

**LIVA INSURANCE COMPANY  
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE  
INSURANCE COMPANY)  
(A SAUDI JOINT STOCK COMPANY)**

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

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

**LIVA INSURANCE COMPANY  
(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)  
(A SAUDI JOINT STOCK COMPANY)**

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**KPMG Professional Services**

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**PKF**

Ibrahim Ahmed Al-Bassam & Co.  
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CR: 1010385804

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

**TO: THE SHAREHOLDERS OF LIVA INSURANCE COMPANY (FORMERLY KNOWN AS AL  
ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)  
(A SAUDI JOINT STOCK COMPANY)**

**Introduction**

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

**Scope of review**

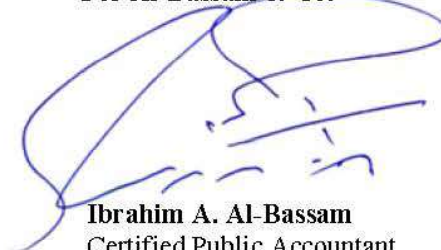
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements as at 30 September 2023 of the Company are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**KPMG Professional Services****For Al-Bassam & Co.**


**Dr. Abdullah Hamad Al Fozan**  
Certified Public Accountant  
License No. 348

**Ibrahim A. Al-Bassam**  
Certified Public Accountant  
License No. 337



25 Rabi'al Thani 1445 AH  
9 November 2023

**LIVA INSURANCE COMPANY**  
**(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

		<b>30 September 2023</b>	<b>31 December 2022</b>	<b>01 January 2022</b>
	<b>Notes</b>	<b>(Unaudited)</b>	<b>(Restated)* (Unaudited)</b>	<b>(Restated)* (Unaudited)</b>
<b>ASSETS</b>				
Bank balances and cash	6	<b>96,826</b>	37,443	41,292
Term deposits	7	<b>339,158</b>	472,533	433,071
Insurance contract assets	5.1	<b>2,112</b>	-	105
Reinsurance contract assets	5.2	<b>73,075</b>	66,534	60,855
Prepaid expenses and other assets		<b>63,298</b>	42,798	26,818
Investments	8	<b>200,373</b>	121,927	127,766
Deferred tax asset	14	-	-	1,206
Due from related parties	13	<b>70</b>	14	-
Property and equipment, net		<b>1,628</b>	1,550	1,695
Intangible assets		<b>865</b>	1,772	3,659
Statutory deposit	17	<b>39,989</b>	40,000	40,000
Accrued commission income on statutory deposit		<b>1,535</b>	5,873	5,572
<b>TOTAL ASSETS</b>		<b>818,929</b>	790,444	742,039
<b>LIABILITIES</b>				
Accrued expenses and other liabilities		<b>79,883</b>	54,494	50,550
Insurance contract liabilities	5.1	<b>270,078</b>	307,814	218,641
Reinsurance contract liabilities	5.2	<b>17,099</b>	9,017	11,531
Due to related parties	13	<b>4,008</b>	16,290	10,419
Provision for end-of-service benefits (EOSB)		<b>4,881</b>	7,202	11,106
Provision for zakat and income tax	14	<b>61,681</b>	56,331	53,815
Accrued income payable to SAMA		<b>1,535</b>	5,873	5,572
<b>TOTAL LIABILITIES</b>		<b>439,165</b>	457,021	361,634
<b>EQUITY</b>				
Share capital	15	<b>400,000</b>	400,000	400,000
Statutory reserve		<b>1,161</b>	1,161	1,161
Accumulated losses		<b>(61,799)</b>	(66,251)	(23,306)
Investments fair value reserve		<b>37,780</b>	(4,109)	1,829
Actuarial gain on retirement benefit schemes		<b>2,622</b>	2,622	721
<b>TOTAL EQUITY</b>		<b>379,764</b>	333,423	380,405
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>818,929</b>	790,444	742,039
<b>COMMITMENTS AND CONTINGENCIES</b>				
	10	<b>930</b>	929	1,500

\*Comparative information has been restated (Refer Note 3)

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

Mohamed Al Tooblani  
Chief Financial Officer

Kamran Mazhar  
Chief Executive Officer


Tarq Al Naeem  
Chairman

**LIVA INSURANCE COMPANY**  
**(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

	Notes	For the three-month period ended		For the nine-month period ended	
		30 Sep 2023	30 Sep 2022 (Restated)*	30 Sep 2023	30 Sep 2022 (Restated)*
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Insurance revenue		<b>113,645</b>	90,780	<b>382,895</b>	229,944
Insurance service expense		<b>(92,874)</b>	(98,536)	<b>(338,147)</b>	(219,670)
Net expenses from reinsurance contracts held		<b>(22,571)</b>	(14,860)	<b>(51,353)</b>	(64,775)
<b>Insurance service result</b>		<b>(1,800)</b>	(22,616)	<b>(6,605)</b>	(54,501)
Investment income		<b>5,854</b>	3,264	<b>17,373</b>	7,491
Net (impairment loss) / reversal of impairment loss on financial assets		<b>(11)</b>	-	<b>43</b>	-
<b>Net insurance and investment results</b>		<b>4,043</b>	(19,352)	<b>10,811</b>	(47,010)
Finance expense from insurance contracts issued		<b>(1,200)</b>	(735)	<b>(5,255)</b>	(1,007)
Finance income from reinsurance contracts held		<b>586</b>	526	<b>2,750</b>	584
<b>Net insurance finance (expense) / income</b>		<b>(614)</b>	(209)	<b>(2,505)</b>	(423)
Other operating expenses		<b>(4,935)</b>	(4,888)	<b>(13,745)</b>	(14,894)
Other income	9	<b>6,140</b>	6,952	<b>15,396</b>	10,782
<b>Income / (loss) attributed to the shareholders before zakat and income tax</b>		<b>4,634</b>	(17,497)	<b>9,957</b>	(51,545)
Provision for zakat and tax	14	<b>(2,000)</b>	(1,359)	<b>(5,350)</b>	(3,959)
<b>NET INCOME / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME</b>		<b>2,634</b>	(18,856)	<b>4,607</b>	(55,504)
<b>Basic and diluted earnings / (loss) per share (expressed in SAR per share)</b>		<b>0.07</b>	(0.47)	<b>0.12</b>	(1.39)

\*Comparative information has been restated (Refer Note 3)

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

  
 Mohamed Al Tooblani  
 Chief Financial Officer

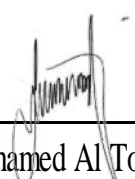
  
 Kamran Mazhar  
 Chief Executive Officer

  
 Tariq Al Naem  
 Chairman

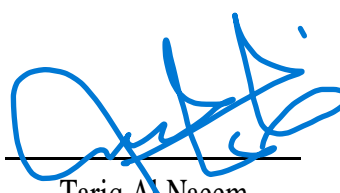
**LIVA INSURANCE COMPANY**  
**(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

	For the three-month period ended		For the nine-month period ended	
	30 Sep 2023	30 Sep 2022 (Restated)*	30 Sep 2023	30 Sep 2022 (Restated)*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>NET INCOME / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX</b>	<b>2,634</b>	<b>(18,856)</b>	<b>4,607</b>	<b>(55,504)</b>
<b>Other comprehensive income / (loss):</b>				
<i>Items that will not be reclassified to interim condensed statement of income in subsequent periods</i>				
Changes in fair value for available-for- sale investments	-	(3,741)	-	(6,302)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>2,634</b>	<b>(22,597)</b>	<b>4,607</b>	<b>(61,806)</b>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

  
 Mohamed Al Tooblani  
 Chief Financial Officer

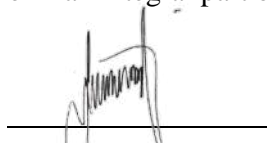
  
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 Chairman

**LIVA INSURANCE COMPANY**  
**(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

				Investments	Actuarial	
		Share	Statutory	Accumulated	gain on	
	Notes	capital	reserve	losses	retirement	Total equity
				fair value	benefit	
				reserve	schemes	
<b>2023</b>						
<b>Restated balance at 31 December 2022 (unaudited)</b>		<b>400,000</b>	<b>1,161</b>	<b>(66,251)</b>	<b>2,622</b>	<b>333,423</b>
Impact of adopting IFRS 9	3	-	-	(155)	-	41,734
Restated balance at 1 January 2023 (unaudited)		<b>400,000</b>	<b>1,161</b>	<b>(66,406)</b>	<b>2,622</b>	<b>375,157</b>
<u>Total comprehensive income for the period</u>						
Net income after Zakat and Income Tax for the year attributable to shareholders		-	-	4,607	-	4,607
<b>Balance at 30 September 2023 (unaudited)</b>		<b>400,000</b>	<b>1,161</b>	<b>(61,799)</b>	<b>2,622</b>	<b>379,764</b>
<b>2022</b>						
Balance at 31 December 2021 (audited)		400,000	1,161	(36,880)	721	366,831
Impact of adopting IFRS 17	3	-	-	13,574	-	13,574
Restated balance at 1 January 2022 (unaudited)		400,000	1,161	(23,306)	721	380,405
<u>Total comprehensive loss for the period</u>						
Changes in fair value of available for sale investments		-	-	-	(6,302)	(6,302)
Net loss after Zakat and Income Tax for the year attributable to shareholders		-	-	(55,504)	-	(55,504)
Restated balance at 30 September 2022 (unaudited)		400,000	1,161	(78,810)	721	318,599

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

  
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Chief Financial Officer

  
Kamran Mazhar  
Chief Executive Officer

  
Tariq Al Naeem  
Chairman



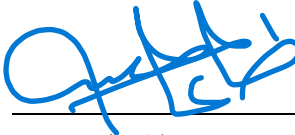
**LIVA INSURANCE COMPANY**  
**(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMP.**  
**(A SAUDI JOINT STOCK COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

		Nine-month period ended	
		30 Sep 2023	30 Sep 2022
			(Restated)*
	Notes	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income / (loss) attributed to shareholders before zakat and income tax		9,957	(51,545)
<u>Adjustments for non-cash and non-operating items:</u>			
Amortisation of intangible assets		941	1,530
Depreciation of property and equipment		665	936
Amortisation of investments		483	389
Net reversal of impairment on financial assets		(43)	-
Provision for end-of-service benefits		(2,321)	1,171
		9,682	(47,519)
<u>Changes in operating assets and liabilities:</u>			
Insurance contract assets		(2,112)	105
Insurance contract liabilities		(37,736)	30,621
Reinsurance contract assets		(6,541)	(6,581)
Reinsurance contract liabilities		8,082	1,806
Due from related parties		(56)	(14)
Prepaid expenses and other assets		(20,500)	(9,578)
Accrued expenses and other liabilities		25,389	9,613
Due to related parties		(12,282)	7,552
		(36,074)	(13,995)
Zakat paid	14	-	(1,980)
End-of-service benefits paid		-	(1,504)
<b>Net cash used in operating activities</b>		<b>(36,074)</b>	<b>(17,479)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Placement in term deposits		(483,074)	(533,710)
Proceeds from term deposits		616,416	550,762
Acquisition of intangible assets		(34)	-
Acquisition of property and equipment		(743)	(1,044)
Investments in Sukuks		(51,082)	(64,792)
Proceeds on maturity of Sukuks		14,000	64,125
<b>Net cash generated from investing activities</b>		<b>95,483</b>	<b>15,341</b>
Net changes in cash and cash equivalents		59,409	(2,138)
Cash and cash equivalents at the beginning of the year	6	36,743	40,592
<b>Cash and cash equivalents at end of the year</b>	6	<b>96,152</b>	<b>38,454</b>

The accompanying notes 1 to 19 form an integral part of these interim condensed financial statements.

  
 Mohamed Al Tooblani  
 Chief Financial Officer

  
 Kamran Mazhar  
 Chief Executive Officer

  
 Tariq Al Naeem  
 Chairman



**LIVA INSURANCE COMPANY**  
**(FORMERLY KNOWN AS AL ALAMIYA FOR COOPERATIVE INSURANCE COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

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**1 ORGANISATION AND PRINCIPAL ACTIVITIES**

Liva Insurance Company (formerly known as Al Alamiya for Cooperative Insurance Company) (the “Company”) is a Saudi joint stock Company registered on 29 Dhu-al Qu’dah, 1430H (17 November 2009) under commercial registration (CR) number 4030194978. The registered head office of the Company is in Riyadh under CR number of 1010287831 with branches in Jeddah (CR 4030194978) and Khobar (CR 2051042939). The registered address of the Company's head office is as follows:

Liva Insurance Company,  
8428 King Fahad Road, Al Muhammadiyah District,  
Grand Tower, Floor 20, P.O. Box: 6393,  
Riyadh 11442, Kingdom of Saudi Arabia.

The activities of the Company are to transact cooperative insurance and reinsurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 26 Dhu Al Hijjah, 1430H (13 December 2009), the Company received the license from the Saudi Central Bank (SAMA) to transact insurance business in the Kingdom of Saudi Arabia.

**2 BASIS OF PREPARATION**

**(a) Basis of presentation**

The interim condensed financial statements of the Company as at and for the period ended September 30, 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

This is the first year in which IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in the Kingdom of Saudi Arabia have been applied and the resultant changes to the significant accounting policies are described in note 3.

The interim condensed financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value through other comprehensive income (FVOCI) and liabilities for defined benefit obligations i.e., Employees’ end of service benefits (“EOSBs”) recorded at the present value using the projected unit credit method. The Company’s interim condensed statement of financial position is presented in order of liquidity.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2022. The risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2022 except as mentioned in Note 4.

The interim condensed financial statements may not be considered indicative of the expected results for the full year.

**(b) Critical accounting judgments, estimates and assumptions**

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

Following are the accounting judgments and estimates that are critical in preparation of these financial statements:

**LIVA INSURANCE COMPANY**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

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**2 BASIS OF PREPARATION(CONTINUED)**

**(b) Critical accounting judgments, estimates and assumptions (Continued)**

**i) Measurement Model Application and PAA Eligibility Assessment**

The Company has calculated Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for all groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year. After calculating the liabilities/assets applying PAA and GMM approach respectively, Company then checks for any material differences for the contracts with coverage period of more than one year. Since there were no material differences, the Company has opted for PAA approach across all its insurance contracts issued and reinsurance contracts held.

**ii) Liability for remaining coverage**

**Significant financing component**

The Company has assessed its Liability for Remaining Coverage (LRC) and Assets for remaining coverage (ARC) and concluded that no significant financing component exists within LRC and ARC respectively. Therefore, the Company has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

**Expected premium receipts adjustment**

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as at date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded to LRC.

**iii) Impairment losses on financial assets**

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

**IFRS 17 - Insurance Contracts**

**i) Recognition, measurement, and presentation of insurance contracts**

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

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in reinsurance revenue and reinsurance service expenses.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses.

The Company applies the Premium Allocation Approach (PAA) to simplify the measurement of contracts for both insurance contracts issued, and reinsurance contracts held for all the segments. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cashflows and includes an explicit risk adjustment for non – financial risk.

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

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**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**IFRS 17 - Insurance Contracts (Continued)**

The Company applies the Premium Allocation Approach (PAA) to simplify the measurement of contracts for both insurance contracts issued, and reinsurance contracts held for all the segments. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cashflows and includes an explicit risk adjustment for non – financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts are fully paid. Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

**ii) Presentation and disclosures**

For presentation in the statement of financial position, the line items for insurance contracts issued and reinsurance contracts held have been changed significantly compared with last year. Previously balance sheet items related to insurance and reinsurance contracts were split into the following line items:

- **Assets**
  - Premiums and reinsurers' receivable, net
  - Reinsurers' share of unearned premiums
  - Reinsurers' share of outstanding claims
  - Reinsurers' share of claims incurred but not reported
  - Deferred policy acquisition costs
- **Liabilities**
  - Accounts Payable
  - Outstanding claims reserve
  - Claims incurred but not reported
  - Unearned premiums
  - Other technical reserves
  - Reinsurers' balances payable
  - Unearned reinsurance commission

Under IFRS 17, the Company aggregates insurance contracts issued, and reinsurance contracts held, respectively and presents separately on the balance sheet

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

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
**(All amounts in Saudi Riyals thousands unless otherwise stated)**

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**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**IFRS 17 - Insurance Contracts (Continued)**

**ii) Presentation and disclosures (Continued)**

The line-item descriptions in the statement of income have changed significantly compared with the last period. Previously, the Company reported the following line items:

- Gross written premiums
- Reinsurance premiums ceded
- Excess of loss expenses
- Changes in unearned premiums
- Changes in reinsurers' share of unearned premiums
- Reinsurance commissions
- Gross claims paid
- Reinsurers' share of claims paid
- Changes in outstanding claims
- Changes in reinsurers' share of outstanding claims
- Changes in incurred but not reported claims, net
- Policy acquisition costs
- Other underwriting expenses
- Allowance for impairment of receivables

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Net expenses from reinsurance contracts held
- Finance income/(expenses) from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

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

**iii) Transition**

This is the first year in which IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in the Kingdom of Saudi Arabia have been applied.

The accounting policies set out in note 3 have been applied in preparing the interim condensed financial statements for the period ended 30 September 2023 and 30 September 2022 and in the preparation of an opening IFRS 17 statement of financial position at 1 January 2022 (the Company's date of transition) and In preparing its opening IFRS 17 statement of financial position, the Company has adjusted amounts reported previously in financial statements under IFRS 4.

For contracts issued before 1 January 2021, the Company has applied a modified retrospective approach as prior to transition, it grouped its contracts from multiple cohorts and years into a single unit for accounting purposes. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Company, as obtaining all required historical data for its existing products was not possible. Therefore, the Company has used reasonable and supportable information from its existing reporting systems, which has resulted in the closest outcome to the full retrospective approach. The Company has applied the transition provisions in IFRS - 17 and has not disclosed the impact of the adoption of IFRS - 17 on each financial statement line item and EPS. The effects of adopting IFRS - 17 on the interim condensed financial statements at 1 January 2022 are presented in the statement of changes in The Company applies the Premium Allocation Approach (PAA) to simplify the measurement of contracts for both insurance contracts issued, and reinsurance contracts held for all the segments. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment.

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS – 17 had always been applied;
- identified, recognized and measured any assets for insurance acquisition cash flows as if IFRS - 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS – 17 had always been a
- recognised any resulting net difference in equity

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**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**iii) Transition (Continued)**

**Reconciliation of interim condensed statement of financial position as at 1 January, 2022**

	Pre-adoption of IFRS 17	IFRS 17		Post-adoption of IFRS 17
		Reclassification	Remeasurement	
<b>ASSETS</b>				
Bank balances and cash	41,292	-	-	41,292
Term deposits	433,071	-	-	433,071
Premiums and reinsurers' receivable, net	37,575	(37,575)	-	-
Reinsurers' share of unearned premiums	25,843	(25,843)	-	-
Reinsurers' share of outstanding claims	99,384	(99,384)	-	-
Reinsurers' share of claims incurred but not reported	6,844	(6,844)	-	-
Deferred policy acquisition costs	3,006	(3,006)	-	-
Insurance contract assets	-	105	-	105
Reinsurance contract assets	-	54,103	6,752	60,855
Prepaid expenses and other assets	26,818	-	-	26,818
Investments	127,766	-	-	127,766
Deferred tax asset	1,206	-	-	1,206
Due from related parties	-	-	-	-
Property and equipment, net	1,695	-	-	1,695
Intangible assets	3,659	-	-	3,659
Statutory deposit	40,000	-	-	40,000
Accrued commission income on statutory deposit	5,572	-	-	5,572
<b>TOTAL ASSETS</b>	<b>853,731</b>	<b>(118,444)</b>	<b>6,752</b>	<b>742,039</b>
<b>LIABILITIES</b>				
Outstanding claims reserve	131,242	(131,242)	-	-
Claims incurred but not reported	22,228	(22,228)	-	-
Other technical reserves	6,752	(6,752)	-	-

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**c) Transitional Note (Continued)**

**Reconciliation of interim condensed statement of financial position as at 1 January, 2022**

	Pre-adoption of IFRS 17	IFRS 17		Post-adoption of IFRS 17
		Reclassification	Remeasurement	
Accrued expenses and other liabilities	41,813	8,737	-	50,550
Insurance contract liabilities	-	225,463	(6,822)	218,641
Reinsurance contract liabilities	-	11,531	-	11,531
Reinsurers' balances payable	91,117	(91,117)	-	-
Unearned premiums	100,305	(100,305)	-	-
Accounts payables	1,932	(1,932)	-	-
Unearned reinsurance commission	2,376	(2,376)	-	-
Due to related parties	10,419	-	-	10,419
Provision for end-of-service benefits (EOSB)	11,106	-	-	11,106
Provision for zakat and income tax	53,815	-	-	53,815
Accrued income payable to SAMA	5,572	-	-	5,572
Accumulated surplus	8,223	(8,223)	-	-
<b>TOTAL LIABILITIES</b>	<b>486,900</b>	<b>(118,444)</b>	<b>(6,822)</b>	<b>361,634</b>
<b>EQUITY</b>				
Share capital	400,000	-	-	400,000
Statutory reserve	1,161	-	-	1,161
Accumulated losses	(36,880)	-	13,574	(23,306)
Investments fair value reserve	1,829	-	-	1,829
Actuarial gain on retirement benefit schemes	721	-	-	721
<b>TOTAL EQUITY</b>	<b>366,831</b>	<b>-</b>	<b>13,574</b>	<b>380,405</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>853,731</b>	<b>(118,444)</b>	<b>6,752</b>	<b>742,039</b>



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**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**iii) Transition (Continued)**

**Reconciliation of interim condensed statement of financial position as at 31 December, 2022**

	Pre-adoption of IFRS 17	IFRS 17		Post-adoption of IFRS 17
		Reclassification	Remeasurement	
<b>ASSETS</b>				
Bank balances and cash	37,443	-	-	37,443
Term deposits	472,533	-	-	472,533
Premiums and reinsurers' receivable, net	68,306	(68,306)	-	-
Reinsurers' share of unearned premiums	29,727	(29,727)	-	-
Reinsurers' share of outstanding claims	74,346	(74,346)	-	-
Reinsurers' share of claims incurred but not reported	9,060	(9,060)	-	-
Deferred policy acquisition costs	8,381	(8,381)	-	-
Insurance contract assets	-	-	-	-
Reinsurance contract assets	-	67,190	(656)	66,534
Prepaid expenses and other assets	42,798	-	-	42,798
Investments	121,927	-	-	121,927
Deferred tax asset	-	-	-	-
Due from related parties	14	-	-	14
Property and equipment, net	1,550	-	-	1,550
Intangible assets	1,772	-	-	1,772
Statutory deposit	40,000	-	-	40,000
Accrued commission income on statutory deposit	5,873	-	-	5,873
<b>TOTAL ASSETS</b>	<b>913,730</b>	<b>(122,630)</b>	<b>(656)</b>	<b>790,444</b>
<b>LIABILITIES</b>				
Outstanding claims reserve	126,893	(126,893)	-	-
Claims incurred but not reported	46,731	(46,731)	-	-
Other technical reserves	7,020	(7,020)	-	-

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**c) Transitional Note (Continued)**

**Reconciliation of interim condensed statement of financial position as at 31 December, 2022**

	Pre-adoption of IFRS 17	IFRS 17		Post-adoption of IFRS 17
		Reclassification	Remeasurement	
Accrued expenses and other liabilities	46,135	8,359	-	54,494
Insurance contract liabilities	-	327,874	(20,060)	307,814
Reinsurance contract liabilities	-	9,017	-	9,017
Reinsurers' balances payable	57,644	(57,644)	-	-
Unearned premiums	216,031	(216,031)	-	-
Accounts payables	2,040	(2,040)	-	-
Unearned reinsurance commission	3,346	(3,346)	-	-
Due to related parties	16,290	-	-	16,290
Provision for end-of-service benefits (EOSB)	7,202	-	-	7,202
Provision for zakat and income tax	56,331	-	-	56,331
Accrued income payable to SAMA	5,873	-	-	5,873
Accumulated surplus	8,175	(8,175)	-	-
<b>TOTAL LIABILITIES</b>	<b>599,711</b>	<b>(122,630)</b>	<b>(20,060)</b>	<b>457,021</b>
<b>EQUITY</b>				
Share capital	400,000	-	-	400,000
Statutory reserve	1,161	-	-	1,161
Accumulated losses	(85,655)	-	19,404	(66,251)
Investments fair value reserve	(4,109)	-	-	(4,109)
Actuarial gain on retirement benefit schemes	2,622	-	-	2,622
<b>TOTAL EQUITY</b>	<b>314,019</b>	<b>-</b>	<b>19,404</b>	<b>333,423</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>913,730</b>	<b>(122,630)</b>	<b>(656)</b>	<b>790,444</b>

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3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Transition (Continued)

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

	Pre-adoption of IFRS 17	IFRS 17		Post-adoption of IFRS 17
		Reclassification	Remeasurement	
Insurance revenue	-	230,728	(784)	229,944
Insurance service expense	-	(218,525)	(1,145)	(219,670)
Net expenses from reinsurance contracts held	-	(60,853)	(3,922)	(64,775)
<b>Insurance service result</b>	<b>-</b>	<b>(48,650)</b>	<b>(5,851)</b>	<b>(54,501)</b>
Gross premiums written - Direct	316,840	(316,840)	-	-
Gross premiums written - Reinsurance	219	(219)	-	-
Reinsurance premiums ceded – local	(4,949)	4,949	-	-
Reinsurance premiums ceded – foreign	(89,688)	89,688	-	-
Excess of loss premium - local	(516)	516	-	-
Excess of loss premium - foreign	(11,918)	11,918	-	-
<b>Net premium written</b>	<b>209,988</b>	<b>(258,638)</b>	<b>(5,851)</b>	<b>(54,501)</b>
Changes in unearned premiums	(86,331)	86,331	-	-
Changes in reinsurer's share of unearned premiums	17,939	(17,939)	-	-
<b>Net premium earned</b>	<b>141,596</b>	<b>(190,246)</b>	<b>(5,851)</b>	<b>(54,501)</b>
Reinsurance commissions	7,001	(7,001)	-	-
<b>TOTAL REVENUES</b>	<b>148,597</b>	<b>(197,247)</b>	<b>(5,851)</b>	<b>(54,501)</b>
<b>UNDERWRITING COSTS AND EXPENSES</b>				
Gross claims paid	(148,873)	148,873	-	-
Reinsurer's share of claims paid	38,208	(38,208)	-	-
<b>NET CLAIMS PAID</b>	<b>(110,665)</b>	<b>110,665</b>	-	-
Changes in outstanding claims	16,151	(16,151)	-	-
Changes in reinsurers' share of outstanding claims	(16,560)	16,560	-	-
Changes in claims incurred but not reported, net	(15,551)	15,551	-	-
Changes in other technical reserves	(7,027)	7,027	-	-
<b>NET CLAIMS INCURRED</b>	<b>(133,652)</b>	<b>133,652</b>	-	-
Policy acquisition costs	(14,316)	14,316	-	-
Other underwriting expenses	(19,052)	19,052	-	-
<b>TOTAL UNDERWRITING COSTS AND EXPENSES</b>	<b>(167,020)</b>	<b>167,020</b>	-	-
<b>NET UNDERWRITING (LOSS) / INCOME</b>	<b>(18,423)</b>			
Investment income	-	7,491	-	7,491
Net (impairment loss) / reversal of impairment loss on financial assets	-	-	-	-
<b>Investment return</b>	<b>-</b>	<b>7,491</b>	<b>-</b>	<b>7,491</b>
Finance expense from insurance contracts issued	-	-	(1,007)	(1,007)
Finance income from reinsurance contracts held	-	-	584	584
<b>Net financial result</b>	<b>-</b>	<b>7,491</b>	<b>(423)</b>	<b>7,068</b>
<b>OTHER OPERATING (EXPENSES) / INCOME</b>				
Reversal (charge) for doubtful debts	(1,178)	1,178	-	-
General and admin expenses	(45,226)	30,332	-	(14,894)
Investment income on term deposits	4,899	(4,899)	-	-
Investment income on bonds and sukuk	2,592	(2,592)	-	-
Other income	10,782	-	-	10,782
<b>TOTAL OPERATING EXPENSES</b>	<b>(28,131)</b>	<b>24,019</b>	<b>-</b>	<b>(4,112)</b>
Income / (loss) attributed to the shareholders before zakat and income tax	(46,554)			(51,545)
Provision for zakat and tax	(3,959)	-	-	(3,959)
<b>NET INCOME / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS</b>				
<b>AFTER ZAKAT AND INCOME TAX</b>	<b>(50,513)</b>			<b>(55,504)</b>

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**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**iii) Transition (Continued)**

Re-classification and Re-measurement impact on the interim condensed statement of financial position on adoption of IFRS 17

<b>Impact on Equity:</b>	<b>Impact on equity transition to IFRS 17 on 1 January 2022</b>
<u>Drivers of changes in equity</u>	
Changes in measurement of insurance contract liabilities	6,822
Changes in measurement of reinsurance contract assets	6,752
<b>Total impact</b>	<b>13,574</b>
<b>Impact on Insurance Contract Liabilities:</b>	
<u>Drivers of changes</u>	
Loss component	(4,095)
Reversal of other technical reserves	6,752
Risk adjustment - undiscounted	(15,975)
Risk adjustment - discounting	553
Discounting (Incurred Claims, Expenses )	4,407
Deferred Acquisition Costs	15,180
<b>Total impact</b>	<b>6,822</b>
<b>Impact on Reinsurance Contract Assets:</b>	
<u>Drivers of changes</u>	
Risk adjustment - undiscounted	10,966
Risk adjustment - discounting	(418)
Reinsurers Bad Debt	(489)
Discounting (Incurred Claims, Expenses )	(3,307)
	<b>6,752</b>

**IFRS 9 – Financial instruments**

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023.

**i) Classification of financial assets and financial liabilities**

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through statement of income (FVSI). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

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**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**IFRS 9 – Financial instruments (Continued)**

**ii) Impairment of financial assets**

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ model. The new impairment model applies to financial assets measured at amortised cost, debt investments at FVOCI and lease receivables.

**iii) Transition**

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated. A difference in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as at 1 January 2023. Accordingly, the information presented for 2022 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2022 under IAS 39.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
  - i. The determination of the business model within which a financial asset is held.
  - ii. The designation of certain investments in equity instruments not held for trading as FVOCI.

The adoption of IFRS 9 has not had a material impact on the Company’s basic or diluted EPS for the period ended 30 September 2023.

Details of the changes and implications resulting from the adoption of IFRS 9 are presented below.

**iv) Effect of initial application**

*Classification of financial assets and financial liabilities on the date of initial application of IFRS 9:*

The following table below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2023:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Bank Balances and Cash	Loans and receivables	Amortized cost	37,443	37,424
Term deposits including accrued special commission income from time deposits	Loans and receivables	Amortized cost	472,533	472,449
Statutory deposits including accrued commission income on statutory deposits	Loans and receivables	Amortized cost	45,873	45,859
Investments - sukuk	Available for sale investment	Amortised cost	120,004	124,075
Investments - equity	Available for sale investment	FVOCI	1,923	39,703
<b>Total financial assets</b>			<b>677,776</b>	<b>719,510</b>
Financial liabilities	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Accrued expenses and other liabilities	Amortised cost	Amortised cost	54,494	54,494
Due to related parties	Amortised cost	Amortised cost	16,290	16,290
<b>Total financial liabilities</b>			<b>70,784</b>	<b>70,784</b>

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**3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**IFRS 9 – Financial instruments (Continued)**

**iv) Effect of initial application (Continued)**

*Classification of financial assets and financial liabilities on the date of initial application of IFRS 9: (Continued)*

The investment in Sukuk were classified as available for sale investments under IAS 39. On initial application of IFRS 9, the Company has assessed that these investments meet the conditions of amortised cost classification on the basis of the facts and circumstances that exist at that date. The resulting classification has been applied retrospectively irrespective of the Company's business model in the prior reporting periods.

*Reconciliation of carrying amounts under IAS 39 to carrying amounts under IFRS 9 at the adoption of IFRS 9*

Financial assets	IAS 39 carrying amount as at 31 December 2022	Reclassification	Remeasurement	IFRS 9 carrying amount as at 1 January 2023
<b>Amortized cost</b>				
<i>Bank Balances and cash</i>				
Opening balance	37,443	-	-	-
Movement	-	-	(19)	-
Closing balance	<b>37,443</b>	-	<b>(19)</b>	<b>37,424</b>
<i>Term deposits including accrued special commission income from term deposits</i>				
Opening balance	472,533	-	-	-
Movement	-	-	(84)	-
Closing balance	<b>472,533</b>	-	<b>(84)</b>	<b>472,449</b>
<i>Statutory deposits including accrued commission income on statutory deposits</i>				
Opening balance	45,873	-	-	-
Movement	-	-	(14)	-
Closing balance	<b>45,873</b>	-	<b>(14)</b>	<b>45,859</b>
<i>Investment</i>				
Opening balance	120,004	-	-	-
Movement	-	4,109	(38)	-
Closing balance	<b>120,004</b>	<b>4,109</b>	<b>(38)</b>	<b>124,075</b>
<b>Total amortized cost</b>	<b>675,853</b>	<b>4,109</b>	<b>(155)</b>	<b>679,807</b>
<b>FVOCI</b>				
<i>Investments</i>				
Opening balance	1,923	-	-	-
Movement	-	-	37,780	-
Closing balance	<b>1,923</b>	-	<b>37,780</b>	<b>39,703</b>
<b>Total FVOCI</b>	<b>1,923</b>	-	<b>37,780</b>	<b>39,703</b>
<b>Total financial assets</b>	<b>677,776</b>	<b>4,109</b>	<b>37,625</b>	<b>719,510</b>

There has not been any reclassification or remeasurement under financial liabilities.

*Impact on retained earnings and other reserves*

	Accumulated losses	Other reserves
Restated balance as at 31 December 2022	(66,251)	(4,109)
Recognition of expected credit losses under IFRS 9	(155)	-
Reclassification under IFRS 9	-	4,109
Remeasurement under IFRS 9	-	37,780
<b>Opening balance as at 1 January 2023</b>	<b>(66,406)</b>	<b>37,780</b>



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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES**

The accounting policies applied by the Company in these interim condensed financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2022, except for the policies provided below:

**a) IFRS 17 – Insurance Contracts**

**i) Definition and classification**

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

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract is an insurance contract issued by one entity (the reinsurer) to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts).

**ii) Separating contracts from insurance and reinsurance contracts**

An insurance contract may contain one or more components that would be within the scope of another Standard if they were separate contracts. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct.

The Company carried out an assessment in order to identify whether it underwrites insurance contracts that may contain one or more components that would be within the scope of another standard if they were separate contracts. The Company does not underwrite any insurance contracts that contain embedded derivatives.

*Separation of Investment Component*

The Company offers a no-claims discount (“NCD”) which is offered as a discount on next year’s premium due to favorable claim experience. This arrangement does not require unbundling because:

- The investment and insurance components are highly interrelated due to the fact that the policyholder cannot benefit from one component unless the other is also present; and
- It would be very unlikely to find a contract sold separately in the same market with identical terms including uncertainty in the timing of the cash flows.

*Separation of non-insurance service components*

The Company offers roadside assistance as an optional cover on its motor policies. This service relates to insurance services because it would only be required by the policyholders upon the occurrence of insured events. As a result, it is not considered distinct and hence no unbundling is required.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**IFRS 17 – Insurance Contracts (Continued)**

**iii) Aggregation and recognition of insurance and reinsurance contracts**

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e., by year of issue) and each annual cohort into three groups based on the profitability of contracts:

- 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.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e., the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

Reinsurance contracts

The Company distinguishes between different types of reinsurance arrangements when defining the terms 'similar risks' and 'managed together'.

Treaty reinsurance

By the nature and definition of a reinsurance programme, similar risks are often already grouped in reinsurance contracts. Where reinsurance treaties cover different type of risks arising from multiple underlying contracts, the lowest level of aggregation for a portfolio aligns to the reinsurance structure at a treaty level. For the definition of 'portfolio', the reinsurance programme has been split to be aligned with corresponding gross insurance contract, to establish one-to-one mapping between gross group of contracts.

Non-treaty reinsurance

This covers a single underlying insurance contract or related insurance contracts and mirrors its coverage period and contract boundary. As with the underlying individual insurance contracts they cover, such reinsurance contracts can be grouped together with other reinsurance contracts (that are managed together and cover broadly similar risks) to form groups and portfolios. These reinsurance portfolios and groups would naturally align with the portfolios and groups of the underlying gross contracts.

Groups of reinsurance contracts held should not contain reinsurance contracts issued more than one year apart.

The reinsurance contracts held within a portfolio to be allocated into a minimum of three groups of contracts:

- a group of contracts on which there is a net gain at initial recognition, if any;
- a group of contracts on which at initial recognition there is no significant possibility of a net gain arising subsequently, if any; and
- a group of remaining contracts in the portfolio, if any.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**a) IFRS 17 – Insurance Contracts (Continued)**

**iii) Aggregation and recognition of insurance and reinsurance contracts (Continued)**

*Insurance acquisition cashflows*

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g., non-refundable commissions paid on issuance of a contract), then they are allocated to that group.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

*Contract boundaries*

*Insurance contracts*

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services).

A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risk of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- 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 reflect the risks of that portfolio, and the pricing of the premiums up to the reassessment date and does not take into account risks that relate to periods after the reassessment date.

*Reinsurance contracts*

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**a) IFRS 17 – Insurance Contracts (Continued)**

**iv) Measurement**

The Company applies PAA to all its insurance contracts issued and reinsurance contracts held (RCH) to simplify the measurement of insurance contracts issued and RCH. The coverage period of most of the contracts issued and RCH by the Company is one year or less and hence are automatically eligible for the simplified measurement model. For contracts with a coverage period of more than a year, the Company has performed the PAA eligibility assessment based on which it 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 (GMM).

**v) Initial recognition and subsequent measurement**

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows). The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

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 profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Company estimates the liability for incurred claims and expenses as the fulfillment cash flows related to incurred claims and expenses. The fulfillment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfills its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Company has disaggregated the change in risk adjustment for non – financial risk between the insurance service result and insurance finance income or expense.

The Company establishes insurance claim liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported (“IBNR”) and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**a) IFRS 17 – Insurance Contracts (Continued)**

**v) Initial recognition and subsequent measurement (Continued)**

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, as well as claim type.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

The Company discounts its liability for incurred claims using a bottom – up approach. The Company has used risk-free European Insurance and Occupational Pensions Authority (EIOPA) USD rates and has adjusted it for volatility and country risk premium.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

**Insurance acquisition costs and directly attributable expenses**

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

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

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

**Other operating expenses**

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

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

- a) IFRS 17 – Insurance Contracts (Continued)**  
**v) Initial recognition and subsequent measurement (Continued)**

*Insurance revenue*

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

*Insurance service expenses*

Insurance service expense includes the following:

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

*Onerous contracts*

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. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the interim condensed statement of income in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

**b) IFRS 9 – Financial Instruments**

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018. However, the Company had met the relevant criteria and applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. Consequently, the Company has applied IFRS 9 for the first time on 1 January 2023.

**i) Classification**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through statement of income ("FVSI"). On initial recognition, a financial asset is either classified as measured at amortised cost, FVOCI or FVSI.



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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**b) IFRS 9 – Financial Instruments (Continued)**

**i) Classification (Continued)**

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (“SPPI”).

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVSI:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

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 interest 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.

**Debt instruments**

Classification and subsequent measurement of debt instruments depend on:

- the Company’s business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial assets.

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, then the financial assets are classified measured at FVSI.

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 interest. 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 FVSI.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**b) IFRS 9 – Financial Instruments (Continued)**

**i) Classification (Continued)**

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVSI, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance (“ECL”). Interest income from these financial assets is included in ‘Interest income’ using the effective interest 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 interest, and that are not designated at FVSI, are designated as fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument’s amortised cost which are recognized in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income. Interest income from these financial assets is included in ‘interest income’ using the effective interest rate method. As at 30 September 2023, the Company does not have any debt instruments classified under this category.
- Fair value through statement of income (FVSI): Financial assets that are held for trading purpose or assets that do not meet the criteria for amortised cost or FVOCI are measured at FVSI. A gain or loss on a debt instrument that is subsequently measured at FVSI is presented in the statement of income in the period in which it arises. As at 30 September 2023, the Company does not have any debt instruments classified under this category.

*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.

The Company classifies all equity investments at FVSI, 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 the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. 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.

As at 30 September 2023, all the equity investments of the Company are classified at FVOCI.

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**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, INCLUDING KEY JUDGEMENTS AND ESTIMATES (CONTINUED)**

**b) IFRS 9 – Financial Instruments (Continued)**

**i) Classification (Continued)**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The Company applies the expected credit losses ('ECL') on its financial assets measured at amortised cost, and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognizes a loss allowance for such losses at each reporting date. The loss allowance is based on the Expected Credit Losses ("ECLs") associated with the Probability of Default ("PD") in the next twelve months unless there has been a Significant Increase in Credit Risk ("SICR") since origination. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

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

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

12-month ECL is the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial assets, for which 12-month ECLs are recognized, are referred to as "Stage 1" financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL is the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognized but that are not credit-impaired are referred to as "Stage 2" financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial assets for which the lifetime ECLs are recognized and that are credit-impaired are referred to as "Stage 3" financial instruments.

The preparation of these condensed interim financial statements requires the use of estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed interim financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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**5 INSURANCE AND REINSURANCE CONTRACTS**

**5.1 Analysis by remaining coverage and incurred claims for insurance contracts**

Nine-month period ended 30 September 2023 (Unaudited)				
Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	

***Insurance contracts issued:***

Opening Insurance Contract Liabilities	122,126	10,725	167,028	7,935	307,814
Opening Insurance Contract Assets	-	-	-	-	-
Net opening balance	122,126	10,725	167,028	7,935	307,814
<b>Insurance revenue</b>	<b>(382,895)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(382,895)</b>

***Insurance service expenses:***

Incurred claims and other directly attributable expenses	-	-	284,434	3,570	288,004
Reversals of losses on onerous contracts	-	(1,041)	-	-	(1,041)
Changes that relate to past service - adjustments to the LIC	-	-	(4,374)	(4,606)	(8,980)
Amortization of insurance acquisition cash flows	60,164	-	-	-	60,164
<b>Insurance service expenses</b>	<b>60,164</b>	<b>(1,041)</b>	<b>280,060</b>	<b>(1,036)</b>	<b>338,147</b>
<b>Insurance service result</b>	<b>(322,731)</b>	<b>(1,041)</b>	<b>280,060</b>	<b>(1,036)</b>	<b>(44,748)</b>
<b>Net finance expenses from insurance contracts</b>	<b>-</b>	<b>-</b>	<b>4,951</b>	<b>304</b>	<b>5,255</b>

***Cash flows:***

Premiums received	360,325	-	-	-	360,325
Claims and other directly attributable expenses paid	-	-	(292,930)	-	(292,930)
Insurance acquisition cash flows paid	(67,750)	-	-	-	(67,750)
<b>Total cash flows</b>	<b>292,575</b>	<b>-</b>	<b>(292,930)</b>	<b>-</b>	<b>(355)</b>

Closing insurance contract assets	(3,732)	-	1,545	75	(2,112)
Closing insurance contract liabilities	95,702	9,684	157,564	7,128	270,078
<b>Closing net insurance contract liabilities</b>	<b>91,970</b>	<b>9,684</b>	<b>159,109</b>	<b>7,203</b>	<b>267,966</b>

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**5 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**5.1 Analysis by remaining coverage and incurred claims for insurance contracts (Continued)**

Year ended 31 December 2022 (Unaudited)				
Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		Total
Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	

*Insurance contracts issued:*

Opening Insurance Contract Liabilities	54,586	4,095	144,977	14,983	218,641
Opening Insurance Contract Assets	(4,570)	-	4,026	439	(105)
Net opening balance	50,016	4,095	149,003	15,422	218,536
Insurance revenue	(337,947)	-	-	-	(337,947)

*Insurance service expenses:*

Incurred claims and other directly attributable expenses	-	-	293,056	5,847	298,903
Losses on onerous contracts	-	6,630	-	-	6,630
Changes that relate to past service - adjustments to the LIC	-	-	(41,054)	(13,667)	(54,721)
Amortization of insurance acquisition cash flows	54,577	-	-	-	54,577
Insurance service expenses	54,577	6,630	252,002	(7,820)	305,389
Insurance service result	(283,370)	6,630	252,002	(7,820)	(32,558)
Net finance expense from insurance contracts	-	-	1,140	333	1,473

*Cash flows:*

Premiums received	424,131	-	-	-	424,131
Claims and other directly attributable expenses paid	-	-	(235,117)	-	(235,117)
Insurance acquisition cash flows paid	(68,651)	-	-	-	(68,651)
Total cash flows	355,480	-	(235,117)	-	120,363
Closing Insurance Contract Liabilities	122,126	10,725	167,028	7,935	307,814
Closing Insurance Contract Assets	-	-	-	-	-
Closing net insurance contract liabilities	122,126	10,725	167,028	7,935	307,814

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**5 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**5.2 Analysis by remaining coverage and incurred claims for reinsurance contracts**

<b>Nine-month period ended 30 September 2023 (Unaudited)</b>					
<b>Asset for remaining coverage (ARC)</b>		<b>Asset for incurred claims (AIC)</b>		<b>Total</b>	
<b>Excluding loss-recovery component</b>	<b>Loss-recovery component</b>	<b>Estimates of present value of future cash flows</b>	<b>Risk adjustment for non-financial risk</b>		
<b>Reinsurance contracts held:</b>					
Opening Reinsurance Contract Assets	10,348	-	(72,346)	(4,536)	(66,534)
Opening Reinsurance Contract Liabilities	14,933	-	(5,645)	(271)	9,017
<b>Net opening balance</b>	<b>25,281</b>	<b>-</b>	<b>(77,991)</b>	<b>(4,807)</b>	<b>(57,517)</b>
<b>Reinsurance expenses</b>	82,675	-	-	-	82,675
Claims recovered and other directly attributable expenses	-	-	(31,798)	(1,187)	(32,985)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	(640)	2,303	1,663
<b>Net (income) / expense from reinsurance contracts held</b>	<b>82,675</b>	<b>-</b>	<b>(32,438)</b>	<b>1,116</b>	<b>51,353</b>
<b>Net finance income from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>2,568</b>	<b>182</b>	<b>2,750</b>
<b>Cash flows:</b>					
Premiums paid	(101,140)	-	-	-	(101,140)
Recoveries from reinsurance	-	-	54,078	-	54,078
<b>Total cash flows</b>	<b>(101,140)</b>	<b>-</b>	<b>54,078</b>	<b>-</b>	<b>(47,062)</b>
<b>Closing reinsurance contract assets</b>	<b>(17,086)</b>	<b>-</b>	<b>(52,457)</b>	<b>(3,532)</b>	<b>(73,075)</b>
<b>Closing reinsurance contract liabilities</b>	<b>23,902</b>	<b>-</b>	<b>(6,462)</b>	<b>(341)</b>	<b>17,099</b>
<b>Net closing balance</b>	<b>6,816</b>	<b>-</b>	<b>(58,919)</b>	<b>(3,873)</b>	<b>(55,976)</b>

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**5 INSURANCE AND REINSURANCE CONTRACTS (CONTINUED)**

**5.2 Analysis by remaining coverage and incurred claims for reinsurance contracts (Continued)**

Year ended 31 December 2022 (Unaudited)				
Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)		Total
Excluding loss-recovery component	Loss-recovery component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	

*Reinsurance contracts held:*

Opening Reinsurance Contract Assets	42,526	-	(93,179)	(10,202)	(60,855)
Opening Reinsurance Contract Liabilities	15,042	-	(3,165)	(346)	11,531
Net opening balance	57,568	-	(96,344)	(10,548)	(49,324)
Reinsurance expenses	113,607	-	-	-	113,607
Claims recovered and other directly attributable expenses	-	-	(69,846)	(3,212)	(73,058)
Changes that relate to past service - adjustments to the asset for incurred claims	-	-	30,835	9,181	40,016
Net expense / (income) from reinsurance contracts held	113,607	-	(39,011)	5,969	80,565
Net finance income from reinsurance contracts	-	-	924	228	1,152
<i>Cash flows:</i>					
Premiums paid	(145,894)	-	-	-	(145,894)
Recoveries from reinsurance	-	-	58,288	-	58,288
Total cash flows	(145,894)	-	58,288	-	(87,606)
Closing reinsurance contract assets	10,348	-	(72,346)	(4,536)	(66,534)
Closing reinsurance contract liabilities	14,933	-	(5,645)	(271)	9,017
Net closing balance	25,281	-	(77,991)	(4,807)	(57,517)

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**6. BANK BALANCES AND CASH**

Bank balances and cash comprise the following:

	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
Bank balances and cash – Insurance operations	<b>36,821</b>	33,554	37,714
Bank balances and cash – Shareholders' operations	<b>59,331</b>	3,189	2,878
<b>Cash and cash equivalents in statement of cashflows</b>	<b>96,152</b>	36,743	40,592
Deposits against letters of guarantee – Insurance operations	<b>700</b>	700	700
<b>Bank balances and cash</b>	<b>96,852</b>	37,443	41,292
Less: Impairment allowance	<b>(26)</b>	-	-
	<b>96,826</b>	37,443	41,292

The Company holds an amount of SR 0.7 million (31 December 2022: SR 0.7 million) in the statement of financial position as letters of guarantee in favor of the Company's service providers.

**7. TERM DEPOSITS**

Term deposits are placed with counterparties which have credit ratings of A- to BBB+ ratings under Standards and Poor's and Fitch ratings methodology. Term deposits are placed with local banks with a maturity of more than three months from the date of original placement and earn investment income at weighted average of 4.87% per annum (31 December 2022: 1.89% per annum).

	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
Term deposits	<b>339,191</b>	472,533	433,071
Less: Impairment allowance	<b>(33)</b>	-	-
	<b>339,158</b>	472,533	433,071

**8. INVESTMENTS**

Investments are classified as follows:

	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
Investments in Sukuk carried at amortised cost	<b>160,712</b>	-	-
Less: Impairment allowance	<b>(42)</b>	-	-
	<b>160,670</b>	-	-
Investments in equity carried at fair value through OCI	<b>39,703</b>	-	-
Investments in Sukuk carried at fair value - available-for-sale	-	120,004	125,843
Investments in equity carried at cost - available-for-sale	-	1,923	1,923
<b>Total investments</b>	<b>200,373</b>	121,927	127,766



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**8. INVESTMENTS (CONTINUED)**

Investments in Sukuk of SAR 160.7 million are reported at amortised cost under IFRS 9 and these were previously reported as available-for-sale at fair value under IAS 39 (2022: SAR 120 million).

The investment in equity security represents the 3.45% (2022: 3.45%) shareholding in Najm for Insurance Services, which provides loss determination services in Saudi Arabia. This investment is reported at fair value of SAR 39.7 million in comparison to cost for previous reporting under IAS 39 (31 December 2022: SAR 1.9 million).

**8.1** Movement in investments in Sukuk are as follows:

	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
Opening balance as previously reported	<b>120,004</b>	125,843	128,093
Impact on adoption of IFRS - 9 (note 3(v))	<b>4,071</b>	-	-
Purchases	<b>51,082</b>	64,792	-
Maturity	<b>(14,000)</b>	(64,125)	-
Amortization of investments	<b>(483)</b>	(568)	(311)
Changes in fair value of investments	-	(5,938)	(1,939)
Movement in allowance for expected credit losses	<b>(4)</b>	-	-
<b>Closing balance</b>	<b>160,670</b>	120,004	125,843

**9. OTHER INCOME**

The other income includes net income from the Hajj and Umrah insurance and Travel and COVID-19 insurance amounting to SR 6.1 million and SR 15.4 million for the three-month and nine-month period ended 30 September 2023 respectively (Three-month and Nine-month period ended 30 September 2022: SR 7 million and SR 10.8 million, respectively). The Hajj and Umrah insurance provides coverage of medical and general accidents to Hajj and Umrah visitors in the Kingdom of Saudi Arabia, whereas the Travel and COVID-19 insurance relate to compulsory travel insurance for Saudi citizens in addition to the coverages associated with COVID-19. Both of these arrangements are co-insurance arrangements along with other insurance companies in the Kingdom of Saudi Arabia.

**10. COMMITMENTS AND CONTINGENCIES**

The Company's commitments and contingencies are as follows:

	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
Letters of guarantee	<b>700</b>	700	700
Commitments for the rents	<b>230</b>	229	800
	<b>930</b>	929	1,500

The Company is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management believes that such proceedings (including litigations) will not have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date.

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**11 FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

**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.

**b) Carrying amounts and fair value**

<b>30 September 2023 (unaudited)</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
- Investments in Sukuk carried at amortised cost	<b>160,712</b>	-	<b>172,284</b>	-
- Investment at FVOCI – Equity	<b>39,703</b>	-	-	<b>39,703</b>
	<b>200,415</b>	-	<b>172,284</b>	<b>39,703</b>
<b>31 December 2022 (unaudited)</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
- Investments in Sukuk carried at available-for-sale	120,004	-	120,004	-
- Investment at FVOCI – Equity	1,923	-	-	1,923
	121,927	-	120,004	1,923

The fair values of statutory deposits, accrued investment income on statutory deposit, term deposits, bank balances and other financial assets in the statement of financial position which are carried at amortised cost, are not significantly different from the carrying values included in the interim condensed financial statements due to the short term nature of balances or they are repayable on demand.

The investment in equity security represents shareholding in Najm for Insurance Services. Its fair value has been calculated using a combination of discounted cash flow technique and comparable peer multiples.

There were no transfers between the levels of fair value hierarchies during the period.

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**11 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**c) Measurement of fair value**

Type	Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable inputs and fair value measurement
Equity security	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 discount rate, terminal value 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:

	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>1 January 2022</b>
Balance at the beginning of the period	<b>1,923</b>	1,923	1,923
Impact on adoption of IFRS - 9 (note 3(v))	<b>37,780</b>	-	-
<b>Closing balance</b>	<b>39,703</b>	1,923	1,923

**12. OPERATING SEGMENTS**

Operating segments are identified based on 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 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 condensed statement of income.

Segment assets and liabilities comprise operating assets and liabilities.

Segment assets do not include property and equipment, term deposits, investments, bank balances and cash and prepaid expenses and other assets. Accordingly, these are included in unallocated assets and are managed and reported to the chief operating decision maker on a centralized basis.

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**12. OPERATING SEGMENTS (CONTINUED)**

Segment liabilities do not include employees' end of service benefits, accrued expenses and other liabilities, due to related parties, zakat and income tax and accrued commission income payable to SAMA. Accordingly, these are included in unallocated liabilities and are managed and reported to the chief operating decision maker on a centralized basis. These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 30 September, 2023, 31 December, 2022 and 1 January, 2022, its total revenues, expenses, and net income for the three-month and nine-month periods ended 30 September 2023 and 30 September 2022, are as follows:

As at 30 September 2023 (Unaudited)									
Property	Motor	Engineering	Medical	Marine	Group Life	Others	Total - Insurance operations	Shareholders' operations	Total
<b>Assets</b>									
Insurance contract assets	-	-	-	-	-	2,112	2,112	-	2,112
Reinsurance contract assets	9,136	31	1,894	-	-	28,578	33,436	-	73,075
Unallocated assets	-	-	-	-	-	-	278,259	465,483	743,742
<b>Total assets</b>	<b>9,136</b>	<b>31</b>	<b>1,894</b>	<b>-</b>	<b>-</b>	<b>28,578</b>	<b>35,548</b>	<b>465,483</b>	<b>818,929</b>
<b>Liabilities</b>									
Insurance contract liabilities	4,364	203,879	8,396	-	1,497	51,942	-	270,078	270,078
Reinsurance contract liabilities	5,488	3,313	2,385	-	5,356	99	458	-	17,099
Unallocated liabilities	-	-	-	-	-	-	80,600	71,388	151,988
<b>Total Liabilities</b>	<b>9,852</b>	<b>207,192</b>	<b>10,781</b>	<b>-</b>	<b>6,853</b>	<b>52,041</b>	<b>458</b>	<b>367,777</b>	<b>439,165</b>
As at 31 December 2022 (Unaudited)									
Property	Motor	Engineering	Medical	Marine	Group Life	Others	Total - Insurance operations	Shareholders' operations	Total
<b>Assets</b>									
Insurance contract assets	-	-	-	-	-	-	-	-	-
Reinsurance contract assets	20,479	82	4,114	1	7,064	21,535	13,259	-	66,534
Unallocated assets	-	-	-	-	-	-	323,517	400,393	723,910
<b>Total assets</b>	<b>20,479</b>	<b>82</b>	<b>4,114</b>	<b>1</b>	<b>7,064</b>	<b>21,535</b>	<b>13,259</b>	<b>390,051</b>	<b>790,444</b>
<b>Liabilities</b>									
Insurance contract liabilities	22,456	201,623	5,082	-	2,540	65,003	11,110	-	307,814
Reinsurance contract liabilities	2,724	3,743	552	-	777	507	714	-	9,017
Unallocated liabilities	-	-	-	-	-	-	71,951	68,239	140,190
<b>Total Liabilities</b>	<b>25,180</b>	<b>205,366</b>	<b>5,634</b>	<b>-</b>	<b>3,317</b>	<b>65,510</b>	<b>11,824</b>	<b>68,239</b>	<b>457,021</b>
As at 1 January 2022 (Unaudited)									
Property	Motor	Engineering	Medical	Marine	Group Life	Others	Total - Insurance operations	Shareholders' operations	Total
<b>Assets</b>									
Insurance contract assets	-	-	-	105	-	-	105	-	105
Reinsurance contract assets	16,613	664	5,027	-	1,113	31,001	6,437	-	60,855
Unallocated assets	-	-	-	-	-	-	281,221	399,858	681,079
<b>Total assets</b>	<b>16,613</b>	<b>664</b>	<b>5,027</b>	<b>105</b>	<b>1,113</b>	<b>31,001</b>	<b>6,437</b>	<b>399,858</b>	<b>742,039</b>
<b>Liabilities</b>									
Insurance contract liabilities	42,692	73,114	6,504	-	-	87,361	8,970	-	218,641
Reinsurance contract liabilities	4,804	1,979	176	873	3,219	480	-	-	11,531
Unallocated liabilities	-	-	-	-	-	-	69,126	62,336	131,462
<b>Total Liabilities</b>	<b>47,496</b>	<b>75,093</b>	<b>6,680</b>	<b>873</b>	<b>3,219</b>	<b>87,841</b>	<b>8,970</b>	<b>62,336</b>	<b>361,634</b>

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12. OPERATING SEGMENTS (CONTINUED)

Nine-month period ended 30 September 2023 (Unaudited)									
Property	Motor	Engineering	Medical	Marine	Group Life	Others	Total - Insurance operations	Shareholders' operations	Total
Insurance revenue	42,352	273,929	8,561	-	6,092	38,532	13,429	382,895	382,895
Insurance service expense	(16,154)	(281,342)	(7,064)	-	(5,174)	(25,202)	(3,211)	(338,147)	(338,147)
Net expenses from reinsurance contracts held	(23,971)	(5,752)	(1,627)	-	(1,681)	(8,674)	(9,648)	(51,353)	(51,353)
Insurance service result	2,227	(13,165)	(130)	-	(763)	4,656	570	(6,605)	(6,605)
Investment income	-	-	-	-	-	-	7,640	9,733	17,373
Net (impairment loss) / reversal of impairment on financial assets	-	-	-	-	-	-	28	15	43
Net insurance and investment results	2,227	(13,165)	(130)	-	(763)	4,656	1,063	9,748	10,811
Finance (expense) / income from insurance contracts issued	(499)	(1,849)	(143)	-	(158)	(2,563)	(43)	(5,255)	(5,255)
Finance income / (expense) from reinsurance contracts held	466	-	128	-	134	2,016	6	2,750	2,750
Net insurance finance (expense) / income	(33)	(1,849)	(15)	-	(24)	(547)	(37)	(2,505)	(2,505)
Other operating expenses	-	-	-	-	-	-	(13,745)	-	(13,745)
Other income	-	-	-	-	-	-	15,396	-	15,396
Income / (loss) attributed to the shareholders before zakat and income tax									9,957
Provision for zakat and tax	-	-	-	-	-	-	-	(5,350)	(5,350)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX									4,607
Nine-month period ended 30 September 2022 (Restated) (Unaudited)									
Property	Motor	Engineering	Medical	Marine	Group Life	Others	Total - Insurance operations	Shareholders' operations	Total
Insurance revenue	36,418	124,862	5,268	-	5,235	48,588	9,573	229,944	229,944
Insurance service expense	163	(181,972)	(2,818)	-	(6,519)	(26,167)	(2,357)	(219,670)	(219,670)
Net expenses from reinsurance contracts held	(32,594)	(3,074)	(3,927)	875	(521)	(20,836)	(4,698)	(64,775)	(64,775)
Insurance service result	3,987	(60,184)	(1,477)	875	(1,805)	1,585	2,518	(54,501)	(54,501)
Investment income	-	-	-	-	-	-	3,295	4,196	7,491
Net (impairment loss) / reversal of impairment on financial assets	-	-	-	-	-	-	-	-	-
Net insurance and investment results	3,987	(60,184)	(1,477)	875	(1,805)	1,585	(51,206)	4,196	(47,010)
Finance (expense) / income from insurance contracts issued	(152)	(353)	(11)	-	67	(574)	16	(1,007)	(1,007)
Finance income / (expense) from reinsurance contracts held	390	(7)	18	(3)	(17)	291	584	-	584
Net insurance finance (expense) / income	238	(360)	7	(3)	50	(283)	(423)	-	(423)
Other operating expenses	-	-	-	-	-	-	(14,894)	-	(14,894)
Other income	-	-	-	-	-	-	10,782	-	10,782
Income / (loss) attributed to the shareholders before zakat and income tax									(51,545)
Provision for zakat and tax	-	-	-	-	-	-	-	(3,959)	(3,959)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX									(55,504)

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12. OPERATING SEGMENTS (CONTINUED)

Three-month period ended 30 September 2023 (Unaudited)									
Property	Motor	Engineering	Medical	Marine	Group Life	Others	Total - Insurance operations	Shareholders' operations	Total
Insurance revenue	13,002	88,524	3,127	-	839	4,196	3,957	113,645	113,645
Insurance service expense	(3,023)	(95,904)	(2,263)	-	(46)	9,045	(683)	(92,874)	(92,874)
Net expenses from reinsurance contracts held	(6,454)	(1,710)	(395)	-	199	(11,438)	(2,773)	(22,571)	(22,571)
Insurance service result	3,525	(9,090)	469	-	992	1,803	501	(1,800)	(1,800)
Investment income	-	-	-	-	-	-	2,440	3,414	5,854
Net (impairment loss) / reversal of impairment on financial assets	-	-	-	-	-	-	10	(21)	(11)
Net insurance and investment results	3,525	(9,090)	469	-	992	1,803	650	3,393	4,043
Finance (expense) / income from insurance contracts issued	(164)	(466)	(39)	-	(37)	(481)	(13)	(1,200)	(1,200)
Finance income / (expense) from reinsurance contracts held	146	-	33	-	31	373	586	-	586
Net insurance finance (expense) / income	(18)	(466)	(6)	-	(6)	(108)	(10)	(614)	(614)
Other operating expenses	-	-	-	-	-	-	(5,663)	728	(4,935)
Other income	-	-	-	-	-	-	6,140	-	6,140
Income / (loss) attributed to the shareholders before zakat and income tax	-	-	-	-	-	-	-	-	4,634
Provision for zakat and tax	-	-	-	-	-	-	-	(2,000)	(2,000)
NET INCOME ATTRIBUTED TO THE SHAREHOLDERS	-	-	-	-	-	-	-	-	2,634
AFTER ZAKAT AND INCOME TAX	-	-	-	-	-	-	-	-	2,634

Three-month period ended 30 September 2022 (Restated) (Unaudited)									
Property	Motor	Engineering	Medical	Marine	Group Life	Others	Total - Insurance operations	Shareholders' operations	Total
Insurance revenue	12,836	52,413	2,014	-	2,484	17,229	3,804	90,780	90,780
Insurance service expense	(2,539)	(72,542)	(1,466)	44	(1,940)	(19,022)	(1,071)	(98,536)	(98,536)
Net expenses from reinsurance contracts held	(12,150)	(7,611)	(1,092)	(8)	(659)	6,812	(152)	(14,860)	(14,860)
Insurance service result	(1,853)	(27,740)	(544)	36	(115)	5,019	2,581	(22,616)	(22,616)
Investment income	-	-	-	-	-	-	1,387	1,877	3,264
Net (impairment loss) / reversal of impairment on financial assets	-	-	-	-	-	-	-	-	-
Net insurance and investment results	(1,853)	(27,740)	(544)	36	(115)	5,019	2,581	1,877	(19,352)
Finance (expense) / income from insurance contracts issued	(135)	(159)	(58)	-	(6)	(369)	(8)	(735)	(735)
Finance income / (expense) from reinsurance contracts held	119	116	35	-	2	340	(86)	526	526
Net insurance finance (expense) / income	(16)	(43)	(23)	-	(4)	(29)	(94)	(209)	(209)
Other operating expenses	-	-	-	-	-	-	(5,714)	826	(4,888)
Other income	-	-	-	-	-	-	6,952	-	6,952
Income / (loss) attributed to the shareholders before zakat and income tax	-	-	-	-	-	-	-	-	(17,497)
Provision for zakat and tax	-	-	-	-	-	-	-	(1,359)	(1,359)
NET LOSS ATTRIBUTED TO THE SHAREHOLDERS	-	-	-	-	-	-	-	-	(18,856)
AFTER ZAKAT AND INCOME TAX	-	-	-	-	-	-	-	-	(18,856)

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**12. OPERATING SEGMENTS (CONTINUED)**

Nine-month period ended 30 September 2023 (Unaudited)			
Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total

**Gross premiums written**

Large	10,093	60,971	38,586	109,650
Medium	7,656	15,874	39	23,569
Micro	803	1,701	-	2,504
Small	5,654	10,219	-	15,873
Individual	255,404	368	-	255,772
	<b>279,610</b>	<b>89,133</b>	<b>38,625</b>	<b>407,368</b>

Nine-month period ended 30 September 2022 (Unaudited)			
Motor	Property, General Accident & Others	Protection (Group Life) & Savings	Total

**Gross premiums written**

Large	31,332	62,930	48,425	142,687
Medium	5,857	14,967	24	20,848
Micro	115	153	-	268
Small	2,105	3,758	29	5,892
Individual	147,048	316	-	147,364
	<b>186,457</b>	<b>82,124</b>	<b>48,478</b>	<b>317,059</b>

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**12. OPERATING SEGMENTS (CONTINUED)**

<b>Three-month period ended 30 September 2023 (Unaudited)</b>				
	<b>Motor</b>	<b>Property, General Accident &amp; Others</b>	<b>Protection (Group Life) &amp; Savings</b>	<b>Total</b>
<b>Gross premiums written</b>				
<b>Large</b>	<b>2,739</b>	<b>40,554</b>	<b>3,261</b>	<b>46,554</b>
<b>Medium</b>	<b>2,145</b>	<b>7,765</b>	<b>-</b>	<b>9,910</b>
<b>Micro</b>	<b>93</b>	<b>98</b>	<b>-</b>	<b>191</b>
<b>Small</b>	<b>3,024</b>	<b>5,136</b>	<b>-</b>	<b>8,160</b>
<b>Individual</b>	<b>77,669</b>	<b>170</b>	<b>-</b>	<b>77,839</b>
	<b>85,670</b>	<b>53,723</b>	<b>3,261</b>	<b>142,654</b>
<b>Three-month period ended 30 September 2022 (Unaudited)</b>				
	<b>Motor</b>	<b>Property, General Accident &amp; Others</b>	<b>Protection (Group Life) &amp; Savings</b>	<b>Total</b>
<b>Gross premiums written</b>				
<b>Large</b>	<b>28,867</b>	<b>37,862</b>	<b>17,139</b>	<b>83,868</b>
<b>Medium</b>	<b>2,312</b>	<b>8,576</b>	<b>-</b>	<b>10,888</b>
<b>Micro</b>	<b>38</b>	<b>114</b>	<b>-</b>	<b>152</b>
<b>Small</b>	<b>671</b>	<b>1,872</b>	<b>11</b>	<b>2,554</b>
<b>Individual</b>	<b>60,076</b>	<b>69</b>	<b>-</b>	<b>60,145</b>
	<b>91,964</b>	<b>48,493</b>	<b>17,150</b>	<b>157,607</b>



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**13 RELATED PARTY TRANSACTIONS AND BALANCES**

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:

**Entities controlled, jointly controlled or significantly influenced by related parties**

	<b>Transactions for the nine-month period ended - (Unaudited)</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>
Premium written	<b>38,963</b>	74,148
Claims paid	<b>47,562</b>	36,576
Brokerage commission paid	-	6,507
Reinsurance premium ceded	-	22,536
Claims received from reinsurer	-	6,723
Investment income on term deposits	<b>5,498</b>	3,550
Technical service charges	<b>4,525</b>	4,460
Brand fees	<b>23</b>	23
Operational expenses paid on behalf of affiliates and reinsurance placements	<b>1,586</b>	2,693
Operational expenses paid by affiliates on behalf of Company	<b>(5,075)</b>	(1,512)

**Entities controlled, jointly controlled or significantly influenced by related parties**

	<b>Balance (payable) / receivable as at</b>	
	<b>30-Sep-23 (Unaudited)</b>	<b>31-Dec-22 (Unaudited)</b>
Outstanding claims reserves	<b>(61,035)</b>	(76,825)
Premium receivable	<b>12,979</b>	12,191
Bank balances	<b>59,933</b>	4,340
Term deposits	<b>95,116</b>	162,942
Statutory deposit	<b>41,535</b>	45,873
Accrued interest receivable on term deposits	<b>1,814</b>	1,917
Accrued expenses and other liabilities	<b>(5,921)</b>	(7,579)
Due from related parties	<b>70</b>	14
Due to related parties	<b>(4,008)</b>	(16,290)

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

	<b>Transactions for the nine-month period ended - (Unaudited)</b>	
	<b>30-Sep-23</b>	<b>30-Sep-22</b>
Salaries and other allowances	<b>4,326</b>	4,513
End of service indemnities	<b>147</b>	235
	<b>4,473</b>	4,748

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**14 ZAKAT AND INCOME TAX**

**Status of assessments**

The Company has submitted its zakat and tax returns up till the year ended 31 December 2022.

During the period, Company's zakat and tax calculations and corresponding accruals for the current period are based on the effective annual ownership percentages which are 100% for zakat (2022: 87.24% for zakat and 12.76% for tax).

Zakat, Tax and Custom Authority (ZATCA) has raised assessments for the years ended 2009 to 2013 with additional Zakat and withholding tax (WHT) liabilities amounting to SR 11.2 million and SR 8.9 million (together with 1% delay fine for each 30 days of delay) respectively. The Committee for Resolution of Tax Violations and Disputes (CRTVD) of the General Secretariat of Tax Committees (GSTC) has issued its decision on the above years accepting certain points and reducing the zakat liability to SR 7.1 million and no change in WHT liability. The Company has submitted an appeal to Appellate Committee for Tax Violations and Disputes Resolution ("ACTVDR") against CRTVD's decision. Based on ZATCA's amnesty scheme, the Company settled additional WHT of SR 8.9 million to remove associated delay fines, such settled liability will be refunded by ZATCA in case of a favorable decision by ACTVDR. ACTVDR's decision is awaited.

In respect of the assessment for the year 2014, the ZATCA has issued a revised assessment with an additional zakat liability of SR 1.98 million. The Company has escalated the appeal case to the GSTC, and the TVDRC has issued its decision where the TVDRC has rejected the Company's appeal and supported ZATCA's assessment for all disputed items. The Company has settled the additional zakat liability of SR 1.98 million and the case is closed.

The ZATCA issued assessments for the years 2015 through 2018 with additional zakat liability of SR 21 million. The Company escalated its appeal case to the GSTC. TVDRC rejected Company's appeal and issued its resolution. The Company submitted an appeal to TVDAC on TVDRC's decision. TVDAC decision is awaited

The ZATCA also issued assessments for the years 2019 and 2020 with additional zakat and income tax liability amounting to SR 17 million and SR 0.72 million and penalties of SR 0.09 million till the date of the assessment (the penalties will increase by 1% for every 30 days of delay) respectively. The Company filed an appeal against the ZATCA's assessment which was rejected by ZATCA. Thus, the Company escalated its appeal to the TVDRC. TVDRC issued its decision on the above years accepting certain points which reduce the Zakat liability by SAR 125k Approx. The Company has submitted an appeal to TVDAC on the partial rejection of TVDRC's. TVDAC decision is awaited.

The zakat and income tax charge for the period / year ended are as follows:

	(Unaudited)		
	30 September 2023	31 December 2022	30 September 2022
Charge for zakat for the period / year	5,350	5,430	3,684
Reversal for income tax charge for prior year / period	-	(931)	(931)
Deferred tax expense for the period / year	-	1,206	1,206
	-	275	275
Zakat and tax charge for the period / year	5,350	5,705	3,959

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**14 ZAKAT AND INCOME TAX (CONTINUED)**

	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>30 September 2022</b>
<b>Deferred Tax</b>			
Opening deferred tax asset	-	1,206	1,206
Deferred tax expense	-	(1,206)	(1,206)
<b>Closing deferred tax asset</b>	-	-	-
	<b>(Unaudited)</b>		
	<b>30 September 2023</b>	<b>31 December 2022</b>	<b>30 September 2022</b>
Opening zakat, income tax liability and deferred tax asset	<b>56,331</b>	52,609	52,609
Current charge for zakat for the period / year	<b>5,350</b>	5,430	3,684
Reversal for income tax charge for prior year	-	(931)	(931)
Deferred tax expense for the period /year	-	1,206	1,206
Settled during the period / year	-	(1,983)	(1,980)
<b>Closing zakat, income tax liability and deferred tax asset</b>	<b>61,681</b>	56,331	54,588

**15 SHARE CAPITAL**

The authorized, issued and paid-up share capital of the Company is SAR 400 million divided into 40 million shares of SAR 10 each (31 December 2022: SAR 400 million divided into 40 million shares of SAR 10 each).

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax

	<b>30 September 2023 (Unaudited)</b>	
	<b>No. of shares in '000</b>	<b>Share capital SAR '000</b>
<b>Royal &amp; Sun Alliance Insurance (Middle East)</b>	<b>20,028</b>	<b>200,280</b>
<b>Riyad Bank</b>	<b>7,968</b>	<b>79,680</b>
<b>Others</b>	<b>12,004</b>	<b>120,040</b>
	<b>40,000</b>	<b>400,000</b>
	<b>31 December, 2022 (Unaudited)</b>	
	<b>No. of shares in '000</b>	<b>Share capital SAR '000</b>
Royal & Sun Alliance Insurance (Middle East)	20,028	200,280
Riyad Bank	7,968	79,680
Others	12,004	120,040
	40,000	400,000

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**16 CAPITAL MANAGEMENT**

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulator's capital requirements of the market in which the Company operates while maximizing the return to stakeholders through the optimization of equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves. The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. 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. In order to maintain or adjust the capital structure, the Company may issue right shares. 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, the Company maintains solvency margin equivalent to the highest of the three methods as per SAMA Implementing Regulations.

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

**17 STATUTORY DEPOSIT**

In compliance with Insurance Implementing Regulations of SAMA, the Company deposited 10% of its paid-up capital, amounting to SR 40 million (2022: SR 40 million) in a bank designated by SAMA. The accrued return on investment of statutory deposit as at 30 September, 2023 amounts to SR 1.5 million (31 December 2022: SR 5.9 million) and has been disclosed in assets as "Accrued commission income on statutory deposit" and the corresponding amount is shown in the liabilities as "Accrued commission income payable to SAMA" as this deposit cannot be withdrawn without SAMA's consent.

	<b>30 September 2023</b>	31 December 2022	1 January 2022
	----- (Unaudited) -----		
Statutory deposit	<b>40,000</b>	40,000	40,000
Less: Impairment allowance	<b>(11)</b>	-	-
	<b>39,989</b>	40,000	40,000

**18 SUBSEQUENT EVENTS**

Subsequent to the reporting date, on 31 October 2023, the Company's shareholders via the general assembly meeting approved the change of the commercial name of the Company to "Liva Insurance Company" (previously, Al Alamiya for Cooperative Insurance Company).

**19 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements have been approved by the board on 17 Rabi II 1445H, corresponding to 01 November 2023.