

The Company for Cooperative Insurance announces its interim condensed consolidated financial results for the period ending on 30-09-2023 (Nine Months)



All figures are in (Thousands) Saudi Arabia, Riyals

Element List	CURRENT QUARTER	SIMILAR QUARTER FOR PREVIOUS YEAR	%CHANGE	PREVIOUS QUARTER	%CHANGE
Insurance revenue	3,960,790	2,946,948	34.40%	3,697,377	7.12%
Insurance service expense	(3,527,641)	(2,503,785)	40.89%	(3,321,423)	6.21%
Net income (expenses) from reinsurance contracts held	(287,111)	(389,160)	-26.22%	83,757	
Net investment income	130,930	90,044	45.41%	40,478	223.46%
Net insurance financial result	321,095	80,109	300.82%	343,451	-6.51%
Net Profit before Zakat	229,881	40,482	467.86%	275,863	-16.67%
Total Comprehensive Income	205,620	16,020	1183.52%	244,795	-16.00%

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Element List	CURRENT PERIOD	SIMILAR PERIOD FOR PREVIOUS YEAR	%CHANGE
Insurance revenue	11,065,473	8,148,429	35.80%
Insurance service expense	(10,691,332)	(7,667,934)	39.43%
Net income (expenses) from reinsurance contracts held	341,975	(196,509)	
Net investment income	304,057	110,582	174.96%
Net insurance financial result	790,732	234,752	236.84%
Net Profit before Zakat	607,091	136,704	344.09%
Total Comprehensive Income	526,984	65,799	700.90%
Total shareholders' equity (after deducting minority equity)	3,534,305	2,954,395	19.63%
Profit per Share	3.51	0.46	

ELEMENT LIST	EXPLANATION
The reason of the increase (decrease) in the net profit during the current quarter compared to the same quarter of the last year is	<p>Insurance service result - net for current quarter has improved by SAR 92,035K compared to the same quarter of the previous year. This is driven by a strong growth in gross written premiums by circa SAR 298,170K while gross earned premiums increased by SAR 923,433K. The growth in revenues were corresponded by an increase in claims incurred and attributable expenses by SAR 1,003,048K, increase in risk adjustment booked during current quarter by SAR 202,232K, decrease in changes that relate to past service by SAR 265,715K, decrease in net losses on onerous contracts by SAR 38,683K and additional acquisition costs of SAR 122,974K which enabled the growth in written premiums.</p> <p>While the net expenses from reinsurance contracts held for current quarter has decreased by SAR 102,049. And reinsurance program of Tawuniya was instrumental in yielding a net positive Insurance result of SAR 146,038K. where certain large claims incurred for P&C line of business are recoverable through the reinsurance program of the Company.</p> <p>The Company's investment portfolio has seen an increase in net investment income by SAR 40,886K during current quarter compared to same quarter of the previous year. The increase is in line with the increase in profit rates across the Saudi market. Fair value through profit or loss investment portfolio also performed better to yield higher fair value gains.</p> <p>Reversal of expected credit loss allowance on financial assets by SAR 91,614 during current quarter compared to increase in expected credit loss allowance of SAR 41,104 during same quarter of the previous year. This is attributed to improved collections of aged receivables during the period.</p> <p>Net other operating expenses have increased by SAR 52,454K during current quarter as the Company continues to invest in strategy 2025 related projects and initiatives.</p> <p>As a result of the aforementioned, the Company achieved net income before zakat of SAR 229,881K during current quarter of current year.</p>

<p>The reason of the increase (decrease) in the net profit during the current quarter compared to the previous quarter of the current year is</p>	<p>Insurance service result - net for current quarter has decreased by SAR 313,673K compared to the previous quarter. Due to lower recoveries from reinsurers for claims incurred by SAR 398,196. This came despite the favourable increase in insurance service result before reinsurance contracts held by SAR 57,195.</p> <p>The Company's investment portfolio has seen an increase in net investment income by SAR 90,452K during current quarter compared to previous quarter of the current year. The increase is in line with the increase in profit rates across the Saudi market.</p> <p>Reversal of expected credit loss allowance on financial assets by SAR 91,614 during current quarter compared to increase in expected credit loss allowance of SAR 114,630 during previous quarter of the current year. This is due to improved collections of aged receivables during the period.</p> <p>Net other operating expenses have increased by SAR 20,642K during current quarter compared to the previous quarter as the Company continues to invest in strategy 2025 related projects and initiatives.</p> <p>As a result of the aforementioned, the Company achieved net income before zakat of SAR 229,881K during current quarter of current year.</p>
<p>The reason of the increase (decrease) in the net profit during the current period compared to the same period of the last year is</p>	<p>Insurance service result - net for current period has improved by SAR 432,132K compared to the same period of last year. This is driven by a strong growth in gross written premiums by circa SAR 3,318,098K while gross earned premiums increased by SAR 3,056,697K. The growth in revenues were corresponded by an increase in claims incurred and attributable expenses by SAR 2,596,600K, increase in risk adjustment booked during current period by SAR 411,295K, decrease in changes that relate to past service by SAR 498,042K, increase in net losses on onerous contracts by SAR 49,536K and additional acquisition costs of SAR 264,009K.</p> <p>While the net income from reinsurance contracts held for current period was SAR 341,975K versus net expenses of SAR 196,509K during to the same period of last year. Due to rising cost of buying reinsurance, the allocation of RI premiums increased by SAR 235,511K. Reinsurance program of Tawuniya was instrumental in yielding a net positive Insurance result of SAR 716,116K. Certain large claims incurred for P&C line of business have been recovered through the reinsurance program of the Company.</p> <p>The Company's investment portfolio performed strongly with an increase in Investment Income by SAR 193,475K during current period compared to same period last year. The increase is in line with the increase in profit rates across the Saudi market. Fair value through profit or loss investment portfolio also performed better to incur lower fair value loss.</p> <p>Increase in expected credit loss allowance on financial assets by SAR 19,765 during current period compared to the same period of the last year. While there is an increase in ECL charge during the current nine months compared to nine months for 2022, Tawuniya has managed to collect aged debtors to slow down the rate of ECL increase.</p> <p>Net other operating expenses have increased by SAR 91,271K during current period as the Company continues to invest in strategy 2025 related projects and initiatives.</p> <p>As a result of the aforementioned, the Company achieved net income before zakat of SAR 607,091K during current nine months period of current year.</p>
<p>Statement of the type of external auditor's report</p>	<p>Unmodified opinion.</p>
<p>Modification, Qualification or Emphasis of a Matter as Stated within the External Auditor Opinion</p>	<p>None</p>
<p>Reclassification of Comparison Items</p>	<p>The company has reclassified and restated the financial statements for the comparative figures to be in line with the requirements of IFRS 17 (Insurance Contracts) and IFRS 9 (Financial Instruments).</p>
<p>Additional Information</p>	<p>The company has adopted IFRS 17 (Insurance Contracts) and IFRS 9 (Financial Instruments), as endorsed in Saudi Arabia, starting 1 January 2023, with retrospective application which has materially changed the presentation of the financial results for periods starting Q1 2023 onwards with the comparative periods restated under the new standards.</p> <p>In calculating the insurance service expenses, amounts recoverable from reinsurers for incurred claims and insurance/ reinsurance finance income & expenses for the nine months period, there is a reclassification adjustment recorded in the current period amounting to SAR 122,660K for insurance contracts issued and SAR 70,718K for reinsurance contracts held. This is due to the following:</p> <ul style="list-style-type: none"> - In calculating the results for Q3 2023, the claims for Q2 2023 were treated as "past service"; discounted at prior period rate; - In calculating the results for nine months 2023, the claims for Q1 and Q2 2023 were treated as "current service"; discounted at current rate; - The effect of difference in discount rates is recorded in finance income/ expense from insurance and reinsurance contracts in calculating the results for the nine months period ended September 30, 2023. <p>The earnings per share (EPS) calculated based on Net Profit after Zakat.</p> <p>The earnings per share (EPS) for the current period is SAR 3.51 per share versus SAR 0.46 per share for the same period of previous year, adjusted for current period bonus share issuance, by dividing the net income attributed to shareholders after zakat of SAR 526,609K over the weighted average number of ordinary outstanding shares of 150,000K for the current period and SAR 68,790K over 150,000K shares for to the same period of the last year. The weighted average number of ordinary shares issued and outstanding at the previous year have been adjusted for the bonus shares issued during the current period.</p>