

**CHUBB ARABIA COOPERATIVE
INSURANCE COMPANY
(A Saudi Joint Stock Company)**

**INTERIM CONDENSED FINANCIAL
INFORMATION
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2024 (UNAUDITED)
AND REPORT ON REVIEW OF INTERIM
CONDENSED FINANCIAL INFORMATION**

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

	Page
Report on review of interim condensed financial information	2
Interim condensed statement of financial position	3
Interim condensed statement of income	4
Interim condensed statement of comprehensive income	5
Interim condensed statement of changes in equity	6
Interim condensed statement of cash flows	7
Notes to the interim condensed financial information	8 - 38



Report on review of interim condensed financial information

To the shareholders of Chubb Arabia Cooperative Insurance Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Chubb Arabia Cooperative Insurance Company (the "Company") as of 31 March 2024 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. 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"), as 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 Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as 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 as endorsed in the Kingdom of Saudi Arabia.

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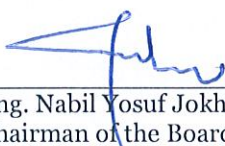
16 May 2024
8 Dhul Qadah 1445 H





CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	5	86,273,943	38,479,829
Term deposits	6	161,284,062	200,872,568
Investments			
Financial assets at fair value through profit or loss ("FVTPL")	7	91,160,167	86,929,017
Financial assets at fair value through other comprehensive income ("FVOCI")	7	134,786,781	127,311,187
Prepaid expenses and other assets		19,481,312	19,321,928
Reinsurance contract assets	9	204,204,822	202,276,050
Property and equipment		3,258,005	2,215,348
Intangible assets		2,568,045	2,764,840
Accrued income on statutory deposit	8	2,050,676	4,457,161
Goodwill	4	43,774,750	43,774,750
Statutory deposit	8	30,000,000	30,000,000
TOTAL ASSETS		778,842,563	758,402,678
LIABILITIES			
Accrued and other liabilities		13,667,212	13,696,866
Reinsurance contract liabilities	9	6,300,009	-
Insurance contract liabilities	9	289,719,891	283,095,146
Zakat and income tax payable	19	23,324,753	21,657,928
Employee benefit obligations		14,250,045	14,517,904
Accrued income payable to Insurance Authority	8	2,050,676	1,594,521
TOTAL LIABILITIES		349,312,586	334,562,365
EQUITY			
Share capital	10	300,000,000	300,000,000
Statutory reserve	20	46,963,899	45,830,634
Retained earnings		48,612,194	44,079,132
Fair value reserve		38,459,417	38,436,080
Remeasurement reserve of employee benefit obligations		(4,505,533)	(4,505,533)
TOTAL EQUITY		429,529,977	423,840,313
TOTAL LIABILITIES AND EQUITY		778,842,563	758,402,678

The accompanying notes from 1 to 27 form an integral part of this interim condensed financial information.


Eng. Nabil Yosuf Jokhdar
Chairman of the Board of
Directors

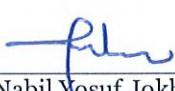

Tafal Omar Bahafi
Chief Executive Officer



Nasir Jameel Sheikh
Chief Financial Officer

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended	
		2024	31 March 2023 (Restated - Note 25)
		(Unaudited)	(Unaudited)
Insurance revenue	11	90,257,062	75,775,449
Insurance service expenses	11	(29,344,629)	(93,461,880)
Net (expenses) income from reinsurance contracts	11	(55,084,791)	18,148,107
Insurance service result from Company's directly written business		5,827,642	461,676
Share of surplus from insurance pool	13	-	4,195,296
Total insurance service result		5,827,642	4,656,972
Interest income from financial assets not measured at FVTPL		3,808,820	3,662,519
Net gains on financial assets measured at FVTPL	7	470,322	150,300
Dividend income		203,101	370,747
Net investment income		4,482,243	4,183,566
Finance expenses from insurance contracts issued	12	(2,639,926)	(2,142,958)
Finance income from reinsurance contracts held	12	2,150,563	1,784,575
Net insurance finance expense		(489,363)	(358,383)
Net insurance and investment result		9,820,522	8,482,155
Other operating expenses		(3,271,820)	(3,318,314)
Other income		784,450	3,100
Total profit for the period before zakat and income tax		7,333,152	5,166,941
Zakat expense	19	(1,311,222)	(846,465)
Income tax	19	(355,603)	(313,638)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		5,666,327	4,006,838
Earnings per share (expressed in Saudi Riyals per share)			
Basic earnings per share	22	0.19	0.13
Diluted earnings per share	22	0.19	0.13

The accompanying notes from 1 to 27 form an integral part of this interim condensed financial information.


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Chairman of the Board of
Directors



Talal Omar Bahafi
Chief Executive Officer


Nasir Jameel Sheikh
Chief Financial Officer

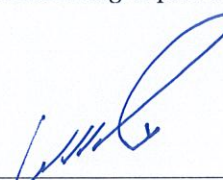
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Net profit for the period attributable to the shareholders		5,666,327	4,006,838
Other comprehensive income			
<i>Items that will be reclassified to interim condensed statement of income in subsequent periods</i>			
Net changes in fair value of investments measured at FVOCI	7	(340,422)	478,087
Realised loss on investments measured at FVOCI reclassified to interim condensed statement of income	7	363,759	-
Total other comprehensive income		23,337	478,087
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS		5,689,664	4,484,925

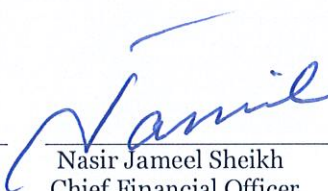
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Chief Executive Officer




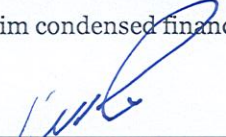
Nasir Jameel Sheikh
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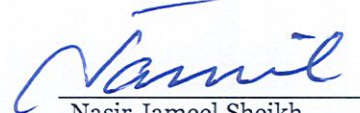
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Fair value reserve	Remeasurement reserve of employee benefit obligations	Total
At 1 January 2024 (Audited)	300,000,000	45,830,634	44,079,132	38,436,080	(4,505,533)	423,840,313
Total comprehensive income for the period						
Net profit for the period attributable to the shareholders	-	-	5,666,327	-	-	5,666,327
Other comprehensive income	-	-	-	23,337	-	23,337
Total comprehensive income for the period attributable to the shareholders	-	-	5,666,327	23,337	-	5,689,664
Transfer to statutory reserve	-	1,133,265	(1,133,265)	-	-	-
At 31 March 2024 (Unaudited)	300,000,000	46,963,899	48,612,194	38,459,417	(4,505,533)	429,529,977
At 1 January 2023 (Audited)	300,000,000	40,867,123	24,225,087	33,084,837	(3,374,569)	394,802,478
Total comprehensive income for the period						
Net profit for the period attributable to the shareholders	-	-	4,006,838	-	-	4,006,838
Other comprehensive income	-	-	-	478,087	-	478,087
Total comprehensive income for the period attributable to the shareholders	-	-	4,006,838	478,087	-	4,484,925
Transfer to statutory reserve	-	801,368	(801,368)	-	-	-
At 31 March 2023 (Unaudited)	300,000,000	41,668,491	27,430,557	33,562,924	(3,374,569)	399,287,403

The accompanying notes from 1 to 27 form an integral part of this interim condensed financial information.


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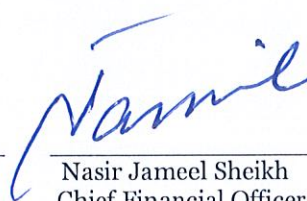
CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
(All amounts expressed in Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Cash flow from operating activities			
Total profit for the period before zakat and income tax		7,333,152	5,166,941
Adjustments for non-cash items:			
Depreciation of property and equipment		255,731	199,971
Amortisation of intangible assets		196,795	221,413
Net gains on financial assets measured at FVTPL	7	(470,322)	(150,300)
Loss on disposal of financial assets measured at FVOCI	7	363,759	-
Provision for employees benefit obligations		616,092	473,051
Dividend income		(203,101)	(370,747)
Interest income on term deposits		(2,995,606)	-
Changes in operating assets and liabilities:			
Prepaid expenses and other assets		(159,384)	(6,981,735)
Reinsurance contract assets	9	(1,928,772)	(71,226,280)
Accrued income on statutory deposit	8	2,406,485	(210,084)
Accrued expenses and other liabilities		(29,654)	3,425,509
Reinsurance contract liabilities	9	6,300,009	-
Insurance contract liabilities	9	6,624,745	72,059,813
Accrued income payable to Insurance Authority	8	456,155	210,084
Cash generated from operations		18,766,084	2,817,636
Employee benefit obligations paid		(883,951)	(324,175)
Net cash generated from operating activities		17,882,133	2,493,461
Cash flows from investing activities			
Placement in term deposits	6	(49,971,592)	-
Redemption of term deposits	6	92,555,704	-
Payment against purchase of financial assets at FVOCI	7	(16,953,875)	-
Payment against purchase of financial assets at FVTPL	7	(26,300,000)	-
Payments for purchases of property and equipment		(1,298,388)	(65,995)
Addition to intangible assets		-	(1,507,000)
Proceed from sale of financial assets at FVOCI	7	9,137,859	-
Proceed from sale of financial assets at FVTPL	7	22,539,172	-
Dividend income received		203,101	370,747
Net cash generated from (used in) investing activities		29,911,981	(1,202,248)
Net increase in cash and cash equivalents		47,794,114	1,291,213
Cash and cash equivalents at the beginning of the period	5	38,479,829	24,919,814
Cash and cash equivalents at end of the period		86,273,943	26,211,027

The accompanying notes from 1 to 27 form an integral part of this interim condensed financial information.


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Directors


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CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

1. General information - legal status and principal activities

Chubb Arabia Cooperative Insurance Company (“the Company”) is a Saudi Joint Stock Company registered on 28 Rajab 1430H (corresponding to 21 July 2009) under commercial registration number 2050066029 which was later amended to 2051043431 dated 9 Sha’aban 1431H (corresponding to 21 July 2010), issued in Al-Khobar, Kingdom of Saudi Arabia. The Company has been licensed to conduct cooperative insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to 11 October 2006), pursuant to Council of Ministers resolution number 233 dated 16 Ramadan 1427H (corresponding to 9 October 2006).

The activities of the Company are to transact cooperative insurance operations and all related activities in accordance with the Law on Supervision of Cooperative Insurance Companies and its implementing regulations in the Kingdom of Saudi Arabia. On 21 Dhul-Hijjah, 1430H (corresponding to 8 December 2009), the Company received the license from Insurance Authority, formerly known as Saudi Central Bank (“SAMA”), to transact insurance business in the Kingdom of Saudi Arabia.

The Company operates through three main branches located in the Kingdom of Saudi Arabia. Following are the commercial registration numbers of the three branches:

Branch type	Location	Commercial Registration number
Regional branch	Khobar	2051043431
Regional branch	Riyadh	1010310552
Regional branch	Jeddah	4030233953

2. Basis of preparation

(a) Statement of Compliance

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

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for insurance operations and shareholders’ operations. Assets, liabilities, revenues and expenses clearly attributable to either activity is recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by management.

In accordance with the requirements of Implementing Regulation for Co-operative Insurance Companies (the “Regulations”) issued by the Insurance Authority, formerly known as SAMA, and as per by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders’ operations in full.

Insurance Authority’s implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders’ operations.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

2. Basis of preparation (continued)

(a) Statement of Compliance (continued)

In preparing the Company's financial information in compliance with IAS 34, as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

(b) Basis of measurement

The interim condensed financial information is prepared under the historical cost convention, except as explained in the relevant accounting policies in the annual financial statements for the year ended 31 December 2023.

The Company's interim condensed statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, prepaid expenses and other assets, financial assets at FVTPL, accrued and other liabilities, zakat and income tax payable and accrued income payable to Insurance Authority. The following balances would generally be classified as non-current: financial assets at FVOCI, property and equipment, goodwill, intangible assets, statutory deposit, employee benefit obligations and accrued income on statutory deposit. The balances which are of mixed in nature i.e. include both current and non-current portions include term deposits, insurance contract liabilities and reinsurance contract assets and reinsurance contract liabilities.

(c) Basis of presentation

The interim condensed financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

(d) Functional and presentation currency

This interim condensed financial information is expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company.

(e) Seasonality of operations

There are no seasonal changes that may affect insurance operations of the Company. The interim results may not represent a proportionate share of the annual results due to cyclical variability in premiums and uncertainty of claims occurrences.

(f) Changes in products and services

During the three-month period ended 31 March 2024, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company.

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)**

3. Material accounting policies

3.1 New standards, amendments and interpretations

The accounting policies, estimates and assumptions used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2023.

A number of new and amended standards became applicable for the current reporting period.

- Amendment to IFRS 16 ‘Leases’ (“IFRS 16”) – Leases on sale and leaseback;
- Amendments to IAS 1, Presentation of financial statements’ - Non-current liabilities with covenants; and
- Amendment to IAS 7 ‘Cash flow statements’ (“IAS 7”) and IFRS 7 ‘Financial instruments: Disclosures (“IFRS 7”) – Supplier finance.

The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2024 reporting periods and have not been early adopted by the Company. Management is in the process of assessing the impact of such new standards and interpretations on its financial statements.

3.2 Critical accounting judgments, estimates and assumptions

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

In preparing this interim condensed financial information, the significant judgments and assumptions made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that applied and disclosed in the annual financial statements for the year ended 31 December 2023.

4. Goodwill

The Company started its insurance operations on 1 February 2010. The Company acquired the insurance portfolio and the net assets of Ace Arabia Insurance Company BSC and International Insurance Company BSC with effect from 1 January 2009 as set forth in SAMA’s guidelines in this respect, following the approval on the transfer from the respective authorities in the year 2012.

The purchase price was based on a valuation study conducted in accordance with the due diligence and valuation guidelines issued by SAMA and the value of goodwill was estimated at Saudi Riyals 43.8 million.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

5. Cash and cash equivalents

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

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Cash in hand	20,000	-
Cash at banks		
- Current accounts	43,227,568	7,696,170
- Time deposits	43,026,375	30,783,659
	86,273,943	38,479,829

Cash at banks is placed with counterparties with sound credit ratings. As at 31 March 2024, time deposits were placed with local banks with original maturities of less than three months from the date of placement and earned commission income at an average rate of 5.85% to 6.13% (31 December 2023: 6.20% to 6.25%) per annum.

The gross carrying amount of cash and cash equivalents represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 March 2024 and 31 December 2023, the ECL allowance on such financial assets was immaterial.

6. Term deposits

Short-term deposits, amounting to Saudi Riyals 161.3 million (31 December 2023: Saudi Riyals 108.8 million), are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earned commission income at a rate of 5.8% to 6.4% per annum for the three-month ended 31 March 2024 (31 December 2023: 5.9% to 6.4%).

The gross carrying amount of short-term deposits represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 March 2024 and 31 December 2023, the ECL allowance on such financial assets was immaterial.

Long-term deposits as at 31 December 2023, amounting to Saudi Riyals 92.0 million, represented deposits with maturity of more than one year from the date of placement and are placed with the financial institutions carrying commission income 4.4% to 5.7% per annum. Such deposits have matured during the three-month period ended 31 March 2024.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

7. Investments

(a) *Investments are classified as follows:*

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Financial assets at FVTPL		
Mutual Funds	89,504,602	85,158,072
Equity	1,655,565	1,770,945
	91,160,167	86,929,017
Financial assets at FVOCI		
Equity	43,484,252	43,484,252
Debt instruments	91,302,529	83,826,935
	134,786,781	127,311,187
	225,946,948	214,240,204

Debt instruments represent investments in Sukuks that are classified as investments measured at FVOCI, as they pass SPPI assessment. The Company's business model for Sukuk classified as FVOCI is to hold to collect and sell the contractual cash flows.

Investment in mutual funds are classified as investments measured at FVTPL since these are equity instruments. As a result, these funds were classified as FVTPL from the date of initial application.

The Company has classified its investments in ordinary shares at FVTPL, except for Najm investments which are being held at FVOCI. The Company holds an investment in the equity of Najm for Insurance Services (Najm) and in accordance with Company's accounting policy, investments in equity instruments should be measured at fair value. The fair value of Najm investment as at 31 March 2024 and 31 December 2023 was Saudi Riyals 43.5 million.

The gross carrying amount of financial assets measured at FVOCI represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 March 2024 and 31 December 2023, the ECL allowance on such financial assets was immaterial.

(b) *Movement in investments carried at fair value through profit or loss is as follows:*

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at beginning of the period / year	86,929,017	24,007,287
Additions during the period / year	26,300,000	73,449,491
Withdrawal during the period / year	(22,539,172)	(14,300,000)
Changes in fair value of investments	470,322	3,772,239
Balance at end of the period / year	91,160,167	86,929,017

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NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

7. Investments (continued)

(c) *Movement in investments carried at fair value through other comprehensive income is as follows:*

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Balance at beginning of the period / year	127,311,187	109,925,751
Additions during the period / year	16,953,875	21,435,921
Withdrawal during the period / year	(9,501,618)	(9,401,728)
Changes in fair value of investments	(340,422)	5,241,765
Realized fair value losses reclassified to statement of income	363,759	109,478
Balance at end of the period / year	134,786,781	127,311,187

8. Statutory deposit

The statutory deposit represents 10% of the paid-up share capital, which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia. Insurance Authority, formerly known as SAMA, is entitled to the earnings of this statutory deposit and it cannot be withdrawn without its consent. In accordance with the instruction received from SAMA vide their circular dated 1 March 2016, the Company has disclosed the commission due on statutory deposit as at 31 March 2024 as an asset and a liability in this interim condensed financial information.

The gross carrying amount of statutory deposit represent the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized. At 31 March 2024 and 31 December 2023, the ECL allowance on such financial assets was immaterial.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

9. Insurance and reinsurance contracts

9.1 Composition of the statement of financial position

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

	<u>Engineering</u>	<u>Property</u>	<u>Marine</u>	<u>Motor Standard</u>	<u>Motor Third Party</u>	<u>Casualty</u>	<u>Group life</u>	<u>Total</u>
31 March 2024 - (Unaudited)								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	15,665,741	124,234,285	84,437,239	31,826,630	4,868,281	19,012,098	9,675,617	<u>289,719,891</u>
								<u>289,719,891</u>
Reinsurance contracts								
Reinsurance contract assets	15,632,063	121,463,806	61,111,034	-	-	-	5,997,919	<u>204,204,822</u>
Reinsurance contract liabilities	-	-	-	(45,406)	(13,118)	(6,241,485)	-	<u>(6,300,009)</u>
								<u>197,904,813</u>
31 December 2023 - (Audited)								
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	23,220,838	121,821,792	74,902,244	28,474,516	4,911,754	18,095,231	11,668,771	<u>283,095,146</u>
								<u>283,095,146</u>
Reinsurance contracts								
Reinsurance contract assets	20,229,732	109,011,931	64,906,904	(58,214)	(16,845)	1,092,563	7,109,979	<u>202,276,050</u>
Reinsurance contract liabilities	-	-	-	-	-	-	-	<u>-</u>
								<u>202,276,050</u>

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

9. Insurance and reinsurance contracts (continued)

9.2 Analysis by remaining coverage and incurred claims

9.2.1 Insurance contracts

	As at 31 March 2024 (Unaudited)					As at 31 December 2023 (Audited)				
	Liability for remaining coverage		Liability for incurred claims		Total	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk		Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts										
Insurance contract liabilities – opening	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146	7,775,157	1,706,558	219,329,477	35,420,610	264,231,802
Insurance contract assets – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146	7,775,157	1,706,558	219,329,477	35,420,610	264,231,802
Insurance revenue	(90,257,062)	-	-	-	(90,257,062)	(329,438,071)	-	-	-	(329,438,071)
Insurance service expenses										
Incurred claims and other incurred insurance service expenses	-	-	43,097,799	2,704,530	45,802,329	-	-	190,996,323	10,551,212	201,547,535
Losses on onerous contracts	-	181,653	-	-	181,653	-	(702,482)	-	-	(702,482)
Changes that relate to past service - adjustments to the LIC	-	-	(20,109,337)	(8,981,208)	(29,090,545)	-	-	(63,413,351)	(26,560,491)	(89,973,842)
Insurance acquisition cashflows amortisation	12,451,192	-	-	-	12,451,192	43,561,373	-	-	-	43,561,373
Insurance service expenses	12,451,192	181,653	22,988,462	(6,276,678)	29,344,629	43,561,373	(702,482)	127,582,972	(16,009,279)	154,432,584
Finance expense from insurance contracts	-	-	2,639,926	-	2,639,926	-	-	7,811,955	-	7,811,955
Total changes in the statement of income	(77,805,870)	181,653	25,628,388	(6,276,678)	(58,272,507)	(285,876,698)	(702,482)	135,394,927	(16,009,279)	(167,193,532)
Cashflows										
Premiums received	97,713,535	-	-	-	97,713,535	338,752,019	-	-	-	338,752,019
Claims and other incurred insurance service expenses paid	-	-	(23,142,741)	-	(23,142,741)	-	-	(112,623,159)	-	(112,623,159)
Insurance acquisition cashflows paid	(9,673,542)	-	-	-	(9,673,542)	(40,071,984)	-	-	-	(40,071,984)
Total cash inflows (outflows)	88,039,993	-	(23,142,741)	-	64,897,252	298,680,035	-	(112,623,159)	-	186,056,876
Insurance contracts										
Insurance contract liabilities – closing	30,812,617	1,185,729	244,586,892	13,134,653	289,719,891	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146
Insurance contract assets – closing	-	-	-	-	-	-	-	-	-	-
Closing balance – net	30,812,617	1,185,729	244,586,892	13,134,653	289,719,891	20,578,494	1,004,076	242,101,245	19,411,331	283,095,146

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

9. Insurance and reinsurance contracts (continued)

9.2 Analysis by remaining coverage and incurred claims (continued)

9.2.2 Reinsurance contracts held

	As at 31 March 2024 (Unaudited)					As at 31 December 2023 (Audited)				
	Asset for remaining coverage		Asset for incurred claims			Asset for remaining coverage		Asset for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	Total	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	Total
Reinsurance contracts										
Reinsurance contract assets – opening	(1,310,998)	-	187,202,198	16,384,850	202,276,050	(3,406,939)	-	162,904,943	30,143,213	189,641,217
Reinsurance contract liabilities – opening	-	-	-	-	-	-	-	-	-	-
Opening balance – net	(1,310,998)	-	187,202,198	16,384,850	202,276,050	(3,406,939)	-	162,904,943	30,143,213	189,641,217
Allocation of reinsurance premium	(51,710,205)	-	-	-	(51,710,205)	(189,713,836)	-	-	-	(189,713,836)
Amounts recoverable from reinsurers										
Claims recovered and other directly attributable expenses	-	-	16,256,914	1,558,744	17,815,658	-	-	99,257,822	8,714,802	107,972,624
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(13,481,648)	(7,708,596)	(21,190,244)	-	-	(48,777,949)	(22,473,165)	(71,251,114)
Amounts recoverable from reinsurers - net	-	-	2,775,266	(6,149,852)	(3,374,586)	-	-	50,479,873	(13,758,363)	36,721,510
Finance income from reinsurance contracts	-	-	2,150,563	-	2,150,563	-	-	6,259,726	-	6,259,726
Total changes in the statement of income	(51,710,205)	-	4,925,829	(6,149,852)	(52,934,228)	(189,713,836)	-	56,739,599	(13,758,363)	(146,732,600)
Cashflows										
Premiums ceded and acquisition cashflows paid	70,832,813	-	-	-	70,832,813	191,809,777	-	-	-	191,809,777
Recoveries from reinsurance	-	-	(22,269,822)	-	(22,269,822)	-	-	(32,442,344)	-	(32,442,344)
Total cash inflows (outflows)	70,832,813	-	(22,269,822)	-	48,562,991	191,809,777	-	(32,442,344)	-	159,367,433
Reinsurance contracts										
Reinsurance contract assets – closing	31,332,848	-	163,162,426	9,709,548	204,204,822	(1,310,998)	-	187,202,198	16,384,850	202,276,050
Reinsurance contract liabilities – closing	(13,521,238)	-	6,695,779	525,450	(6,300,009)	-	-	-	-	-
Closing balance – net	17,811,610	-	169,858,205	10,234,998	197,904,813	(1,310,998)	-	187,202,198	16,384,850	202,276,050

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

10. Share capital

The authorized, issued and paid-up capital of the Company was Saudi Riyals 300 million at 31 March 2024 (31 December 2023: Saudi Riyals 300 million) consisting of 30 million shares (31 December 2023: 30 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as of 31 March 2024 and 31 December 2023 is as below:

	Company incorporated in	Authorized and issued		Paid up
		No. of Shares	Saudi Riyals	
Chubb International Holding Co.	United States of America	9,000,000	90,000,000	90,000,000
El-Khereiji Investment Company	Kingdom of Saudi Arabia	7,500,000	75,000,000	75,000,000
International Corporation For Trade and Contract Services General Public	Kingdom of Saudi Arabia	1,500,000	15,000,000	15,000,000
		12,000,000	120,000,000	120,000,000
		30,000,000	300,000,000	300,000,000

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

11. Insurance revenue and expenses

An analysis of insurance revenue, insurance expenses and net expenses from reinsurance contracts held by product line for three-month ended 31 March 2024 and 31 March 2023 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance contract balances reconciliation.

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the three-month ended 31 March 2024								
Insurance revenue from contracts measured under PAA	12,010,704	31,114,989	3,823,767	16,939,788	4,423,025	18,583,010	3,361,779	90,257,062
Incurred claims and other incurred insurance service expenses	(3,157,418)	(16,991,989)	(2,236,312)	(14,446,810)	(2,394,060)	(4,303,706)	(2,272,034)	(45,802,329)
Changes that relate to past service – adjustments to the LIC	7,192,230	16,664,665	429,959	1,559,448	287,458	1,732,570	1,224,215	29,090,545
Losses on onerous contracts	-	-	-	(17,455)	(164,198)	-	-	(181,653)
Insurance acquisition cash flows amortisation	(1,695,653)	(2,745,155)	(505,436)	(3,215,086)	(1,284,473)	(2,444,033)	(561,356)	(12,451,192)
Total insurance service expenses	2,339,159	(3,072,479)	(2,311,789)	(16,119,903)	(3,555,273)	(5,015,169)	(1,609,175)	(29,344,629)

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

11. Insurance revenue and expenses (continued)

	<u>Engineering</u>	<u>Property</u>	<u>Marine</u>	<u>Motor Standard</u>	<u>Motor Third Party</u>	<u>Casualty</u>	<u>Group life</u>	<u>Total</u>
Reinsurance income contracts measured under the PAA								
Reinsurance premium ceded	(9,833,915)	(26,543,052)	(2,250,086)	(186,815)	(60,657)	(11,079,468)	(1,756,212)	(51,710,205)
Claims recovered	1,820,250	12,660,245	490,587	(4,169)	(1,373)	1,549,828	1,300,290	17,815,658
Changes that relate to past service – adjustments to incurred claims	(5,885,045)	(13,656,684)	62,353	2,318	663	(956,669)	(757,180)	(21,190,244)
Total net expenses from reinsurance contracts	(13,898,710)	(27,539,491)	(1,697,146)	(188,666)	(61,367)	(10,486,309)	(1,213,102)	(55,084,791)
Insurance service result from Company's directly written business	451,153	503,019	(185,168)	631,219	806,385	3,081,532	539,502	5,827,642
Share of surplus from insurance pool	-	-	-	-	-	-	-	-
Total insurance service result	451,153	503,019	(185,168)	631,219	806,385	3,081,532	539,502	5,827,642

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

11. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the three-month ended 31 March 2023 - (Restated - Note 25)								
Insurance revenue from contracts measured under PAA	9,673,178	30,755,453	2,989,164	12,438,204	4,023,228	13,127,581	2,768,641	75,775,449
Incurred claims and other incurred insurance service expenses	(6,984,692)	(8,776,793)	(46,449,409)	(11,572,090)	(1,921,191)	(3,355,751)	(2,227,883)	(81,287,809)
Changes that relate to past service – adjustments to the LIC	3,525,107	(14,545,416)	80,190	805,577	(410,779)	6,715,425	2,278,952	(1,550,944)
Losses on onerous contracts	-	-	-	(405,066)	(77,208)	-	-	(482,274)
Insurance acquisition cash flows amortisation	(1,061,399)	(2,889,574)	(351,077)	(2,589,161)	(1,150,770)	(1,652,361)	(446,511)	(10,140,853)
Total insurance service expenses	(4,520,984)	(26,211,783)	(46,720,296)	(13,760,740)	(3,559,948)	1,707,313	(395,442)	(93,461,880)

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

11. Insurance revenue and expenses (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
Reinsurance income / (expenses) – contracts measured under the PAA								
Reinsurance premium ceded	(7,101,999)	(26,312,855)	(1,851,539)	(154,687)	(42,204)	(7,716,404)	(1,563,678)	(44,743,366)
Claims recovered	5,132,544	6,278,119	44,036,177	(34,531)	(2,892)	1,410,831	1,161,216	57,981,464
Changes that relate to past service – adjustments to incurred claims	(2,302,461)	14,197,741	99,715	166,324	-	(5,543,055)	(1,708,255)	4,910,009
Total net expenses from reinsurance contracts	(4,271,916)	(5,836,995)	42,284,353	(22,894)	(45,096)	(11,848,628)	(2,110,717)	18,148,107
Insurance service result from Company's directly written business	880,278	(1,293,325)	(1,446,779)	(1,345,430)	418,184	2,986,266	262,482	461,676
Share of surplus from insurance pool	-	-	-	-	-	-	-	4,195,296
Total Insurance service result	880,278	(1,293,325)	(1,446,779)	(1,345,430)	418,184	2,986,266	262,482	4,656,972

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance finance expense – net

An analysis of the net insurance finance income (expenses) by product line for the three-month ended 31 March 2024 and 31 March 2023 respectively is presented below:

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the three-month ended 31 March 2024								
Finance expenses from insurance contracts issued								
Interest accreted	(180,541)	(1,487,473)	(893,016)	(221,795)	(40,296)	(154,638)	(45,759)	(3,023,518)
Effects of changes in interest rates and other financial assumptions	22,743	241,021	50,332	30,088	3,806	33,590	2,012	383,592
Finance expenses from insurance contracts issued	(157,798)	(1,246,452)	(842,684)	(191,707)	(36,490)	(121,048)	(43,747)	(2,639,926)
Finance expenses from reinsurance contracts held								
Interest accreted	160,938	1,336,214	835,844	259	-	79,916	24,101	2,437,272
Effects of changes in interest rates and other financial assumptions	(12,072)	(215,322)	(39,217)	(10)	-	(19,427)	(661)	(286,709)
Finance income from reinsurance contracts held	148,866	1,120,892	796,627	249	-	60,489	23,440	2,150,563
Net insurance finance expenses	(8,932)	(125,560)	(46,057)	(191,458)	(36,490)	(60,559)	(20,307)	(489,363)

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

12. Insurance finance expense – net (continued)

	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total
For the three-month ended 31 March 2023								
Finance expenses from insurance contracts issued								
Interest accreted	(365,143)	(1,912,412)	(91,969)	(214,053)	(20,842)	(235,184)	(57,432)	(2,897,035)
Effects of changes in interest rates and other financial assumptions	102,736	736,818	45,981	(22,947)	3,780	(24,512)	(87,779)	754,077
Finance expenses from insurance contracts issued	(262,407)	(1,175,594)	(45,988)	(237,000)	(17,062)	(259,696)	(145,211)	(2,142,958)
Finance income from reinsurance contracts held								
Interest accreted	295,385	1,700,081	51,049	9,198	676	124,300	38,287	2,218,976
Effects of changes in interest rates and other financial assumptions	(52,363)	(577,465)	(20,240)	24,961	2,167	103,454	85,085	(434,401)
Finance income from reinsurance contracts held	243,022	1,122,616	30,809	34,159	2,843	227,754	123,372	1,784,575
Net insurance finance expenses	(19,385)	(52,978)	(15,179)	(202,841)	(14,219)	(31,942)	(21,839)	(358,383)

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

13. Share of surplus from insurance pool

This represents the Company's share in the surplus for general accident product arising from the Hajj and Umrah scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from 1 January 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement as at 31 March 2024 as the aforementioned arrangement has been discontinued. The Company's share of income in the Hajj and Umrah scheme is derived from insurance revenues and net expenses which amounted to Saudi Riyals Nil for the three-month period ended 31 March 2024 (Saudi Riyals 6.6 million and Saudi Riyals 2.4 million, respectively, for the three-month period ended 31 March 2023). Also see Note 25.

14. Commitments and contingencies

The Company's commitments and contingencies are as follows:

Legal proceedings

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business relating to policyholders' insurance claims. 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 impact on the Company's result or financial position. Also refer Note 19 for contingencies pertaining to zakat and income tax assessments.

Commitments

The Company had no capital commitments as at 31 March 2024 and 31 December 2023.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

15. Fair value of financial instruments

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

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

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

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

- a) Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- b) Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- c) Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

(a) *Carrying amounts and fair value*

	31 March 2024 (Unaudited)			Total
	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Investments at FVTPL	91,160,167	-	-	91,160,167
Investments at FVOCI	81,302,529	10,000,000	43,484,252	134,786,781
Total investments	172,462,696	10,000,000	43,484,252	225,946,948
	31 December 2023 (Audited)			Total
	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Investments at FVTPL	86,929,017	-	-	86,929,017
Investments at FVOCI	73,826,935	10,000,000	43,484,252	127,311,187
Total investments	160,755,952	10,000,000	43,484,252	214,240,204

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

15. Fair value of financial instruments (continued)

The fair value of investment in quoted instruments including mutual funds and quoted sukuk at level 1 is based on quoted prices available in the market. Additionally, there were no changes in the valuation techniques. The fair value of investments in sukuk at level 2 is based on the value of similar quoted sukuk communicated by the fund manager.

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. najm investments, are as follows:

- Discounted cashflows ("DCF") method: The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate ("WACC"). The value derived from such an analysis results into a value for the enterprise (the "Enterprise Value"). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the "Equity Value"), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabahas and other investments, are subtracted from the Enterprise Value; and
- Market multiples method: The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

A weight of 60% and 40% are then applied to the fair values determined under both methods, to arrive at the equity valuation of najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

Cash and cash equivalents, deposits, statutory deposit, accrued income on statutory deposits and the financial liabilities except employee benefit obligations are measured at amortized cost.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Furthermore, there were no transfers into and out of level 3 measurements.

(b) *Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy*

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Balance at the beginning of the year	43,484,252	39,703,127
Unrealised gain on fair value of FVOCI	-	3,781,125
Balance at the end of the year	43,484,252	43,484,252

Such unrealised gain on fair value of FVOCI is routed through other comprehensive income.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

15. Fair value of financial instruments (continued)

(c) *The below table shows significant unobservable inputs used in the valuation of level 3 investments and their respective sensitivities.*

	Fair value		Unobservable inputs		Range of inputs		Relationship of unobservable input to fair value
	31 March 2024	31 December 2023	31 March 2024	31 December 2023	31 March 2024	31 December 2023	
			Earnings growth factor	Earnings growth factor	6.9%	6.9%	Reducing the Earnings growth factor to 5%, would decrease the fair value by Saudi Riyals 0.8 million. (2023: Reducing the Earnings growth factor to 5%, would decrease the fair value by Saudi Riyals 0.8 million)
Unquoted equity investment in Najm	43,484,252	43,484,252	WACC	WACC	16.5%	16.5%	Increasing the WACC by 100 basis points, would decrease the fair value by Saudi Riyals 1.2 million. (2023: Saudi Riyals 1.2 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by Saudi Riyals 0.7 million. (2023: Saudi Riyals 0.7 million)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(d) *Valuation process*

The finance department of the Company performs the valuations of level 3 fair values required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee and the Audit Committee. Discussions of valuation processes and results are held between the CFO, Audit Committee, Investment Committee and the Finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal value growth rate is derived from publicly available databases.
- Earnings growth factors for unlisted equity securities are estimated based on such Company's own historical result

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

16. Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

The Board of Directors of the Company monitors the results of the Company's operations and have been identified as the Chief Operating Decision Maker (CODM). The net results of the Company are reported to the Board of Directors for the Company as a whole. Furthermore, the Company operates in one geographical area i.e. Kingdom of Saudi Arabia.

Accordingly, segmental analysis of the interim condensed statements of income and other comprehensive income and interim condensed statement of financial position is not carried out as the CODM considers the Company to be a single operating segment based on the nature of its operations and products. However, the Company has disclosed its insurance related balances/results by product lines, which are determined based on the disaggregation principles of IFRS 17. These include insurance contract liabilities/assets, reinsurance contract assets/liabilities, insurance service results and insurance finance income/expenses. Refer Note 17 for such analysis.

17. Information related to product lines

Results of product lines do not include other operating expenses - net, other income, investment income on financial assets measured at FVTPL, Interest income on financial assets not measured at FVTPL, dividend income and share of surplus from insurance pool. Accordingly, these are included in unallocated.

Product lines' assets do not include cash and cash equivalents, prepaid expenses and other assets, term deposits, property and equipment, Financial assets at fair value through profit or loss ("FVTPL"), Financial assets at fair value through other comprehensive income ("FVOCI"), intangible assets, goodwill, statutory deposit, accrued income on statutory deposit. Accordingly, they are included in unallocated assets.

Product lines' liabilities do not include accrued and other liabilities, employee benefit obligations, zakat and income tax, and accrued income payable to Insurance Authority. Accordingly, they are included in unallocated liabilities.

The Company's information is presented into business units based on their products and services in the following product lines:

- Engineering;
- Property;
- Marine;
- Motor standard;
- Motor third party;
- Casualty; and
- Group life.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

31 March 2024 - (Unaudited)	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total	Unallocated	Total
Assets										
Reinsurance contract assets	15,632,063	121,463,806	61,111,034	-	-	-	5,997,919	204,204,822	-	204,204,822
Unallocated assets	-	-	-	-	-	-	-	-	574,637,741	574,637,741
Total assets	15,632,063	121,463,806	61,111,034	-	-	-	5,997,919	204,204,822	574,637,741	778,842,563
Liabilities										
Insurance contract liabilities	15,665,741	124,234,285	84,437,239	31,826,630	4,868,281	19,012,098	9,675,617	289,719,891	-	289,719,891
Reinsurance contract liabilities	-	-	-	45,406	13,118	6,241,485	-	6,300,009	-	6,300,009
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	482,822,663	482,822,663
Total liabilities and equity	15,665,741	124,234,285	84,437,239	31,872,036	4,881,399	25,253,583	9,675,617	296,019,900	482,822,663	778,842,563
31 December 2023 - (Audited)										
Assets										
Reinsurance contract assets	20,229,732	109,011,931	64,906,904	(58,214)	(16,845)	1,092,563	7,109,979	202,276,050	-	202,276,050
Unallocated assets	-	-	-	-	-	-	-	-	556,126,628	556,126,628
Total assets	20,229,732	109,011,931	64,906,904	(58,214)	(16,845)	1,092,563	7,109,979	202,276,050	556,126,628	758,402,678
Liabilities										
Insurance contract liabilities	23,220,838	121,821,792	74,902,244	28,474,516	4,911,754	18,095,231	11,668,771	283,095,146	-	283,095,146
Unallocated liabilities and equity	-	-	-	-	-	-	-	-	475,307,532	475,307,532
Total liabilities and equity	23,220,838	121,821,792	74,902,244	28,474,516	4,911,754	18,095,231	11,668,771	283,095,146	475,307,532	758,402,678

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Three-month ended 31 March 2024 (Unaudited)	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total	Unallocated	Total
Insurance revenue	12,010,704	31,114,989	3,823,767	16,939,788	4,423,025	18,583,010	3,361,779	90,257,062	-	90,257,062
Insurance service expenses	2,339,159	(3,072,479)	(2,311,789)	(16,119,903)	(3,555,273)	(5,015,169)	(1,609,175)	(29,344,629)	-	(29,344,629)
Net expenses from reinsurance contracts	(13,898,710)	(27,539,491)	(1,697,146)	(188,666)	(61,367)	(10,486,309)	(1,213,102)	(55,084,791)	-	(55,084,791)
Insurance service result from Company's directly written business	451,153	503,019	(185,168)	631,219	806,385	3,081,532	539,502	5,827,642	-	5,827,642
Share of surplus from insurance pool	-	-	-	-	-	-	-	-	-	-
Total insurance service result	451,153	503,019	(185,168)	631,219	806,385	3,081,532	539,502	5,827,642	-	5,827,642
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	3,808,820	3,808,820
Net gains on financial assets measured at FVTPL	-	-	-	-	-	-	-	-	470,322	470,322
Dividend income	-	-	-	-	-	-	-	-	203,101	203,101
Net investment income	-	-	-	-	-	-	-	-	4,482,243	4,482,243
Finance expenses from insurance contracts issued	(157,798)	(1,246,452)	(842,684)	(191,707)	(36,490)	(121,048)	(43,747)	(2,639,926)	-	(2,639,926)
Finance income from reinsurance contracts held	148,866	1,120,892	796,627	249	-	60,489	23,440	2,150,563	-	2,150,563
Net insurance finance expenses	(8,932)	(125,560)	(46,057)	(191,458)	(36,490)	(60,559)	(20,307)	(489,363)	-	(489,363)
Net insurance and investment result	442,221	377,459	(231,225)	439,761	769,895	3,020,973	519,195	5,338,279	4,482,243	9,820,522
Other operating expenses	-	-	-	-	-	-	-	-	(3,271,820)	(3,271,820)
Other income	-	-	-	-	-	-	-	-	784,450	784,450
Total profit for the period before zakat and income tax	442,221	377,459	(231,225)	439,761	769,895	3,020,973	519,195	5,338,279	1,994,873	7,333,152
Zakat expense	-	-	-	-	-	-	-	-	(1,311,222)	(1,311,222)
Income tax	-	-	-	-	-	-	-	-	(355,603)	(355,603)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	442,221	377,459	(231,225)	439,761	769,895	3,020,973	519,195	5,338,279	328,048	5,666,327

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

17. Information related to product lines (continued)

Three-month ended 31 March 2023 (Restated - Note 25) (Unaudited)	Engineering	Property	Marine	Motor Standard	Motor Third Party	Casualty	Group life	Total	Unallocated	Total
Insurance revenue	9,673,178	30,755,453	2,989,164	12,438,204	4,023,228	13,127,581	2,768,641	75,775,449	-	75,775,449
Insurance service expenses	(4,520,984)	(26,211,783)	(46,720,296)	(13,760,740)	(3,559,948)	1,707,313	(395,442)	(93,461,880)	-	(93,461,880)
Net expenses from reinsurance contracts	(4,271,916)	(5,836,995)	42,284,353	(22,894)	(45,096)	(11,848,628)	(2,110,717)	18,148,107	-	18,148,107
Insurance service result from Company's directly written business	880,278	(1,293,325)	(1,446,779)	(1,345,430)	418,184	2,986,266	262,482	461,676	-	461,676
Share of surplus from insurance pool	-	-	-	-	-	-	-	-	4,195,296	4,195,296
Total insurance service result	880,278	(1,293,325)	(1,446,779)	(1,345,430)	418,184	2,986,266	262,482	461,676	4,195,296	4,656,972
Interest income from financial assets not measured at FVTPL	-	-	-	-	-	-	-	-	3,662,519	3,662,519
Net gains on financial assets measured at FVTPL	-	-	-	-	-	-	-	-	150,300	150,300
Dividend income	-	-	-	-	-	-	-	-	370,747	370,747
Net investment income	-	-	-	-	-	-	-	-	4,183,566	4,183,566
Finance expenses from insurance contracts issued	(262,407)	(1,175,594)	(45,988)	(237,000)	(17,062)	(259,696)	(145,211)	(2,142,958)	-	(2,142,958)
Finance income from reinsurance contracts held	243,022	1,122,616	30,809	34,159	2,843	227,754	123,372	1,784,575	-	1,784,575
Net insurance finance expense	(19,385)	(52,978)	(15,179)	(202,841)	(14,219)	(31,942)	(21,839)	(358,383)	-	(358,383)
Net insurance and investment result	860,893	(1,346,303)	(1,461,958)	(1,548,271)	403,965	2,954,324	240,643	103,293	8,378,862	8,482,155
Other operating expenses	-	-	-	-	-	-	-	-	(3,318,314)	(3,318,314)
Other income	-	-	-	-	-	-	-	-	3,100	3,100
Total profit for the period before zakat and income tax	860,893	(1,346,303)	(1,461,958)	(1,548,271)	403,965	2,954,324	240,643	103,293	5,063,648	5,166,941
Zakat expense	-	-	-	-	-	-	-	-	(846,465)	(846,465)
Income tax	-	-	-	-	-	-	-	-	(313,638)	(313,638)
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS	860,893	(1,346,303)	(1,461,958)	(1,548,271)	403,965	2,954,324	240,643	103,293	3,903,545	4,006,838

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

18. Related party transactions and balances

Related parties represent shareholders, companies related to shareholders (“affiliates”) and key management personnel and the entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company’s management and Board of Directors. The following are the details of major related parties’ transactions during the period and the related balances at the end of the period:

Nature of transactions	Transactions for the three-month period ended	
	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Affiliates		
Gross written premium (forming part of insurance revenue)	423,197	373,339
Rent (forming part of other operating expenses)	410,317	373,863
Claims expenses (forming part of insurance service expenses)	190,784	658,139
Other operating expenses	-	6,500
Board of Directors		
Remuneration	356,250	356,250
Meeting fee and expenses	392,750	451,599
Shareholder		
Reinsurance premium ceded (forming part of Net (expenses) income from reinsurance contracts)	11,411,018	9,580,035
Reinsurance share of paid claims (forming part of Net (expenses) income from reinsurance contracts)	19,971,030	8,419,284
Reinsurance commission income (forming part of Net (expenses) income from reinsurance contracts)	2,280,137	2,068,366
Nature of balances		
	Balances	
	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Affiliates		
Insurance contract liabilities (expected premium receipts)	18,579	531,713
Board of Directors		
Remuneration and meeting fee	2,172,150	3,026,250
Shareholder		
Reinsurance contract liabilities/assets (including expected reinsurance recoveries)	7,014,876	21,170,267

The compensation of key management personnel during three-month period ended is as follows:

	Three-month period ended	Three-month period ended
	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Salaries and benefits	1,964,691	1,311,797
Employee benefit obligations	284,310	208,852
	2,249,001	1,520,649

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

19. Zakat and Income Tax

(a) Shareholding percentage

The shareholding percentage of the Company at 31 March 2024 and 31 December 2023 was as follows:

	31 March 2024	31 December 2023
Shareholding percentage subject to zakat	70	70
Shareholding percentage subject to income tax	30	30
	100	100

(b) Income tax

Income tax provision relates to non-Saudi shareholders and has been provided for based on the estimated taxable profit at the rate of 20% per annum. The differences between the financial results and taxable income are mainly due to adjustments for certain costs/claims based on the relevant fiscal regulations.

(c) Movement in the provision for Zakat and income tax during the period / year

The movement in zakat and income tax provision is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	21,657,928	15,550,754
Provision for the period / year:		
-Zakat	1,311,222	5,476,314
-Income tax	355,603	2,008,388
Paid during the period / year	-	(1,377,528)
At the end of the period / year	23,324,753	21,657,928

**CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**
(All amounts expressed in Saudi Riyals unless otherwise stated)

19 Zakat and income tax (continued)

(d) Status of assessments

During the year 2020, the ZATCA raised final assessments for the years ended 31 December 2016 to 2018 and assessed additional zakat and income tax liability amounting to Saudi Riyals 10.6 million. The management filed an appeal with the ZATCA and the ZATCA issued a revised assessment with the additional zakat and income tax liability amounting to Saudi Riyals 8.5 million. Subsequently, based on the appeal filed by the Company against the revised assessments, the Tax violation and Dispute Resolution Committee (TVDRC) partially accepted the Company's contentions, cancelled the additional tax liability, and reduced the additional zakat liability to Saudi Riyals 7.1 million. The Company, however, has filed appeal against TVDRC's unfavorable rulings with the Tax Violation and Dispute Appellate Committee (TVDAC). During the three-month period ended 31 March 2024, the TVDAC issued its decision in which it partially accepted the company's appeal.

The ZATCA in 2020 also raised a withholding tax assessment for the years 2016 and 2017 amounting to Saudi Riyals 6.8 million. The Company filed an appeal against the above-mentioned assessment which has been rejected by TVDRC. Accordingly, the Company filed an appeal with TVDAC against the TVDRC decision. Additionally, in March 2021, the Company settled the additional WHT liability amounting to Saudi Riyals 6.8 million under the tax amnesty scheme of waiving the delay fine if the principal amount is paid. During the three-month period ended 31 March 2024, the TVDAC issued its decision upholding the TVDRC decision and rejecting the company's appeal.

Furthermore, during the year 2021, ZATCA has raised assessment for the years 2019 and 2020 with additional income tax and zakat liability of Saudi Riyals 7.3 million. Accordingly, the Company filed an appeal with the ZATCA, which was rejected by the ZATCA. Accordingly, the Company filed an appeal with the TVDRC against the ZATCA assessments. During December 2022, the TVDRC issued its decision partially in favor of the Company reducing the income tax and zakat liability to Saudi Riyals 7 million. However, the Company was not notified by the TVDRC of its decision and therefore, the Company was unable to escalate its appeal within the statutory deadline of 30 days. Nevertheless, the Company has filed an appeal with the TVDAC and requested to accept its appeal on the basis that it was not notified of the TVDRC's decision issuance. The TVDAC's review/decision is awaited.

As at 31 March 2024, the Company has obtained zakat and tax certificates from ZATCA for the years through 2022 and subsequent to the three-month period ended 31 March 2024, has filed zakat and tax returns up to year ended 31 December 2023 and obtained the required certificate.

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

20. Statutory reserve

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by Insurance Authority, formerly known as SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

21. Capital risk management

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

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following three methods:

- Minimum capital requirement
- Premium solvency margin; or
- Claims solvency margin.

As of 31 March 2024, the Company is in compliance with the minimum solvency margin as required by the Implementing Regulations of the Cooperative Insurance Companies Control Law.

22. Basic and diluted earnings per share

Basic and diluted earnings per share for the three-month ended 31 March 2024 and 2023 is calculated by dividing total profit for the period attributable to the shareholders by the weighted average number of outstanding shares during the period.

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

	Three-month period ended 31 March 2024 (Unaudited)	Three-month period ended 31 March 2023 (Unaudited)
Total income for the period attributable to the shareholders	5,666,327	4,006,838
Weighted average number of ordinary shares for basic and diluted income per share	30,000,000	30,000,000
Basic and diluted earnings per share	0.19	0.13

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

23. Gross written premium.

Details relating to gross written premium are disclosed below to comply with the requirements of the Insurance Authority and are not calculated as per the requirements of IFRS 17.

Breakdown of GWP	For the three-month period ended 31 March 2024 (Unaudited)				
	Motor	Property & casualty	Protection & Savings		Total
			Individual	Group (Term life)	
Retail	4,598,849	92,118	-	-	4,690,967
Very small	1,665,272	354,589	-	-	2,019,861
Small	535,584	15,421,666	-	382,288	16,339,538
Medium	3,462,696	4,376,079	-	-	7,838,775
Corporate	25,656,342	59,344,914	-	1,868,634	86,869,890
Total	35,918,743	79,589,366	-	2,250,922	117,759,031

Breakdown of GWP	For the three-month period ended 31 March 2023 (Unaudited)				
	Motor	Property & casualty	Protection & Savings		Total
			Individual	Group (Term life)	
Retail	4,582,571	169,187	-	-	4,751,758
Very small	1,793,955	424,638	-	72,427	2,291,020
Small	515,051	1,835,043	-	634	2,350,728
Medium	4,030,405	2,777,799	-	350,480	7,158,684
Corporate	20,482,289	67,490,664	-	2,404,551	90,377,504
Total	31,404,271	72,697,331	-	2,828,092	106,929,694

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

24. Net written premium

Details relating to net written premium are disclosed below to comply with the requirements of the Insurance Authority and are not calculated as per the requirements of IFRS 17.

Item	For the three-month period ended 31 March 2024 (Unaudited)				Total
	Motor	Property & casualty	Protection & Savings Individual	Group (Term life)	
Gross written premium	35,918,743	79,589,366	-	2,250,922	117,759,031
Reinsurance premium ceded – globally (including excess of loss)	(178,060)	(56,588,717)	-	(692,469)	(57,459,246)
Reinsurance premium ceded – locally (including excess of loss)	(59,353)	(6,470,721)	-	(206,465)	(6,736,539)
Net written premium - total	35,681,330	16,529,928	-	1,351,988	53,563,246

Item	For the three-month period ended 31 March 2023 (Unaudited)				Total
	Motor	Property & casualty	Protection & Savings Individual	Group (Term life)	
Gross written premium	31,404,271	72,697,331	-	2,828,092	106,929,694
Reinsurance premium ceded – globally (including excess of loss)	(196,892)	(51,498,979)	-	(1,031,676)	(52,727,547)
Reinsurance premium ceded – locally (including excess of loss)	-	(4,313,589)	-	(239,595)	(4,553,184)
Net written premium - total	31,207,379	16,884,763	-	1,556,821	49,648,963

CHUBB ARABIA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024
(All amounts expressed in Saudi Riyals unless otherwise stated)

25. Restatement of comparative information

The Company adopted IFRS 17 - Insurance Contracts (“IFRS 17”) during the 2023 interim reporting periods and the year ended 31 December 2023. During the finalisation of the IFRS 17 adjustments at year end, it was noted that certain items were not appropriately presented in the interim reporting periods. As a result, the financial line items for the interim condensed financial information of the prior period is being aligned by management with the 2023 year end financial statements and the relevant line items in the interim condensed statement of income are being restated to ensure alignment with the requirements of International Financial Reporting Standards (“IFRS”), that are endorsed in the Kingdom of Saudi Arabia.

The co-insurance arrangements, in which the Company is a participant, are insurance contracts as defined in IFRS 17 and the Company shares the surpluses and losses, if applicable, from the insurance pool of such co-insurance arrangements. Accordingly, the financial results of the co-insurance arrangements should have been shown as part of the net insurance results and not in other income, as previously shown in the interim condensed statement of income for the prior periods. Given the rights and obligations from the co-insurance arrangements are managed and settled on a net basis and the bespoke nature of these arrangements, the Company has presented the results from these arrangement on a net basis as part of insurance service results as a separate line item named ‘share of surplus from insurance pools’ in the interim condensed statement of income.

Accordingly, the Company has restated the comparative information for the three-month period ended 31 March 2023 and the ‘share of surplus from insurance pool’ amounting to Saudi Riyals 4.2 million has been presented separately from ‘other income’ in the interim condensed statement of income. As a result, the “Total insurance service result” and “Net insurance and investment result” line items for such period have increased respectively by the same amount.

However, this change has had no impact on the interim condensed statement of financial position as at 31 December 2023 and the related interim condensed statements of changes in equity and cash flows for the three-month period ended 31 March 2023, net profit for the period attributable to the shareholders or the basic and diluted earnings per share for the three-month period ended 31 March 2023.

26. Subsequent event

No events have arisen subsequent to 31 March 2024, and before the date of approval of this interim condensed financial information, that could have a significant effect on the interim condensed financial information as at 31 March 2024.

27. Approval of the interim condensed financial information

This interim condensed financial information has been approved by the Board of Directors on 1 Dhul Qadah 1445 H corresponding to 9 May 2024.