial liabilities

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

3.3.1.5 Derecognition of financial liabilities

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

3. Significant accounting policies (continued)

3.3 IFRS 9 Financial Instruments (continued)

3.3.2 Changes to classification and measurement

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

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

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company); and
- Debt instruments at amortized cost.

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognised in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:

- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI);
- The remaining amount of the change in the fair value is presented in the statement of income.

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

3.3.3 Changes to the impairment calculation

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

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

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

Probability of Default ('PD'): The probability of default is an estimate of the likelihood of default over a given time horizon.
Loss Given Default ('LGD'): Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

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

3. Significant accounting policies (continued)

3.3 IFRS 9 Financial Instruments (continued)

3.3.3 Changes to the impairment calculation (continued)

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

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

Financial assets that are subject to impairment consist of investment portfolio (debt instruments), cash and cash equivalents and certain other financial assets

3.3.4 Transition disclosures

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

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designated financial assets and liabilities as measured at FVTPL. This category includes financial assets that were previously designated as held for trading or those that were classified as available for sale; and
- the designation of certain investments in equity instruments not held for trading as FVOCI.

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of application i.e. December 31, 2022 is, as follows:

Financial assets	**December 31, 2022 IAS 39**		**Re-classification**	**Re-measurement**		**January 1, 2023 IFRS 9**	
	Category	**Amount**		**ECL**	**Others**	**Category**	**Amount**
Cash and cash equivalents	Loans & receivables	194,904,123	-	(313,268)	-	Held at amortized cost	194,590,855
Fair value through statement of income (FVSI)	Held for trading (HFT)	-	78,173,786	-	-	FVTPL	78,173,786
Available-for-sale investment (Refer Note 5.2)	Available for sale (AFS)	591,436,951	(78,173,786)	(291,951)	39,590,047	FVOCI	552,561,261
Statutory deposit	Loans & receivables	60,000,000	-	-	-	Held at amortized cost	60,000,000
Accrued income on statutory deposit	Loans & receivables	2,381,722	-	-	-	Held at amortized cost	2,381,722
Financial assets at fair value through statement of income (unit linked investments)	Held for trading (HFT)	487,049,866	-	-	-	FVTPL	487,049,866

3. Significant accounting policies (continued)

3.3 IFRS 9 Financial Instruments (continued)

3.3.4 Transition disclosures (continued)

Some of the financial assets that were classified as loan and receivables and held to maturity under IAS 39 continues to be measured at amortised costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI. Financial assets held for trading continue to be measured at fair value through profit or loss and as such there was no impact on transition.

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

Financial assets	December 31, 2021 IAS 39		Re-classification	Re-measurement		January 1, 2022 IFRS 9	
	Category	Amount		ECL	Others	Category	Amount
Cash and cash equivalents	Loans & receivables	160,979,644	-	(166,572)	-	Held at amortized cost	160,813,072
Fair value through statement of income investments (FVSI) (Refer Note 5.2)	Held for trading (HFT)	-	78,952,103	-	-	FVTPL	78,952,103
Available-for-sale investment (Refer Note 5.2)	Available for sale (AFS)	552,951,331	(78,952,103)	(206,694)	35,109,480	FVOCI	508,902,014
Statutory deposit	Loans & receivables	60,000,000	-	-	-	Held at amortized cost	60,000,000
Accrued income on statutory deposit	Loans & receivables	1,579,858	-	-	-	Held at amortized cost	1,579,858
Financial assets at fair value through statement of income (unit linked investments)	Held for trading (HFT)	515,227,924	-	-	-	FVTPL	515,227,924

The impact of transition to IFRS 9 on retained earnings is, as follows:

	January 1, 2023	January 1, 2022
Increase in the Company's total equity		
Impairment of financial assets	(313,268)	(166,572)
Fair valuation of FVOCI investment	(291,951)	(206,694)
Fair valuation of Najm shares (Refer Note 5.2.1)	37,780,047	35,109,480
Fair valuation of Saudi Next Care shares (Refer Note 5.2.2)	1,810,000	-
Impact of adoption of IFRS 9 before zakat and income tax	38,984,828	34,736,214

The impact on the net loss and other comprehensive income for the nine-month period ended September 30, 2022 upon adoption of IFRS 9, is not material.

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

3. Significant accounting policies (continued)

3.4 Critical accounting judgments, estimates and assumptions

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2022 except for points (i) to (vi) below, which changed upon adoption of IFRS 17 and IFRS 9.

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

i. Estimates of future cash flows to fulfil insurance contracts

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

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

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

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

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

3. Significant accounting policies (continued)

3.4 Critical accounting judgments, estimates and assumptions (continued)

ii. Discounting methodology

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

The bottom-up approach was used to derive the discount rate. Under this approach, the USD based risk free discount rates by European Insurance and Occupational Pensions Authority (EIOPA) were used as a starting point for preparing the yield curve. The Company then further added a KSA country risk premium from the source to make the yield curve appropriate for application. The Company has used the USD volatility adjustment reported by EIOPA for Solvency II as a proxy for illiquidity premium. The Company is currently discounting liability for incurred claims for all groups of insurance contracts.

For GMM, the bottom-up approach is used to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an ‘illiquidity premium’). The Company uses EIOPA rates provided by Allianz Group as risk free rates. Management uses judgement to assess liquidity characteristics of the liability cash flows. For GMM, due to size of business being immaterial, liquidity premium is not considered.

For VFA, the Company uses an average of the historical fund returns to set a yield curve to discount the cashflows.

iii. Risk adjustment for non-financial risks

The Company shall adjust the estimate of the present value of the future cashflows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cashflows that arises from non-financial risk. So, the purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cashflows that arise from insurance contracts, other than uncertainty arising from financial risk. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The Company adopted the PAA simplification for the calculation of liability for remaining coverage. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognized as onerous.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

For LRC measured under GMM and VFA, the cost of capital method is used to derive the overall risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is expected to be set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business.

3. Significant accounting policies (continued)

3.4 Critical accounting judgments, estimates and assumptions (continued)

iv. Onerosity determination

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition unless "facts and circumstances" indicate otherwise. The Company performs the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if "facts and circumstances" indicate that there are significant changes in product pricing, product design, plans and forecasts. This level of granularity determines sets of contracts. The Company uses significant judgement 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.

The Company has established a process for the underwriting team to capture onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately. Refer Note 3.2.1 for further details in this regard.

v. CSM determination

For long term Individual Life contracts, measured under the GMM and VFA, the Company recognizes a contractual service margin (CSM) which represents the unearned profit the Company will earn as it provides service under those contracts. A coverage unit methodology is used for the release of the CSM. Based on the benefit for the policy holders, the applicable CSM release pattern is determined by using coverage unit methodology which will reflect the benefit defined in the insurance contracts with the policyholders.

In performing the above determination, management applies judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in the income statement for the period.

vi. Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. The fair value used for valuation of Level 2 investements are based on discounted cash flow method which considers the present value of net cash flows to be generated from the debt securities and sukuks discounted at the market yield of treasury bills having similar terms and adjusted for the effect of non-marketability of the debt securities and sukuks which includes Saudi sovereign curve yield and risk premium prevailing in the Saudi market and for mutual funds latest available NAV adjusted for the fair value. The fair value used for valuation of Level 3 equities is based on discounted cash flow method. Also see note 8.

4. Cash and cash equivalents

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

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Bank balances and cash	**80,946,379**	64,303,364	110,979,645
Deposits maturing within 3 months	**142,118,738**	130,600,759	49,999,999
Less: Impairment allowance	**(12,556)**	(313,268)	(166,572)
	223,052,561	194,590,855	160,813,072

5. Investments

	Note	**September 30, 2023 (Unaudited) SR**	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Measured at FVTPL	5.1	**82,831,909**	78,173,786	78,952,103
Measured at FVOCI	5.2	**643,596,376**	552,561,261	508,902,014
		726,428,285	630,735,047	587,854,117

5.1 Movement in investment classified under fair value through profit or loss

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Balance at beginning of the period / year	**78,173,786**	78,952,103	30,994,614
Purchases	**4,450,082**	7,500,000	48,666,522
Unrealised gain / (loss) on fair value	**208,041**	(8,278,317)	(709,033)
Balance at period / year end	**82,831,909**	78,173,786	78,952,103

5.1.1 *Investments are classified as follows:*

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Bonds and sukuks	**69,425,213**	69,138,150	68,629,238
Mutual funds	**13,406,696**	9,035,636	10,322,865
	82,831,909	78,173,786	78,952,103

5.2 Movement in investment classified under fair value through other comprehensive income

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Balance at beginning of the period / year	**552,561,261**	508,902,014	373,441,803
Purchases	**162,853,224**	148,020,250	123,833,478
Disposals	**(68,448,478)**	(83,220,261)	(13,736,516)
Amortisation	**33,618**	(127,424)	(543,172)
Unrealised (loss) / gain on fair value	**(3,403,249)**	(21,013,318)	25,906,421
Balance at period / year end	**643,596,376**	552,561,261	508,902,014

5. Investments (continued)

5.2 Movement in investment classified under fair value through other comprehensive income (continued)

5.2.1 Valuation of Najm equities

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Balance at beginning of the period / year	**39,703,127**	37,032,560	1,923,080
Unrealised gain on fair value*	**-**	2,670,567	35,109,480
Balance at period / year end	**39,703,127**	39,703,127	37,032,560

The above represents the Company's 3.45% (December 31, 2022: 3.45%) holding in Najm for Insurance Services Company, a Saudi closed joint stock company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of SR 1.9 million until December 31, 2022, to be SR 37.03 million at as January 1, 2022 and SR 39.70 million as at December 31, 2022. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in the opening equity as of January 1, 2022, December 31, 2022. The valuation is based on discounted cash flows which are based on approved projections. Key assumptions used in Najm valuation include discount rate of 4.5%, terminal growth rate in the range of 1%-2% etc.

5.2.2 Valuation of Saudi Next Care equities

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Balance at beginning of the period / year	**2,610,000**	800,000	800,000
Unrealised gain on fair value	**-**	1,810,000	-
Balance at period / year end	**2,610,000**	2,610,000	800,000

The above represent the Company's 15% (December 31, 2022: 15%) holding in Saudi Next Care Company, a Saudi closed joint stock company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Saudi Next Care, which was previously carried at initial cost of SR 0.8 million until December 31, 2022, to be SR 2.6 million as at December 31, 2022. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in the opening equity as of December 31, 2022.

5.2.3 *Investments are classified as follows:*

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Bonds and sukuks	**597,526,699**	507,116,041	467,893,887
Equities	**46,069,677**	45,445,220	41,008,127
	643,596,376	552,561,261	508,902,014

6. Deferred tax assets, net

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Deferred tax assets, net	**7,562,940**	7,051,465	3,940,570

Movement in deferred tax asset balance is as follows:

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
At the beginning of the period/year	**7,051,465**	3,940,570	7,668,495
Deferred tax income / (expense) - statement of income	**72,435**	612,003	(135,882)
Deferred tax income / (expense) - statement of comprehensive income	**439,040**	2,498,892	(3,592,043)
At the end of the period/year	**7,562,940**	7,051,465	3,940,570

This deferred tax arises on employees' end of service obligations, provision against premium receivable, provision against reinsurance receivable, unabsorbed tax losses, fair value reserve on investments and property and equipment.

7. Contingencies

a) The Company's contingencies are as follows:

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR (Restated)*	*January 1, 2022 (Unaudited) SR (Restated)*
Letters of guarantee	**9,089,224**	14,152,409	15,940,000

b) The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its interim financial position and results as at and for the period ended September 30, 2023. There was no significant change in the status of legal proceedings as disclosed at December 31, 2022.

8. 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 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.

a. 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.

8. Fair values of financial instruments (continued)

b. Carrying amounts and fair value

c.

The following table shows the carrying amount and fair value 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 as the carrying amount is a reasonable approximation to fair value.

	Fair value				
SR	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
30 September 2023					
Investment measured at fair value through OCI					
Bonds and sukuks	**308,567,691**	**288,959,008**	**-**	**597,526,699**	**597,526,699**
Equities	**3,756,550**	**-**	**42,313,127**	**46,069,677**	**46,069,677**
Investment measured at fair value through profit or loss					
Bonds and sukuks	**69,425,213**	**-**	**-**	**69,425,213**	**69,425,213**
Mutual funds	**13,406,696**	**-**	**-**	**13,406,696**	**13,406,696**
Financial assets at fair value through profit or loss (unit linked investments)	**-**	**480,072,784**	**-**	**480,072,784**	**480,072,784**
	395,156,150	**769,031,792**	**42,313,127**	**1,206,501,069**	**1,206,501,069**

	Fair value				
SR	Level 1	Level 2	Level 3	Total	Carrying value
31 December 2022 (restated)					
Investment measured at fair value through OCI					
Bonds and sukuks	268,458,288	238,657,753	-	507,116,041	507,116,041
Equities	3,132,093	-	42,313,127	45,445,220	45,445,220
Investment measured at fair value through profit or loss					
Bonds and sukuks	69,138,150	-	-	69,138,150	69,138,150
Mutual funds	9,035,636	-	-	9,035,636	9,035,636
Financial assets at fair value through profit or loss (unit linked investments)	-	487,049,866	-	487,049,866	487,049,866
	349,764,167	725,707,619	42,313,127	1,117,784,913	1,117,784,913

	Fair value				
SR	Level 1	Level 2	Level 3	Total	Carrying value
1 January 2022 (restated)					
Investment measured at fair value through OCI					
Bonds and sukuks	291,169,604	176,724,283	-	467,893,887	467,893,887
Equities	3,175,567	-	37,832,560	41,008,127	41,008,127
Investment measured at fair value through profit or loss					
Bonds and sukuks	68,629,238	-	-	68,629,238	68,629,238
Mutual funds	10,322,865	-	-	10,322,865	10,322,865
Financial assets at fair value through profit or loss (unit linked investments)	-	515,227,924	-	515,227,924	515,227,924
	373,297,274	691,952,207	37,832,560	1,103,082,041	1,103,082,041

8. Fair values of financial instruments (continued)

c. Measurement of fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Bonds and sukuks	The fair value used for valuation of Level 2 bonds and sukuks based on discounted cash flow method which considers the present value of net cash flows discounted at the market yield of treasury bills having similar terms and adjusted for the effect of non-marketability of the debt securities and sukuks which includes Saudi sovereign curve yield and risk premium prevailing in the Saudi market.	Not applicable	Not applicable
Mutual funds	Mutual funds classified as Level 2 are fair valued based on the latest available NAV adjusted for the fair value.	Not applicable	Not applicable
Equities	Equities classified as Level 3 are fair value estimates technique such as discounted cash flows which are based on approved projections. Key assumptions used such as discuount rate, terminal growth rate etc, which are not observable.	Fair value of future operating cash flows	The estimated fair value will increase / decrease directly in line with the change in future operating cash flows

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy:

SR	**September 30, 2023 (Unaudited) SR**	*December 31, 2022 (Unudited) SR (Restated)*
Balance at the beginning of the period / year	**42,313,127**	37,832,560
Purchases	**-**	-
Unrealised gain on fair value of FVOCI	**-**	4,480,567
Balance at the end of the period / year	**42,313,127**	42,313,127

9. Insurance contract assets / liabilities

a. PAA, gross

For the period ended 30 September 2023					
	LRC	**LC**	**LIC**	**RA**	**Total**
Net insurance contract assets / (liabilities) as at January 1, 2023	105,268,332	(15,630,001)	(470,262,239)	(20,706,994)	**(401,330,902)**
Insurance contract assets as at January 1, 2023	179,520,207	-	-	-	**179,520,207**
Insurance contract liabilities as at January 1, 2023	(74,251,875)	(15,630,001)	(470,262,239)	(20,706,994)	**(580,851,109)**
Insurance revenue	**607,420,763**	**-**	**-**	**-**	**607,420,763**
Written premium	607,420,763	-	-	-	607,420,763
Change in unearned premium reserves [including additional unexpired risk reserve (AURR)]	-	-	-	-	**-**
Insurance service expenses	**(71,739,902)**	**(4,806,902)**	**(415,155,319)**	**400,523**	**(491,301,600)**
Paid claims and other expenses	-	-	(367,972,381)	-	(367,972,381)
Amortization of insurance acquisition cash flows	(71,739,902)	-	-	-	(71,739,902)
Losses on onerous contracts and reversals of those losses	-	(4,806,902)	-	-	(4,806,902)
Changes in liabilities for incurred claims	-	-	10,111,884	400,523	10,512,407
Attributable expenses	-	-	(57,294,822)	-	(57,294,822)
Insurance service result	**535,680,861**	**(4,806,902)**	**(415,155,319)**	**400,523**	**116,119,163**
Insurance finance expenses/income					
Insurance finance expenses/income - P&L	**(1,030,149)**	**-**	**(9,074,175)**	**(111,065)**	**(10,215,389)**
Insurance finance expenses/income – OCI	**-**	**-**	**(3,634,308)**	**-**	**(3,634,308)**
Total changes in the profit or loss and OCI	**534,650,712**	**(4,806,902)**	**(427,863,802)**	**289,458**	**102,269,466**
Cash flows					
Premiums received	(640,667,865)	-	-	-	**(640,667,865)**
Claims and other expenses paid	-	-	369,819,024	-	**369,819,024**
Directly attributable expenses paid	-	-	57,294,822	-	**57,294,822**
Insurance acquisition cash flows paid	84,312,985	-	-	-	**84,312,985**
Total cash flows	**(556,354,880)**	**-**	**427,113,846**	**-**	**(129,241,034)**
Net insurance contract assets / (liabilities) as at September 30, 2023	**83,564,164**	**(20,436,903)**	**(471,012,195)**	**(20,417,536)**	**(428,302,470)**
Insurance contract liabilities as at September 30, 2023	(119,048,587)	(20,436,903)	(472,571,066)	(20,480,709)	**(632,537,265)**
Insurance contract assets as at September 30, 2023	202,612,751	-	1,558,871	63,173	**204,234,795**

9. Insurance contract assets / liabilities (continued)

a. PAA, gross (continued)

For the period ended 31 December 2022					
	LRC	**LC**	**LIC**	**RA**	**Total**
Net insurance contract assets/ (liabilities) as at January 1, 2022	58,735,905	(40,069,330)	(647,310,416)	(22,721,793)	**(651,365,634)**
Insurance contract assets as at January 1, 2022	104,683,647	-	-	-	**104,683,647**
Insurance contract liabilities as at January 1, 2022	(45,947,742)	(40,069,330)	(647,310,416)	(22,721,793)	**(756,049,281)**
Insurance revenue	**728,114,869**	**-**	**-**	**-**	**728,114,869**
Written premium	771,689,214	-	-	-	**771,689,214**
Change in unearned premium reserves (Including AURR)	(43,574,345)	-	-	-	**(43,574,345)**
Insurance service expenses	**(95,799,549)**	**24,439,329**	**(403,648,875)**	**2,424,679**	**(472,584,416)**
Paid claims and other expenses	-	-	(494,838,168)	-	**(494,838,168)**
Amortisation of insurance acquisition cash flows	(95,799,549)	-	-	-	**(95,799,549)**
Losses on onerous contracts and reversals of those losses	-	24,439,329	-	-	**24,439,329**
Changes in liabilities for incurred claims	-	-	157,443,720	2,424,679	**159,868,399**
Attributable expenses	-	-	(66,254,427)	-	**(66,254,427)**
Insurance service result	**632,315,320**	**24,439,329**	**(403,648,875)**	**2,424,679**	**255,530,453**
Insurance finance expenses/income	**(769,645)**	**-**	**9,344,990**	**(409,880)**	**8,165,465**
Insurance finance expenses/income - P&L	(769,645)	-	7,622,893	(409,880)	**6,443,368**
Other movements	-	-	1,722,097	-	**1,722,097**
Total changes in the profit or loss and OCI	**631,545,675**	**24,439,329**	**(394,303,885)**	**2,014,799**	**263,695,918**
Cash flows					
Premiums received	(679,283,300)	-	-	-	**(679,283,300)**
Claims and other expenses paid	-	-	505,097,635	-	**505,097,635**
Directly attributable expenses paid	-	-	66,254,427	-	**66,254,427**
Insurance acquisition cash flows paid	94,270,052	-	-	-	**94,270,052**
Total cash flows	**(585,013,248)**	**-**	**571,352,062**	**-**	**(13,661,186)**
Net insurance contract assets / (liabilities) as at December 31, 2022	105,268,332	(15,630,001)	(470,262,239)	(20,706,994)	**(401,330,902)**
Insurance contract liabilities as at December 31, 2022	(74,251,875)	(15,630,001)	(470,262,239)	(20,706,994)	**(580,851,109)**
Insurance contract assets as at December 31, 2022	179,520,207	-	-	-	**179,520,207**

9. Insurance contract assets / liabilities (continued)

b. VFA, GMM gross

For the period ended September 30, 2023					
	LRC	LC	LIC	RA	**Total**
Net insurance contract assets / (liabilities) as at January 1, 2023	**(466,965,877)**	**(12,073,203)**	**(15,984,550)**	**(92,001)**	**(495,115,631)**
Insurance contract assets as at January 1, 2023	3,116,606	-	8,870	-	**3,125,476**
Insurance contract liabilities as at January 1, 2023	(470,082,483)	(12,073,203)	(15,993,420)	(92,001)	**(498,241,107)**
Insurance revenue	**7,918,002**	**-**	**-**	**-**	**7,918,002**
Expected claims expenses incurred in the period	736,847	-	-	-	**736,847**
Expected directly attributable expenses incurred in the period	6,032,705	-	-	-	**6,032,705**
Loss component run off	(1,417,039)	-	-	-	**(1,417,039)**
Expected other insurance service expenses incurred in the period	(39,439)	-	-	-	**(39,439)**
Change in risk adjustment for non-financial risk	202,683	-	-	-	**202,683**
Experience Adjustments	100,035	-	-	-	**100,035**
Amount of CSM recognized in profit or loss	1,953,855	-	-	-	**1,953,855**
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	348,355	-	-	-	**348,355**
Insurance service expenses	**74,834,012**	**(5,969,873)**	**(82,611,883)**	**(4,757)**	**(13,752,501)**
Incurred in current period, paid in current period	-	-	(678,657)	-	**(678,657)**
Incurred in current period, outstanding at end current period	-	-	(77,503)	(3,982)	**(81,485)**
Incurred in current period, IBNR at end current period	-	-	(15,500)	(775)	**(16,275)**
ULAE for outstanding & IBNR at end current period	-	-	(2,135)	-	**(2,135)**
Directly attributable expenses, excluding insurance acquisition cash flows	(348,354)	-	(6,655,722)	-	**(7,004,076)**
Losses on onerous contracts and reversals of those losses	-	(5,969,873)	-	-	**(5,969,873)**
Investment components	75,182,366	-	(75,182,366)	-	**-**
Surrenders	46,613,067	-	(46,613,067)	-	**-**
Maturities	28,569,299	-	(28,569,299)	-	**-**
Insurance service result	82,752,014	(5,969,873)	(82,611,883)	(4,757)	**(5,834,499)**
Insurance finance expenses/income - P&L	(28,390,326)	-	-	-	**(28,390,326)**
Total changes in the profit or loss and OCI	54,361,688	(5,969,873)	(82,611,883)	(4,757)	**(34,224,825)**
Cash flows					
Premium received	(40,199,429)	-	-	-	**(40,199,429)**
Claims paid	-	-	70,141,759	-	**70,141,759**
Directly attributable expenses paid (excluding insurance acquisition cash flows)	-	-	6,655,722	-	**6,655,722**
Insurance acquisition cash flows	3,805,229	-	-	-	**3,805,229**
Total cash flows	**(36,394,200)**	**-**	**76,797,481**	**-**	**40,403,281**
Net insurance contract assets / (liabilities) as at September 30, 2023	**(448,998,389)**	**(18,043,076)**	**(21,798,952)**	**(96,758)**	**(488,937,175)**
Insurance contract liabilities as at September 30, 2023	(453,325,868)	(18,043,076)	(21,798,952)	(96,758)	**(493,264,654)**
Insurance contract assets as at September 30, 2023	4,327,479	-	-	-	**4,327,479**

9. Insurance contract assets / liabilities (continued)

b. VFA, GMM gross (continued)

For the period ended 31 December 2022					
	LRC	**LC**	**LIC**	**RA**	**Total**
Net insurance contract assets / (liabilities) as at January 1, 2022	(501,721,263)	(6,649,693)	(11,191,461)	(67,568)	**(519,629,985)**
Insurance contract assets as at January 1, 2022	265,929	(4,863)	-	-	**261,066**
Insurance contract liabilities as at January 1, 2022	(501,987,192)	(6,644,830)	(11,191,461)	(67,568)	**(519,891,051)**
Insurance revenue	13,984,375	-	-	-	**13,984,375**
Expected claims expenses incurred in the period	1,433,102	-	-	-	**1,433,102**
Expected directly attributable expenses incurred in the period	9,454,414	-	-	-	**9,454,414**
Loss component run off	(2,162,438)	-	-	-	**(2,162,438)**
Expected other insurance service expenses incurred in the period	(61,534)	-	-	-	**(61,534)**
Change in risk adjustment for non-financial risk	(1,991)	-	-	-	**(1,991)**
Experience adjustments	135,004	-	-	-	**135,004**
Amount of CSM recognized in profit or loss	4,277,999	-	-	-	**4,277,999**
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	909,819	-	-	-	**909,819**
Insurance service expenses	**100,458,991**	**(5,423,510)**	**(113,730,333)**	**(24,433)**	**(18,719,285)**
Incurred in current year, paid in current year	-	-	(578,174)	-	**(578,174)**
Incurred in current year, outstanding at end current year	(909,819)	-	-	-	**(909,819)**
Incurred in current year, IBNR at end current year	-	(5,423,510)	-	-	**(5,423,510)**
ULAE for outstanding & IBNR at end current year	-	-	(3,190,984)	(24,433)	**(3,215,417)**
Directly attributable expenses, excluding insurance acquisition cash flows	-	-	(8,592,365)	-	**(8,592,365)**
Investment components	101,368,810	-	(101,368,810)	-	-
Surrenders	62,848,662	-	(62,848,662)	-	-
Maturities	38,520,148	-	(38,520,148)	-	-
Insurance service result	**114,443,366**	**(5,423,510)**	**(113,730,333)**	**(24,433)**	**(4,734,910)**
Insurance finance expenses/income - P&L	(10,215,743)	-	-	-	**(10,215,743)**
Total changes in the profit or loss and OCI	104,227,623	(5,423,510)	(113,730,333)	(24,433)	**(14,950,653)**
Cash flows					
Premium received	(74,155,313)	-	-	-	**(74,155,313)**
Claims paid	-	-	100,344,879	-	**100,344,879**
Directly attributable expenses paid (excluding insurance acquisition cash flows)	-	-	8,592,365	-	**8,592,365**
Insurance acquisition cash flows	4,683,076	-	-	-	**4,683,076**
Total cash flows	**(69,472,237)**	**-**	**108,937,244**	**-**	**39,465,007**
Net insurance contract assets / (liabilities) as at December 31, 2022	(466,965,877)	(12,073,203)	(15,984,550)	(92,001)	**(495,115,631)**
Insurance contract assets as at December 31, 2022	3,116,606	-	8,870	-	**3,125,476**
Insurance contract liabilities as at December 31, 2022	(470,082,483)	(12,073,203)	(15,993,420)	(92,001)	**(498,241,107)**

10. Reinsurance Contract Assets / Liabilities

a. PAA, RI

For the period ended 30 September 2023					
	Assets for remaining coverage	**LC**	**Assests for amounts recoverable on Incurred claims**	**RA**	**Total**
Net reinsurance contract assets / (liabilities) as at January 1, 2023	**(166,191,571)**	**3,964,512**	**395,006,453**	**15,121,432**	**247,900,824**
Reinsurance contract assets as at January 1, 2023	15	3,964,512	395,006,453	15,121,432	414,092,412
Reinsurance contract liabilities as at January 1, 2023	**(166,191,587)**	**-**	**-**	**-**	**(166,191,587)**
<u>Amounts allocated to reinsurance</u>	**(209,115,639)**	**-**	**-**	**-**	**(209,115,639)**
Ceded premium	(209,115,639)	-	-	-	(209,115,639)
Change in reinsurance share of unearned premium reserves	-	-	-	-	-
Reinsurance (fixed) commission	-	-	-	-	-
Change in reinsurance share unearned (fixed) commission	-	-	-	-	-
<u>Amounts recoverable from reinsurance</u>	**-**	**2,013,026**	**89,069,588**	**(2,797,522)**	**88,285,092**
Amounts recoverable for incurred claims and other expenses	-	-	143,269,788	-	143,269,788
Amounts Recoverable for Amortization of insurance acquisition cash flows	-	-	-	-	-
Losses on onerous contracts and reversals of those losses	-	2,013,026	-	-	2,013,026
Changes in liabilities for incurred claims	-	-	(54,200,200)	(2,797,522)	(56,997,722)
<u>Reinsurance service result</u>	**(209,115,639)**	**2,013,026**	**89,069,588**	**(2,797,522)**	**(120,830,547)**
Reinsurance finance expenses/income					
Reinsurance finance expenses/income - P&L	864,928	-	7,108,378	49,226	**8,022,532**
Reinsurance finance expenses/income – OCI	-	-	2,999,945	-	**2,999,945**
Total changes in the profit or loss and OCI	**(208,250,711)**	**2,013,026**	**99,177,911**	**(2,748,296)**	**(109,808,070)**
Cash flows					
Premium paid	240,092,301	-	-	-	240,092,301
Claims received	-	-	(215,232,900)	-	(215,232,900)
Fixed commission received	(13,379,458)	-	-	-	(13,379,458)
<u>Total cash flows</u>	**226,712,843**	**-**	**(215,232,900)**	**-**	**11,479,943**
Net reinsurance contract assets / (liabilities) as at September 30, 2023	**(147,729,440)**	**5,977,538**	**278,951,464**	**12,373,136**	**149,572,698**
Reinsurance contract liabilities as at September 30, 2023	(147,994,092)	-	(2,049,542)	-	**(150,043,634)**
Reinsurance contract assets as at September 30, 2023	264,652	5,977,538	281,001,006	12,373,136	**299,616,332**

10. Reinsurance contract assets / liabilities (continued)

a. PAA, RI (continued)

For the period ended 31 December 2022					
	Assets for remaining coverage	**LC**	**Assests for Amounts recoverable on Incurred claims**	**RA**	**Total**
Net reinsurance contract assets / (liabilities) as at January 1, 2022	(103,068,969)	19,647,354	565,731,557	17,723,928	**500,033,870**
Reinsurance contract assets as at January 1, 2022	3,115	19,647,354	565,731,557	17,723,928	**603,105,954**
Reinsurance contract liabilities as at January 1, 2022	(103,072,084)	-	-	-	**(103,072,084)**
Amounts allocated to reinsurance	(318,050,871)	-	-	-	**(318,050,871)**
Ceded premium	(331,724,331)	-	-	-	**(331,724,331)**
Change in reinsurance share of unearned premium reserves	8,740,751	-	-	-	**8,740,751**
Reinsurance (fixed) commission	6,191,911	-	-	-	**6,191,911**
Change in reinsurance share unearned (fixed) commission	(1,259,202)	-	-	-	**(1,259,202)**
Amounts recoverable from reinsurance	**-**	**(15,682,842)**	**75,259,568**	**(2,933,668)**	**56,643,058**
Amounts recoverable for incurred claims and other expenses	-	-	242,802,913	-	**242,802,913**
Losses on onerous contracts and reversals of those losses	-	(15,682,842)	-	-	**(15,682,842)**
Changes in liabilities for incurred claims	-	-	(167,543,345)	(2,933,668)	**(170,477,013)**
Reinsurance service result	**(318,050,871)**	**(15,682,842)**	**75,259,568**	**(2,933,668)**	**(261,407,813)**
Reinsurance finance expenses/income	678,428	-	(8,355,133)	331,172	**(7,345,533)**
Reinsurance finance expenses/income - P&L	678,428	-	(6,998,246)	331,172	**(5,988,646)**
Other movements	-	-	(1,356,887)	-	**(1,356,887)**
Total changes in the profit or loss and OCI	**(317,372,443)**	**(15,682,842)**	**66,904,435**	**(2,602,496)**	**(268,753,346)**
Cash flows					
Premiums paid	260,441,751	-	-	-	**260,441,751**
Claims and other expenses received	-	-	(237,629,539)	-	**(237,629,539)**
Reinsurance acquisition cash flows received	(6,191,911)	-	-	-	**(6,191,911)**
Total cash flows	**254,249,840**	**-**	**(237,629,539)**	**-**	**16,620,301**
Net reinsurance contract assets / (liabilities) as at December 31, 2022	(166,191,572)	3,964,512	395,006,453	15,121,432	**247,900,825**
Reinsurance contract assets as at December 31, 2022	15	3,964,512	395,006,453	15,121,432	**414,092,412**
Reinsurance contract liabilities as at December 31, 2022	(166,191,587)	-	-	-	**(166,191,587)**

10. Reinsurance con tract assets / liabilities (continued)

b. VFA, GMM RI

For the period ended 30 September 2023					
	LRC	**LC**	**LIC**	**RA**	**Total**
Net reinsurance contract assets / (liabilities) as at January 1, 2023	**(323,144)**	**-**	**804,374**	**35,974**	**517,206**
Reinsurance contract assets as at January 1, 2023	**12,870**	**-**	**804,374**	**35,974**	**853,219**
Reinsurance contract liabilities as at January 1, 2023	**(336,013)**	**-**	**-**	**-**	**(336,013)**
Insurance revenue	(83,665)	-	-	-	**(83,665)**
Expected claims recoverable in the period	(17,277)	-	-	-	**(17,277)**
Change in risk adjustment for non-financial risk	(14,369)	-	-	-	**(14,369)**
Experience adjustments	(110,349)	-	-	-	**(110,349)**
CSM (net gain/loss) release	58,330	-	-	-	**58,330**
Insurance service expenses	-	-	133,821	1,860	**135,681**
Incurred in current period, paid in current period	-	-	96,620	-	96,620
Incurred in current period, outstanding at end current period	-	-	37,201	1,860	39,061
Reinsurance service result	**(83,665)**	**-**	**133,821**	**1,860**	**52,016**
Reinsurance finance expenses/income - P&L	(18,623)	-	-	-	(18,623)
Total changes in the profit or loss and OCI	**(102,288)**	**-**	**133,821**	**1,860**	**33,393**
Cash flows					
Premium paid	1,186,642	-	-	-	1,186,642
Claim recoveries received from reinsurer	-	-	(175,089)	-	(175,089)
Total cash flows	1,186,642	-	(175,089)	-	1,011,553
Net reinsurance contract assets / (liabilities) as at September 30, 2023	**761,210**	**-**	**763,106**	**37,834**	**1,562,150**
Reinsurance contract assets as at September 30, 2023	761,210	-	763,106	37,834	1,562,150
Reinsurance contract liabilities as at September 30, 2023	-	-	-	-	-

10. Reinsurance contract assets / liabilities (continued)

b. VFA, GMM RI (continued)

For the period ended 31 December 2022					
	LRC	**LC**	**LIC**	**RA**	**Total**
Net insurance contract assets / (liabilities) as at January 1, 2022	(427,200)	-	583,337	26,431	182,568
Reinsurance contract assets as at January 1, 2022	-	-	588,920	26,431	615,351
Reinsurance contract liabilities as at January 1, 2022	(427,200)	-	(5,583)	-	(432,783)
Insurance revenue	(689,851)	-	-	-	(689,851)
Expected claims recoverable in the year	(25,642)	-	-	-	(25,642)
Change in risk adjustment for non-financial risk	31,595	-	-	-	31,595
Experience adjustments	(645,495)	-	-	-	(645,495)
CSM (net gain/loss) release	(50,309)	-	-	-	(50,309)
Insurance service expenses	-	-	422,143	9,543	431,686
Incurred in current year, paid in current year	-	-	231,269	-	231,269
Incurred in current year, outstanding at end current year	-	-	190,874	9,543	200,417
Reinsurance service result	**(689,851)**	**-**	**422,143**	**9,543**	**(258,165)**
Reinsurance finance expenses/income - P&L	(98,741)	-	-	-	(98,741)
Total changes in the profit or loss and OCI	(788,592)	-	422,143	9,543	(356,906)
Cash flows					
Premium paid	892,649	-	-	-	892,649
Claim recoveries received from reinsurer	-	-	(201,106)	-	(201,106)
Total cash flows	**892,649**	**-**	**(201,106)**	**-**	**691,543**
Net reinsurance contract assets / (liabilities) as at December 31, 2022	(323,143)	-	804,374	35,974	517,205
Reinsurance contract assets as at December 31, 2022	12,870	-	804,374	35,974	853,218
Reinsurance contract liabilities as at December 31, 2022	(336,013)	-	-	-	(336,013)

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

11.1. Right-of-use assets

The following table presents the right-of-use assets of the Company:

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR*	*January 1, 2022 (Unaudited) SR*
Balance at the beginning of the period / year	**4,107,309**	844,193	3,730,142
Addition	**-**	7,089,726	-
Depreciation	**(2,175,921)**	(3,826,610)	(2,885,949)
Balance at end of period / year	**1,931,388**	4,107,309	844,193

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

11.2. Lease liabilities

The following table represents the movement of lease liabilities of the Company:

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Unaudited) SR*	*January 1, 2022 (Unaudited) SR*
Opening balance	**6,092,308**	997,804	3,362,331
Addition	**-**	7,089,726	-
Finance cost	**1,894,597**	1,659,860	447,261
Lease rental payment	**(4,835,844)**	(3,655,082)	(2,811,788)
Balance at end of period / year	**3,151,061**	6,092,308	997,804

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 Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess their 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 interim statement of income. 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.

Segment assets do not include cash and cash equivalents, prepaid expenses and other assets, right of use assets, investments, financial assets for unit linked contracts, property and equipment, statutory deposit and accrued income on statutory deposit. Accordingly, they are included in unallocated assets. Segment liabilities do not include accrued expenses and other liabilities, surplus distribution payable, lease liabilities, employees' end-of-service obligations, zakat and income tax and accrued income payable to SAMA. Accordingly, they are included in unallocated liabilities.

The unallocated assets and unallocated liabilities are reported to chief operating decision maker on the cumulative basis and not reported under the related segments.

The segment information provided to the Company's Board of Directors 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 months and nine months periods then ended, are as follows:

Medical	:	Medical
Motor	:	Motor
Property and casualty	:	Fire, burglary, money, construction, liability and marine
Group life	:	Group retirement
Life	:	Individual protection and saving

12. Operating segments (continued)

	SR					
	Medical	**Motor**	**Property and casualty**	**Group life**	**Life**	**Total**
As at September 30, 2023 (Unaudited)						
Assets						
Insurance contract assets	**69,660,218**	**93,623,668**	**39,779,066**	**1,171,842**	**4,327,480**	**208,562,274**
Reinsurance contract assets	**77,671,105**	**2,536,247**	**193,064,379**	**26,344,601**	**1,562,150**	**301,178,482**
Unallocated assets						
Other assets						**1,680,551,155**
Total assets						**2,190,291,911**
Liabilities and equity						
Insurance contract liabilities	**157,578,717**	**145,240,105**	**251,145,996**	**78,572,447**	**493,264,654**	**1,125,801,919**
Reinsurance contract liabilities	**35,901,683**	**231**	**98,710,645**	**15,431,075**	**-**	**150,043,634**
Unallocated liabilities						**148,622,097**
Equity						**765,824,261**
Total liabilities and equity						**2,190,291,911**

	SR					
	Medical	Motor	Property and casualty	Group life	Life	Total
As at December 31, 2022 (Restated)						
Assets						
Insurance contract assets	35,676,435	95,193,469	48,606,919	2,924,736	244,124	182,645,683
Reinsurance contract assets	91,449,154	3,041,788	289,000,763	31,453,925	-	414,945,630
Unallocated assets						
Other assets						1,521,777,603
Total assets						2,119,368,916
Liabilities and equity						
Insurance contract liabilities	121,691,870	118,933,698	284,838,870	553,359,178	268,600	1,079,092,216
Reinsurance contract liabilities	42,057,483	3,003,087	89,921,778	31,545,252	-	166,527,600
Unallocated liabilities						125,004,982
Equity						748,744,118
Total liabilities and equity						2,119,368,916

	SR					
	Medical	Motor	Property and Casualty	Group life	Life	Total
As at January 1, 2022 (Restated)						
Assets						
Insurance contract assets	49,798	8,716,512	95,912,474	-	265,929	104,944,713
Reinsurance contract assets	45,250,150	78,118	505,758,968	36,124,176	16,509,893	603,721,305
Unallocated assets						
Other assets						1,540,437,605
Total assets						2,249,103,623
Liabilities and equity						
Insurance contract liabilities	77,030,705	50,969,263	568,551,625	59,492,824	519,895,915	1,275,940,332
Reinsurance contract liabilities	5,584	-	103,066,499	281,508	151,276	103,504,867
Unallocated liabilities						113,827,549
Equity						755,830,875
Total liabilities and equity						2,249,103,623

12. Operating segments (continued)

	For the nine-month period ended 30 September 2023					
	Medical	**Motor**	**Property and Casualty**	**Group life**	**Life**	**Total**
Insurance revenue	192,216,368	216,329,219	145,155,396	53,719,780	7,918,002	615,338,765
Insurance service expenses	(174,849,985)	(224,353,371)	(39,296,880)	(52,801,365)	(13,752,500)	(505,054,101)
Insurance service result before reinsurance contracts	17,366,383	(8,024,152)	105,858,516	918,415	(5,834,498)	110,284,664
Allocation of reinsurance premiums	(76,134,462)	(1,570,140)	(96,979,440)	(34,431,597)	(83,665)	(209,199,304)
Amounts recoverable from reinsurance	56,057,286	39,865	(2,827,089)	35,015,030	135,681	88,420,773
Net expenses / (income) from reinsurance contracts	(20,077,176)	(1,530,275)	(99,806,529)	583,433	52,016	(120,778,531)
Insurance service result	(2,710,793)	(9,554,427)	6,051,987	1,501,848	(5,782,482)	(10,493,867)
Interest income from financial assets not measured at FVTPL	-	-	-	-	32,318,897	32,318,897
Net loss on investment measured at FVTPL	146,194	42,386	12,169	7,292	-	208,041
Other investment income	30,351,123	8,799,738	2,526,476	1,514,180	-	43,191,517
Net investment income	30,497,317	8,842,124	2,538,645	1,521,472	32,318,897	75,718,455
Finance expenses from insurance contracts	(1,118,411)	(957,067)	(7,702,065)	(437,846)	(28,390,326)	(38,605,715)
Finance income from reinsurance contracts	612,419	31,306	7,091,783	287,026	(18,625)	8,003,909
Net insurance finance expenses	(505,992)	(925,761)	(610,282)	(150,820)	(28,408,951)	(30,601,806)
Other income	1,154,483	-	-	79,056	-	1,233,539
NET INCOME / (LOSS) FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX	28,435,015	(1,638,064)	7,980,350	2,951,556	(1,872,536)	35,856,321

	Medical	***Motor***	***Property and Casualty***	***Group Life***	***Life***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***	***SR***
Gross written premiums – retail	9,639,305	67,011,440	(2,865,341)	9,936	29,531,147	103,326,487
Gross written premiums – corporate	270,774,822	84,659,752	125,888,140	67,378,014	23,256,610	571,957,338
Gross written premiums – very small entities	-	6,120,322	5,201,050	79,562	-	11,400,934
Gross written premiums – small entities	-	25,202,636	12,744,067	85,258	-	38,031,960
Gross written premiums – medium entities	-	42,473,370	25,859,366	1,381,576	-	69,714,311
Gross written premiums	280,414,126	225,467,520	166,827,282	68,934,344	52,787,757	794,431,029

12. Operating segments (continued)

	For the three-month period ended 30 September 2023					
	Medical	**Motor**	**Property and Casualty**	**Group life**	**Life**	**Total**
Insurance revenue	73,879,517	77,808,578	52,611,693	17,509,650	1,590,870	223,400,308
Insurance service expenses	(84,614,643)	(77,202,508)	7,519,187	(9,006,537)	(6,963,791)	(170,268,292)
Insurance service result before reinsurance contracts	(10,735,126)	606,070	60,130,880	8,503,113	(5,372,921)	53,132,016
Allocation of reinsurance premiums	(28,048,529)	(697,840)	(37,490,400)	(11,360,941)	102,323	(77,495,387)
Amounts recoverable from reinsurance	25,597,660	364,165	(17,013,651)	5,543,315	209,777	14,701,266
Net expenses / (income) from reinsurance contracts	(2,450,869)	(333,675)	(54,504,051)	(5,817,626)	312,100	(62,794,121)
Insurance service result	(13,185,995)	272,395	5,626,828	2,685,487	(5,060,820)	(9,662,105)
Interest income from financial assets not measured at FVTPL	-	-	-	-	565,040	565,040
Net income on investment measure at FVTPL	(54,594)	(6,420)	(4,657)	(5,484)	-	(71,155)
Other investment income	8,199,192	3,415,273	670,118	104,563	-	12,389,146
Net investment income	8,144,598	3,408,853	665,461	99,079	565,040	12,883,031
Finance expenses from insurance contracts	(163,140)	(226,895)	(2,614,355)	(109,029)	3,360,943	247,524
Finance income from reinsurance contracts	91,505	2,913	2,414,035	70,539	(24,998)	2,553,994
Net insurance finance expenses	(71,635)	(223,982)	(200,320)	(38,490)	3,335,945	2,801,518
Other income	1,154,483	-	-	79,056	-	1,233,539
NET (LOSS) / INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX	(3,958,549)	3,457,266	6,091,969	2,825,132	(1,159,835)	7,255,983

	Medical	***Motor***	***Property and Casualty***	***Group Life***	***Life***	***Total***
	SR	***SR***	***SR***	***SR***	***SR***	***SR***
Gross written premiums – retail	2,762,831	20,410,373	(982,154)	-	9,540,696	31,731,746
Gross written premiums – corporate	119,247,812	17,048,552	40,249,714	1,019,911	8,275,432	185,841,423
Gross written premiums – very small entities	-	982,326	315,332	79,562	-	1,377,221
Gross written premiums – small entities	-	6,343,928	6,083,226	4,073	-	12,431,227
Gross written premiums – medium entities	-	12,613,123	9,879,045	16,912	-	22,509,080
Gross written premiums	122,010,643	57,398,302	55,545,164	1,120,458	17,816,128	253,890,696

12. Operating segments (continued)

	For ther nine-month period ended 30 September 2022					
	Medical	Motor	*Property and casualty*	Group life	Life	Total
Insurance revenue	140,657,672	154,670,367	172,686,300	56,419,011	8,234,115	532,667,465
Insurance service expenses	(155,366,458)	(171,365,885)	20,834,286	(31,037,913)	(17,063,832)	(353,999,802)
Insurance service result before reinsurance contracts	(14,708,786)	(16,695,518)	193,520,586	25,381,098	(8,829,717)	178,667,663
Allocation of reinsurance premiums	(68,532,011)	(1,309,151)	(120,780,003)	(38,749,695)	(6,527)	(229,377,387)
Amounts recoverable from reinsurance	71,080,242	573,199	(56,194,584)	18,950,304	176,285	34,585,446
Net expenses / (income) from reinsurance contracts	2,548,231	(735,952)	(176,974,587)	(19,799,391)	169,758	(194,791,941)
Insurance service result	(12,160,555)	(17,431,470)	16,545,999	5,581,707	(8,659,959)	(16,124,278)
Interest income from financial assets not measured at FVTPL	-	-	-	-	7,132,231	7,132,231
Net loss on investment measure at FVTPL	(3,323,821)	(2,026,981)	(1,164,862)	(326,269)	-	(6,841,933)
Other investment income	15,232,607	8,076,453	4,641,359	1,300,012	-	29,250,431
Net investment income	11,908,786	6,049,472	3,476,497	973,743	7,132,231	27,551,803
Finance expenses from insurance contracts	(179,740)	(631,004)	(7,726,384)	(166,326)	(3,463,077)	(12,166,531)
Finance income / (expenses) from reinsurance contracts	97,222	49,931	7,416,084	125,960	(75,462)	7,613,735
Net insurance finance expenses	(82,518)	(581,073)	(310,300)	(40,366)	(3,538,539)	(4,552,796)
Other expenses	(1,988,926)	-	-	-	-	(1,988,926)
NET (LOSS) / INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX	(2,323,213)	(11,963,071)	19,712,196	6,515,084	(5,066,267)	6,874,729

	Medical	*Motor*	*Property and casualty*	*Group life*	*Life*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*
Gross written premiums – retail	-	55,301,249	5,529,014	11,160	33,467,335	94,308,758
Gross written premiums – corporate	163,444,067	49,964,105	102,854,518	79,093,057	21,855,646	417,211,394
Gross written premiums – very small entities	-	3,857,664	4,227,062	76,357	-	8,161,082
Gross written premiums – small entities	-	18,294,725	19,310,967	257,671	-	37,863,364
Gross written premiums – medium entities	-	28,805,307	33,293,187	1,264,894	-	63,363,389
Gross written premiums	163,444,067	156,223,050	165,214,749	80,703,139	55,322,981	620,907,987

12. Operating segments (continued)

	For ther three-month period ended 30 September 2022					
	Medical	Motor	*Property and Casualty*	Group life	Term Life	Total
Insurance revenue	44,006,630	54,962,674	61,588,964	18,324,179	1,641,875	180,524,322
Insurance service expenses	(64,103,723)	(57,062,374)	(5,733,601)	(1,025,175)	(5,828,256)	(133,753,129)
Insurance service result before reinsurance contracts	(20,097,093)	(2,099,700)	55,855,363	17,299,004	(4,186,381)	46,771,193
Allocation of reinsurance premiums	(21,225,825)	(436,384)	(40,252,741)	(12,253,871)	390,182	(73,778,639)
Amounts recoverable from reinsurance	29,017,512	27,537	(2,233,096)	1,752,672	20,075	28,584,700
Net expenses / (income) from reinsurance contracts	7,791,687	(408,847)	(42,485,837)	(10,501,199)	410,257	(45,193,939)
Insurance service result	(12,305,406)	(2,508,547)	13,369,526	6,797,805	(3,776,124)	1,577,254
Interest income from financial assets not measured at FVTPL	-	-	-	-	7,087,572	7,087,572
Net loss on investment measure at FVTPL	(1,791,058)	(953,483)	(242,359)	(102,195)	-	(3,089,095)
Other investment income	8,095,663	3,077,970	345,952	256,661	-	11,776,246
Net investment income	6,304,605	2,124,487	103,593	154,466	7,087,572	15,774,723
Finance expenses from insurance contracts	(28,849)	(177,050)	(2,000,257)	(28,952)	(3,411,985)	(5,647,093)
Finance income/(expenses) from reinsurance contracts	15,661	16,363	1,940,802	21,701	(49,398)	1,945,129
Net insurance finance expenses	(13,188)	(160,687)	(59,455)	(7,251)	(3,461,383)	(3,701,964)
Other income	(493,617)	-	-	-	-	(493,617)
NET (LOSS) / INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX	(6,507,606)	(544,747)	13,413,664	6,945,020	(149,935)	13,156,396

	Medical	*Motor*	*Property and casualty*	*Group life*	*Life*	*Total*
	SR	*SR*	*SR*	*SR*	*SR*	*SR*
Gross written premiums – retail	-	15,677,087	2,200,157	492	10,285,360	28,163,096
Gross written premiums – corporate	51,638,983	16,747,003	17,419,328	895,612	7,530,601	94,231,526
Gross written premiums – very small entities	-	987,964	1,122,379	-	-	2,110,343
Gross written premiums – small entities	-	4,820,580	5,594,502	60,503	-	10,475,586
Gross written premiums – medium entities	-	6,666,603	7,173,603	199,053	-	14,039,259
Gross written premiums	51,638,983	44,899,237	33,509,970	1,155,660	17,815,961	149,019,810

13. Transactions and balances with related parties and other shareholders

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 during the period		***Balance as at***	
	September 30, 2023	*September 30, 2022*	***September 30, 2023***	*December 31, 2022*
	SR	*SR*	***SR***	*SR*
Entities controlled, jointly controlled or significantly influenced by related parties				
- Insurance premium ceded	**45,599,436**	147,633,151	-	-
- Reinsurers' share of claims paid	**19,910,573**	90,302,151	-	-
- Commission income	**1,634,192**	7,160,882	-	-
- Third party administrator expenses	**4,909,617**	8,041,014	-	-
- Reinsurers' share of outstanding claims (Treaty)	-	-	**1,900,713**	706,818
- Accrued third party administrator	-	-	**1,442,927**	4,018,419
- Reinsurance balance payable, net	-	-	**132,655,267**	103,516,861
- Investments in equity of Saudi NextCare	-	-	**2,610,000**	2,212,340
Other shareholders				
- Insurance premium written	**111,964,954**	109,087,452	-	-
- Claims paid	**14,818,156**	42,879,883	-	-
- Commission expense	**445,050**	304,212	-	-
- Premium receivable	-	-	**71,436,900**	41,791,890
- Outstanding claims	-	-	**23,070,564**	9,209,873
- Cash and cash equivalents (Note 4)	-	-	**17,982,832**	66,365,128
- Unit linked investments managed by shareholders	-	-	**480,072,784**	487,049,866

Related parties include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, Allianz France, Allianz Global Corporate and Specialty AG, Allianz World Wide Care, Allianz Global risks U.S Insurance, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand and Saudi NextCare. The majority of Company's reinsurance arrangements are with its related parties. In Property and Casualty the majority of reinsurance arrangments are with Allianz Re and in Medical Allianz Partners.

Other shareholders include Banque Saudi Fransi and its Group Companies which are not related parties.
Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, and the Chief Financial Officer of the Company.

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

September 30, 2023	**BOD members SR**	**Top executives SR**
Salaries and compensation	**-**	**1,946,155**
Allowances	**106,500**	**-**
Annual remuneration	**240,000**	**-**
End of service obligations	**-**	**90,909**
	346,500	**2,037,064**

13. Transactions and balances with related parties and other shareholders (continued)

September 30, 2022	BOD members SR	Top executives SR
Salaries and compensation	-	1,368,831
Allowances	110,250	4,500
Annual remuneration	275,000	25,000
End of service obligations	-	43,558
	385,250	1,441,890

14. Zakat and income tax

A summary of the Company's share capital and percentages of ownership are as follows:

	September 30, 2023		December 31, 2022		January 1, 2022	
	SR	**%**	SR	%	SR	%
Non-Saudi shareholders	**318,540,000**	**53.09%**	318,540,000	53.09%	318,540,000	53.09%
Saudi and GCC shareholders	**281,460,000**	**46.91%**	281,460,000	46.91%	281,460,000	46.91%
	600,000,000	**100%**	600,000,000	100%	600,000,000	100%

As at 30 September 2023, the authorized, issued and fully paid-in share capital of the Company consists of 60 million shares of SR 10 each and as at December 31, 2022, the authorized, issued and fully paid-in share capital of the Company consists of 60 million shares of SR 10 each. The Company's zakat and income tax calculations and corresponding accruals and payments of zakat and income tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian zakat and income tax regulations.

The zakat and income tax provision as at the period / year end is as follows:

	September 30, 2023 (Unaudited) SR	*December 31, 2022 (Audited) SR*	*Januray 1, 2022 (Audited) SR*
Provision for zakat	**17,781,944**	15,779,848	14,794,202
Provision for income tax	**13,196,431**	11,710,933	6,326,530
	30,978,375	27,490,781	21,120,732

The zakat and income tax charge for the nine-month period is as follows:

	September 30, 2023 (Unaudited) SR	September 30, 2022 (Unaudited) *SR*
Zakat for the nine-month period	**7,025,163**	6,928,999
Income tax for the nine-month period		
- Current tax	**3,286,291**	1,797,256
- Deferred tax	**(72,435)**	(34,956)
	10,239,019	8,691,299

14. Zakat and income tax (continued)

The zakat and income tax charge for the three-month period is as follows:

SR	**September 30, 2023 (Unaudited)**	September 30, 2022 (Unaudited)
Zakat for the three-month period	**2,212,189**	2,337,628
Income tax for the three-month period		
- Current tax	**1,166,166**	783,938
- Deferred tax	**199,592**	(126,588)
	3,577,947	2,994,978

Status of assessments

During 2020, ZATCA raised VAT assessments for the years 2018 and 2019 and demanded additional VAT amounting to SR 45.9 million. The Company has paid the assessment of SR 45.9 million to ZATCA to avoid penalties. The Company submitted objections to ZATCA's assessment. ZATCA has partially accepted the objection and the Company has filed an appeal for the remaining amount of SR 27.8 million (appearing under prepaid expenses and other assets) to the General Secretariat of the Tax Committees ("GSTC"). The case was heard in July 2021 in which the GSTC ruled in favor of ZATCA. Following review of the final judgement / reasoning for the GSTC's decision, the Company decided to appeal the case to GSTC Level 2 and the appeal was submitted on October 10, 2021. The GSTC level 2 conducted its hearing in August 2022 without the Company being present and issued its ruling. As per its ruling the GSTC level 2 overturned the GSTC level 1 decision and ruled in favor of the Company in respect of contested purchase items amounting to SR 19.2 million. As for the contested sales item amounting to SR 8.5 million, the GSTC level 2 has rejected the Company's appeal.

To recover the amount for the accepted part of the appeal, the Company has submitted a reconsideration request to the GSTC in respect of the contested sales item. Separately, in August 2023, the Company received an audit notification from ZATCA for the years 2021 and 2022, the audit is currently still ongoing.

The Company has filed the zakat and income tax declarations for all the years up to December 31, 2022. The Company finalized its zakat and income tax position for all the years up to December 31, 2014 and for the years ended 31 December 2019 and 2020.

The final income tax and zakat assessment for the years 2015 to 2018 was issued by the ZATCA during the year 2020 which resulted in additional zakat and tax liability of SR 13.7 million arising mainly from the non-deduction of long-term investments from the zakat base. The Company filed an appeal against this assessment to the GSTC Level 1. The case was heard recently in August 2022 in which the GSTC ruled in favor of the ZATCA. The Company filed an appeal with the GSTC Level 2 which is still under review with Level 2 Committee. The ZATCA did not yet issue the tax and zakat assessments for the years ended 31 December 2021 and 2022.

15. Share capital and earnings per share

15.1 Share capital

The authorised and issued share capital of the Company is SR 600 million divided into 60 million shares of SR 10 each (December 31, 2022: SR 600 million divided into 60 million shares of SR 10 each). The founding shareholders of the Company have subscribed and paid for 39 million shares with a nominal value of SR 10 each, which represents 65% of the shares of the Company's capital and the remaining 21 million shares with a nominal value of SR 10 each have been subscribed by general public. Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

	September 30, 2023	
	Number of shares	**Authorized, issued and paid up capital**
		SR
Allianz Europe BV	**11.10 Million**	**111 Million**
Allianz France International	**9.75 Million**	**97.5 Million**
Allianz Mena Holding Bermuda	**9.75 Million**	**97.5 Million**
Banque Saudi Fransi	**8.40 Million**	**84 Million**
Public	**21.00 Million**	**210 Million**
	60 Million	**600 Million**

	December 31, 2022	
	Number of shares	Authorized, issued and paid up capital
		SR
Allianz Europe BV	11.10 Million	111 Million
Allianz France International	9.75 Million	97.5 Million
Allianz Mena Holding Bermuda	9.75 Million	97.5 Million
Banque Saudi Fransi	8.40 Million	84 Million
Public	21.00 Million	210 Million
	60 Million	600 Million

	January 1, 2022	
	Number of shares	Authorized, issued and paid up capital
		SR
Allianz Europe BV	11.10 Million	111 Million
Allianz France International	9.75 Million	97.5 Million
Allianz Mena Holding Bermuda	9.75 Million	97.5 Million
Banque Saudi Fransi	8.40 Million	84 Million
Public	21.00 Million	210 Million
	60 Million	600 Million

15.2 Earning per share

Earnings per share has been calculated by dividing the income for the period by the weighted average number of shares outstanding at the reported date after excluding the treasury shares consisting of 156,940 shares (September 30, 2022: Nil shares).

	For the nine-month period ended	
	September 30, 2023	September 30, 2022 (restated)
Income / (loss) for the period	**23,595,661**	(1,816,570)
Weighted average number of shares	**59,843,060**	60,000,000
Earnings / (loss) per share	**0.39**	(0.03)

15. Share capital and earnings per share (continued)

15.2 Earning per share (continued)

	For the three-month period ended	
	September 30, 2023	September 30, 2022 (restated)
Income for the period	**3,583,446**	10,161,418
Weighted average number of shares	**59,843,060**	60,000,000
Earnings per share	**0.06**	0.17

16. Risk management

Capital management

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

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

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g. capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise.

The Company maintains its capital as per guidelines laid out by SAMA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

The Company has fully complied with the externally imposed capital requirements during the reported financial period.

Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required.

Liquidity risk management

The Company is aware of the need to keep a close focus on liquidity management during this period and has enhanced its monitoring of current liquidity needs as well as the pandemic in its entirety. The Company regularly reviews and updates the liquidity forecast based on the individual liquidity balance as well as the continued development of external economic factors.

17. SIGNIFICANT EVENT

During third quarter of 2023, the Company has announced on tadawul dated September 28, 2023 about a major change in shareholders of Allianz Saudi fransi. Allianz SE is willing to sell all of its shares in the Company (which it indirectly holds through its subsidiaries, Allianz Europe B.V., Allianz France S.A. and Allianz MENA Holding (Bermuda) Limited) to Abu Dhabi National Insurance Company PJSC. Completion of the overall transaction is subject to certain conditions and regulatory approvals.

18. TREASURY SHARES AND EMPLOYEE SHARE BASED PLAN

18.1 TREASURY PLAN

Treasury shares have been acquired, after due approvals, for discharging the obligations of employees share based plans.

18.2 EMPLOYEE SHARE BASED PLAN

The Long Term Incentive Plan (the "Plan") that aligns the Company's future performance with the individual personal success of the Company's leadership team, key and high potential employees. The purpose of the Plan is to align the interests of the Company's key employees with the interests of the shareholders of the Company. The Company acquired treasury shares as authorized by the Board under its plan, which will grant equity shares of the Company to eligible employees as per the plan. The eligible employees will benefit from the value of the Company shares over the vesting period. The plan has been commenced on grant date i.e June 30, 2023. The Company has offered eligible employees the option for equity ownership opportunities. Currently, the impact of the plan is not material to the financial statements.

Significant features of the employee share based plan outstanding at the end of the period is as follows:

Nature of Plan	Long Term Incentive Plan
Number of outstanding plan	1
Grant date	June 30, 2023
Maturity date	June 30, 2025
Grant price (SAR per share)	15
Vesting period 1	30-Sep-23
Vesting period 2	30-Jun-24
Vesting period 3	30-Jun-25
Vesting conditions	Employee meets the performance and service condition
Method of settlement	Equity
Fair value per share option on grant date (SAR)	2.40

19. Approval of the condensed interim financial information

The condensed interim financial information has been approved by the Company's Board of Directors on October 31, 2023 (corresponding to 16th Rabi Al Akher 1445 AH).