

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

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT**

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INDEPENDENT AUDITORS' REVIEW REPORT ON INTERIM CONDENSED FINANCIAL INFORMATION

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

INTRODUCTION

We have reviewed the accompanying interim condensed statement of financial position of **Saudi Arabian Cooperative Insurance Company** (the "Company") as at 30 September 2023 and the related interim condensed statements of income and comprehensive income for the three-month and nine-month periods then ended and interim condensed statements of changes in equity and cashflows for the nine-month period then ended and other explanatory notes (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information 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 this interim condensed financial information based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

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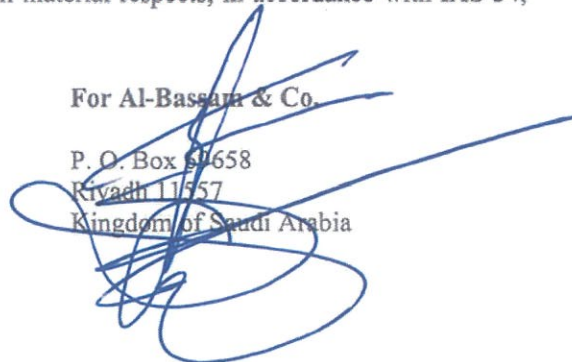


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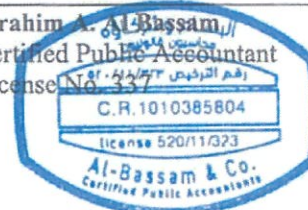


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Ibrahim A. Al-Bassam
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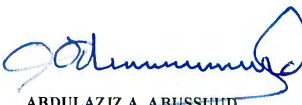
8 November 2023
24 Rabi Al Thani 1445H

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

| | Note | 30 September 2023 (Unaudited) | 31 December 2022 (Unaudited) Restated | 1st January 2022 (Unaudited) Restated |
|--|--------|-------------------------------------|--|--|
| ASSETS | | | | |
| Insurance contract assets | 5 | 124,303 | 43,941 | 42,795 |
| Reinsurance contract assets | 5 | 850,625 | 478,420 | 589,547 |
| Cash and cash equivalents | 7 | 325,135 | 39,336 | 52,028 |
| Murabaha deposits | 8/9(c) | 33,910 | 361,089 | 254,966 |
| Financial assets at FVTOCI | 9(b) | 39,703 | 39,703 | 37,033 |
| Financial assets at FVTPL | 9(a) | 376 | 1,261 | 92,247 |
| Financial assets at amortised cost – net | 9(c) | 79,202 | 77,426 | 75,943 |
| Prepayments and other assets | | 5,104 | 14,767 | 13,904 |
| Property and equipment | | 45,819 | 29,054 | 7,063 |
| Intangible assets | | 14,309 | 11,893 | 11,594 |
| Statutory deposit | | 45,000 | 45,000 | 30,000 |
| Accrued income on statutory deposit | | 5,054 | 3,186 | 2,891 |
| TOTAL ASSETS | | 1,568,540 | 1,145,076 | 1,210,011 |
| LIABILITIES | | | | |
| Insurance contract liabilities | 5 | 1,160,467 | 815,661 | 837,281 |
| Reinsurance contract liabilities | 5 | 81,789 | 72,400 | 56,209 |
| Accrued expenses and other liabilities | | 19,208 | 9,210 | 11,371 |
| Employees' end-of-service benefits | | 1,531 | 1,648 | 1,822 |
| Provision for zakat | 10 | 6,485 | 8,481 | 8,416 |
| Accrued commission income payable to SAMA | | 5,054 | 3,186 | 2,891 |
| TOTAL LIABILITIES | | 1,274,534 | 910,586 | 917,990 |
| EQUITY | | | | |
| Share capital | 11 | 300,000 | 300,000 | 300,000 |
| Statutory reserve | 13 | 29,473 | 29,473 | 29,473 |
| Accumulated losses | | (74,555) | (134,071) | (71,476) |
| Fair value reserve on Investments | 9(b) | 37,780 | 37,780 | 35,109 |
| Re-measurement loss of end-of-service benefits | | 1,308 | 1,308 | (1,085) |
| TOTAL EQUITY | | 294,006 | 234,490 | 292,021 |
| TOTAL LIABILITIES AND EQUITY | | 1,568,540 | 1,145,076 | 1,210,011 |
| COMMITMENTS AND CONTINGENCIES | 17 | | | |


 ABDULAZIZ IBRAHIM ALRUQAIE
 CHIEF FINANCIAL OFFICER


 ABDULAZIZ A. ABUSSUUD
 BOARD MEMBER


 ABDULRAHMAN SALEH AL OBRAH
 CHIEF EXECUTIVE OFFICER

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

SAUDI ARABIAN 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 Thousands Saudi Riyals unless otherwise stated)

| | | Three-month period ended 30 September | | Nine-month period ended 30 September | |
|--|------|--|---------------------------------|---|---------------------------------|
| | Note | 2023 (Unaudited) | 2022 (Unaudited) Restated | 2023 (Unaudited) | 2022 (Unaudited) Restated |
| INSURANCE SERVICE RESULT | | | | | |
| Insurance revenue | 5 | 254,096 | 234,638 | 773,098 | 654,544 |
| Insurance service expense | 5 | (455,608) | (267,212) | (869,216) | (567,835) |
| Insurance service result before reinsurance contracts held | 5 | (201,512) | (32,574) | (96,118) | 86,709 |
| Allocation of reinsurance premiums | 5.2 | (72,506) | (78,457) | (181,447) | (191,135) |
| Amounts recoverable from reinsurers for incurred claims | 5.2 | 297,209 | 103,167 | 333,288 | 41,142 |
| Net income/ (expenses) from reinsurance contracts held | | 224,703 | 24,710 | 151,841 | (149,993) |
| Insurance service result | | 23,191 | (7,864) | 55,723 | (63,284) |
| Net gains on FVTPL investments | | 50 | 2,021 | 219 | 15,015 |
| Other investment income | | 4,898 | 1,893 | 14,897 | 7,503 |
| Net investment income | | 4,948 | 3,914 | 15,116 | 22,518 |
| Finance expenses from insurance contracts issued | | (3,753) | (2,702) | (16,587) | (6,515) |
| Finance income from reinsurance contracts held | | 3,087 | 825 | 13,730 | 2,548 |
| Net insurance finance expenses | | (666) | (1,877) | (2,857) | (3,967) |
| Net insurance and investment result | | 27,473 | (5,827) | 67,982 | (44,733) |
| Other income | | 5,151 | 298 | 21,672 | 2,629 |
| Other operating expenses | | (6,218) | (1,643) | (18,347) | (5,627) |
| Net income/ (loss) for the period, before zakat & tax, attributable to the shareholders | | 26,406 | (7,172) | 71,307 | (47,731) |
| Surplus attributed to the insurance operations | | (2,341) | - | (6,247) | - |
| Total Income for the period attributable to the shareholders before zakat | | 24,065 | (7,172) | 65,060 | (47,731) |
| Provision for zakat & tax | | (1,848) | (2,598) | (5,544) | (6,385) |
| Net income/ (loss) for the period, after zakat & tax, attributable to the shareholders | | 22,217 | (9,770) | 59,516 | (54,116) |
| Earnings / (loss) per share | 12 | | | | |
| Basic and diluted earnings per share | | 0.74 | (0.33) | 1.98 | (1.80) |
| Weighted average number of shares in issue throughout the period (in thousands) | | 30,000 | 30,000 | 30,000 | 30,000 |


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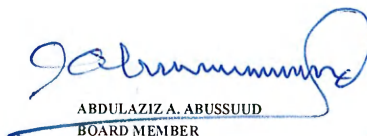
The accompanying notes 1 to 19 form an integral part of these financial statements.

SAUDI ARABIAN 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 Thousands Saudi Riyals unless otherwise stated)

| | Three-month period ended 30 September | | Nine-month period ended 30 September | |
|---|--|-------------------------|---|-------------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) Restated | (Unaudited) | (Unaudited) Restated |
| Total Income for the period after zakat and tax | 24,558 | (9,770) | 65,763 | (54,116) |
| <i>Items that may be reclassified to statements of income in subsequent periods</i> | | | | |
| Other comprehensive loss: | | | | |
| <i>Items that will not be reclassified to statement of income in subsequent periods</i> | | | | |
| - Actuarial loss on remeasurement of employees' end-of-service benefits | - | - | - | - |
| - Transfer of fair value reserve on disposal of FVTOCI investment | - | - | - | - |
| Total comprehensive Income / (Loss) for the period after zakat | 24,558 | (9,770) | 65,763 | (54,116) |
| Total comprehensive Income attributable to the insurance operations | (2,341) | - | (6,247) | - |
| Total comprehensive Income / (Loss) attributable to the shareholders after zakat | 22,217 | (9,770) | 59,516 | (54,116) |



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BOARD MEMBER



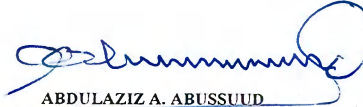
ABDULRAHMAN SALEH AL-OBRAH
CHIEF EXECUTIVE OFFICER


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SAUDI ARABIAN 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 Thousands Saudi Riyals unless otherwise stated)

| | Share capital | Statutory reserve | (Accumulated losses) | Re-measurement (loss)/ reserve of employees' end-of-service benefits | Fair Value Reserve on Investments FVOCI | Total equity |
|--|---------------|-------------------|----------------------|--|---|--------------|
| Balance at 1 Jan 2022 as previously reported (Audited) | 300,000 | 29,473 | (35,653) | (1,085) | - | 292,735 |
| Transition Adjustment on Initial Application of IFRS 17 | - | - | (25,850) | - | - | (25,850) |
| Transition Adjustment on Initial Application of IFRS 9 | - | - | (9,973) | - | 35,109 | 25,136 |
| Restated balance at 1 January 2022 | 300,000 | 29,473 | (71,476) | (1,085) | 35,109 | 292,021 |
| Comprehensive Income for period | | | | | | |
| Total Income for the period attributable to the shareholders after zakat | - | - | (54,116) | - | - | (54,116) |
| Other Comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | - | (54,116) | - | - | (54,116) |
| Transfer to statutory reserve | - | - | - | - | - | - |
| Balance at 30 Sep 2022 (Unaudited) Restated | 300,000 | 29,473 | (125,592) | (1,085) | 35,109 | 237,905 |


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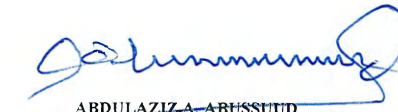

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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the Nine-month period ended 30 September 2023
(All amounts in Thousands Saudi Riyals unless otherwise stated)

| | Share capital | Statutory reserve | (Accumulated losses) | Re-measurement (loss)/ reserve of employees' end-of-service benefits | Fair Value Reserve on Investments FVOCI | Total equity |
|--|---------------|-------------------|----------------------|--|---|--------------|
| Balance at 1 Jan 2023 (audited) | 300,000 | 29,473 | (72,858) | 1,308 | - | 257,923 |
| Transition impact | - | - | (61,213) | - | 37,780 | (23,433) |
| Balance at 1 Jan 2023 (restated) | 300,000 | 29,473 | (134,071) | 1,308 | 37,780 | 234,490 |
| Comprehensive Income for period | | | | | | |
| Total Income for the period attributable to the shareholders after zakat | - | - | 59,516 | - | - | 59,516 |
| Total comprehensive income for the period | - | - | 59,516 | - | - | 59,516 |
| Balance at 30 Sep 2023 (Unaudited) | 300,000 | 29,473 | (74,555) | 1,308 | 37,780 | 294,006 |


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SAUDI ARABIAN 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 Thousands Saudi Riyals unless otherwise stated)

| | Nine-month period ended 30 September | |
|---|---|-------------------------|
| | 2023 | 2022 |
| | (Unaudited) | (Unaudited) Restated |
| Cash flow from operating activities | | |
| Profit/ (loss) for the period before Zakat, and surplus | 65,060 | (47,731) |
| Adjustments for: | | |
| Depreciation of property and equipment | 1,142 | 762 |
| Amortization of Intangible assets | 1,694 | 923 |
| Provision for end-of-service benefits | 184 | 177 |
| Net gains on FVTPL investments | (219) | (12,994) |
| Other investment income | (14,897) | (7,503) |
| Changes in operating assets and liabilities: | | |
| Insurance contract assets | (80,362) | (468) |
| Reinsurance contract assets | (372,205) | 22,671 |
| Insurance contract liabilities | 344,806 | 53,421 |
| Reinsurance contract liabilities | 9,389 | (4,208) |
| Prepayments and other assets | 9,663 | (2,609) |
| Accrued and other liabilities | 9,998 | (720) |
| | (25,747) | 1,721 |
| End-of-service benefits paid | (301) | (353) |
| Zakat paid | (7,540) | (7,175) |
| Net cash used in from operating activities | (33,588) | (5,807) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net proceeds from/ (placement) of time deposits | 325,403 | (132,854) |
| Additions in FVTPL investments | - | (2,043) |
| Proceed on disposal of FVTPL investments | 1,104 | 106,962 |
| Other investment income | 14,897 | 7,503 |
| Additions in property, equipment and intangible assets | (22,017) | (16,579) |
| Net cash generated from / (used in) investing activities | 319,387 | (37,011) |
| Net change in cash and cash equivalents | 285,799 | (42,818) |
| Cash and cash equivalents, beginning of the period | 39,336 | 52,028 |
| Cash and cash equivalents, end of the year | 325,135 | 9,210 |



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

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Saudi Arabian Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration No. 1010237214 dated 7 Shaban 1428H, (corresponding to 20 August 2007). The registered office address of the Company is P.O. Box 58073, Riyadh 11594, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. The Company's principal lines of business include all classes of general and medical insurance. The Company was listed on the Saudi Stock Exchange (“Tadawul”) on 20 Shaban 1428H, (corresponding to 3 September 2007).

Following are the details of the branches of the Company and their commercial registration numbers:

| Branch Name | Branch | Commercial Registration Number | Date |
|---|---------------|---|----------------------------------|
| Saudi Arabian Cooperative Insurance Company | Jeddah | 4030208674 | 25 Safar 1432H (31 January 2011) |
| Saudi Arabian Cooperative Insurance Company | Khobar | 2051044793 | 25 Safar 1432H (31 January 2011) |

The Company has been licensed to conduct insurance business in the Kingdom of Saudi Arabia under co-operative principles in accordance with Royal Decree numbered 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to the Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

Following the completion of the public offering on 28 May 2007, the Ministry of Commerce and Investment (“MOCI”) issued a resolution declaring the incorporation of the Company on 21 Rajab 1428H (corresponding to 5 August 2007).

On 29 Shaban 1428H (corresponding to 11 September 2007), the Saudi Central Bank (“SAMA”) issued a formal approval to transact insurance business, thus authorizing the Company to commence operations as soon as product approval and related formalities are completed.

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

2 Changes in accounting policies and disclosures

2.1 New and amended standards and interpretations

In these interim condensed financial statements, the Company has applied IFRS 17 and IFRS 9 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.1.1 IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17.

The nature of the changes in accounting policies can be summarised, as follows:

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

2 Changes in accounting policies and disclosures (continued)
2.1 New and amended standards and interpretations (continued)
2.1.1 IFRS 17 Insurance Contracts (continued)
2.1.1.1 Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

The Company was previously permitted under IFRS 4 to continue accounting using its previous generally accepted accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

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

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

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

The Company expenses its insurance acquisition cash flows for its property insurance product line immediately upon payment and capitalises insurance acquisition cash flows for all other product lines.

For product lines where insurance acquisition cash flows are not immediately expensed, the Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 4 (c) and 4 (d)

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)**

For the three-month and nine-month periods ended 30 September 2023

2 Changes in accounting policies and disclosures (continued)
2.1 New and amended standards and interpretations (continued)
2.1.1 IFRS 17 Insurance Contracts (continued)
2.1.1.2 Changes to presentation and disclosure

The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or

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

- Insurance Contract Assets
- Reinsurance Contract Assets
- Insurance Contract Liabilities
- Reinsurance Contract Liabilities

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

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

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

Instead, IFRS 17 requires separate presentation of:

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

The Company provides disaggregated qualitative and quantitative information about:

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

2.1.2 IFRS 9 - Financial Instruments

The company has adopted IFRS 9 as issued by IASB in July 2014 with the date of initial application of 1 January 2022 for insurer which was subsequently changed to 1 January 2023, which resulted in changes in accounting policies and adjustments to the previously recognised in the interim condensed financial statements.

The company has restated comparative figures to reflect adjustments arising from adoption of IFRS-9. Any adjustments prior to the transition date of 31st of December 2021 to the carrying amounts of financial assets and financial liabilities at the date of initial application were recognised in the accumulated losses and fair value reserve of the current year.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 "Financial Instruments: Disclosures"

Set out below are the disclosures relating to the impact of the adoption of IFRS 9 on the Company. Further details of the specific IFRS 9 accounting policies applied in the current year are described in more detail in the notes below.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

For the three-month and nine-month periods ended 30 September 2023

2 Changes in accounting policies and disclosures (continued)
2.1 New and amended standards and interpretations (continued)
2.1.2 IFRS 9 - Financial Instruments (continued)

a) Classification and Measurement of financial instruments

| | | IAS 39 | | IFRS 9 | |
|-------------------------------|---|-----------------------------|------------------------|---|------------------------|
| | | 1 January 2022 | | 1 January 2022 | |
| | | Measurement category | Carrying amount | Measurement category | Carrying amount |
| Financial Assets | | | SAR "000" | | SAR "000" |
| 1 | Cash and cash equivalents | Amortised cost | 52,028 | Amortised cost | 52,028 |
| 2 | Short-term deposits | Amortised cost | 254,966 | Amortised cost | 254,966 |
| 3 | <u>Investments</u> | | | | |
| a) | AFS-Equity Securities | Available for Sale | 1,923 | Fair Value through profit and loss (FVTPL) | - |
| | | | | Fair Value through Other Comprehensive Income (FVOCI) (with no recycling) | 37,033 |
| b) | Investment Held for Trading-Equity Securities | Held for Trading | 92,247 | FVTPL | 92,247 |
| c) | Held to Maturity-Sukuk | Amortised cost | 75,943 | FVTPL | 75,943 |
| | | | | Amortised cost | |
| 4 | Statutory Deposit | Amortised cost | 30,000 | Amortised cost | 30,000 |
| 5 | Accrued income on statutory deposit | Amortised cost | 2,891 | Amortised cost | 2,891 |
| 6 | Prepayment and other assets | Amortised cost | 13,904 | Amortised cost | 13,904 |
| Total financial assets | | | 523,902 | | 559,012 |

b) Reconciliation of statement of financial position from IAS 39 to IFRS 9

The company performed a detailed analysis of its business models for managing financial assets particularly considering the cash flow characteristics of its debt instruments. Please refer to the note below for more detailed information regarding the new classification requirements of IFRS 9

| | IAS 39 carrying amount | Reclassification | Remeasurement: ECL allowance | IFRS 9 carrying amount |
|------------------------------------|-------------------------------|-------------------------|-------------------------------------|-------------------------------|
| | 1 January 2022 | | | 1 January 2022 |
| 1 <i>Cash and cash equivalents</i> | | | | |
| Opening balance | 52,028 | - | - | 52,028 |
| 2 <i>Short term Deposits</i> | | | | |
| Opening balance | 254,966 | - | - | 254,966 |

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- 2** Changes in accounting policies and disclosures (continued)
2.1 New and amended standards and interpretations (continued)
2.1.2 IFRS 9 - Financial Instruments (continued)

b) Reconciliation of statement of financial position from IAS 39 to IFRS 9 - continued

| | IAS 39 carrying amount SAR "000" 1 January 2022 | Reclassification | Remeasurement: ECL allowance | IFRS 9 carrying amount SAR "000" 1 January 2022 |
|--|--|------------------|---------------------------------|--|
| 3 <i>Investments Held for Trading-Equities Securities</i> | | | | |
| Opening balance | | | | |
| To: Investments measured at FVTPL | 92,247 | - | - | 92,247 |
| | | | | |
| 4 <i>Held To Maturity - Sukuks and Bonds</i> | | | | |
| Opening balance | | | | |
| To: | 75,943 | - | - | 75,943 |
| Investments measured at Amortised cost | | | | |
| | | | | |
| 5 <i>Investments measured at OCI</i> | | | | |
| From: AFS | 1,923 | - | - | 1,923 |
| financial assets | | | | |
| - Equity | | | | |
| Securities | | | | |
| Fair value gain | - | 37,780 | - | 37,780 |
| | 1,923 | 37,780 | - | 39,703 |
| 6 <i>Statutory Deposits as Amortised cost</i> | | | | |
| Opening balance | 30,000 | - | - | 30,000 |
| 8 <i>Prepayment and other assets as Amortised Cost</i> | | | | |
| Opening balance | 72,138 | (58,233) | | 13,904 |

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2 Changes in accounting policies and disclosures (continued)
2.1 New and amended standards and interpretations (continued)
2.1.2 IFRS 9 - Financial Instruments (continued)

b) Reconciliation of statement of financial position from IAS 39 to IFRS 9 (continued)

The following notes explain how applying new classification requirements of IFRS 9 led to changes in the classification of certain financial assets held by the company has shown below

- A** For investment in local equity shares amounting to SAR1,923,080 these are strategic investments which are held for long term capital appreciation and are designed as FVOCI. Any gain or loss on the disposal of equity classified as FVOCI will be non- recycling i.e. on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.
- B** Investment in Sukuk amounting to SAR 75,942,638 are classified as Amortised cost at the date of initial application as these Sukuk pass SPPI assessment and their business model hold to collect contractual cash flows only.

3 BASIS OF PREPARATION

(a) Basis of presentation and measurement

These interim condensed financial statements (which comprise the statements of financial position, income, comprehensive income, and changes in equity and notes, comprising of significant accounting policies and other explanatory information) for the period ended September 30, 2023 have been in compliance with the accounting policies as illustrated in notes below to comply with SAMA's Circular no. 220 dated July 27, 2021 as part of its four-phase approach to transition the Saudi Insurance Sector from IFRS 4 - Insurance Contracts ("IFRS 4") to IFRS 17 - Insurance Contracts ("IFRS 17").

These financial statements do not incorporate:

- All qualitative and transition disclosure requirements of IFRS 17
- Certain disclosures which may be required by other International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA)

Furthermore, given the specific nature of the financial statements, management has not carried out a going concern assessment as of the date of the approval of these financial statements as it is not relevant for this purpose.

These financial statements do not include comparatives and as such do not comply with the requirements of IAS 1 - Financial Statement Presentation ("IAS 1").

The above-mentioned circular requires insurance companies to execute phase 4, which is related to implementation and dry runs, the purpose of which is to ensure the quality of implementation of IFRS 17 in the Kingdom of Saudi Arabia. These financial statements have been prepared solely for the use of management and for the purpose of compliance with SAMA requirements.

The reported balances and disclosures in these financial statements reflect management's ['the Directors'] best understanding at this current time of the requirements of IFRS 17 and may require adjustments before constituting the final balances and disclosures presented in the first set of statutory financial statements prepared under IFRS 17, due to revisions of or changes to standards or interpretations of the IASB, or guidance on the application issues of IFRS 17. In preparing the statutory financial statements on the adoption of IFRS 17, which is effective from January 1, 2023, the Company's opening statement of financial position shall be as at January 1, 2022, i.e. the Company's date of transition to IFRS 17. Further, the preparation of these financial statements involve management making assumptions about the accounting policies expected to be adopted when management prepares its first set of statutory financial statements under IFRS 17.

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3 BASIS OF PREPARATION (continued)

a) Basis of presentation and measurement (continued)

The Company also prepares statutory financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA), which are the statutory financial statements of the Company.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to each of the periods presented. The Company has not early adopted any standard (interpretation) or amendments that has been issued but which are not yet effective.

a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the spot exchange rate at the reporting date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, are treated as monetary items.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- groups of insurance and reinsurance contracts to the extent that the foreign currency differences relate to changes in the carrying amount of the groups recognised in OCI. The amount included in OCI is the difference between the total foreign currency differences and the amount included in profit or loss. The amount included in profit or loss is the difference between the measurement of the group that is used to determine the insurance finance income and expenses in profit or loss in the period in the functional currency at the beginning of the period, adjusted for accreted interest and payments during the period, and the same measurement in the foreign currency translated at the spot exchange rate at the end of the period;
- equity investments designated as at FVOCI and Financial assets at FVTOCI equity investments that had been derecognised at 1 January 2021 (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss); and
- hedging instruments in a net investment hedge to the extent that the hedge is effective.

The foreign currency gain or loss on debt investments at FVOCI, financial instruments at amortised cost and Financial assets at FVTOCI debt investments derecognised before 1 January 2021 is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the period.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Segmental Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company management committee (being the Company's chief operating decision maker) to make decisions about resources allocated to each operating segment and assess performance, and for which discrete financial information is available.

If the Company changes its basis of segment reporting, then comparative segment information is restated so that it aligns with the segment information reported for the current period.

c) Insurance, reinsurance and investment contracts – Classification

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

The Company does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

Some contracts entered into by the Company have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as 'investment contracts'. The Company does not have investment contracts.

d) Insurance and reinsurance contracts

i) Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components – i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer distinct goods or non-insurance services to policyholders and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance and reinsurance contracts (continued)

ii) Level of aggregation

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

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

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.

Each group of gross insurance contracts is further divided into bi-annual cohorts based on underwritten period. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. Same level of aggregation applies to facultative reinsurance contracts ceded. The groups are established on initial recognition and their composition is not reassessed subsequently.

Each group of proportional and non-proportional treaty reinsurance contracts comprises a single contract.

iii) Recognition

The Company recognises a group of insurance contracts issued from the earliest of the following.

- The beginning of the coverage period of the group of contracts. The coverage period is the period during which the Company provides coverage for insured events in respect of all premiums within the boundary of an insurance contract.
- The date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- The date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Company recognises a group of reinsurance contracts initiated that provide proportionate coverage at the later of the beginning of the coverage period of the group of reinsurance contracts and the initial recognition of any underlying contract, and recognises all other groups of reinsurance contracts from the beginning of the coverage period of the group of reinsurance contracts. The coverage period is the period during which the Company receives coverage for claims arising from the reinsured portions of the underlying insurance contracts.

Subsequently, new contracts are added to the group when they are issued or initiated, provided that all contracts in the group are issued or initiated in the same period. The Company recognises a group of contracts acquired at the date of acquisition.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance and reinsurance contracts (continued)

iv) Contract boundaries

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

A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
 - the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.
- The contract boundary is reassessed at each reporting date and, therefore, may change over time.

v) Measurement – Contracts not measured under the PAA

Insurance contracts – Initial measurement

On initial recognition, the Company measures a group of insurance contracts as the total of:

- (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk
- (b) the Contractual Service Margin (CSM).

The measurement of the fulfilment cash flows of a group of insurance contracts does not reflect non-performance risk.

Insurance acquisition cash flows that the Company pays before the related group of contracts is recognised are presented as an insurance contract asset. When the group of contracts is recognised, these cash flows are included in the measurement of the group and the previously recognised asset is derecognised.

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

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of the fulfilment cash flows, any derecognised assets for insurance acquisition cash flows and any cash flows arising at that date is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance and reinsurance contracts (continued)

v) Measurement – Contracts not measured under the PAA (continued)

Insurance contracts – Initial measurement (continued)

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict any losses recognised in profit or loss, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous groups.

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims comprises the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. The CSM of each group of contracts subsequent to initial recognition is calculated every 6 months and 30 September at 31 December.

Insurance contracts without direct participation features

The carrying amount of the CSM at the end of each 6-month period is the carrying amount at the start of the 6-month period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
 - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the period.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein;
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period, measured at the discount rates determined on initial recognition; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance and reinsurance contracts (continued)

v) Measurement – Contracts not measured under the PAA (continued)

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

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

The risk adjustment for non-financial risk is the amount of the risk transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfilment cash flows, any derecognised assets for cash flows occurring before the recognition of the group and any cash flows arising at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at the end of each 6-month period is the carrying amount at the start of the 6-month period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that a change results from a change in fulfilment cash flows allocated to a group of underlying insurance contracts that does not adjust the CSM of the group of underlying contracts, in which case the change is recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the period.

Reinsurance contracts cannot be onerous.

vi) Measurement – Contracts measured under the PAA

In the non-life segment, the Company generally uses the PAA to simplify the measurement of groups of contracts on the following bases:

- insurance contracts: the coverage period of each contract in the group of contracts is one period or less; and
- reinsurance contracts: the Company reasonably expects that the resulting measurement would not differ materially from the result of applying the accounting policies in (v)

The carrying amount of the CSM at the end of each 6-month period is the carrying amount at the start of the 6-month period, adjusted for:

- the CSM of any new contracts that are added to the group in the period;
- interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that a change results from a change in fulfilment cash flows allocated to a group of underlying insurance contracts that does not adjust the CSM of the group of underlying contracts, in which case the change is recognised in profit or loss;

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance and reinsurance contracts (continued)

vi) Measurement – Contracts measured under the PAA (continued)

- the effect of any currency exchange differences on the CSM; and
 - the amount recognised in profit or loss because of the services received in the period.
- Reinsurance contracts cannot be onerous.

Insurance contracts

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. Insurance acquisition cash flows are recognised as expenses when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance revenue for coverage provided (see (viii)). On initial recognition of each group of contracts, the Company expects that the time between providing each part of the coverage and the related premium due date is no more than a period. 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 (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk (see below).

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates) unless the cash flows are expected to be paid in one period or less from the date the claims are incurred.

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

vii) De-recognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

On the de-recognition of a contract from within a group of contracts:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognised;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining coverage is adjusted to reflect the coverage units derecognised from the group (see (viii)).

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance and reinsurance contracts (continued)

vii) De-recognition and contract modification (continued)

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous.

If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

viii) Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses, and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

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

Insurance revenue excludes any investment components and is measured as follows.

Insurance revenue – Contracts not measured under the PAA

The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides coverage or other services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration.

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount as insurance revenue and an equal amount as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each 6-month period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the 6-month period (before any allocation) equally to each coverage unit provided in the 6-month period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the 6-month period. The number of coverage units is the quantity of coverage provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage duration.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Insurance and reinsurance contracts (continued)

viii) Presentation (continued)

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each period on the following bases:

- Marine - Last three months premium at a reporting date is considered as unearned.; and
- Engineering - as per the guidelines provided by SAMA, pre-defined calculation for risks undertaken that extend beyond a single period. In accordance with this calculation, lower premiums are earned in the first period which gradually increases towards the end of the tenure of the policy; and
- other contracts: the passage of time.

Loss components

For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently excluded from insurance revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period).

Changes in estimates of cash flows relating to future services and changes in the Company's share of the fair value of any underlying items are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. The Company recognises reinsurance service expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts not measured under the PAA, the reinsurance service expenses relating to services received for each reporting period represent the total of the changes in the remaining coverage component that relate to services for which the Company expects to pay consideration.

For contracts measured under the PAA, the reinsurance service expenses for each period are the amount of expected premium payments for receiving coverage in the period.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses (see (v)).

e) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks including murabaha deposits with less than three months maturity from the date of acquisition.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
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(UNAUDITED) (continued)

For the three-month and nine-month periods ended 30 September 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Murabaha deposits

Murabaha deposits, with original maturity of more than three months, are initially recognised in the statement of financial position at fair value and are subsequently measured at amortised cost using effective interest method, less any impairment in value, whereas deposits with maturities not exceeding three months are reported under cash and cash equivalents.

g) Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of the insurance contracts liabilities net of related deferred policy acquisition costs. In performing these tests management uses current best estimates of future contractual cash flows and claims handling and expenses. Any deficiency in the carrying amounts is immediately charged to the statement of income by establishing a provision for losses arising from liability adequacy tests accordingly. Where the liability adequacy test requires the adoption of new best estimate's assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

h) Investments and other financial assets

Initial recognition

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets except in case of financial assets at fair value through profit or loss. Company's financial assets include cash and cash equivalents, murabaha deposits, receivables, held-to-maturity investments and Financial assets at FVTOCI investments.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: loans and receivables, Financial assets at FVTOCI and held to maturity financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

- i) **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in current assets, except for maturities greater than 12 months after the end of the reporting period.
- ii) **Financial assets at FVTOCI** are non-derivative financial assets that are not classified as loans and receivables, held to maturity investment or financial assets at fair value through profit or loss. Changes in the carrying amount of the AFS financial asset are recognized in other comprehensive income. AFS equity investment that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.
- iii) **Fair value through profit or loss ("FVTPL")** are non-derivative financial assets that are held for trading. All derivatives (except those designated hedging instruments) and financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are held for trading.
- iv) **Financial assets at amortised cost – net** are investments which have fixed or determinable payments that the Company has the positive intention and ability to hold to maturity are subsequently measured at amortized cost, less provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss on such investments is recognized in the statements of income when the investment is derecognized or impaired.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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(UNAUDITED) (continued)

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(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Investments and other financial assets (continued)

Impairment and un-collectability of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
 - adverse changes in the payment status of issuers or debtors in the Company; or
 - national or local economic conditions at the country of the issuers that correlate with defaults on the assets.

If there is objective evidence that an impairment loss on a financial asset exists, the impairment is determined as follows:

- For assets carried at fair value, impairment is the significant or prolong decline in the fair value of the financial asset.
- For assets carried at amortized cost, impairment is based on estimated future cash flows that are discounted at the original effective commission rate.

For Financial assets at FVTOCI financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of debt instruments classified as Financial assets at FVTOCI, the Company assesses individually whether there is an objective evidence of impairment. Objective evidence may include indications that the borrower is experiencing significant financial difficulty, default or delinquency in special commission income or principal payments, the probability that it will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of income and statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to credit event occurring after the impairment loss was recognized in the statement of income and statement of comprehensive income, the impairment loss is reversed through the statement of income and statement of comprehensive income.

For equity investments held as FVTOCI, a significant or prolonged decline in fair value below its cost represents objective evidence of impairment. The impairment loss cannot be reversed through statement of income as long as the asset continues to be recognised i.e. any increase in fair value after impairment has been recorded can only be recognised in other comprehensive income. On derecognition, any cumulative gain or loss previously recognised in other comprehensive income is included in the statement of income under "Realized gain / (loss) on investments available for sale investments".

The determination of what is 'significant' or 'prolonged' requires judgement. A period of 12 months or longer is considered to be prolonged and a decline of 30% from original cost is considered significant as per Company policy. In making this judgement, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
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(UNAUDITED) (continued)**

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(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Investments and other financial assets (continued)

Impairment and un-collectability of financial assets (continued)

In making an assessment of whether an investment in debt instrument is impaired, the Company considers the factors such as market's assessment of creditworthiness as reflected in the bond yields, rating agencies' assessment of creditworthiness, country's ability to access the capital markets for new debt issuance and probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness. The amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income and statement of comprehensive income.

Financial Liabilities

Initial recognition

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities.

Classification and subsequent measurement

Since the Company does not have financial liabilities classified at Fair value through Profit or loss, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in the statements of income and comprehensive income unless required or permitted by an accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Fair values

The fair value of financial assets that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the financial reporting date. If quoted market prices are not available, reference is made to broker or dealer price quotations.

For financial assets where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for similar assets.

i) Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to statements of income as they are consumed or expire with the passage of time.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of other items of property and equipment is depreciated on the straight line method to allocate the cost over estimated useful lives, as follows:

| | Periods |
|-------------------------------|------------------------------------|
| Leasehold improvements | Shorter of 3 or the relevant lease |
| Furniture and fittings | 10 |
| Computer and office equipment | 3 - 5 |
| Vehicles | 3 |

The assets' residual values, depreciation and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in "Other income" in the statement of income.

k) Capital work-in-progress

Capital work-in-progress includes property that is being developed for future use. When commissioned, capital work-in-progress will be transferred to the respective category within property and equipment, and depreciated in accordance with the Company's policy.

l) Intangibles assets

Intangible assets are stated at cost less accumulated amortization and impairment, if any. Amortization is provided over the estimated useful lives of the applicable intangible assets using the straight line method. The estimated useful lives of the intangible asset are between 3 to 5 years.

m) Statutory deposit

The statutory deposit, which is equal to 10% of the Company's paid up capital, consisted mainly of murabaha deposit maintained at a local bank in compliance with SAMA requirement.

n) Accrued and other liabilities

Accrued and other liabilities are recognized for amounts to be paid in the future for goods and services, whether billed by the supplier or not.

o) Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

p) Employees' end-of-service benefits

The Company operates an end-of-service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Remeasurements (actuarial gains/ losses) as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of comprehensive income.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Short term employee benefits

Short-term employee benefits, include leave pay and airfare, are current liabilities included in accrued expenses, measured at the undiscounted amount that the entity expects to pay as a result of the unused entitlement.

r) Employees' end-of-service benefits

The Company pays retirement contributions for its Saudi Arabian employees to the General Organization for Social Insurance. This represents a state-owned defined contribution plan. The payments made are expensed as incurred.

s) Zakat and tax

In accordance with the regulations of the Zakat, Tax and Customs Authority (the "ZATCA"), the Company is subject to zakat attributable to the Saudi shareholders and to income tax attributable to the foreign shareholders. Provision for zakat and income tax is charged to the statement of profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. Zakat is computed on the Saudi shareholders' share of equity and/ or net income using the basis defined under the regulations of ZATCA. Income tax is computed on the foreign shareholders' share of net income for the period.

The Company withholds taxes on certain transactions with non-resident parties, including dividend payments to foreign shareholders, in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. Withholding taxes paid on behalf of non-resident parties, which are not recoverable from such parties, are expensed.

t) Statutory reserve

In accordance with the Company's by-laws, the Company shall allocate 20% of its retained earnings each period to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

u) Trade date accounting

All regular way purchases and sales of financial assets are recognized/derecognized on the trade date (i.e. the date that the Company commits to purchase or sell the assets). Regular way purchases or sales are purchases or sales of financial assets that require settlement of assets within the time frame generally established by regulation or convention in the market place.

v) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

All leases are short term. Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental commission rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Leases (continued)

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

w) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

x) Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to Saudi Riyals at the rate of exchange prevailing at the statement of financial position date. All differences are taken to the statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated.

**SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In preparing its opening IFRS 17 and IFRS 9 statement of financial position, the company has adjusted amounts reported previously in financial statements under IFRS 4 and IAS 39.

Reclassification impact on the interim condensed statement of financial position on adoption of IFRS 17

Presentation changes in the interim condensed statement of financial position are introduced by IFRS 17. The previously reported line items: premiums receivable - net, deferred policy acquisition costs, insurance operations' surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, claims handling reserve are presented together by portfolio on a single line called insurance contract liabilities. The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or liabilities. Presentation is driven by portfolios which are composed of groups of contracts covering similar risks and which are managed together. Portfolios of insurance and reinsurance contracts are presented separately between:

- Insurance Contract Assets
- Reinsurance Contract Assets
- Insurance Contract Liabilities
- Reinsurance Contract Liabilities

Remeasurement impact on the interim condensed statement of financial position on adoption of IFRS 17 and IFRS 9 Impact on Equity

| | Impact on equity on transition to IFRS 17 on 1 January 2022 SAR "000" |
|--|--|
| Drivers of changes | |
| Changes in measurement of net insurance contract liabilities | (104,994) |
| Changes in measurement of net reinsurance contract assets | 69,172 |
| Total impact | (35,822) |

Impact on Insurance Contract Liabilities:

| | |
|---------------------------------------|------------------|
| Drivers of changes | |
| Risk adjustment | (90,038) |
| Loss component on onerous contracts | (20,926) |
| Discounting | 5,128 |
| Deferment of Policy Acquisition costs | 7,715 |
| ECL on Insurance receivables | (6,873) |
| Total impact | (104,994) |

Impact on Reinsurance Contract Assets:

| | |
|--|---------------|
| Reinsurance risk adjustment | 74,470 |
| Loss component on onerous contracts | 34 |
| Discounting | (3,784) |
| ECL on Reinsurance receivables | (3,099) |
| Provision on Profit commission accrual | 1,551 |
| Total impact | 69,172 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

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

SAR "000"

1 January 2022 (Unaudited)

| | Pre adoption of IFRS 17 and IFRS 09 | IFRS 17 | | IFRS 09 | | Post adoption of IFRS 17 and IFRS 09 |
|---|---|------------------|----------------|------------------|---------------|--|
| | | Reclassification | Remeasurement | Reclassification | Remeasurement | |
| ASSETS | | | | | | |
| Cash and cash equivalents | 52,028 | - | - | - | - | 52,028 |
| Murabaha deposits | 254,966 | - | - | - | - | 254,966 |
| Premiums and reinsurers' receivable - net | 261,412 | (261,412) | - | - | - | - |
| Reinsurers' share of unearned premiums | 27,162 | (27,162) | - | - | - | - |
| Reinsurers' share of outstanding claims | 377,883 | (377,883) | - | - | - | - |
| Reinsurers' share of claims incurred but not reported | 65,107 | (65,107) | - | - | - | - |
| Insurance Contract Assets | - | 23,086 | 19,709 | - | - | 42,795 |
| Reinsurance Contract Assets | - | 488,030 | 100,804 | - | 713 | 589,547 |
| Deferred policy acquisition costs | 23,086 | (23,086) | - | - | - | - |
| Available-for-sale investments | 1,923 | - | - | - | 35,110 | 37,033 |
| Fair value through profit or loss investments | 92,247 | - | - | - | - | 92,247 |
| Held-to-maturity investment | 75,943 | - | - | - | - | 75,943 |
| Prepayments and other assets | 72,138 | (58,234) | - | - | - | 13,904 |
| Property and equipment | 7,063 | - | - | - | - | 7,063 |
| Intangible assets | 11,594 | - | - | - | - | 11,594 |
| Statutory deposit | 30,000 | - | - | - | - | 30,000 |
| Accrued income on statutory deposit | 2,891 | - | - | - | - | 2,891 |
| TOTAL ASSETS | 1,355,443 | (301,768) | 120,513 | - | 35,823 | 1,210,011 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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(UNAUDITED) (continued)
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

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

SAR "000"

1 January 2022 (Unaudited)

| | Pre adoption of IFRS 17 and IFRS 09 | IFRS 17 Reclassification | IFRS 17 Remeasurement | IFRS 09 Reclassification | IFRS 09 Remeasurement | Post adoption of IFRS 17 and IFRS 09 |
|--|---|-----------------------------|--------------------------|-----------------------------|--------------------------|--|
| LIABILITIES | | | | | | |
| Policyholders' claims payable | 23,039 | (23,039) | - | - | - | - |
| Accrued expenses and other liabilities | 98,626 | (87,255) | - | - | - | 11,371 |
| Reinsurance balances payable | 53,286 | (53,286) | - | - | - | - |
| Unearned premiums | 254,130 | (254,130) | - | - | - | - |
| Insurance Contract Liabilities | - | 708,765 | 117,830 | - | 10,686 | 837,281 |
| Reinsurance Contract Liabilities | - | 27,676 | 28,533 | - | - | 56,209 |
| Unearned reinsurance commission | 5,257 | (5,257) | - | - | - | - |
| Outstanding claims and reserves | 446,157 | (446,157) | - | - | - | - |
| Claims incurred but not reported | 146,967 | (146,967) | - | - | - | - |
| Employees' end-of-service benefits | 23,938 | (22,116) | - | - | - | 1,822 |
| Provision for zakat | 8,416 | - | - | - | - | 8,416 |
| Accrued commission income payable to SAMA | 2,891 | - | - | - | - | 2,891 |
| TOTAL LIABILITIES | 1,062,707 | (301,766) | 146,363 | - | 10,686 | 917,990 |
| EQUITY | | | | | | |
| Share capital | 300,000 | - | - | - | - | 300,000 |
| Statutory reserve | 29,473 | - | - | - | - | 29,473 |
| Accumulated losses | (35,653) | - | (25,851) | - | (9,972) | (71,476) |
| Fair value reserve on Investments | - | - | - | - | 35,109 | 35,109 |
| Re-measurement loss of end-of-service benefits | (1,085) | - | - | - | - | (1,085) |
| TOTAL EQUITY | 292,735 | - | (25,851) | - | 25,137 | 292,021 |
| TOTAL LIABILITIES AND EQUITY | 1,355,442 | (301,766) | 120,512 | - | 35,823 | 1,210,011 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

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

SAR "000"

31 December 2022 (Unaudited)

| | Pre adoption of IFRS 17 and IFRS 09 | Reclassification | IFRS 17 Remeasurement | Reclassification | IFRS 09 Remeasurement | Post adoption of IFRS 17 and IFRS 09 |
|---|--|------------------|--------------------------|------------------|--------------------------|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | 36,736 | 2,600 | - | - | - | 39,336 |
| Murabaha deposits | 361,089 | - | - | - | - | 361,089 |
| Premiums and reinsurers' receivable - net | 242,488 | (242,488) | - | - | - | - |
| Reinsurers' share of unearned premiums | 45,521 | (45,521) | - | - | - | - |
| Reinsurers' share of outstanding claims | 394,902 | (394,902) | - | - | - | - |
| Reinsurers' share of claims incurred but not reported | 44,241 | (44,241) | - | - | - | - |
| Insurance Contract Assets | - | 33,021 | 10,920 | - | - | 43,941 |
| Reinsurance Contract Assets | - | 417,293 | 62,403 | - | (1,276) | 478,420 |
| Deferred policy acquisition costs | 45,881 | (45,881) | - | - | - | - |
| Available-for-sale investments | 1,923 | - | - | - | 37,780 | 39,703 |
| Fair value through profit or loss investments | 1,261 | - | - | - | - | 1,261 |
| Held-to-maturity investment | 77,426 | - | - | - | - | 77,426 |
| Prepayments and other assets | 121,010 | (106,243) | - | - | - | 14,767 |
| Property and equipment | 29,054 | - | - | - | - | 29,054 |
| Intangible assets | 11,893 | - | - | - | - | 11,893 |
| Statutory deposit | 45,000 | - | - | - | - | 45,000 |
| Accrued income on statutory deposit | 3,186 | - | - | - | - | 3,186 |
| TOTAL ASSETS | 1,461,611 | (426,362) | 73,323 | - | 36,504 | 1,145,076 |

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

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

SAR "000"

31 December 2022 (Unaudited)

| | Pre adoption of IFRS 17 and IFRS 09 | Reclassification | IFRS 17 Remeasurement | Reclassification | IFRS 09 Remeasurement | Post adoption of IFRS 17 and IFRS 09 |
|--|--|------------------|--------------------------|------------------|--------------------------|---|
| LIABILITIES | | | | | | |
| Policyholders' claims payable | 32,450 | (32,450) | - | - | - | - |
| Accrued expenses and other liabilities | 83,328 | (74,118) | - | - | - | 9,210 |
| Reinsurance balances payable | 67,975 | (67,975) | - | - | - | - |
| Unearned premiums | 371,918 | (371,918) | - | - | - | - |
| Insurance Contract Liabilities | - | 741,686 | 33,934 | - | 40,041 | 815,661 |
| Reinsurance Contract Liabilities | - | 13,114 | 59,286 | - | - | 72,400 |
| Unearned reinsurance commission | 8,033 | (8,033) | - | - | - | - |
| Outstanding claims and reserves | 491,597 | (491,597) | - | - | - | - |
| Claims incurred but not reported | 115,071 | (115,071) | - | - | - | - |
| Employees' end-of-service benefits | 21,650 | (20,002) | - | - | - | 1,648 |
| Provision for zakat | 8,481 | - | - | - | - | 8,481 |
| Accrued commission income payable to SAMA | 3,186 | - | - | - | - | 3,186 |
| TOTAL LIABILITIES | 1,203,689 | (426,364) | 93,220 | - | 40,041 | 910,586 |
| EQUITY | | | | | | |
| Share capital | 300,000 | - | - | - | - | 300,000 |
| Statutory reserve | 29,473 | - | - | - | - | 29,473 |
| Accumulated losses | (72,858) | - | (19,899) | - | (41,314) | (134,071) |
| Fair value reserve on Investments | - | - | - | - | 37,780 | 37,780 |
| Re-measurement loss of end-of-service benefits | 1,308 | - | - | - | - | 1,308 |
| TOTAL EQUITY | 257,923 | - | (19,899) | - | (3,534) | 234,490 |
| TOTAL LIABILITIES AND EQUITY | 1,461,612 | (426,364) | 73,321 | - | 36,507 | 1,145,076 |

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

Reconciliation of interim condensed statement of income for the period ended 30 September 2022

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

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

- Gross written premium
- Reinsurance premiums ceded
- Excess of loss expenses
- Changes in unearned premiums – net
- Gross claims paid
- Reinsurer share of claims paid
- Changes in outstanding claims, net
- Changes in claims incurred but not reported, net
- Changes in premium deficiency reserves
- Changes in other technical reserves
- Policy acquisition costs
- Allowance for doubtful receivables
- General and administrative expenses

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Allocation of reinsurance premiums
- Amounts recoverable from reinsurance
- Other operating expenses

Remeasurement impact on interim condensed statement of comprehensive income on adoption of IFRS 17 for the period ended 30 September 2022

The remeasurement impact (net basis) in the interim condensed statement of income on adoption of IFRS 17 is on account of the following:

- Risk adjustment amounting to SR (0.5) million;
- Loss component on onerous contract amounting to SR 4.5 million;
- Unwinding effect of discounting amounting to SR (4.0) million;
- Effect of discounting amounting to SR 5.3 million; and
- Deferment of Other Policy acquisition and maintenance expenses amounting to SR 14 million.

Reclassification / remeasurement impact on interim condensed statement of comprehensive income on adoption of IFRS 9 for the period ended 30 September 2022

- Net impairment loss under IFRS 9 is disclosed separately on the statement of income. Under IAS 39, impairment loss was disclosed as part of investment income.
- Investment income on financial assets at amortized costs and on financial assets at fair value are shown separately on the statement of income instead of presented previously as one line item.
- Under IAS 39, changes in the fair value of both investment in debt instruments and investment in equity instruments classified as available-for-sale were shown together on the statement of comprehensive income.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

Reconciliation of interim condensed statement of income for the period ended 30 September 2022

| SAR "000" | Pre adoption of IFRS 17 and IFRS 09 | 30 September 2022 (Unaudited) | | | | Post adoption of IFRS 17 and IFRS 09 |
|--|---|-------------------------------|---------------|------------------|-----------------|--|
| | | IFRS 17 | IFRS 09 | IFRS 17 | IFRS 09 | |
| | | Reclassification | Remeasurement | Reclassification | Remeasurement | |
| REVENUES | | | | | | |
| Gross premiums written | 852,173 | (852,173) | - | - | - | - |
| Reinsurance premiums ceded | | | | | | |
| - Local | (71,407) | 71,407 | - | - | - | - |
| - International (includes ceded through local broker) | (142,980) | 142,980 | - | - | - | - |
| | <u>(214,387)</u> | <u>214,387</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of loss expenses | | | | | | |
| - Local | (1,050) | 1,050 | - | - | - | - |
| - International | (25,059) | 25,059 | - | - | - | - |
| | <u>(26,109)</u> | <u>26,109</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net premiums written | 611,677 | (611,677) | - | - | - | - |
| Movement in unearned premiums, net | (143,556) | 143,556 | - | - | - | - |
| Net premiums earned | 468,121 | (468,121) | - | - | - | - |
| Reinsurance commissions | 14,769 | (14,769) | - | - | - | - |
| Other underwriting income | 1,498 | (1,498) | - | - | - | - |
| Insurance revenue | - | 664,268 | - | - | (9,724) | 654,544 |
| Insurance service expenses | - | (592,208) | 36,718 | - | (12,345) | (567,835) |
| Allocation of reinsurance premiums | - | (191,135) | - | - | - | (191,135) |
| Amounts recoverable from reinsurance | - | 51,716 | (13,316) | - | 2,742 | 41,142 |
| INSURANCE SERVICE RESULTS | 484,388 | (551,747) | 23,402 | - | (19,327) | (63,284) |
| UNDERWRITING COSTS AND EXPENSES | | | | | | |
| Gross claims paid | 432,404 | (432,404) | - | - | - | - |
| Reinsurers' share of claims paid | (55,833) | 55,833 | - | - | - | - |
| Net claims paid | 376,571 | (376,571) | - | - | - | - |
| Movement in outstanding claims, IBNR and other reserves, net | 21,367 | (21,367) | - | - | - | - |
| Net claims incurred | 397,938 | (397,938) | - | - | - | - |
| Policy acquisition costs | 61,646 | (61,646) | - | - | - | - |
| Inspection and supervision fees | 6,433 | (6,433) | - | - | - | - |
| TOTAL UNDERWRITING COSTS AND EXPENSES | 466,017 | (466,017) | - | - | - | - |

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

Reconciliation of interim condensed statement of income for the period ended 30 September 2022

| SAR "000" | 30 September 2022 (Unaudited) | | | | | |
|---|---|------------------|----------------|------------------|-----------------|--|
| | Pre adoption of IFRS 17 and IFRS 09 | Reclassification | Remeasurement | Reclassification | Remeasurement | Post adoption of IFRS 17 and IFRS 09 |
| NET UNDERWRITING INCOME | 18,371 | (85,730) | 23,402 | - | (19,327) | (63,284) |
| Finance expenses from insurance contracts issued | - | - | (6,515) | - | - | (6,515) |
| Finance income from reinsurance contracts held | - | - | 2,548 | - | - | 2,548 |
| Net insurance finance expenses | - | - | (3,967) | - | - | (3,967) |
| Net insurance result | 18,371 | (85,730) | 19,435 | - | (19,327) | (67,251) |
| OTHER INCOME/(EXPENSES) | | | | | | |
| Income from investments | 3,480 | - | - | (3,480) | - | - |
| Unrealized gain/(loss) from change in fair value of FVTPL investments | 161 | - | - | (161) | - | - |
| Realized gain on disposals of fair value of FVTPL investments | 13,690 | - | - | (13,690) | - | - |
| Income from murabaha deposits | 5,188 | - | - | (5,188) | - | - |
| Other income | 1,132 | 1,497 | - | - | - | 2,629 |
| General and administrative expenses | (91,904) | 86,277 | - | - | - | (5,627) |
| Reversal of/(Provision for) doubtful debts | 6,256 | - | - | (2,041) | (4,215) | - |
| Net gains on FVTPL investments | - | - | - | 15,015 | - | 15,015 |
| Other investment income | - | - | - | 7,503 | - | 7,503 |
| TOTAL OTHER INCOME/(EXPENSES) | (61,997) | 87,774 | - | (2,042) | (4,215) | 19,520 |
| Total (loss)/income for the year | (43,626) | 2,044 | 19,435 | (2,042) | (23,542) | (47,731) |
| Surplus attributed to the insurance operations | - | - | - | - | - | - |
| Total (loss)/income for the year attributable to the shareholders before zakat | (43,626) | 2,044 | 19,435 | (2,042) | (23,542) | (47,731) |
| Zakat charge for the year | (6,385) | - | - | - | - | (6,385) |
| Total (loss)/income for the year attributable to the shareholders after zakat | (50,011) | 2,044 | 19,435 | (2,042) | (23,542) | (54,116) |
| Other comprehensive Income / loss: | | | | | | |
| Items that will not be reclassified to statement of income in subsequent years | | - | - | - | - | - |
| Items that may be reclassified to statements of income in subsequent years | | - | - | - | - | - |
| Total comprehensive (loss)/income for the year after zakat | (50,011) | 2,044 | 19,435 | (2,042) | (23,542) | (54,116) |
| Total comprehensive (loss)/income attributable to the shareholders after zakat | (50,011) | 2,044 | 19,435 | (2,042) | (23,542) | (54,116) |

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

Details of (decrease) / increase in the retained earnings resulting from transition to IFRS 17 and IFRS 9 are as follows:

SAR "000"

| | Share capital | Statutory reserve | (Accumulated losses) | Fair value reserve for Financial assets at FVTOCI investment | Re-measurement (loss)/ reserve of employees' end-of-service benefits | Total equity |
|---|---------------|-------------------|----------------------|--|--|--------------|
| 1 January 2022 (previously reported) | 300,000 | 29,473 | (35,653) | - | (1,085) | 292,735 |
| Recognition of expected credit losses under IFRS 09 | | | (9,972) | | | (9,972) |
| Remeasurement under IFRS 9 | | | | 35,109 | | 35,109 |
| Remeasurement under IFRS 17 | | | (25,851) | - | | (25,851) |
| 1 January 2022 (Restated) | 300,000 | 29,473 | (71,476) | 35,109 | (1,085) | 292,021 |
| 31 December 2022 (previously reported) | 300,000 | 29,473 | (72,858) | - | 1,308 | 257,923 |
| | | | | | | - |
| Recognition of expected credit losses under IFRS 09 | | | (41,314) | | | (41,314) |
| Remeasurement under IFRS 9 | | | | 37,780 | | 37,780 |
| Remeasurement under IFRS 17 | | | (19,899) | | | (19,899) |
| 31 December 2022 (Restated) | 300,000 | 29,473 | (134,071) | 37,780 | 1,308 | 234,490 |

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5 INSURANCE AND REINSURANCE CONTRACTS

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

| SAR "000" | 30 September 2023 | | | 31 December 2022 | | |
|---|----------------------|------------------|------------------|---------------------------|----------------|----------------|
| | (Unaudited) | | | (Unaudited) (Restated) | | |
| | Assets | Liabilities | Net | Assets | Liabilities | Net |
| Insurance contracts issued | | | | | | |
| Motor | 75,366 | 149,503 | 74,137 | 19,702 | 189,451 | 169,749 |
| Medical | 20,808 | 104,553 | 83,745 | 12,639 | 103,201 | 90,562 |
| Property & casualty | 28,129 | 906,411 | 878,282 | 11,600 | 523,009 | 511,409 |
| Total insurance contracts Issued | 124,303 | 1,160,467 | 1,036,164 | 43,941 | 815,661 | 771,720 |
| Reinsurance contracts held | | | | | | |
| Motor | 14,121 | 8,867 | 5,254 | 17,248 | 7,756 | 9,492 |
| Medical | 9,493 | 43,477 | (33,984) | 28 | 38,405 | (38,377) |
| Property & casualty | 827,011 | 29,445 | 797,566 | 461,144 | 26,239 | 434,905 |
| Total reinsurance contracts held | 850,625 | 81,789 | 768,836 | 478,420 | 72,400 | 406,020 |

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5 INSURANCE AND REINSURANCE CONTRACTS (continued)
5.1 Analysis by remaining coverage & incurred claims for insurance contracts

30 September 2023

| Insurance | SAR "000" | | | | |
|--|------------------------------------|-------------------------|---|--|------------------|
| | Liabilities for remaining coverage | | Liabilities for incurred claims for contracts under the Premium Allocation Approach | | Total |
| | Excluding Loss Recovery Component | Loss Recovery Component | Liabilities for incurred claims | Risk adjustment for non-financial risk | |
| Premium Allocation Approach | | | | | |
| Opening assets | 31,995 | - | 10,955 | 991 | 43,941 |
| Opening liabilities | 116,683 | 42,736 | 627,398 | 28,844 | 815,661 |
| Net opening balance | 84,688 | 42,736 | 616,443 | 27,853 | 771,720 |
| Insurance revenue | 773,098 | - | - | - | 773,098 |
| Insurance service expenses | 94,572 | (26,692) | 785,656 | 15,680 | 869,216 |
| Incurred claims | - | - | 840,563 | 27,137 | 867,700 |
| Amortisation of insurance acquisition cash flows | 94,572 | - | - | - | 94,572 |
| Losses on onerous contracts and reversals of those losses | - | (26,692) | - | - | (26,692) |
| Changes that relate to past service - changes in the FCF relating to LIC | - | - | (54,907) | (11,457) | (66,364) |
| Insurance service result | 678,526 | 26,692 | (785,656) | (15,680) | (96,118) |
| Net finance expenses from insurance contracts | - | - | (15,065) | (1,521) | (16,586) |
| Surplus attributed to the insurance operations | - | - | (6,247) | - | (6,247) |
| Total changes in the statement of profit or loss and OCI | 678,526 | 26,692 | (806,968) | (17,201) | (118,951) |
| Cash flows | | | | | |
| Premium Received | 734,540 | - | - | - | 734,540 |
| Claims and other directly attributable expenses paid | - | - | (443,906) | - | (443,906) |
| Directly Attributable Expenses paid (excluding insurance acquisition cash flows) | - | - | (48,560) | - | (48,560) |
| Insurance Acquisition Cash flows | (96,582) | - | - | - | (96,582) |
| Total Cash Flows | 637,959 | - | (492,466) | - | 145,493 |
| Net closing balance | 44,121 | 16,044 | 930,945 | 45,054 | 1,036,164 |
| Closing liabilities | 173,760 | 13,763 | 926,801 | 46,143 | 1,160,467 |
| Closing assets | 129,639 | (2,281) | (4,144) | 1,089 | 124,303 |

31 December 2022

| Insurance | SAR "000" | | | | |
|--|------------------------------------|-------------------------|---|--|----------------|
| | Liabilities for remaining coverage | | Liabilities for incurred claims for contracts under the Premium Allocation Approach | | Total |
| | Excluding Loss Recovery Component | Loss Recovery Component | Liabilities for incurred claims | Risk adjustment for non-financial risk | |
| Premium Allocation Approach | | | | | |
| Opening assets | 66,267 | (6,995) | (15,117) | (1,359) | 42,796 |
| Opening liabilities | 15,835 | 28,206 | 704,270 | 88,971 | 837,282 |
| Net opening balance | (50,432) | 35,201 | 719,387 | 90,330 | 794,486 |
| Insurance revenue | 911,456 | - | - | - | 911,456 |
| Insurance service expenses | 107,722 | 7,535 | 684,959 | (67,200) | 733,016 |
| Incurred claims | - | - | 478,251 | 16,696 | 494,947 |
| Incurred directly attributable expenses | - | - | 99,717 | - | 99,717 |
| Amortisation of insurance acquisition cash flows | 107,722 | - | - | - | 107,722 |
| Losses on onerous contracts and reversals of those losses | - | 7,535 | - | - | 7,535 |
| Changes that relate to past service - changes in the FCF relating to LIC | - | - | 106,991 | (83,896) | 23,095 |
| Insurance service result | 803,734 | (7,535) | (684,959) | 67,200 | 178,440 |
| Net finance expenses from insurance contracts | - | - | (2,937) | (4,723) | (7,660) |
| Surplus attributed to the insurance operations | - | - | - | - | - |
| Total changes in the statement of profit or loss and OCI | 803,734 | (7,535) | (687,896) | 62,477 | 170,780 |
| Cash flows | | | | | |
| Premium Received | 1,051,585 | - | - | - | 1,051,585 |
| Claims and other directly attributable expenses paid | - | - | (696,764) | - | (696,764) |
| Directly Attributable Expenses paid (excluding insurance acquisition cash flows) | - | - | (94,076) | - | (94,076) |
| Insurance Acquisition Cash flows | (112,731) | - | - | - | (112,731) |
| Total Cash Flows | 938,854 | - | (790,840) | - | 148,014 |
| Net closing balance | 84,688 | 42,736 | 616,443 | 27,853 | 771,720 |
| Closing liabilities | 116,683 | 42,736 | 627,398 | 28,844 | 815,661 |
| Closing assets | 31,995 | - | 10,955 | 991 | 43,941 |

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5 INSURANCE AND REINSURANCE CONTRACTS (continued)

5.2 Analysis by remaining coverage & incurred claims for reinsurance contracts (continued)

30 September 2023

| Reinsurance | SAR "000" | | | | |
|---|-----------------------------------|-------------------------|--|--|------------------|
| | Assets for remaining coverage | | Assets for incurred claims for contracts under the Premium Allocation Approach | | Total |
| | Excluding Loss Recovery Component | Loss Recovery Component | Assets for incurred claims | Risk adjustment for non-financial risk | |
| Premium Allocation Approach | | | | | |
| Opening assets | (88,318) | 62 | 540,809 | 25,867 | 478,420 |
| Opening liabilities | 71,132 | - | (714) | 1,982 | 72,400 |
| Net opening balance | (159,450) | 62 | 541,523 | 23,885 | 406,020 |
| Reinsurance expenses | 181,447 | - | - | - | 181,447 |
| Amounts Recoverable from Reinsurance | - | 417 | 315,321 | 17,550 | 333,288 |
| Incurred claims recovery | - | - | 373,201 | 23,605 | 396,806 |
| Changes that relate to past service-changes in the FCF relating to incurred claims recovery | - | - | (57,880) | (6,055) | (63,935) |
| (Expense) / Income from reinsurance contracts held | (181,447) | 417 | 315,321 | 17,550 | 151,841 |
| Investment components | - | - | 13,851 | (121) | 13,730 |
| Total changes in the statement of profit or loss and OCI | (181,447) | 417 | 329,172 | 17,429 | 165,571 |
| Cash flows | | | | | |
| Premium Paid | (258,034) | - | - | - | (258,034) |
| Recoveries from reinsurance | - | - | 41,817 | - | 41,817 |
| Fixed Commission received | 18,972 | - | - | - | 18,972 |
| Total Cash Flows | (239,062) | - | 41,817 | - | (197,245) |
| Net closing balance | (101,835) | 479 | 828,878 | 41,314 | 768,836 |
| Closing assets | (24,624) | 468 | 831,512 | 43,269 | 850,625 |
| Closing liabilities | 77,211 | (11) | 2,634 | 1,955 | 81,789 |

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| Reinsurance | SAR "000" | | | | |
|---|-----------------------------------|-------------------------|--|--|------------------|
| | Assets for remaining coverage | | Assets for incurred claims for contracts under the Premium Allocation Approach | | Total |
| | Excluding Loss Recovery Component | Loss Recovery Component | Assets for incurred claims | Risk adjustment for non-financial risk | |
| Premium Allocation Approach | | | | | |
| Opening assets | (46,624) | 32 | 561,980 | 74,159 | 589,547 |
| Opening liabilities | 58,527 | (2) | (2,005) | (311) | 56,209 |
| Net opening balance | (105,151) | 34 | 563,985 | 74,470 | 533,338 |
| Reinsurance expenses | 243,684 | - | - | - | 243,684 |
| Amounts Recoverable from Reinsurance | - | 28 | 37,846 | (50,559) | (12,685) |
| Incurred claims recovery | - | - | 198,154 | 12,480 | 210,634 |
| Changes that relate to past service-changes in the FCF relating to incurred claims recovery | - | - | (160,308) | (63,039) | (223,347) |
| (Expense) / Income from reinsurance contracts held | (243,684) | 28 | 37,846 | (50,559) | (256,369) |
| Investment components | - | - | 2,495 | (26) | 2,469 |
| Total changes in the statement of profit or loss and OCI | (243,684) | 28 | 40,341 | (50,585) | (253,900) |
| Cash flows | - | - | - | - | - |
| Premium Paid | (212,634) | - | - | - | (212,634) |
| Recoveries from reinsurance | - | - | 62,803 | - | 62,803 |
| Fixed Commission received | 23,249 | - | - | - | 23,249 |
| Total Cash Flows | (189,385) | - | 62,803 | - | (126,582) |
| Net closing balance | (159,450) | 62 | 541,523 | 23,885 | 406,020 |
| Closing assets | (88,318) | 62 | 540,809 | 25,867 | 478,420 |
| Closing liabilities | 71,132 | - | (714) | 1,982 | 72,400 |

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6 Expected Credit Loss (ECL) adjustment for Liability for Remaining Coverage (LRC) and Liability for Incurred Claims (LIC) related to Receivables

6.1 ECL Adjustment for LFRC related to Premium receivable

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| | SAR'000 | SAR'000 |
| | (Unaudited) | (Unaudited) |
| | | Restated |
| Receivables comprise amounts due from the following: | | |
| Policyholders | 227,347 | 152,200 |
| Brokers | 210,550 | 120,381 |
| (Due to)/ due from Related Parties | (7,459) | 22,676 |
| | 430,438 | 295,257 |
| Allowance for LFRC adjustment (expected credit loss) | (60,842) | (57,823) |
| Premium Receivable balances receivable – net | 369,596 | 237,434 |

6.1.1 Movement of LFRC adjustment

| | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| | SAR'000 | SAR'000 |
| | (Unaudited) | (Unaudited) |
| | | Restated |
| Beginning balance | 57,823 | 66,745 |
| Reversal for the period/ year | - | (9,690) |
| At the beginning of the period/ year before IFRS 9 adjustment | 57,823 | 57,055 |
| At the end of the period/ year | 60,842 | 57,823 |
| Additional charge for the period/ year | (3,019) | (768) |

6.2 ECL Adjustment for LIC related to Claims Salvage & Subrogation Recovery receivable

| | 30 September 2023 | 31 December 2022 |
|--|--------------------------|-------------------------|
| | SAR'000 | SAR'000 |
| | (Unaudited) | (Unaudited) |
| | | Restated |
| Receivables comprise amounts due from the following: | | |
| Claim recoveries from third parties | 79,811 | 62,773 |
| Claim recoveries from customers | 44,129 | 33,903 |
| | 123,940 | 96,676 |
| Allowance for LIC adjustment (expected credit loss) | (62,580) | (47,411) |
| Claims Salvage & Subrogation recovery receivable – net | 61,360 | 49,265 |

6.2.1 Movement of LIC adjustment

| | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| | SAR'000 | SAR'000 |
| | (Unaudited) | (Unaudited) |
| | | Restated |
| At the beginning of the period/ year before IFRS 9 adjustment | 47,411 | 7,147 |
| Impact of IFRS 9 adaption | - | 22,938 |
| At the beginning of the period after IFRS 9 adjustment | 47,411 | 30,085 |
| Charged during the period/ year | 15,169 | 17,326 |
| At the end of the period/ year | 62,580 | 47,411 |

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- 6.3 Non performance risk (NPR) (Allowance for Impairment) adjustment on Reinsurance Receivable and Recoverable**

| | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| | SAR'000 | SAR'000 |
| | (Unaudited) | (Unaudited) |
| | | Restated |
| Reinsurers' share of unearned premiums | 113,928 | 45,521 |
| Reinsurance share of outstanding claims | 697,923 | 394,902 |
| Reinsurance share of claims incurred but not reported | 42,932 | 44,241 |
| Receivables from reinsurance | 17,636 | 8,638 |
| Due from Related Parties | 1,467 | - |
| Less: NPR adjustment | (7,112) | (5,627) |
| | 866,774 | 487,675 |

6.3.1 Movement of allowance for impairment (expected credit loss)

| | 30 September 2023 | 31 December 2022 |
|---|--------------------------|-------------------------|
| | SAR'000 | SAR'000 |
| | (Unaudited) | (Unaudited) |
| | | Restated |
| Beginning balance | 5,627 | 5,550 |
| Reversal for the period/ year | - | (1,200) |
| At the beginning of the period/ year before IFRS 9 adjustment | 5,627 | 4,350 |
| At the end of the period/ year | 7,112 | 5,627 |
| Additional charge for the period/ year | (1,485) | (1,277) |

7 CASH AND CASH EQUIVALENTS

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

| | 30 September 2023 | 31 December 2022 | 01 January 2022 |
|---------------------|--------------------------|-------------------------|------------------------|
| | SAR'000 | SAR'000 | SAR'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| | | Restated | Restated |
| Cash at banks | 42,548 | 39,320 | 52,014 |
| Cash in hand | 1 | 16 | 14 |
| Short Term Deposits | 282,586 | 0 | 0 |
| | 325,135 | 39,336 | 52,028 |

Cash in banks are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

Short Term Deposits are deposits with maturity less than 3 months.

8 MURABAHA DEPOSITS

Murabaha deposits represent deposits with local banks that have investment grade credit ratings and have an original maturity of more than three months from date of acquisition. The deposits earn commission at rate ranging from 4.0% to 5.85% (31 December 2022: 3.3% to 5.4%) per annum.

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9. INVESTMENTS

Investments are classified as follows:

| SAR'000 | Insurance operations | | |
|---|-----------------------------|-------------------------|-------------------------|
| | 30 September 2023 | 31 December 2022 | 01 January 2022 |
| | Unaudited | (Unaudited) Restated | (Unaudited) Restated |
| - Investments mandatorily measured at FVTPL | 376 | 292 | 161 |
| - Investments designated as FVOCI | 39,703 | 39,703 | 37,033 |
| - Investments held at amortised cost | 20,319 | 148,000 | 116,524 |
| Total | 60,398 | 187,995 | 153,718 |

| SAR'000 | Shareholders' operations | | |
|---|---------------------------------|-------------------------|-------------------------|
| | 30 September 2023 | 31 December 2022 | 01 January 2022 |
| | Unaudited | (Unaudited) Restated | (Unaudited) Restated |
| - Investments mandatorily measured at FVTPL | - | 969 | 92,086 |
| - Investments held at amortised cost | 92,793 | 288,089 | 213,442 |
| Total | 92,793 | 289,058 | 305,528 |

Movement in the investment balance is as follows:

a) Investments mandatorily measured at FVTPL

| SAR'000 | Insurance operations | |
|---|-----------------------------|-------------------------|
| | 30 September 2023 | 31 December 2022 |
| | Unaudited | (Unaudited) Restated |
| At the beginning of the period / year | 292 | 161 |
| Purchased during the period / year | - | 2,043 |
| Sold during the period/ year | - | (1,882) |
| Net change in fair values during the period/ year | 84 | (30) |
| At the end of the period/ year | 376 | 292 |

| SAR'000 | Shareholders' operations | |
|---|---------------------------------|-------------------------|
| | 30 September 2023 | 31 December 2022 |
| | Unaudited | (Unaudited) Restated |
| At the beginning of the period/ year | 969 | 92,086 |
| Purchased during the period/ year | - | 1,410 |
| Sold during the period/ year | (1,104) | (92,546) |
| Net change in fair values during the period/ year | 135 | 19 |
| At the end of the period/ year | - | 969 |
| Total | 376 | 1,261 |

b) Investments designated as FVOCI

| SAR'000 | Insurance operations | |
|---------------------------------------|-----------------------------|-------------------------|
| | 30 September 2023 | 31 December 2022 |
| | Unaudited | (Unaudited) Restated |
| At the beginning of the period/ year | 39,703 | 37,033 |
| Changes in fair value of investments | - | 2,670 |
| At the end of the period/ year | 39,703 | 39,703 |

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9. INVESTMENTS (continued)

b) Investments designated as FVOCI (continued)

This represents the Company's 3.45% (December 31, 2022: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of Saudi Riyals 1.9 million until December 31, 2022, to be SAR 37 million at as December 31, 2021 and SAR 39.7 million as at December 31, 2022. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in the opening equity as of January 1, 2022 and January 1, 2023.

c) Investments held at amortised cost (deposits and sukuks)

Investments in Murabaha deposits and Sukuks are classified as investments measured at amortised cost. The Company's business model for these investments is to hold to collect the contractual cash flows. The cash flows of Murabaha deposits and Sukuks represent solely payments of principal and profit on the principal outstanding.

The movement during the period is set out below:

| | | Insurance operations | |
|--|--|---------------------------------|-------------------------|
| | | 30 September 2023 | 31 December 2022 |
| | | Unaudited | (Unaudited) |
| | | | Restated |
| | | SAR '000 | |
| At the beginning of the period | | | |
| Murabaha deposits | | 128,000 | 96,524 |
| Sukuk | | 19,713 | 20,074 |
| Net Movement during the period | | (127,394) | 31,115 |
| At the end of the period, gross | | 20,319 | 147,713 |
| Less: Impairment loss | | - | - |
| At the end of the period, net | | 20,319 | 147,713 |
| | | | |
| | | Shareholders' operations | |
| | | 30 September 2023 | 31 December 2022 |
| | | Unaudited | (Unaudited) |
| | | | Restated |
| | | SAR '000 | |
| At the beginning of the period | | | |
| Murabaha deposits | | 233,089 | 158,442 |
| Sukuk | | 57,713 | 55,869 |
| Net Movement during the period | | (198,009) | 76,491 |
| At the end of the period, gross | | 92,793 | 290,802 |
| Less: Impairment loss | | - | - |
| At the end of the period, net | | 92,793 | 290,802 |
| Total | | 113,112 | 438,515 |
| | | | |
| Financial assets at amortised cost – net | | 79,202 | 77,426 |
| Murabaha deposits | | 33,910 | 361,089 |
| Total | | 113,112 | 438,515 |

As at 30 September 2023, the Company's investment in Islamic bonds ("Sukuk"), issued by banks having a credit rating of "A" and "BBB", amounted to SR 75 million comprising of 75 Sukuk denominated at Saudi Riyals 1 million each.

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10 PROVISION FOR ZAKAT

a) Zakat payable

The movement in zakat payable during the period were as follows:

| | 30 September 2023 | 31 December 2022 | 01 January 2022 |
|----------------------------------|------------------------------|-----------------------------|----------------------------|
| | (Unaudited) | (Unaudited) | (Unaudited) |
| | SAR '000 | | |
| Balance at beginning of the year | 8,481 | 8,416 | 10,518 |
| Charge for the year | 5,544 | 7,239 | 7,096 |
| Payments during the year | (7,540) | (7,174) | (9,198) |
| Balance at end of the year | 6,485 | 8,481 | 8,416 |

b) Status of assessments

The Company has filed its zakat return for the financial years up to and including the year 2022 with the Zakat, Tax and Custom Authority (the "ZATCA") and received the final zakat certificate from the ZATCA.

The Company has received final assessments for the periods 2008 through 2019 with no additional zakat liability.

11 SHARE CAPITAL

The authorized, issued and paid up capital of the Company was SR 300 million at 30 September 2023 (31 December 2022: SR 300 million) consisting of 30 million shares of SR 10 each. Shareholding structure of the Company is as below:

| | 30 September 2023 (Unaudited) | | 31 December 2022 (Unaudited) | |
|---------------------------------------|--|--------------------|---|-------------|
| | Authorised, issued and paid up | | Authorised, issued and paid up | |
| | No. of Shares | SAR | No. of Shares | SAR |
| Saudi Arabian Insurance Company B.S.C | 9,000,000 | 90,000,000 | 9,000,000 | 90,000,000 |
| Others | 21,000,000 | 210,000,000 | 21,000,000 | 210,000,000 |
| | 30,000,000 | 300,000,000 | 30,000,000 | 300,000,000 |

12 BASIC AND DILUTED EARNING/ (LOSS) PER SHARE

Basic and diluted earning / (loss) per share for the period have been calculated by dividing the total income / (loss) attributable to the shareholders after zakat by the weighted average number of shares in issue throughout the period.

| | 30 September 2023 | 30 September 2022 |
|--|------------------------------|------------------------------|
| | (Unaudited) | (unaudited) |
| | SAR'000 | |
| Total income/ (loss) for the period attributable to the shareholders after zakat | 59,516 | (54,116) |
| Weighted average number of shares throughout the period | 30,000 | 30,000 |
| Basic and diluted earning/ (loss) earning per share | 1.98 | (1.80) |

There are no diluted potential shares during the period ended 30 September 2023 and 30 September 2022.

13 STATUTORY RESERVE

In accordance with the Company's By-Laws and in compliance with Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to allocate 20% of its net income for the year end to the statutory reserve until it equals the value of share capital. Such transfer is only made at year end. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

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14 Capital Management

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

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

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital, reserves and retained earnings.

As per guidelines laid out by SAMA in Article 66 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per SAMA Implementing Regulations:

- Minimum Capital Requirement of SR 100 million
- Premium Solvency Margin
- Claims Solvency Margin

The capital structure of the Company as at 30 September 2023 consists of paid-up share capital of SR 300 million, statutory reserves of SR 29.47 million and accumulated losses of SR 74.56 million (31 December 2022: paid-up share capital of SR 300 million, statutory reserves of SR 29.47 million and accumulated losses of SR 134.072 million) in the interim condensed statement of financial position. In the opinion of Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

15 FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. These risks are an inevitable consequence of participating in financial markets. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies, procedures and systems are designed to identify and analyze these risks and to set appropriate risk mitigants and controls. The Company reviews its risk management policies and systems on an ongoing basis to reflect changes in markets, products and emerging best practices.

15.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- i) A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
- ii) If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- iii) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- iv) Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL
- v) A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information.

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15 FINANCIAL RISK MANAGEMENT (Continued)

15.1. Credit risk (Continued)

The key judgements and assumptions adopted by the Company in addressing the requirements of IFRS 9 are discussed below:

Significant increase in credit risk

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met.

Quantitative criteria:

- Downward movement in the external credit rating by two notches;
- Downward movement in the external credit rating by one notch if the revised external credit rating becomes below “investment grade”;
- Contractual payments are more than 30 days past due;

Qualitative criteria:

- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the counterparty that results in a significant decrease in the counterparty’s ability to meet its obligations to the Company;
- A group company of the counterparty has defaulted and in the Company’s opinion repayment capacity of the counterparty would also be significantly impacted.

Definition of default and credit-impaired assets

The Company defines a financial instruments as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

- Contractual payments are more than 90 days past due;
- Counterparty’s refusal to pay the amounts due.

Qualitative criteria:

- Information about the bankruptcy of the counterparty;
- Legal case on recovery proceedings;

For Contribution and re-takaful balances receivables, company considers the balances to be in default when balance are 365 days or more Days Past Due (DPD)

The criteria above have been applied to all financial assets other than contribution and re-takaful balances receivable held by the Company and are consistent with the definition of default used for internal risk management purposes. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of Nine month. This period of Nine months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

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15 FINANCIAL RISK MANAGEMENT (Continued)

15.1. Credit risk (Continued)

The Company considers scenarios for 5 years horizon (consistent with forecast available from public sources) beyond which long term average macroeconomic conditions prevail. Externally available macroeconomic forecast from International Monetary Funds (IMF) are used for making base case forecast. For other scenarios, adjustment are made to base case forecast based on expert judgement. The Company uses multiple scenarios and probabilities are assigned to each scenario based on expert judgement. Company considers various variables and used Gross domestic product (GDP) and inflation for converting Through the Cycle (TTC) PD into Point in Time (PiT) PD.

Based on the detailed analysis of the Companies exposures to the credit risk, the management of the Company have opted to benefit from the practical expedient in calculating the expected credit losses provided by IFRS 9 for financial assets with low credit risk. The management of the Company measures impairment using 12-month expected credit losses for its financial assets subject to impairment. The low credit risk financial assets of the Company meet the following requirements of IFRS 9 to

- Low credit risk of default;
- The counterparties have a strong capacity to meet their obligations in the near term;
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparties to fulfil their contractual cash flow obligations.

The Company uses external credit risk ratings of well-known and reputable rating agencies to assess the probability of default of individual counterparties.

The Company does not recognise lifetime expected credit losses on a financial instrument simply because it was considered to have low credit risk in the previous reporting period and is not considered to have low credit risk at the reporting date. In such a case, the Company will determine whether there has been a significant increase in credit risk since initial recognition and thus whether lifetime expected credit losses are required to be recognised.

Measuring expected credit losses

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the exposure. For premium receivables, PD will be measured using flow rate approach. Whereas, for Cash and cash equivalent, short term deposits, statutory deposits, debt investment and reinsurance receivables and recoverable PD will be calculated using proxy PD approach.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective profit rate.

The Lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the exposures. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

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15 FINANCIAL RISK MANAGEMENT (Continued)

15.1. Credit risk (Continued)

a) Maximum exposure to credit risk – financial instruments subject to ECL

The following tables contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets measured at amortised cost below, also represents the Company's maximum exposure to credit risk on these assets.

Refer table in note 6 for an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised.

Refer table in note 6 for the loss allowance recognised during the year and the change in the loss allowance between the beginning and the end of the year is given below.

16 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 transactions take place either:

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

The management assessed that cash and cash equivalent, accrual and other liabilities and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

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

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities,

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable), and

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

During the period ended 30 September 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

a) Carrying amounts and fair value

The following table summarizes the financial assets recorded at fair value as of 30 September 2023, December 2022 and 01 January 2022 by level of the fair value hierarchy.

As at 30 September 2023 (Unaudited)

| | SAR '000 | | | | |
|----------------------------|-----------------------|----------------|----------------|----------------|---------------|
| | <u>Carrying value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Financial assets: | | | | | |
| Financial assets at FVTOCI | 39,703 | - | - | 39,703 | 39,703 |
| Financial assets at FVTPL | 376 | 376 | - | - | 376 |
| | <u>40,079</u> | <u>376</u> | <u>-</u> | <u>39,703</u> | <u>40,079</u> |

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16 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

a) Carrying amounts and fair value

The fair values of other financial assets and liabilities, not included in the table above, are not materially different from the carrying values included in the financial statements.

As at 31 December 2022 (Restated)

| | SAR '000 | | | | |
|----------------------------|----------------|---------|---------|---------|--------|
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | | |
| Financial assets at FVTOCI | 39,703 | - | - | 39,703 | 39,703 |
| Financial assets at FVTPL | 1,261 | 1,261 | - | - | 1,261 |
| | 40,964 | 1,261 | - | 39,703 | 40,964 |

FVTOCI investment represents unquoted securities amounted to SR 1.9 million in respect of the Company's share in the capital of Najm. As at 31 December 2021 and 31 December 2020, the investment has not been measured at fair value in the absence of active market or other means of measuring their fair value reliably. However, the management believes that there is no major difference between the carrying value and fair value of the investment.

As at 01 January 2022 (Restated)

| | SAR '000 | | | | |
|----------------------------|----------------|---------|---------|---------|---------|
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at FVTOCI | 37,033 | - | - | 37,033 | 37,033 |
| Financial assets at FVTPL | 92,247 | 92,247 | - | - | 92,247 |
| | 129,280 | 92,247 | - | 37,033 | 129,280 |

17 COMMITMENTS AND CONTINGENCIES

CONTINGENCIES

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

COMMITMENTS

During 2020, the Company entered into an agreement for the construction of the commercial building on the land under deed No. 2/214 located at the Salahuddin AL-Ayyubi Road, Riyadh, Kingdom of Saudi Arabia.

The Company is committed to half of the incurred capital expenditure for the acquisition of land and construction of the building, and the transaction will be recognized as the development progresses and upon completion of the transfer of the underlying right and obligations.

The estimated remaining commitment as at balance sheet date but not recognized in the financial statement are as follows:

| | 30 September 2023 (Unaudited) | 31 December 2022 (Audited) | 01 January 2022 (Audited) |
|------------------------------|--|---|--|
| Acquisition of the Land | 12,664 | 12,664 | 12,664 |
| Construction of the Building | 38,959 | 24,861 | 46,283 |
| | <u>51,623</u> | <u>37,525</u> | <u>58,947</u> |

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18 OPERATING SEGMENTS

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

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

There have been no changes to the basis of segmentation or the measurement basis for the segment surplus or deficit since December 31, 2022.

Segment assets do not include takaful operations' bank balances and cash, net contributions receivable, investments etc., accordingly, they are included in unallocated assets. Segment liabilities do not include takaful operations' payables accruals and other liabilities and re-takaful / reinsurance balances payable etc., accordingly, they are included in unallocated liabilities.

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

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at September 30, 2023, its total revenues, expenses, and net income for period ended, are as follows:

| Operating segments | 30 September 2023 (Unaudited) | | | |
|--|-------------------------------|----------------|---------------------|------------------|
| | Medical | Motor | Property & Casualty | Total |
| | SAR '000 | | | |
| ASSETS | | | | |
| Insurance contract assets | 20,808 | 75,366 | 28,129 | 124,303 |
| Reinsurance contract assets | 9,493 | 14,121 | 827,011 | 850,625 |
| Cash and cash equivalents | - | - | - | 325,135 |
| Murabaha deposits | - | - | - | 33,910 |
| Financial assets at FVTOCI | - | - | - | 39,703 |
| Financial assets at FVTPL | - | - | - | 376 |
| Financial assets at amortised cost – net | - | - | - | 79,202 |
| Prepayments and other assets | - | - | - | 5,104 |
| Property and equipment | - | - | - | 45,819 |
| Intangible assets | - | - | - | 14,309 |
| Statutory deposit | - | - | - | 45,000 |
| Accrued income on statutory deposit | - | - | - | 5,054 |
| TOTAL ASSETS | 30,301 | 89,487 | 855,140 | 1,568,540 |
| Liabilities, accumulated surplus & equity | | | | |
| Insurance contract liabilities | 104,553 | 149,503 | 906,411 | 1,160,467 |
| Reinsurance contract liabilities | 43,477 | 8,867 | 29,445 | 81,789 |
| Accrued expenses and other liabilities | - | - | - | 19,208 |
| Employees' end-of-service benefits | - | - | - | 1,531 |
| Provision for zakat | - | - | - | 6,485 |
| Accrued commission income payable to SAMA | - | - | - | 5,054 |
| Share capital | - | - | - | 300,000 |
| Statutory reserve | - | - | - | 29,473 |
| Accumulated losses | - | - | - | (74,555) |
| Fair value reserve on Investments | - | - | - | 37,780 |
| Re-measurement loss of end-of-service benefits | - | - | - | 1,308 |
| Total liabilities, accumulated surplus and equity | 148,030 | 158,370 | 935,856 | 1,568,540 |

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(All amounts in Saudi Thousands Riyals unless otherwise stated)

18 OPERATING SEGMENTS continued

| Operating segments | 31 December 2022 | | | |
|--|----------------------|----------------|---------------------|------------------|
| | (Unaudited) Restated | | | |
| | Medical | Motor | Property & Casualty | Total |
| | SAR '000 | | | |
| ASSETS | | | | |
| Insurance contract assets | 12,639 | 19,702 | 11,600 | 43,941 |
| Reinsurance contract assets | 28 | 17,248 | 461,144 | 478,420 |
| Cash and cash equivalents | - | - | - | 39,336 |
| Murabaha deposits | - | - | - | 361,089 |
| Financial assets at FVTOCI | - | - | - | 39,703 |
| Financial assets at FVTPL | - | - | - | 1,261 |
| Financial assets at amortised cost – net | - | - | - | 77,426 |
| Prepayments and other assets | - | - | - | 14,767 |
| Property and equipment | - | - | - | 29,054 |
| Intangible assets | - | - | - | 11,893 |
| Statutory deposit | - | - | - | 45,000 |
| Accrued income on statutory deposit | - | - | - | 3,186 |
| TOTAL ASSETS | 12,667 | 36,950 | 472,744 | 1,145,076 |
| Liabilities, accumulated surplus & equity | | | | |
| Insurance contract liabilities | 103,201 | 189,451 | 523,009 | 815,661 |
| Reinsurance contract liabilities | 38,405 | 7,756 | 26,239 | 72,400 |
| Accrued expenses and other liabilities | - | - | - | 9,210 |
| Surplus distribution payable | - | - | - | - |
| Employees' end-of-service benefits | - | - | - | 1,648 |
| Provision for zakat | - | - | - | 8,481 |
| Accrued commission income payable to SAMA | - | - | - | 3,186 |
| Share capital | - | - | - | 300,000 |
| Statutory reserve | - | - | - | 29,473 |
| Accumulated losses | - | - | - | (134,071) |
| Fair value reserve on Investments | - | - | - | 37,780 |
| Re-measurement loss of end-of-service benefits | - | - | - | 1,308 |
| Total liabilities, accumulated surplus and equity | 141,606 | 197,207 | 549,248 | 1,145,076 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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(All amounts in Saudi Thousands Riyals unless otherwise stated)

18 OPERATING SEGMENTS continued

| Operating segments | 01 January 2022 | | | |
|--|----------------------|----------------|---------------------|------------------|
| | (Unaudited) Restated | | | |
| | Medical | Motor | Property & Casualty | Total |
| | SAR '000 | | | |
| ASSETS | | | | |
| Insurance contract assets | 25,936 | 14,588 | 2,271 | 42,795 |
| Reinsurance contract assets | 215 | 20,649 | 568,683 | 589,547 |
| Cash and cash equivalents | - | - | - | 52,028 |
| Murabaha deposits | - | - | - | 254,966 |
| Financial assets at FVTOCI | - | - | - | 37,033 |
| Financial assets at FVTPL | - | - | - | 92,247 |
| Financial assets at amortised cost – net | - | - | - | 75,943 |
| Prepayments and other assets | - | - | - | 13,904 |
| Property and equipment | - | - | - | 7,063 |
| Intangible assets | - | - | - | 11,594 |
| Statutory deposit | - | - | - | 30,000 |
| Accrued income on statutory deposit | - | - | - | 2,891 |
| TOTAL ASSETS | 26,151 | 35,237 | 570,954 | 1,210,011 |
| Liabilities, accumulated surplus & equity | | | | |
| Insurance contract liabilities | 114,441 | 93,874 | 628,966 | 837,281 |
| Reinsurance contract liabilities | 35,078 | 6,222 | 14,909 | 56,209 |
| Accrued expenses and other liabilities | - | - | - | 11,371 |
| Surplus distribution payable | - | - | - | - |
| Employees' end-of-service benefits | - | - | - | 1,822 |
| Provision for zakat | - | - | - | 8,416 |
| Accrued commission income payable to SAMA | - | - | - | 2,891 |
| Share capital | - | - | - | 300,000 |
| Statutory reserve | - | - | - | 29,473 |
| Accumulated losses | - | - | - | (71,476) |
| Fair value reserve on Investments | - | - | - | 35,109 |
| Re-measurement loss of end-of-service benefits | - | - | - | (1,085) |
| Total liabilities, accumulated surplus and equity | 149,519 | 100,096 | 643,875 | 1,210,011 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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(All amounts in Saudi Thousands Riyals unless otherwise stated)

Statement of income and comprehensive income

18 OPERATING SEGMENTS (continued)

| Operating segments | Three-month period ended 30 September 2023 | | | |
|---|---|---------------|-----------------------------|------------------|
| | Property & Casualty | Motor | Medical / Health | Total |
| | SAR '000 | | | |
| INSURANCE SERVICE RESULT | | | | |
| Insurance revenue | 68,488 | 92,596 | 93,012 | 254,096 |
| Insurance service expense | (327,037) | (72,283) | (56,288) | (455,608) |
| Insurance service result before reinsurance contracts held | (258,549) | 20,313 | 36,724 | (201,512) |
| Allocation of reinsurance premiums | (57,874) | (946) | (13,686) | (72,506) |
| Amounts recoverable from reinsurers for incurred claims | 306,524 | 47 | (9,362) | 297,209 |
| Net income/ (expenses) from reinsurance contracts held | 248,650 | (899) | (23,048) | 224,703 |
| Insurance service result | (9,899) | 19,414 | 13,676 | 23,191 |
| Net gains on FVTPL investments | - | - | - | 50 |
| Other investment income | - | - | - | 4,898 |
| Net investment income | - | - | - | 4,948 |
| Finance expenses from insurance contracts issued | (3,294) | (264) | (195) | (3,753) |
| Finance income from reinsurance contracts held | 3,067 | 18 | 2 | 3,087 |
| Net insurance finance expenses | (227) | (246) | (193) | (666) |
| Net insurance and investment result | (10,126) | 19,168 | 13,483 | 27,473 |
| Other income | - | - | - | 5,151 |
| Other operating expenses | - | - | - | (6,218) |
| Net (Loss) / Income for the period, before zakat & tax, attributable to the shareholders | (10,126) | 19,168 | 13,483 | 26,406 |
| Surplus attributed to the insurance operations | 1,313 | (2,218) | (1,436) | (2,341) |
| Total (Loss) / Income for the period attributable to the shareholders before zakat | (8,813) | 16,950 | 12,047 | 24,065 |
| Provision for zakat & tax | - | - | - | (1,848) |
| Net (Loss) / Income for the period, after zakat & tax, attributable to the shareholders | (8,813) | 16,950 | 12,047 | 22,217 |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| September 30, 2023 | SAR '000 | | | |
| Insurance Revenue | | | | |
| Retail | 3,112 | 3,841 | 972 | 7,925 |
| Very small | 2,284 | 4,015 | 3,952 | 10,251 |
| Small | 5,126 | 2,737 | 42,481 | 50,345 |
| Medium | 16,593 | 6,682 | 29,732 | 53,008 |
| Corporate | 41,373 | 75,320 | 15,874 | 132,567 |
| Total Insurance Revenue | 68,489 | 92,596 | 93,013 | 254,096 |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| September 30, 2023 | SAR '000 | | | |
| Gross Written Premiums | | | | |
| Retail | 1,530 | 2,850 | 616 | 4,996 |
| Very small | 1,123 | 2,979 | 2,504 | 6,606 |
| Small | 2,521 | 2,031 | 26,917 | 31,469 |
| Medium | 8,160 | 4,958 | 18,839 | 31,957 |
| Corporate | 20,346 | 55,883 | 10,058 | 86,287 |
| Total Insurance Revenue | 33,680 | 68,701 | 58,934 | 161,315 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
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(UNAUDITED) (continued)

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(All amounts in Saudi Thousands Riyals unless otherwise stated)

Statement of income and comprehensive income

18 OPERATING SEGMENTS (continued)

| Operating segments | Three-month period ended 30 September 2022 | | | |
|---|---|---------------|-----------------------------|------------------|
| | Property & Casualty | Motor | Medical / Health | Total |
| | SAR '000 | | | |
| INSURANCE SERVICE RESULT | | | | |
| Insurance revenue | 71,464 | 88,860 | 74,314 | 234,638 |
| Insurance service expense | (129,000) | (75,201) | (63,011) | (267,212) |
| Insurance service result before reinsurance contracts held | (57,536) | 13,659 | 11,303 | (32,574) |
| Allocation of reinsurance premiums | (63,035) | (1,518) | (13,904) | (78,457) |
| Amounts recoverable from reinsurers for incurred claims | 99,966 | 5,559 | (2,358) | 103,167 |
| Net income/ (expenses) from reinsurance contracts held | 36,931 | 4,041 | (16,262) | 24,710 |
| Insurance service result | (20,605) | 17,700 | (4,959) | (7,864) |
| Net gains on FVTPL investments | - | - | - | 2,021 |
| Other investment income | - | - | - | 1,893 |
| Net investment income | - | - | - | 3,914 |
| Finance expenses from insurance contracts issued | (2,226) | (212) | (264) | (2,702) |
| Finance income from reinsurance contracts held | 808 | 15 | 2 | 825 |
| Net insurance finance expenses | (1,418) | (197) | (262) | (1,877) |
| Net insurance and investment result | (22,023) | 17,503 | (5,221) | (5,827) |
| Other income | - | - | - | 298 |
| Other operating expenses | - | - | - | (1,643) |
| Net (Loss) / Income for the period, before zakat & tax, attributable to the shareholders | (22,023) | 17,503 | (5,221) | (7,172) |
| Surplus attributed to the insurance operations | - | - | - | - |
| Total (Loss) / Income for the period attributable to the shareholders before zakat | (22,023) | 17,503 | (5,221) | (7,172) |
| Provision for zakat & tax | - | - | - | (2,598) |
| Net (Loss) / Income for the period, after zakat & tax, attributable to the shareholders | (22,023) | 17,503 | (5,221) | (9,770) |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| September 30, 2022 | SAR '000 | | | |
| Insurance Revenue | | | | |
| Retail | 50 | 2,952 | 542 | 3,544 |
| Very small | 2,568 | 2,435 | 3,353 | 8,356 |
| Small | 9,689 | 2,692 | 25,458 | 37,839 |
| Medium | 26,166 | 6,002 | 18,132 | 50,300 |
| Corporate | 32,990 | 74,779 | 26,830 | 134,599 |
| Total Insurance Revenue | 71,463 | 88,860 | 74,315 | 234,638 |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| September 30, 2022 | SAR '000 | | | |
| Gross Written Premiums | | | | |
| Retail | 19 | 3,284 | 375 | 3,678 |
| Very small | 983 | 2,709 | 2,319 | 6,011 |
| Small | 3,709 | 2,995 | 17,608 | 24,312 |
| Medium | 10,016 | 6,677 | 12,541 | 29,234 |
| Corporate | 12,628 | 83,192 | 18,557 | 114,377 |
| Total Insurance Revenue | 27,355 | 98,857 | 51,400 | 177,612 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
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(UNAUDITED) (continued)

For the three-month and nine-month periods ended 30 September 2023

(All amounts in Saudi Thousands Riyals unless otherwise stated)

Statement of income and comprehensive income

18 OPERATING SEGMENTS (continued)

| Operating segments | Nine-month period ended 30 September 2023 | | | |
|---|--|----------------|-----------------------------|------------------|
| | Property & Casualty | Motor | Medical / Health | Total |
| | SAR '000 | | | |
| INSURANCE SERVICE RESULT | | | | |
| Insurance revenue | 222,620 | 296,010 | 254,468 | 773,098 |
| Insurance service expense | (387,691) | (263,843) | (217,682) | (869,216) |
| Insurance service result before reinsurance contracts held | (165,071) | 32,167 | 36,786 | (96,118) |
| Allocation of reinsurance premiums | (171,425) | (3,020) | (7,002) | (181,447) |
| Amounts recoverable from reinsurers for incurred claims | 337,280 | (3,964) | (28) | 333,288 |
| Net income/ (expenses) from reinsurance contracts held | 165,855 | (6,984) | (7,030) | 151,841 |
| Insurance service result | 784 | 25,183 | 29,756 | 55,723 |
| Net gains on FVTPL investments | - | - | - | 219 |
| Other investment income | - | - | - | 14,897 |
| Net investment income | - | - | - | 15,116 |
| Finance expenses from insurance contracts issued | (13,343) | (1,841) | (1,403) | (16,587) |
| Finance income from reinsurance contracts held | 13,488 | 242 | - | 13,730 |
| Net insurance finance expenses | 145 | (1,599) | (1,403) | (2,857) |
| Net insurance and investment result | 929 | 23,584 | 28,353 | 67,982 |
| Other income | - | - | - | 21,672 |
| Other operating expenses | - | - | - | (18,347) |
| Net (Loss) / Income for the period, before zakat & tax, attributable to the shareholders | 929 | 23,584 | 28,353 | 71,307 |
| Surplus attributed to the insurance operations | (110) | (2,787) | (3,350) | (6,247) |
| Total (Loss) / Income for the period attributable to the shareholders before zakat | 819 | 20,797 | 25,003 | 65,060 |
| Provision for zakat & tax | - | - | - | (5,544) |
| Net (Loss) / Income for the period, after zakat & tax, attributable to the shareholders | 819 | 20,797 | 25,003 | 59,516 |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| September 30, 2023 | SAR '000 | | | |
| Insurance Revenue | | | | |
| Retail | 2,039 | 13,727 | 5,267 | 21,033 |
| Very small | 5,701 | 9,915 | 9,640 | 25,256 |
| Small | 6,492 | 10,795 | 77,680 | 94,967 |
| Medium | 25,070 | 37,189 | 84,856 | 147,115 |
| Corporate | 183,318 | 224,384 | 77,025 | 484,727 |
| Total Insurance Revenue | 222,620 | 296,010 | 254,468 | 773,098 |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| September 30, 2023 | SAR '000 | | | |
| Gross Written Premiums | | | | |
| Retail | 2,878 | 12,824 | 5,477 | 21,179 |
| Very small | 8,046 | 9,263 | 10,025 | 27,334 |
| Small | 9,163 | 10,085 | 80,779 | 100,027 |
| Medium | 35,383 | 34,742 | 88,241 | 158,366 |
| Corporate | 258,734 | 209,617 | 80,098 | 548,449 |
| Total Insurance Revenue | 314,204 | 276,531 | 264,620 | 855,355 |

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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(All amounts in Saudi Thousands Riyals unless otherwise stated)

Statement of income and comprehensive income

18 OPERATING SEGMENTS (continued)

| Operating segments | Nine-month period ended 30 September 2022 | | | |
|---|--|-----------------|-----------------------------|------------------|
| | Property & Casualty | Motor | Medical / Health | Total |
| | SAR '000 | | | |
| INSURANCE SERVICE RESULT | | | | |
| Insurance revenue | 195,449 | 212,118 | 246,977 | 654,544 |
| Insurance service expense | (81,295) | (270,259) | (216,281) | (567,835) |
| Insurance service result before reinsurance contracts held | 114,154 | (58,141) | 30,696 | 86,709 |
| Allocation of reinsurance premiums | (162,497) | (4,498) | (24,140) | (191,135) |
| Amounts recoverable from reinsurers for incurred claims | 45,912 | 961 | (5,731) | 41,142 |
| Net income/ (expenses) from reinsurance contracts held | (116,585) | (3,537) | (29,871) | (149,993) |
| Insurance service result | (2,431) | (61,678) | 825 | (63,284) |
| Net gains on FVTPL investments | - | - | - | 15,015 |
| Other investment income | - | - | - | 7,503 |
| Net investment income | - | - | - | 22,518 |
| Finance expenses from insurance contracts issued | (5,246) | (521) | (748) | (6,515) |
| Finance income from reinsurance contracts held | 2,474 | 59 | 15 | 2,548 |
| Net insurance finance expenses | (2,772) | (462) | (733) | (3,967) |
| Net insurance and investment result | (5,203) | (62,140) | 92 | (44,733) |
| Other income | - | - | - | 2,629 |
| Other operating expenses | - | - | - | (5,627) |
| Net (Loss) / Income for the period, before zakat & tax, attributable to the shareholders | (5,203) | (62,140) | 92 | (47,731) |
| Surplus attributed to the insurance operations | - | - | - | - |
| Total (Loss) / Income for the period attributable to the shareholders before zakat | (5,203) | (62,140) | 92 | (47,731) |
| Provision for zakat & tax | - | - | - | (6,385) |
| Net (Loss) / Income for the period, after zakat & tax, attributable to the shareholders | (5,203) | (62,140) | 92 | (54,116) |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| 30 September 2022 | SAR '000 | | | |
| Insurance Revenue | | | | |
| Retail | 315 | 8,003 | 466 | 8,784 |
| Very small | 4,524 | 7,362 | 10,443 | 22,329 |
| Small | 6,991 | 8,140 | 80,838 | 95,969 |
| Medium | 21,087 | 25,956 | 63,621 | 110,664 |
| Corporate | 162,532 | 162,657 | 91,609 | 416,798 |
| Total Insurance Revenue | 195,449 | 212,118 | 246,977 | 654,544 |
| Customers' category | Property & Casualty | Motor | Medical / Health | Total |
| 30 September 2022 | SAR '000 | | | |
| Gross Written Premiums | | | | |
| Retail | 421 | 12,725 | 478 | 13,624 |
| Very small | 6,051 | 11,707 | 10,717 | 28,475 |
| Small | 9,351 | 12,944 | 82,959 | 105,254 |
| Medium | 28,205 | 41,273 | 65,290 | 134,768 |
| Corporate | 217,394 | 258,644 | 94,013 | 570,051 |
| Total Insurance Revenue | 261,422 | 337,293 | 253,457 | 852,172 |

19 APPROVAL OF FINANCIAL STATEMENTS

The interim condensed financial statements was authorized for issue in accordance with a resolution of the Board of Directors on 17 Rabi Al Thani, 1445 AH (corresponding to 01 November 2023).