

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2023

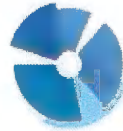
SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Saudi Arabian Cooperative Insurance Company – a Saudi Joint Stock Company ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to as "IFRS as endorsed in Kingdom of Saudi Arabia").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, a description of how our audit addressed the matter is provided in that context:



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Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities:</p> <p>As at 31 December 2023, estimate of present value of cash flows and risk adjustment for non-financial risk under PAA amounts to SR 1,101.672 million and SR 51.451 million (2022: SR 616.442 million and SR 27.854 million) respectively as reported in Note 6 to the financial statements, and estimate of present value of cashflows and risk adjustments for non-financial risk under GMM (IDI) amounts to SR 0.912 million and SR 0.44 million (2022: SR 1.276 million and SR 0.202 million) respectively, as reported in note 6 to the financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows are based on the best- estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs.</p> <p>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence. • Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. • Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilized by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records. • Involved our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following:



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Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

<p>Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.</p> <p><i>Refer to notes 3(a) for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 6 for the movement in insurance contract liabilities.</i></p>	<p>i. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences;</p> <p>ii. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and</p> <p>iii. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed.</p> <ul style="list-style-type: none"> Assessed the adequacy and appropriateness of the related disclosures in the financial statements.
<p>Adoption of IFRS 17 and IFRS 9</p> <p>During the year the Company has adopted IFRS 17 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 17), which replaces IFRS 4 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 4) and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each Company of insurance contracts.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> Obtained an understanding of the Company's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Company's accounting policies, systems, processes and controls. Evaluated and assessed management's process to identify insurance contracts, to determine the appropriate Companying for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate. Evaluated whether management's allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses.



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Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to SAR 25.851 million. IFRS 17 introduced new nomenclature for significant insurance-related balances as well as new measurement principles for insurance-related liabilities and insurance revenue recognition.

Further, during the year the Company also adopted IFRS 9 "Financial Instruments", as endorsed in the Kingdom of Saudi Arabia (IFRS 9) which replaces IAS 39 "Financial Instruments: Recognition and Measurement", as endorsed in the Kingdom of Saudi Arabia (IAS 39). The Company has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's total equity as at 1st January 2022 amounting to SAR 9.972 million. IFRS 9 also required the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Company's financial assets.

Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023, we have considered this as a key audit matter.

Refer to note 3(a)(i) and 3(a)(ii) for accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company. The impact of transition is explained in note 4 to the financial statements.

- Evaluated the risk adjustment for non-financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment.
- Evaluated and assessed management's conclusions regarding the Company's business model for different portfolios of investments and the appropriateness of the Company's determination of ECL under IFRS 9.
- Assessed the adequacy of the transition adjustments impact for both IFRS 17 and IFRS 9 on the opening retained earnings as at 1 January 2022.
- Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 and IFRS 9 made in the financial statements.
- Assessed the Company's methods, assumptions and accounting policies adopted under IFRS 17 and IFRS 9, with the assistance of our actuarial and accounting specialists and experts.



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Independent Auditors' Report on the Audit of the Financial Statements

To the Shareholders of Saudi Arabian Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)

Other information included in the Company's 2023 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as endorsed in Kingdom of Saudi Arabia, the applicable requirements of the Regulations for Companies, and the Company's By-laws, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e., the Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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Independent Auditors' Report on the Audit of the financial Statements

To the Shareholders of Arabia Insurance Cooperative Company (A Saudi Joint Stock Company) (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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Independent Auditors' Report on the Audit of the financial Statements

To the Shareholders of Arabia Insurance Cooperative Company (A Saudi Joint Stock Company) (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe Solutions for Professional Consulting

P. O. Box 10504
Riyadh 11443
Kingdom of Saudi Arabia

Abdullah M. Al Azem
Certified Public Accountant
License No. 335

For Al-Bassam & Co.

P.O Box 69658
Riyadh 11557
Kingdom of Saudi Arabia

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



Dated: 27 March 2024
Corresponding to: 17 Ramadan 1445H

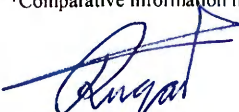


SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

	Note	31 December 2023	31 December 2022 Restated*	1st January 2022 Restated*
ASSETS				
Cash and cash equivalents	5	174,304	43,072	52,028
Insurance contract assets	6	450,822	43,941	42,795
Reinsurance contract assets	6	1,022,106	479,799	589,547
Murabaha deposits	7.3	219,258	361,955	254,966
Financial assets at FVTOCI	7	43,463	39,703	37,033
Financial assets at FVTPL	7	493	1,261	92,247
Financial assets at amortised cost – net	7.3	77,722	77,426	75,943
Prepayments and other assets	9	23,955	14,674	13,904
Property and equipment	10	55,476	29,055	7,063
Intangible assets	10	13,159	11,893	11,594
Statutory deposit	11	45,000	45,000	30,000
Accrued income on statutory deposit		2,506	3,186	2,891
TOTAL ASSETS		2,128,264	1,150,965	1,210,011
LIABILITIES				
Insurance contract liabilities	6	1,706,930	820,541	837,281
Reinsurance contract liabilities	6	88,373	72,400	56,209
Accrued expenses and other liabilities	12	8,192	9,271	11,371
Employees' end-of-service benefits	13	485	1,648	1,822
Provision for zakat	14	8,176	8,481	8,416
Accrued commission income payable to Insurance Authority		2,506	3,186	2,891
TOTAL LIABILITIES		1,814,662	915,527	917,990
EQUITY				
Share capital	15	300,000	300,000	300,000
Statutory reserve	17	43,693	29,473	29,473
Accumulated losses		(76,245)	(133,123)	(71,476)
Fair value reserve on Investments		41,539	37,780	35,109
Re-measurement loss of end-of-service benefits	13	4,615	1,308	(1,085)
TOTAL EQUITY		313,602	235,438	292,021
TOTAL LIABILITIES AND EQUITY		2,128,264	1,150,965	1,210,011
COMMITMENTS AND CONTINGENCIES	25			

*Comparative information has been restated (refer Note 4)


ABDULAZIZ IBRAHIM ALRUQAIE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


ABDULRAHMAN SALEH AL-OBRAH
CHIEF EXECUTIVE OFFICER


The accompanying notes 1 to 27 form an integral part of these financial statements.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF INCOME
For the year ended 31 December 2023
(All amounts in Thousands Saudi Riyals unless otherwise stated)

	Note	<u>2023</u>	<u>2022</u> Restated*
Insurance revenue	6	1,044,519	911,675
Insurance service expense	6	<u>(1,288,548)</u>	<u>(733,101)</u>
Insurance service result before reinsurance contracts held		<u>(244,029)</u>	<u>178,574</u>
Allocation of reinsurance premiums	6	(263,036)	(243,735)
Amounts recoverable from reinsurers for incurred claims	6	<u>558,820</u>	<u>(12,684)</u>
Net income/ (expense) from reinsurance contracts held		<u>295,784</u>	<u>(256,419)</u>
Insurance service result		<u>51,755</u>	<u>(77,845)</u>
Net gains on FVTPL investments		335	15,003
Other investment income		<u>20,726</u>	<u>11,879</u>
Net investment income		<u>21,061</u>	<u>26,882</u>
Finance expenses from insurance contracts issued	6	(18,099)	(7,723)
Finance income from reinsurance contracts held	6	<u>15,430</u>	<u>2,459</u>
Net insurance finance expenses		<u>(2,669)</u>	<u>(5,264)</u>
Net insurance and investment result		<u>70,147</u>	<u>(56,227)</u>
Other income		24,473	9,379
Other operating expenses	18	<u>(16,287)</u>	<u>(7,560)</u>
Total Income/ (loss) for the period attributable to the shareholders before zakat		<u>78,333</u>	<u>(54,408)</u>
Provision for zakat & tax	14	(7,235)	(7,239)
Net income/ (loss) for the period, after zakat & tax, attributable to the shareholders		<u>71,098</u>	<u>(61,647)</u>
Earnings / (loss) per share	16		
Basic and diluted earnings per share		2.37	(2.05)
Weighted average number of shares in issue throughout the period (in thousands)		30,000	30,000

*Comparative information has been restated (refer Note 4)


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 CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUUD
 BOARD MEMBER


ABDULRAHMAN SALEH AL-OBRAIH
 CHIEF EXECUTIVE OFFICER

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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023
(All amounts in Thousands Saudi Riyals unless otherwise stated)

	<u>2023</u>	<u>2022</u> Restated
Total income/ (loss) for the year after zakat and tax	71,098	(61,647)
<i>Items that may be reclassified to statements of income in subsequent periods</i>		
Other comprehensive gain:		
<i>Items that will not be reclassified to statement of income in subsequent periods</i>		
- Actuarial gain on remeasurement of employees' end-of-service benefits	3,307	2,393
- Net change in investments held at fair value through other comprehensive income	3,759	2,671
Total comprehensive income / (loss) for the year after zakat	<u><u>78,164</u></u>	<u><u>(56,583)</u></u>


ABDULAZIZ IBRAHIM ALRUQAIE
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ABDULAZIZ A. ABUSSUUD
BOARD MEMBER


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CHIEF EXECUTIVE OFFICER

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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

Note	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	4.1	-	(25,851)	-	-	(25,851)
Transition Adjustment on Initial Application of IFRS 9	4.1	-	(9,972)	-	35,109	25,137
Restated balance at 1 January 2022	300,000	29,473	(71,476)	(1,085)	35,109	292,021
Comprehensive Income for the year						
Total loss for the year attributable to the shareholders after zakat	-	-	(61,647)	-	-	(61,647)
Other Comprehensive income for the year	-	-	-	2,393	2,671	5,064
Total comprehensive loss for the year	-	-	(61,647)	2,393	2,671	(56,583)
Transfer to statutory reserve	-	-	-	-	-	-
Balance at 31 Dec 2022 Restated*	300,000	29,473	(133,123)	1,308	37,780	235,438

*Comparative information has been restated (refer Note 4)


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SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 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	300,000	29,473	(72,858)	1,308	-	257,923
Transition impact	-	-	(60,265)	-	37,780	(22,485)
Balance at 1 Jan 2023 (restated)	300,000	29,473	(133,123)	1,308	37,780	235,438
Comprehensive Income for the year						
Total Income for the year attributable to the shareholders after zakat	-	-	71,098	-	-	71,098
Other Comprehensive income for the year				3,307	3,759	7,066
Total comprehensive income for the year	-	-	71,098	3,307	3,759	78,164
Transfer to statutory reserve	-	14,220	(14,220)	-		-
Balance at 31 Dec 2023	300,000	43,693	(76,245)	4,615	41,539	313,602



ABDULAZIZ IBRAHIM ALRUQAIE
CHIEF FINANCIAL OFFICER



ABDULAZIZ A. ABUSSUUD
BOARD MEMBER



ABDULRAHMAN SALEH AL-OBRAH
CHIEF EXECUTIVE OFFICER

The accompanying notes 1 to 27 form an integral part of these financial statements.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

	Note	2023	2022
			Restated
Cash flows from operating activities			
Profit/ (loss) for the period before Zakat		78,333	(54,408)
Adjustments for:			
Depreciation of property and equipment	10	1,449	1,155
Amortization of Intangible assets	10	2,140	1,492
Provision for end-of-service benefits	13	12,141	4,455
Net gains on FVTPL investments	7.2	(335)	(13,839)
Interest earned on held to maturity investments	7.3	(296)	(1,483)
Changes in operating assets and liabilities:			
Insurance contract assets		(406,881)	(1,146)
Rcinsurance contract assets		(542,307)	109,748
Insurance contract liabilities		882,720	(14,626)
Reinsurance contract liabilities		15,973	16,191
Prepayments and other assets		(9,281)	(770)
Accrued and other liabilities		(1,079)	(2,100)
Statutory deposit	11	-	(15,000)
Cash generated from operating activities		32,577	29,669
End-of-service benefits paid	13	(6,329)	(4,350)
Zakat paid	14	(7,540)	(7,174)
Net cash generated from operating activities		18,708	18,145
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of murabaha deposits	7.3	(1,801,389)	(1,452,466)
Proceeds from maturity of murabaha deposits	7.3	1,944,086	1,345,477
Additions in FVTPL investments	7.2	-	(3,453)
Proceed on disposal of FVTPL investments	7.2	1,103	108,278
Additions in property and equipment	10	(27,870)	(23,146)
Additions in intangible assets	10	(3,406)	(1,791)
Net cash generated from / (used in) investing activities		112,524	(27,101)
Net change in cash and cash equivalents		131,232	(8,956)
Cash and cash equivalents, beginning of the year		43,072	52,028
Cash and cash equivalents, end of the year		174,304	43,072
Supplemental non-cash information:			
Actuarial gain on remeasurement of employees' end-of-service benefits		3,307	2,393
Net change in investments held at fair value through other comprehensive income		3,759	2,671


ABDULAZIZ IBRAHIM ALRUQAIE
CHIEF FINANCIAL OFFICER


ABDULAZIZ A. ABUSSUD
BOARD MEMBER


ABDULRAHMAN SALEH AL-OBRAH
CHIEF EXECUTIVE OFFICER

The accompanying notes 1 to 27 form an integral part of these financial statements.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

1. ORGANISATION 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
Saudi Arabian Cooperative Insurance Company	Jeddah	4030208674
Saudi Arabian Cooperative Insurance Company	Khobar	2051044793

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

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 ("Insurance Authority" previously "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 Insurance Authority, 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. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement that are endorsed by Saudi Organisation for Chartered and Professional Accountants ("SOCPA") ("IFRS as endorsed by SOCPA").

As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations" and presents the financial statements accordingly. Revenues and expenses clearly attributable to either activity are recorded in the respective accounts. The basis of allocation of revenues and expenses from joint operations is determined and approved by the management and the Board of Directors.

The financial statements are prepared on the going concern basis and on the historical cost basis, except for certain investments that are measured at fair value and end of service benefits are measured at present value. The financial position is not displayed using the current / non-current classification.

Effective January 1, 2023, the Company adopted IFRS 17 – Insurance Contracts, and IFRS 9 – Financial Instruments. The adoption of IFRS 17 and IFRS 9 had a significant impact on the accounting of insurance and reinsurance contracts, and the accounting of financial instruments, respectively. The resultant changes to the material accounting policies are described in note 3.

The new Companies Law ("the Law") issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the Law. In case of any change, the management will amend its by-laws to align with the provisions of the Law. Consequently, the Company shall present the amended Articles of by-laws to the shareholders in their Extraordinary/ Annual General Assembly meeting for their ratification.

The company presents the statement of financial position in order of liquidity.

In preparing the Company-level financial statements in compliance with IFRS, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealised 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 transactions and events in similar circumstances.

The statement of financial position, statements of income, statement of comprehensive income and statement of cash flows of the insurance operations and shareholders' operations which are presented in (note 26) of the financial statements have been provided as supplementary financial information to comply with the requirements of the guidelines issued by Insurance Authority implementing regulations.

b) Functional and presentation currency

These financial statements have been presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company. All amounts have been rounded to the nearest Riyal.

c) Financial year

The company's financial year begins on January 1 and ends on December 31 of each calendar year.

d) Critical accounting judgments, estimates and assumptions

In preparing the financial statements, management has made certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgments and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

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

For the year ended 31 December 2023

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2. BASIS OF PREPARATION (continued)

d) Critical accounting judgments, estimates and assumptions (continued)

i) Insurance contracts

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

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include Risk Adjustment ("RA"), liability for incurred claims – estimate of future cash flows, and discounting methodology. Refer to note 3 for further details

ii) Expense attribution

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups.

The Company projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation, where applicable. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. Claims settlement-related expenses are allocated based on the claims costs.

iii) Fair value of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, estimate is required to establish fair values. Refer note 3 and 7 for details.

iv) Going concern

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis

3. MATERIAL ACCOUNTING POLICIES

a) Changes in material accounting policies

i) IFRS 17

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. Differences arising from the adoption of IFRS 17 were recognized in retained earnings as of January 1, 2022. The Company issues insurance contracts that transfer insurance risk. Insurance contracts are those contracts where the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Premium Allocation Approach (PAA) is an optional simplification that an entity can apply to contracts that have a coverage period of up to 12 months or to contracts for which it can demonstrate that the liability for remaining coverage will not be materially different under PAA, and General Model Measurement ("GMM"). In terms of computations, the major simplification relates to Liability for Remaining Coverage ("LRC").

The Company's insurance contracts issued and reinsurance contracts held were assessed as eligible to be measured under PAA based on the actuarial analysis whereby most groups automatically qualify for having coverage duration of 12 months or less, or the results of applying PAA were not materially different from those under GMM. Below are the material accounting policies related to IFRS 17:

Claims and future cash flows

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

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(continued)

For the year ended 31 December 2023

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3. MATERIAL ACCOUNTING POLICIES (continued)

a) Changes in material accounting policies (continued)

i) IFRS 17 (continued)

Claims and future cash flows (continued)

The Company estimates insurance liabilities in relation to claims incurred on an accident year basis, with further allocation to cohorts in proportion to the gross or reinsurance premiums earned by the respective cohort of contracts in a given accident year.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contract. Actuarial models are utilized to analyze and project related claims estimates.

Recognition

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

- (i) the beginning of the coverage period of the group of contracts.
- (ii) 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.
- (iii) For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

The Company recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

For reinsurance contracts that provide proportionate coverage, at the later of:

- (i) the beginning of the coverage period of the group of reinsurance contracts and
- (ii) the initial recognition of any underlying contract.

All other groups of reinsurance contracts held are recognized from the beginning of the coverage period of the group of reinsurance contracts

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

Level of aggregation

Portfolios will be split by sub line of business. This grouping meets the portfolio requirement of "similar risks" due to the following:

- Groups of contracts are grouped based on the risks covered under the contracts; and
- Contracts written within particular sub lines of business will cover similar perils and thus risks.

Furthermore, the portfolio requirement of "management together" is met as:

- Each line of business is generally underwritten and monitored separately, with separate underwriter for each main line of business; and
- The current actuarial valuation is done at a sub-line of business level, with these more granular results provided for internal management reporting

Risk adjustment

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

As the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favorable and unfavorable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates.

The risk adjustment was calculated at the entity level and then allocated down to each group of contracts in accordance with their risk profiles. The Value at Risk (VAR) method was used to derive the overall risk adjustment for non-financial risk is based on a 75% level of confidence in relation of the Company's overall risk thresholds.

Contract boundaries

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

A substantive obligation to provide services ends when:

- i) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- ii) Both of the following criteria are satisfied:

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

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(continued)

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3. MATERIAL ACCOUNTING POLICIES (continued)

a) Changes in material accounting policies (continued)

i) IFRS 17 (continued)

Discounting methodology

The Company has adjusted the estimates of future cash flows to reflect the time value of money and the financial risks related to those cash flows. The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows.

Discount rates are derived using a bottom up approach utilizing the EIOPA (European insurance and occupational pension authority) rate as the risk free rate, adjusted for country risk and illiquidity.

Discounting is applied on liability for incurred claims components within the group of contracts considering the duration of payment (whether direct or reinsurance) of claims can exceed a one-year period

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is considered material in relation to recording the insurance revenue, where applicable. Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

Insurance service expenses

Insurance service expenses include the following:

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

Onerous contracts

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to the statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

ii) IFRS 9

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

a) Classification

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial assets at amortized cost

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

- The asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

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(continued)

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3. MATERIAL ACCOUNTING POLICIES (continued)

a) Changes in material accounting policies (continued)

ii) IFRS 9 (continued)

a) Classification (continued)

Financial assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in Other Comprehensive Income (OCI). Interest income and foreign exchange gains and losses are recognized in the statement of income.

For an equity investment, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by- instrument basis on initial recognition.

Financial assets at FVTPL

All other financial assets are measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. All purchases and sales of financial assets are initially recognized and derecognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of income and presented in other gains/(losses) together with foreign exchange gains and losses.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of income and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of income.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in the statement of income and presented net within other gains/(losses) in the period in which it arises.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of income following the derecognition of the investments. Dividends from such investments continue to be recognized in the statement of income as investment income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in investment income in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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(continued)

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3. MATERIAL ACCOUNTING POLICIES (continued)

a) Changes in material accounting policies (continued)

ii) IFRS 9 (continued)

c) Impairment calculation

Expected Credit Loss (ECL) overview

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of the statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:

- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

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

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

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company. For investment in debt securities, if the Days Past Due ('DPD') is 0, then investment is considered as Stage 1 and if the DPD is more than 0, investment is considered as Stage 3.

Staging of financial assets

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

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

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

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

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

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

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

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

Probability of Default ('PD'): The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default ('LGD'): Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

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

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
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(continued)

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(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
(continued)

All amounts expressed in Saudi Riyals

3. MATERIAL ACCOUNTING POLICIES (continued)

a) Changes in material accounting policies (continued)

ii) IFRS 9 (continued)

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for ECL are presented in the statement of financial position as follows: • financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets. • debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve

d) De-recognition

Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired.

b) Other material accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cheques under deposit, current accounts at banks and time deposits with an original maturity of less than three months from the acquisition date.

Time deposits

Time deposits comprise of time deposits at bank with original maturity of more than three months and less than one year at the date of acquisitions.

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 - insurance operations and statement of income shareholders' operations as they are consumed or expire with the passage of time.

Property & equipment and Intangible assets

Property & equipment and intangible assets are measured at cost less accumulated depreciation and any impairment in value. Depreciation is charged to the statement of income - insurance operations on a straight line basis over the estimated useful lives of assets. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Leasehold improvements	Shorter of 3 or the relevant lease term
Furniture and fixtures	10
Vehicles	3
Computer and office equipment	3-5
Intangible Assets	4

The carrying values of these assets are reviewed for impairment when events 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 amounts. The carrying amount of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The gain or loss on disposal of an item of property and equipment (which is calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in the statement of income.

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NOTES TO THE FINANCIAL STATEMENTS
(continued)**

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(All amounts in Thousands Saudi Riyals unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

b) Other material accounting policies (continued)

Accrued expenses and other liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses.

Zakat and income tax

Zakat is levied on the equity accounts of the Saudi Shareholders and the general public, while the income tax is levied to the equity accounts of the non-Saudi shareholders and the Zakat and Income Tax provisions are charged to the statement of income.

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.

Retirement benefits

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

Employees' end-of-service benefits

The Company provides end of service compensation to its employees in accordance with the provisions of the Labor Law applicable in the Kingdom of Saudi Arabia. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Provision is made annually based on independent actuarial valuation, in accordance with the requirements of IAS 19 "Employee Benefits" using projected unit credit method. The Company has carried out actuarial valuation in current year. All past service costs are recognized as an expense immediately in statement of income.

Interest income

Commission income from time deposits is recognized on an effective yield basis.

Statutory reserve

In accordance with its bylaws, the Company shall allocate 20% of its annual net income to the statutory reserve until it has built up a reserve equal to 100% of the share capital.

Trade date

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 of financial assets are transactions that require settlement of assets within the time frame generally established by regulation or convention in the market place.

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 translated to Saudi Riyals at the exchange rate prevailing at the statement of financial position date. All translation differences are taken to the statement of income.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amounts 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 realise the assets and settle the liability simultaneously. Revenues and expenses are not offset in the statement of income unless required or permitted by any accounting standards on their interpretations.

Segment reporting

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incurs expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. For management purposes, the Company is organized into business units based on their products and services and has four reportable operating segments as follows:

- Medical insurance, which covers medical costs, medicines, and all other medical services and supplies.
- Motor insurance, which provides coverage against losses and liability related to motor vehicles, excluding transport insurance.
- Property & Casualty which provides coverage against the below:
 - Fire any other insurance included under this class of insurance.
 - Engineering, provides coverage for builder's risks, construction, mechanical, electrical, electronic work, and machinery disruption and any other insurance included under
 - Marine, provides coverage for goods in transit and the vehicles of transportation on main roads, and any other insurance included under this class of insurance.
 - Other insurance classes, which cover any other classes of insurance not mentioned above.
 - Protection & Savings, which covers individual or group for death related consequences, and permanent and partial disability with a saving/ retirement plan for an

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from income or loss in the accompanying financial statements.

No inter-segment transactions occurred during the year. If any transaction were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of the financial statements of the Company.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

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(All amounts in Thousands Saudi Riyals unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES (continued)

c) New and amended standards and interpretations

Other new standards or amendments

The following are other new standards or amendments which do not have a significant impact on the Company's financial statements, when effective:

Other new standards or amendments	Effective date
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 – Definition of Accounting Estimate	1 January 2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12 - International Tax Reform – Pillar Two Models Rules	23 May 2023

Forthcoming requirements

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted an

New standards or amendments	Effective date
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-current liabilities with covenants	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Agreement	1 January 2024
Amendments to IAS 27 – Separate Financial Statements	1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	1 January 2024
IFRS S2, 'Climate-related disclosures'	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28 – Sale or Construction of Assets between an Investor and its Associate or Joint Venture	N/A*

*Available for optional adoption / effective date deferred indefinitely.

4. EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES

As stated in note 2, this is the company's first annual financial statements prepared in accordance with the requirements of IFRS 17 and IFRS 9.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the period ended 31 December 2023, and in the preparation of an opening IFRS 17 and IFRS 9 statement of financial position at 1 January, 2022 (the company's date of transition) and 31 December 2022.

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.

Transition to IFRS 17

The adoption of IFRS 17 had a material impact on the accounting and reporting of financial figures of insurance and reinsurance contracts due to the change in recognition, measurement and presentation methodology as detailed in these financial statements. The Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held measured under PAA. Therefore, on transition date, January 1, 2022, the Company:

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

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

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 statement of financial position on adoption of IFRS 17

Presentation changes in the 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 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	<u>(35,822)</u>
 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	<u>(104,994)</u>
 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	<u>69,172</u>

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

SAR "000"

	Pre adoption of IFRS 17 and IFRS 09	1 January 2022 (Unaudited)				Post adoption of IFRS 17 and IFRS 09
		IFRS 17		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
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

SAR "000"

	Pre adoption of IFRS 17 and IFRS 09	1 January 2022 (Unaudited)				Post adoption of IFRS 17 and IFRS 09
		IFRS 17 Reclassification	Remeasurement	IFRS 09 Reclassification	Remeasurement	
LIABILITIES						
Policyholders' claims payable	23,040	(23,040)	-	-	-	-
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	-	708,764	117,831	-	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 Insurance Authority	2,891	-	-	-	-	2,891
TOTAL LIABILITIES	1,062,708	(301,768)	146,364	-	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	1,355,443	(301,768)	120,513	-	35,823	1,210,011

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

SAR "000"

31 December 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	36,736	6,336	-	-	-	43,072
Murabaha deposits	361,089	866	-	-	-	361,955
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	-	418,672	62,403	-	(1,276)	479,799
Deferred policy acquisition costs	45,881	(45,881)	-	-	-	-
Available-for-sale investments	1,922	-	-	-	37,781	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	(106,336)	-	-	-	14,674
Property and equipment	29,055	-	-	-	-	29,055
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	(420,474)	73,323	-	36,505	1,150,965

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

SAR "000"

31 December 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	
LIABILITIES						
Policyholders' claims payable	32,449	(32,449)	-	-	-	-
Accrued expenses and other liabilities	83,328	(74,057)	-	-	-	9,271
Reinsurance balances payable	67,975	(67,975)	-	-	-	-
Unearned premiums	371,918	(371,918)	-	-	-	-
Insurance Contract Liabilities	-	746,566	33,936	-	40,039	820,541
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 Insurance Authority	3,186	-	-	-	-	3,186
TOTAL LIABILITIES	1,203,688	(421,422)	93,222	-	40,039	915,527
EQUITY						
Share capital	300,000	-	-	-	-	300,000
Statutory reserve	29,473	-	-	-	-	29,473
Accumulated losses	(72,858)	948	(19,899)	-	(41,314)	(133,123)
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	948	(19,899)	-	(3,534)	235,438
TOTAL LIABILITIES AND EQUITY	1,461,611	(420,474)	73,323	-	36,505	1,150,965

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

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Reconciliation of statement of income for the year ended 31 December 2022

Reclassification impact on statement of income on adoption of IFRS 17

The line-item descriptions in the 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

The remeasurement impact (net basis) in the 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 statement of comprehensive income on adoption of IFRS 9 for the year ended 31 December 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.

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Thousands Saudi Riyals unless otherwise stated)

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

Reconciliation of statement of income for the period ended 31 December 2022

SAR "000"	31 December 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	
REVENUES						
Gross premiums written	1,039,423	(1,039,423)	-	-	-	-
Reinsurance premiums ceded	-					
- Local	(76,478)	76,478	-	-	-	-
- International (includes ceded through local broker)	(164,843)	164,843	-	-	-	-
	<u>(241,321)</u>	<u>241,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of loss expenses						
- Local	(1,447)	1,447	-	-	-	-
- International	(39,747)	39,747	-	-	-	-
	<u>(41,194)</u>	<u>41,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net premiums written	756,908	(756,908)	-	-	-	-
Movement in unearned premiums, net	(99,429)	99,429	-	-	-	-
Net premiums earned	657,479	(657,479)	-	-	-	-
Reinsurance commissions	21,536	(21,536)	-	-	-	-
Other underwriting income	6,267	(6,267)	-	-	-	-
Insurance revenue	-	918,901	-	9,607	(16,833)	911,675
Insurance service expenses	-	(790,323)	73,557	-	(16,335)	(733,101)
Allocation of reinsurance premiums	-	(243,735)	-	-	-	(243,735)
Amounts recoverable from reinsurance	-	54,336	(67,603)	(1,241)	1,824	(12,684)
INSURANCE SERVICE RESULTS	685,282	(746,103)	5,954	8,366	(31,344)	(77,845)
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	581,163	(581,163)	-	-	-	-
Reinsurers' share of claims paid	(58,752)	58,752	-	-	-	-
Net claims paid	522,411	(522,411)	-	-	-	-
Movement in outstanding claims, IBNR and other reserves, net	17,392	(17,392)	-	-	-	-
Net claims incurred	539,803	(539,803)	-	-	-	-
Policy acquisition costs	84,272	(84,272)	-	-	-	-
Inspection and supervision fees	5,555	(5,555)	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	629,630	(629,630)	-	-	-	-

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

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(All amounts in Thousands Saudi Riyals unless otherwise stated)

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

Reconciliation of statement of income for the period ended 31 December 2022

SAR "000"	31 December 2022 (Unaudited)					Post adoption of IFRS 17 and IFRS 09
	Pre adoption of IFRS 17 and IFRS 09	IFRS 17		IFRS 09		
		Reclassification	Remeasurement	Reclassification	Remeasurement	
NET UNDERWRITING INCOME	55,652	(116,473)	5,954	8,366	(31,344)	(77,845)
Finance expenses from insurance contracts issued	-	(7,723)	-	-	-	(7,723)
Finance income from reinsurance contracts held	-	2,459	-	-	-	2,459
Net insurance finance expenses	-	(5,264)	-	-	-	(5,264)
Net insurance result	55,652	(121,737)	5,954	8,366	(31,344)	(83,109)
OTHER INCOME/(EXPENSES)						
Income from investments	4,408	-	-	(4,408)	-	-
Unrealized gain/(loss) from change in fair value of FVTPL investments	(12)	-	-	12	-	-
Realized gain on disposals of fair value of FVTPL investments	13,851	-	-	(13,851)	-	-
Income from murabaha deposits	8,458	-	-	(8,458)	-	-
Other income	1,514	7,865	-	-	-	9,379
General and administrative expenses	(124,685)	117,125	-	-	-	(7,560)
Reversal of/(Provision for) doubtful debts	10,848	-	-	(10,848)	-	-
Net gains on FVTPL investments	-	-	-	15,003	-	15,003
Other investment income	-	-	-	11,879	-	11,879
TOTAL OTHER INCOME/(EXPENSES)	(85,618)	124,990	-	(10,671)	-	28,701
Total (loss)/income for the year	(29,966)	3,253	5,954	(2,305)	(31,344)	(54,408)
Surplus attributed to the insurance operations	-	-	-	-	-	-
Total (loss)/income for the year attributable to the shareholders before zakat	(29,966)	3,253	5,954	(2,305)	(31,344)	(54,408)
Zakat charge for the year	(7,239)	-	-	-	-	(7,239)
Total (loss)/income for the year attributable to the shareholders after zakat	(37,205)	3,253	5,954	(2,305)	(31,344)	(61,647)
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	(37,205)	3,253	5,954	(2,305)	(31,344)	(61,647)
Total comprehensive (loss)/income attributable to the shareholders after zakat	(37,205)	3,253	5,954	(2,305)	(31,344)	(61,647)

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
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(All amounts in Thousands Saudi Riyals unless otherwise stated)

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			(18,951)			(18,951)
31 December 2022 (Restated)	300,000	29,473	(133,123)	37,780	1,308	235,438

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5 CASH AND CASH EQUIVALENTS

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

Insurance Operations	31 December 2023	31 December 2022	01 January 2022
SAR''000''			
Cash at banks	24,251	39,280	41,756
Cash in hand	0	16	14
Short Term Deposits	107,500	0	0
	<u>131,751</u>	<u>39,296</u>	<u>41,770</u>
Sharholders' Operations	31 December 2023	31 December 2022	01 January 2022
SAR''000''			
Cash at banks	5,407	3,776	10,258
Cash in hand	0	0	0
Short Term Deposits	37,146	0	0
	<u>42,553</u>	<u>3,776</u>	<u>10,258</u>
Total Cash and Cash Equivalents	<u>174,304</u>	<u>43,072</u>	<u>52,028</u>

Short Term Deposits are deposits with maturity less than 3 months, placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology at rates between 5.4% and 6.3% (31 December 2022: 3.3% to 5.4%) per annum.

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6 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"	31 December 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Insurance contracts issued						
Motor	56,613	179,816	123,203	19,702	189,451	169,749
Medical	366,030	464,515	98,485	12,639	103,201	90,562
Property & casualty	28,157	1,057,029	1,028,872	11,594	524,959	513,365
Protection	22	5,570	5,548	6	2,930	2,924
Total insurance contracts Issued	450,822	1,706,930	1,256,108	43,941	820,541	776,600
Reinsurance contracts held						
Motor	17,918	129	17,789	17,248	7,756	9,492
Medical	-	41,726	(41,726)	28	38,405	(38,377)
Property & casualty	997,784	44,813	952,971	462,102	25,919	436,183
Protection	6,404	1,705	4,699	421	320	101
Total reinsurance contracts held	1,022,106	88,373	933,733	479,799	72,400	407,399

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.1 Analysis by remaining coverage & incurred claims for insurance contracts

PAA

31 December 2023

Insurance	Liabilities for remaining coverage		Liabilities for incurred claims for contracts under the Premium Allocation		Total
	Excluding Loss Recovery Component	Loss Recovery Component	Liabilities for incurred claims	Risk adjustment for non-financial risk	
SAR "000"					
Premium Allocation Approach					
Opening assets	31,994	-	10,955	991	43,940
Opening liabilities	116,683	42,736	627,397	28,844	815,660
Net opening balance	84,689	42,736	616,442	27,853	771,720
Insurance revenue	1,044,210	-	-	-	1,044,210
Insurance service expenses	135,371	(41,581)	1,172,588	21,750	1,288,128
Incurring claims	-	-	1,099,130	36,023	1,135,153
ULAE for OS & IBNR at end-CY	-	-	8,265	-	8,265
Incurring directly attributable expenses	-	-	106,297	-	106,297
Amortisation of insurance acquisition cash flows	135,371	-	-	-	135,371
Surplus distribution to policyholders	-	-	7,335	-	7,335
Losses on onerous contracts and reversals of those losses	-	(41,581)	-	-	(41,581)
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(51,621)	(14,273)	(65,894)
Other methodology diff	-	-	3,182	-	3,182
Insurance service result	908,839	41,581	(1,172,588)	(21,750)	(243,918)
Net finance expenses from insurance contracts	-	-	(16,237)	(1,848)	(18,085)
Total changes in the statement of profit or loss and OCI	908,839	41,581	(1,188,825)	(23,598)	(262,003)
Cash flows					
Premium Received	1,043,615	-	-	-	1,043,615
Claims and other directly attributable expenses paid	-	-	(612,177)	-	(612,177)
Directly Attributable Expenses paid (excluding insurance acquisition cash flows)	-	-	(91,418)	-	(91,418)
Insurance Acquisition Cash flows	(128,972)	-	-	-	(128,972)
Total Cash Flows	914,643	-	(703,595)	-	211,048
Net closing balance	90,493	1,155	1,101,672	51,451	1,244,771
Closing liabilities	144,466	951	1,499,636	50,540	1,695,593
Closing assets	53,974	(204)	397,964	(912)	450,822

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31 December 2022

Insurance	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	
SAR "000"					
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	684,958	(67,199)	733,016
Incurred claims	-	-	468,139	16,696	484,835
ULAE for OS & IBNR at end-CY	-	-	10,111	-	10,111
Incurred directly attributable expenses	-	-	99,717	-	99,717
Amortisation of insurance acquisition cash flows	107,722	-	-	-	107,722
Surplus distribution to policyholders	-	-	-	-	-
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
Other methodology diff	-	-	(20,811)	-	(20,811)
Insurance service result	803,734	(7,535)	(684,958)	67,199	178,440
Net finance expenses from insurance contracts	-	-	(2,937)	(4,723)	(7,660)
Total changes in the statement of profit or loss and OCI	803,734	(7,535)	(687,895)	62,476	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	616,442	27,854	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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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.2 Analysis by remaining coverage & incurred claims for reinsurance contracts

PAA

31 December 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	25,866	478,419
Opening liabilities	71,132	-	(714)	1,982	72,400
Net opening balance	(159,450)	62	541,523	23,884	406,019
Reinsurance expenses	263,101	-	-	-	263,101
Amounts Recoverable from Reinsurance	-	(37)	533,912	24,803	558,678
Incurred claims recovery	-	-	632,595	33,366	665,961
Future Service: LRC for new onerous contracts and reversal on existing onerous contracts	-	(37)	-	-	(37)
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(58,051)	(8,563)	(66,614)
Other methodology diff	-	-	(32,287)	-	(32,287)
Investment components	-	-	(8,345)	-	(8,345)
(Expense) / Income from reinsurance contracts held	(263,101)	(37)	533,912	24,803	295,577
Reinsurance finance expenses/income	-	-	15,639	(147)	15,492
Total changes in the statement of profit or loss and OCI	(263,101)	(37)	549,551	24,656	311,069
Cash flows					
Premium Paid	(453,990)	-	-	-	(453,990)
Recoveries from reinsurance	-	-	220,570	-	220,570
Fixed Commission received	24,290	-	-	-	24,290
Total Cash Flows	(429,700)	-	220,570	-	(209,130)
Net closing balance	7,149	25	870,504	48,540	926,218
Closing assets	87,171	24	878,478	48,918	1,014,591
Closing liabilities	80,023	(1)	7,975	376	88,373

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31 December 2022

Reinsurance SAR''000''	SAR ''000''				Total
	Assets for remaining coverage		Assets for incurred claims for contracts under the Premium Allocation Approach		
	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	-	-	214,255	12,480	226,735
Future Service: LRC for new onerous contracts and reversal on existing onerous contracts	-	28	-	-	28
Changes that relate to past service-changes in the FCF relating to incurred claims recovery	-	-	(160,308)	(63,039)	(223,347)
Other methodology diff	-	-	(14,550)	-	(14,550)
Investment components	-	-	(1,551)	-	(1,551)
(Expense) / Income from reinsurance contracts held	(243,684)	28	37,846	(50,559)	(256,369)
Reinsurance finance expenses/income	-	-	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 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.3 Joint Operations "Inherent Defect Insurance" (IDI)

GMM

31 December 2023

Insurance	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
SAR"000"				
Net opening balance	(1,277)	202	5,954	4,879
Changes that relate to current service				
Other changes on current services	308	-	-	308
Incurred expenses	(419)	-	-	(419)
Changes that relate to future service				
Contracts initially recognized in the period	6,004	-	(5,762)	242
Experience adjustment - arising from premiums received in the period that relate to future service	-	(242)	-	(242)
Insurance Service Result	5,893	(242)	(5,762)	(111)
Net finance expenses from insurance contracts	74	-	(88)	(14)
Total changes in the statement of profit or loss and OCI	5,967	(242)	(5,850)	(125)
Cash flows				
Premiums received	6,441	-	-	6,441
Incurred claims paid	-	-	-	0
Other attributable cash flows	(109)	-	-	(109)
Net closing balance	(912)	444	11,804	11,336

31 December 2022

Insurance	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
SAR"000"				
Net opening balance	(82)	-	337	255
Changes that relate to current service				
Other changes on current services	220	-	-	220
Incurred expenses	(89)	-	-	(89)
Changes that relate to future service				
Contracts initially recognized in the period	5,746	-	(5,545)	201
Experience adjustment - arising from premiums received in the period that relate to future service	-	(202)	-	(202)
Insurance Service Result	5,877	(202)	(5,545)	130
Net finance expenses from insurance contracts	10	-	(72)	(62)
Total changes in the statement of profit or loss and OCI	5,887	(202)	(5,617)	68
Cash flows				
Premiums received	4,760	-	-	4,760
Incurred claims paid	-	-	-	0
Other attributable cash flows	(67)	-	-	(67)
Net closing balance	(1,276)	202	5,954	4,880

The Company accounts for its rights and obligations of the joint operations by recognising its assets, liabilities, revenues and expenses at 3.42% of company's interest in joint operations (IDI) according to IFRS 11.

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6 INSURANCE AND REINSURANCE CONTRACTS (continued)

6.3 Joint Operations "Inherent Defect Insurance" (IDI) (continued)

GMM

31 December 2023

Reinsurance	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
SAR"000"				
Net opening balance	(3,199)	(187)	4,764	1,378
Changes that relate to current service				
Experience adjustments - relating to reinsurance service expenses	142	-	-	142
Other changes on current services	65	-	(1)	64
Changes that relate to future service				
Contracts initially recognized in the period	(4,404)	(216)	4,621	1
Re Insurance Service Result				
Net finance expenses from Re-insurance contracts	(132)	-	70	(62)
Total changes in the statement of profit or loss and OCI	(4,329)	(216)	4,690	145
Cash flows				
Ceded premium	(7,175)	-	-	(7,175)
Commission and management fees	1,183	-	-	1,183
Net closing balance	(1,536)	(403)	9,454	7,515

31 December 2022

Reinsurance	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
SAR"000"				
Net opening balance	(139)	-	251	112
Changes in the statement of profit or loss and OCI				
Changes that relate to current service				
Other changes on current services	(51)	-	-	(51)
Changes that relate to future service				
Contracts initially recognized in the period	(4,267)	(187)	4,455	1
Re Insurance Service Result				
Net finance expenses from Re-insurance contracts	(69)	-	59	(10)
Total changes in the statement of profit or loss and OCI	(4,387)	(187)	4,514	(60)
Cash flows				
Ceded premium	(1,563)	-	-	(1,563)
Commission and management fees	236	-	-	236
Net closing balance	(3,199)	(187)	4,765	1,379

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7. INVESTMENTS

Investments are classified as follows:

SAR''000''	Insurance operations		
	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
- Investments mandatorily measured at FVTPL	493	292	161
- Investments designated as FVOCI	43,463	39,703	37,033
- Investments held at amortised cost	67,836	148,579	116,598
Total	111,792	188,574	153,792

SAR''000''	Shareholders' operations		
	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
- Investments mandatorily measured at FVTPL	-	969	92,086
- Investments held at amortised cost	229,144	290,802	214,311
Total	229,144	291,771	306,397

Movement in the investment balance is as follows:

7.1 Investments mandatorily measured at FVTPL

SAR''000''	Insurance operations		
	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
At the beginning of the period / year	292	161	-
Purchased during the period / year	-	2,043	161
Sold during the period/ year	-	(1,882)	-
Net change in fair values during the period/ year	201	(30)	-
At the end of the period/ year	493	292	161

SAR''000''	Shareholders' operations		
	31 December 2023	31 December 2022 Restated	Restated
At the beginning of the period/ year	969	92,086	90,029
Purchased during the period/ year	-	1,410	2,057
Sold during the period/ year	(1,103)	(92,546)	-
Net change in fair values during the period/ year	134	19	-
At the end of the period/ year	-	969	92,086
Total	493	1,261	92,247

7.2 Investments designated as FVOCI

SAR''000''	Insurance operations		
	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
At the beginning of the period/ year	39,703	37,033	1,923
Changes in fair value of investments	3,760	2,670	35,110
At the end of the period/ year	43,463	39,703	37,033

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7. INVESTMENTS (continued)

7.2 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.

7.3 Investments held at amortised cost (deposits and sukuk)

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:

SAR''000''	Insurance operations		
	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
At the beginning of the period			
Murabaha deposits	128,866	96,524	134,474
Sukuk	19,713	20,074	20,423
Movement during the period/ year	(80,995)	32,343	(37,950)
Accrued Income	252	(362)	(349)
At the end of the period, gross	67,836	148,579	116,598
Less: Impairment loss	-	-	-
At the end of the period, net	67,836	148,579	116,598
SAR''000''	Shareholders' operations		
	31 December 2023	31 December 2022 Restated	01 January 2022 Restated
At the beginning of the period			
Murabaha deposits	233,089	158,442	207,442
Sukuk	57,713	55,869	15,109
Purchase during the period/ year	-	-	40,000
Movement during the period/ year	(61,702)	74,646	(49,000)
Accrued Income	44	1,845	760
At the end of the period, gross	229,144	290,802	214,311
Less: Impairment loss	-	-	-
At the end of the period, net	229,144	290,802	214,311
Total	296,980	439,381	330,909
Financial assets at amortised cost – net	77,722	77,426	75,943
Murabaha deposits	219,258	361,955	254,966
Total	296,980	439,381	330,909

As at 31 December 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.

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 3.3% to 6.3% (31 December 2022: 3.3% to 5.4%) per annum.

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

8.1 ECL Adjustment for LFRC related to Premium receivable

	<u>31 December 2023</u>	<u>31 December 2022</u>
SAR''000''		Restated
Receivables comprise amounts due from the following:		
Policyholders	35,774	152,200
Brokers	275,085	120,381
(Due to)/ due from Related Parties	<u>33,032</u>	<u>22,676</u>
	343,891	295,257
Allowance for LFRC adjustment (expected credit loss)	<u>(61,227)</u>	<u>(57,823)</u>
Premium Receivable balances receivable – net	<u>282,664</u>	<u>237,434</u>

8.1.1 Movement of LFRC adjustment

	<u>31 December 2023</u>	<u>31 December 2022</u>
SAR''000''		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	<u>57,823</u>	<u>57,055</u>
At the end of the period/ year	<u>61,227</u>	<u>57,823</u>
Additional charge for the period/ year	<u>3,404</u>	<u>768</u>

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
SAR''000''		Restated
Receivables comprise amounts due from the following:		
Claim recoveries from third parties	37,778	62,773
Salvage	7,286	
Claim recoveries from insurance companies	36,587	
Claim recoveries from customers	<u>47,408</u>	<u>33,903</u>
	129,059	96,676
Allowance for LIC adjustment (expected credit loss)	<u>(89,623)</u>	<u>(47,411)</u>
Claims Salvage & Subrogation recovery receivable – net	<u>39,436</u>	<u>49,265</u>

8.2.1 Movement of LIC adjustment

	<u>31 December 2023</u>	<u>31 December 2022</u>
SAR''000''		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	<u>47,411</u>	<u>30,085</u>
Charged during the period/ year	<u>42,212</u>	<u>17,326</u>
At the end of the period/ year	<u>89,623</u>	<u>47,411</u>

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

8.3 Non performance risk (NPR) (Allowance for Impairment) adjustment on Reinsurance Receivable and Recoverable

	<u>31 December 2023</u>	<u>31 December 2022</u>
SAR''000''		Restated
Reinsurers' share of unearned premiums	91,323	45,521
Reinsurance share of outstanding claims	858,720	394,902
Reinsurance share of claims incurred but not reported	47,516	44,241
Receivables from reinsurance	17,395	8,638
Due from Related Parties	7,311	-
Less: NPR adjustment	(7,305)	(5,627)
	<u>1,014,960</u>	<u>487,675</u>

8.3.1 Movement of allowance for impairment (expected credit loss)

	<u>31 December 2023</u>	<u>31 December 2022</u>
SAR''000''		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	<u>5,627</u>	4,350
At the end of the period/ year	<u>7,305</u>	5,627
Additional charge for the period/ year	<u>1,678</u>	1,277

9 PREPAYMENTS AND OTHER ASSETS

SAR''000''	<u>31 December 2023</u>	Insurance Operations	
		<u>31 December 2022</u>	<u>01 January 2022</u>
Accrued Income - Manafeth fund/Umrah Product	16,965	8,287	4,269
Bank Gurantee deposits	3,103	4,104	4,347
Accrued Interest from Murabaha Deposits	1,886	1,512	2,987
Others	692	5	5
IDI BS Effect	367	(1,354)	-
	<u>23,013</u>	<u>12,554</u>	<u>11,608</u>
		Shareholders' Operations	
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accrued Interest from Murabaha Deposits	830	2,120	2,476
Prepaid municipal license fees	112	-	-
Others	-	-	(180)
	<u>942</u>	<u>2,120</u>	<u>2,296</u>
Total Prepayments & Other Assets	<u>23,955</u>	<u>14,674</u>	<u>13,904</u>

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10 PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

SAR''000''	2023								
	Property and equipment					Intangible assets			
	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer and office equipment</i>	<i>Vehicles</i>	<i>Capital work in progress</i>	<i>Total property and equipment</i>	<i>Capital work in progress</i>	<i>Intangible assets</i>	<i>Total Intangible assets</i>
<i>Cost</i>									
1 January	7,661	2,943	19,169	676	25,581	56,030	8,932	23,629	32,561
Additions	-	22	2,494	-	25,354	27,870	1,751	1,655	3,406
Disposals/ Reversals	-	-	-	-	-	-	-	-	-
31 December	7,661	2,965	21,663	676	50,935	83,900	10,683	25,284	35,967
<i>Accumulated depreciation/amortisation</i>									
1 January	7,587	2,419	16,365	604	-	26,975	-	20,668	20,668
Charge for the year	19	91	1,339	-	-	1,449	-	2,140	2,140
Disposals	-	-	-	-	-	-	-	-	-
31 December	7,606	2,510	17,704	604	-	28,424	-	22,808	22,808
<i>Net book value</i>									
31 December	55	455	3,959	72	50,935	55,476	10,683	2,476	13,159
	2022								
SAR''000''	Property and equipment					Intangible assets			
	<i>Leasehold improvements</i>	<i>Furniture and fittings</i>	<i>Computer and office equipment</i>	<i>Vehicles</i>	<i>Capital work in progress</i>	<i>Total property and equipment</i>	<i>Capital work in progress</i>	<i>Intangible assets</i>	<i>Total Intangible assets</i>
<i>Cost</i>									
1 January	7,602	2,756	16,275	676	5,575	32,884	9,418	21,352	30,770
Additions	59	187	2,894	-	21,422	24,562	-	2,277	2,277
Disposals/ Reversals	-	-	-	-	(1,416)	(1,416)	(486)	-	(486)
31 December	7,661	2,943	19,169	676	25,581	56,030	8,932	23,629	32,561
<i>Accumulated depreciation/amortisation</i>									
1 January	7,577	2,344	15,223	676	-	25,820	-	19,176	19,176
Charge for the year	10	75	1,142	-	-	1,227	-	1,492	1,492
Disposals	-	-	-	(72)	-	(72)	-	-	-
31 December	7,587	2,419	16,365	604	-	26,975	-	20,668	20,668
<i>Net book value</i>									
31 December	74	524	2,804	72	25,581	29,055	8,932	2,961	11,893

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11 STATUTORY DEPOSIT

Statutory deposit represents 15% (31 December 2021: 10%) of the paid up share capital which is maintained in accordance with the Law on Supervision of Cooperative Insurance Companies implemented in the Kingdom of Saudi Arabia. The statutory deposit cannot be withdrawn without the consent of Insurance Authority. The statutory deposit was increased in 2022 from 10% to 15% as per instruction from Insurance Authority dated 7 December 2022. The statutory deposit is placed with a counterparty having investment grade credit rating. Return on statutory deposit is shown as an asset and liability in the statement of financial position.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	Insurance Operations		
	2023	2022	2021
Provision for bonus - Non-Attributable	6,000	-	-
VAT Payable	236	7,628	10,346
Deposits received - IDI	-	367	-
IDI Accrued Expenses	1,229	-	-
	7,465	7,995	10,346
	Shareholders' Operations		
	2023	2022	2021
Accrued expenses	547	547	547
Other Suppliers payable	180	715	478
Employee payables	-	14	-
	727	1,276	1,025
Total Accrued Expenses & Other Liabilities	8,192	9,271	11,371

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13 EMPLOYEES' END-OF-SERVICE BENEFITS

The Company operates a defined benefit plan for its employees based on the prevailing Saudi Labor Law. Accruals are made in accordance with the actuarial valuation under the projected unit credit method while the benefit payments obligation is discharged as and when it falls due. The amounts recognized in the statement of financial position and movement in the obligation during the year based on its present value are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Present value of defined benefit obligation	<u>24,155</u>	<u>21,650</u>	<u>23,938</u>
Movement of defined benefit obligation	<u>2023</u>	<u>2022</u>	
Balance at January 1	21,650	23,938	18,706
Current service cost	3,745	3,923	4,435
Interest cost	829	532	581
Past Service Cost	7,567	-	-
Actuarial (Gain)/loss on remeasurement	(3,307)	(2,393)	1,134
Payment of benefits during the year	(6,329)	(4,350)	(918)
Balance at December 31	<u>24,155</u>	<u>21,650</u>	<u>23,938</u>

Total Present value of defined benefit obligation is SAR 24,155, split between attributable to insurance operations and non-attributable to insurance operations. Non-attributable share is SAR 485 showing under Employees' end-of-service benefits in the balance sheet and SAR 23,670 showing under insurance contract liabilities.

31 December 2022, non-attributable share was SAR 1,648

31 December 2021, non-attributable share was SAR 1,822

Principal actuarial assumptions	<u>2023</u>	<u>2022</u>	<u>2021</u>
Valuation discount rate	4.5%	4.7%	2.5%
Expected rate of increase in salary level across different age bands	2%	5%	0%

The impact of changes in sensitivities on present value of defined benefit obligation is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Valuation discount rate			
- Increase by 1%	(1,150)	(1,260)	(1,544)
- Decrease by 1%	1,294	1,432	1,780
Expected rate of increase in salary level across different age bands			
- Increase by 1%	1,313	1,413	1,726
- Decrease by 1%	(1,188)	(1,267)	(1,531)
Mortality rate			
- Increase by 20%	6	(1)	(6)
- Decrease by 20%	(4)	1	6
Employee turnover			
- Increase by 20%	237	(244)	(723)
- Decrease by 20%	(316)	235	804

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14 PROVISION FOR ZAKAT

a) Zakat payable

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

SAR''000''	31 December 2023	31 December 2022	01 January 2022
Balance at beginning of the year	8,481	8,416	10,518
Charge for the year	7,235	7,239	7,096
Payments during the year	(7,540)	(7,174)	(9,198)
Balance at end of the year	8,176	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.

15 SHARE CAPITAL

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

	31 December 2023		31 December 2022	
	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

16 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.

SAR''000''	31 December 2023	31 December 2022 Restated
Total income/ (loss) for the period attributable to the shareholders after zakat	71,098	(61,647)
Weighted average number of shares throughout the period	30,000	30,000
Basic and diluted earning/ (loss) earning per share	2.37	(2.05)

There are no diluted potential shares during the period ended 31 December 2023 and 31 December 2022.

17 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 Insurance Authority, 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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18 Other Operating Expenses

SAR"000"	2023	2022
Employees' Cost	97,957	94,931
Other Expenses	19,504	10,419
Regulatory Fees	8,107	5,555
IT Costs	7,295	8,298
Depreciation & Amortization	3,586	2,721
Professional Services	3,535	3,101
Office Rental	3,197	3,076
Product-related Marketing	2,489	10
Communication	2,289	1,787
Transportation & Travel	512	344
	148,471	130,242
	Insurance Operations	
	2023	2022
Policy Acquisition Cost *	32,991	28,871
Other Attributable Expenses *	99,193	93,811
Other Operating Expenses **	14,705	6,054
	146,889	128,736
	Shareholders' Operations	
	2023	2022
Other Operating Expenses **	1,582	1,506
	148,471	130,242

* Reported part of insurance service expense

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

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19 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, key management personnel of the Company and entities controlled, jointly controlled or subsequently influenced by such parties or the Company. All transactions with such related parties are conducted on normal terms and conditions and are approved by management.

The following are the details of the major related party transactions during the year and the related balances:

<i>Related party</i>	<i>Nature of transactions SAR''000''</i>	Amount of transaction		Balance	
		2023	2022	2023	2022
ACE GALLAGHER ARABIA INSURANCE BROKERS ("Broker") (Affilia	Premiums ceded through Broker	251,215	151,175		
	Commission received	18,698	12,430		
	Claims settled	(20,683)	(15,898)		
	Balance due to			(37,190)	
	Balance due from			33,032	22,474
	ECL			(7,575)	
	Net Balance			(11,733)	22,474
ACE RE GALLAGHER ARABIA("REINSURANCE BROKER")(Affiliate)	Premiums received through Broker, net	(146,406)	(53,280)		
	Commission expense	21,646	30		
	Claims settled	69,502	9,423		
	- balance due from/(due to)			5,525	(5,561)
	ECL			(65)	
	-Net balance due from			5,460	(5,561)
Saudi Arabian Insurance Company B.S.C (C) (Shareholder)	Premiums ceded	(155)	(301)		
	Commission received	38	20		
	- balance due from			1,786	201
	ECL			(219)	(151)
	-Net balance(due to)/ due from			1,567	50
				7,027	(5,511)

Compensation of key management personnel

Key management personnel of the Company include all directors (executives and non-executives) and senior management. The summary of compensation of key management personnel for the year ended 31 December is as follows:

	SAR''000''	BOD and committee members (Non-Executive)		Top Executives including the CEO and CFO	
		2023	2022	2023	2022
Short-term benefits		1,202	1,151	12,961	12,631
Bonus			-	214	-
Employees' end-of-service benefits			-	707	920
		1,202	1,151	13,882	13,551

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20 CLAIMS DEVELOPMENT TABLE

The following table shows the estimates of cumulative incurred claims, including both claims notified and incurred but not reported for each successive accident year at each statement of financial position date, together with cumulative payments to date. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the claims.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments.

Claims triangular analysis is by accident years spanning a number of financial years.

2023Accident year	SAR"000"						Total
	2018 & earlier earlier	2019	2020	2021	2022	2023	
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	4,044,855	578,217	453,987	649,486	788,501	1,194,043	7,709,089
1 year later	4,024,793	556,871	448,628	565,527	705,571		6,301,390
2 years later	3,874,551	558,885	446,464	563,416			5,443,316
3 years later	3,542,624	561,960	451,182				4,555,766
4 years later	3,454,713	567,219					4,021,932
5 years later	3,447,062						3,447,062
Gross estimates of the undiscounted amount of the claims	3,447,062	567,219	451,182	563,416	705,571	1,194,043	6,928,493
Cumulative payments to date	(3,393,801)	(554,126)	(404,103)	(479,712)	(589,930)	(366,691)	(5,788,363)
Gross undiscounted liabilities for incurred claims	53,261	13,093	47,079	83,704	115,641	827,352	1,140,130
Effect of discounting							(45,794)
Gross discounted liabilities for incurred claims excluding risk adjustment							1,094,336
Effect of the risk adjustment margin for non-financial risk							51,452
Gross liabilities for incurred claims							1,145,788
2023Accident year	2018 & earlier earlier	2019	2020	2021	2022	2023	Total
Undiscounted liabilities for incurred claims , net of reinsurance:							
At end of accident year	2,934,750	503,940	352,205	464,676	445,829	558,558	5,259,958
1 year later	2,931,682	504,574	345,500	456,780	539,819		4,778,355
2 years later	2,807,772	509,355	345,100	455,338			4,117,565
3 years later	2,573,261	514,939	346,722				3,434,922
4 years later	2,575,845	517,270					3,093,115
5 years later	2,580,502						2,580,502
Net estimates of the undiscounted amount of the claims	2,580,502	517,270	346,722	455,338	539,819	558,558	4,998,209
Cumulative payments to date	(2,576,924)	(516,550)	(344,733)	(451,535)	(522,364)	(353,953)	(4,766,059)
Net undiscounted liabilities for incurred claims	3,578	720	1,989	3,803	17,455	204,605	232,150
Effect of discounting							(8,316)
Net discounted liabilities for incurred claims excluding risk adjustment							223,834
Effect of the risk adjustment margin for non-financial risk							2,910
Net liabilities for incurred claims							226,744

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20 CLAIMS DEVELOPMENT TABLE (continued)

The following table shows the estimates of cumulative incurred claims, including both claims notified and incurred but not reported for each successive accident year at each statement of financial position date, together with cumulative payments to date. The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of the

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments.

Claims triangular analysis is by accident years spanning a number of financial years.

2022 Accident year	SAR "000"						Total
	2017 & earlier earlier	2018	2019	2020	2021	2022	
Undiscounted liabilities for incurred claims, gross of reinsurance:							
At end of accident year	3,418,597	662,053	578,217	453,987	649,486	788,501	6,550,841
1 year later	3,382,802	636,685	556,871	448,628	565,527		5,590,513
2 years later	3,388,107	635,368	558,885	446,464			5,028,824
3 years later	3,239,182	634,378	561,960				4,435,520
4 years later	2,908,245	601,517					3,509,762
5 years later	2,853,196						2,853,196
Gross estimates of the undiscounted amount of the claims	<u>2,853,196</u>	<u>601,517</u>	<u>561,960</u>	<u>446,464</u>	<u>565,527</u>	<u>788,501</u>	<u>5,817,165</u>
Cumulative payments to date	(2,769,449)	(595,856)	(545,067)	(401,484)	(473,585)	(392,269)	(5,177,710)
Gross undiscounted liabilities for incurred claims	83,747	5,661	16,893	44,980	91,942	396,232	639,455
Effect of discounting							(23,001)
Gross discounted liabilities for incurred claims excluding risk adjustment							<u>616,454</u>
Effect of the risk adjustment margin for non-financial risk							27,853
Gross liabilities for incurred claims							<u>644,307</u>
2022							
Accident year							
Undiscounted liabilities for incurred claims , net of reinsurance:							
At end of accident year	2,459,934	471,987	503,940	352,205	464,676	445,829	4,698,571
1 year later	2,462,762	467,228	504,574	345,500	456,780		4,236,844
2 years later	2,464,454	465,391	509,355	345,100			3,784,300
3 years later	2,342,381	466,295	514,939				3,323,615
4 years later	2,106,966	467,360					2,574,326
5 years later	2,108,485						2,108,485
Net estimates of the undiscounted amount of the claims	<u>2,108,485</u>	<u>467,360</u>	<u>514,939</u>	<u>345,100</u>	<u>456,780</u>	<u>445,829</u>	<u>4,338,493</u>
Cumulative payments to date	(2,105,552)	(466,783)	(512,650)	(341,998)	(446,288)	(387,827)	(4,261,098)
Net undiscounted liabilities for incurred claims	2,933	577	2,289	3,102	10,492	58,002	77,395
Effect of discounting							(2,171)
Net discounted liabilities for incurred claims excluding risk adjustment							<u>75,224</u>
Effect of the risk adjustment margin for non-financial risk							3,968
Net liabilities for incurred claims							<u>79,192</u>

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21 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 December 31, 2023, its total revenues, expenses, and net income for period ended, are as follows:

Operating segments	December 31, 2023				
	Medical	Motor	Property & Casualty	Protection	Total
	SAR''000''				
ASSETS					
Insurance contract assets	366,030	56,613	28,157	22	450,822
Reinsurance contract assets	-	17,918	997,784	6,404	1,022,106
Cash and cash equivalents	-	-	-	-	174,304
Murabaha deposits	-	-	-	-	219,258
Financial assets at FVTOCI	-	-	-	-	43,463
Financial assets at FVTPL	-	-	-	-	493
Financial assets at amortised cost – net	-	-	-	-	77,722
Prepayments and other assets	-	-	-	-	23,955
Property and equipment	-	-	-	-	55,476
Intangible assets	-	-	-	-	13,159
Statutory deposit	-	-	-	-	45,000
Accrued income on statutory deposit	-	-	-	-	2,506
TOTAL ASSETS	366,030	74,531	1,025,941	6,426	2,128,264
Liabilities, accumulated surplus & equity					
Insurance contract liabilities	464,515	179,816	1,057,029	5,570	1,706,930
Reinsurance contract liabilities	41,726	129	44,813	1,705	88,373
Accrued expenses and other liabilities	-	-	-	-	8,192
Employees' end-of-service benefits	-	-	-	-	485
Provision for zakat	-	-	-	-	8,176
Accrued commission income payable to Insurance	-	-	-	-	2,506
Share capital	-	-	-	-	300,000
Statutory reserve	-	-	-	-	43,693
Accumulated losses	-	-	-	-	(76,245)
Fair value reserve on Investments	-	-	-	-	41,539
Re-measurement loss of end-of-service benefits	-	-	-	-	4,615
Total liabilities, accumulated surplus and equity	506,241	179,945	1,101,842	7,275	2,128,264

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21 OPERATING SEGMENTS continued

Operating segments	31 December 2022				
	Medical	Motor	Restated	Protection	Total
			Property & Casualty		
SAR''000''					
ASSETS					
Insurance contract assets	12,639	19,702	11,594	6	43,941
Reinsurance contract assets	28	17,248	462,102	421	479,799
Cash and cash equivalents	-	-	-	-	43,072
Murabaha deposits	-	-	-	-	361,955
Financial assets at FVTOCI	-	-	-	-	39,703
Financial assets at FVTPL	-	-	-	-	1,261
Financial assets at amortised cost – net	-	-	-	-	77,426
Prepayments and other assets	-	-	-	-	14,674
Property and equipment	-	-	-	-	29,055
Intangible assets	-	-	-	-	11,893
Statutory deposit	-	-	-	-	45,000
Accrued income on statutory deposit	-	-	-	-	3,186
TOTAL ASSETS	12,667	36,950	473,696	427	1,150,965
Liabilities, accumulated surplus & equity					
Insurance contract liabilities	103,201	189,451	524,959	2,930	820,541
Reinsurance contract liabilities	38,405	7,756	25,919	320	72,400
Accrued expenses and other liabilities	-	-	-	-	9,271
Surplus distribution payable	-	-	-	-	-
Employees' end-of-service benefits	-	-	-	-	1,648
Provision for zakat	-	-	-	-	8,481
Accrued commission income payable to Insurance	-	-	-	-	3,186
Share capital	-	-	-	-	300,000
Statutory reserve	-	-	-	-	29,473
Accumulated losses	-	-	-	-	(133,123)
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	550,878	3,250	1,150,965

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21 OPERATING SEGMENTS continued

Operating segments	01 January 2022				
	Restated				
	Medical	Motor	Property & Casualty	Protection	Total
	SAR''000''				
ASSETS					
Insurance contract assets	25,936	14,588	2,271	-	42,795
Reinsurance contract assets	215	20,649	559,035	9,648	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	561,306	9,648	1,210,011
Liabilities, accumulated surplus & equity					
Insurance contract liabilities	114,441	93,874	617,423	11,543	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 Insurance	-	-	-	-	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	632,332	11,543	1,210,011

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Statement of income and comprehensive income

21 OPERATING SEGMENTS (continued)

Operating segments	Twelve-month period ended				Total
	Property & Casualty	Motor	Medical / Health	Protection	
	31 December 2023				
	SAR''000''				
INSURANCE SERVICE RESULT					
Insurance revenue	312,651	395,108	327,828	8,932	1,044,519
Insurance service expense	(619,398)	(368,747)	(290,285)	(10,118)	(1,288,548)
Insurance service result before reinsurance contracts held	(306,747)	26,361	37,543	(1,186)	(244,029)
Allocation of reinsurance premiums	(240,466)	(4,200)	(12,679)	(5,691)	(263,036)
Amounts recoverable from reinsurers for incurred claims	553,311	(2,235)	(28)	7,772	558,820
Net income/ (expenses) from reinsurance contracts held	312,845	(6,435)	(12,707)	2,081	295,784
Insurance service result	6,098	19,926	24,836	895	51,755
Net gains on FVTPL investments	-	-	-	-	335
Other investment income	-	-	-	-	20,726
Net investment income	-	-	-	-	21,061
Finance expenses from insurance contracts issued	(14,694)	(2,010)	(1,368)	(27)	(18,099)
Finance income from reinsurance contracts held	15,197	224	-	9	15,430
Net insurance finance expenses	503	(1,786)	(1,368)	(18)	(2,669)
Net insurance and investment result	6,601	18,140	23,468	877	70,147
Other income	-	-	-	-	24,473
Other operating expenses	-	-	-	-	(16,287)
Total (Loss) / Income for the period attributable to the shareholders before zakat	6,601	18,140	23,468	877	78,333
Provision for zakat & tax	-	-	-	-	(7,235)
Net (Loss) / Income for the period, after zakat & tax, attributable to the shareholders	6,601	18,140	23,468	877	71,098

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21 OPERATING SEGMENTS (continued)

Customers' category	Property & Casualty	Motor	Medical / Health	Protection	Total
December 31, 2023	SAR''000''				
Insurance Revenue					
Retail	3,441	21,249	10,756	-	35,446
Very small	8,410	12,298	14,130	-	34,838
Small	16,976	16,564	96,795	20	130,355
Medium	49,540	48,890	105,751	216	204,397
Corporate	234,284	296,107	100,396	8,696	639,483
Total Insurance Revenue	312,651	395,108	327,828	8,932	1,044,519
Customers' category	Property & Casualty	Motor	Medical / Health	Protection	Total
December 31, 2023	SAR''000''				
Gross Written Premiums					
Retail	4,040	19,279	10,738	-	34,057
Very small	9,875	11,158	14,106	-	35,139
Small	19,933	15,028	96,633	20	131,614
Medium	58,170	44,357	105,574	216	208,317
Corporate	275,096	268,653	100,229	8,676	652,654
Total Gross Written Premiums	367,114	358,475	327,280	8,912	1,061,781
Customers' category	Property & Casualty	Motor	Medical / Health	Protection	Total
December 31, 2023	SAR''000''				
Reinsurance Premium Ceded					
Local	(89,898)	(1,196)	-	-	(91,094)
Foreign	(218,783)	(3,110)	(12,679)	(5,796)	(240,368)
Total Reinsurance Premium Ceded	(308,681)	(4,306)	(12,679)	(5,796)	(331,462)

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Statement of income and comprehensive income

21 OPERATING SEGMENTS (continued)

Operating segments	Twelve-month period ended				Total
	Property & Casualty	Motor	Medical / Health	Protection	
	31 December 2022				
	SAR''000''				
INSURANCE SERVICE RESULT					
Insurance revenue	262,282	322,561	320,871	5,961	911,675
Insurance service expense	(52,268)	(393,848)	(291,604)	4,619	(733,101)
Insurance service result before reinsurance contracts held	210,014	(71,287)	29,267	10,580	178,574
Allocation of reinsurance premiums	(201,480)	(5,240)	(33,158)	(3,857)	(243,735)
Amounts recoverable from reinsurers for incurred claims	(8,990)	2,110	(103)	(5,701)	(12,684)
Net income/ (expenses) from reinsurance contracts held	(210,470)	(3,130)	(33,261)	(9,558)	(256,419)
Insurance service result	(456)	(74,417)	(3,994)	1,022	(77,845)
Net gains on FVTPL investments	-	-	-	-	15,003
Other investment income	-	-	-	-	11,879
Net investment income	-	-	-	-	26,882
Finance expenses from insurance contracts issued	(6,198)	(612)	(805)	(108)	(7,723)
Finance income from reinsurance contracts held	2,379	66	-	14	2,459
Net insurance finance expenses	(3,819)	(546)	(805)	(94)	(5,264)
Net insurance and investment result	(4,275)	(74,963)	(4,799)	928	(56,227)
Other income	-	-	-	-	9,379
Other operating expenses	-	-	-	-	(7,560)
Total (Loss) / Income for the period attributable to the shareholders before zakat	(4,275)	(74,963)	(4,799)	928	(54,408)
Provision for zakat & tax	-	-	-	-	(7,239)
Net (Loss) / Income for the period, after zakat & tax, attributable to the shareholders	(4,275)	(74,963)	(4,799)	928	(61,647)

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21 OPERATING SEGMENTS (continued)

Customers' category	Property & Casualty	Motor	Medical / Health	Protection	Total
31 December 2022	SAR''000''				
Insurance Revenue					
Retail	3,233	10,308	2,290	-	15,831
Very small	8,121	9,534	13,983	-	31,638
Small	9,788	12,368	99,326	21	121,503
Medium	35,963	38,102	83,779	241	158,085
Corporate	205,177	252,249	121,493	5,699	584,618
Total Insurance Revenue	262,282	322,561	320,871	5,961	911,675
Customers' category	Property & Casualty	Motor	Medical / Health	Protection	Total
31 December 2022	SAR''000''				
Gross Written Premiums					
Retail	3,561	13,716	2,251	-	19,528
Very small	8,944	12,686	13,745	-	35,375
Small	10,780	16,456	97,636	21	124,893
Medium	39,607	50,697	82,353	241	172,898
Corporate	225,968	335,637	119,425	5,699	686,729
Total Gross Written Premiums	288,860	429,192	315,410	5,961	1,039,423
Customers' category	Property & Casualty	Motor	Medical / Health	Protection	Total
31 December 2022	SAR''000''				
Reinsurance Premium Ceded					
Local	(76,708)	(1,217)	-	-	(77,925)
Foreign	(163,425)	(4,237)	(33,158)	(3,771)	(204,591)
Total Reinsurance Premium Ceded	(240,133)	(5,454)	(33,158)	(3,771)	(282,516)

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22 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.

As per guidelines laid out by Insurance Authority 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 Insurance Authority Implementing Regulations:

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

The capital structure of the Company as at 31 December 2023 consists of paid-up share capital of SR 300 million, statutory reserves of SR 43.7 million and accumulated losses of SR 76 million (31 December 2022: paid-up share capital of SR 300 million, statutory reserves of SR 29.47 million and accumulated losses of SR 133 million) in the 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.

23 RISK MANAGEMENT

Risk governance

The Company's risk governance is manifested in a set of established policies, procedures and controls which uses the existing organizational structure to meet strategic targets. The Company's philosophy revolves on willing and knowledgeable risk acceptance commensurate with the risk appetite and strategic plan approved by the Board. The Company is exposed to insurance, reinsurance, regulatory framework, credit, liquidity, foreign currency, commission rate, fund price risk, market price risk and capital management risks.

Risk management structure

A cohesive organizational structure is established within the Company in order to identify, assess, monitor, and control risks.

Board of Directors

The apex of risk governance is the centralized oversight of Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Company's pre-defined risk appetite.

Audit Committee and Internal Audit Department

Risk management processes throughout the Company are audited annually by the Internal Audit Department which examines both the adequacy of the procedures and the Company's compliance with such procedures. The Internal Audit Department discusses the results of all assessments with senior management, and reports its findings and recommendations directly to the Audit Committee.

The risks faced by the Company and the manner in which these risks are mitigated by management are set out below:

a) Insurance risk

Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed the carrying amount of insurance liabilities. This could occur because the frequency or amounts of claims severity, actual benefits paid and subsequent development of long term claims are different than expected. Therefore the objective of the Company is to ensure that sufficient resources are available to cover these liabilities. The insurance risk arising from insurance contracts is mainly concentrated in the Kingdom of Saudi Arabia.

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis

	31 December 2023			
	Overall			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	1,145,789	91,647	-	-
Reinsurance contract liabilities (net)	(919,044)	(7,172)	-	-
Net insurance contract liabilities	226,745	84,475	-	-
LR - increase by 5%				
Insurance contract liabilities (net)	1,200,921	91,888	55,132	241
Reinsurance contract liabilities (net)	(950,730)	(7,205)	(31,686)	(33)
Net insurance contract liabilities	250,191	84,683	23,446	208
LR - Decrease by 5%				
Insurance contract liabilities (net)	1,090,656	91,133	(55,133)	(514)
Reinsurance contract liabilities (net)	(887,358)	(7,087)	31,686	85
Net insurance contract liabilities	203,298	84,046	(23,447)	(429)
Expenses Scenario increase by 10%				
Insurance contract liabilities (net)	1,145,789	92,129	-	482
Reinsurance contract liabilities (net)	(919,044)	(7,237)	-	(65)
Net insurance contract liabilities	226,745	84,892	-	417
Expenses Scenario decrease by 10%				
Insurance contract liabilities (net)	1,145,789	90,619	-	(1,028)
Reinsurance contract liabilities (net)	(919,044)	(7,001)	-	171
Net insurance contract liabilities	226,745	83,618	-	(857)
Loss reserve increase by 3%				
Insurance contract liabilities (net)	1,180,163	91,647	34,374	-
Reinsurance contract liabilities (net)	(946,616)	(7,172)	(27,572)	-
Net insurance contract liabilities	233,547	84,475	6,802	-

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis - continued

Loss reserve decrease by 3%

	31 December 2023			
	Overall			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	1,111,415	91,647	(34,374)	-
Reinsurance contract liabilities (net)	(891,473)	(7,172)	27,571	-
Net insurance contract liabilities	219,942	84,475	(6,803)	-

Discount increase by 1

Insurance contract liabilities (net)	1,157,247	91,647	11,458	-
Reinsurance contract liabilities (net)	(928,235)	(7,172)	(9,191)	-
Net insurance contract liabilities	229,012	84,475	2,267	-

Discount decrease by 1

Insurance contract liabilities (net)	1,134,330	91,647	(11,459)	-
Reinsurance contract liabilities (net)	(909,854)	(7,172)	9,190	-
Net insurance contract liabilities	224,476	84,475	(2,269)	-

	Motor			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	71,875	48,505	-	-
Reinsurance contract liabilities (net)	(10,056)	(7,732)	-	-
Net insurance contract liabilities	61,819	40,773	-	-

LR - increase by 5%

Insurance contract liabilities (net)	82,676	48,599	1,001,720	94
Reinsurance contract liabilities (net)	(10,056)	(7,732)	(236,801)	-
Net insurance contract liabilities	72,620	40,867	764,919	94

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis - continued

LR - Decrease by 5%

	Motor			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	61,074	48,398	1,007,690	(107)
Reinsurance contract liabilities (net)	(10,056)	(7,732)	(243,603)	-
Net insurance contract liabilities	51,018	40,666	764,087	(107)

Expenses Scenario increase by 10%

Insurance contract liabilities (net)	71,875	48,693	963,348	188
Reinsurance contract liabilities (net)	(10,056)	(7,732)	(229,998)	-
Net insurance contract liabilities	61,819	40,961	733,350	188

Expenses Scenario decrease by 10%

Insurance contract liabilities (net)	71,875	48,292	1,000,110	(213)
Reinsurance contract liabilities (net)	(10,056)	(7,732)	(239,068)	-
Net insurance contract liabilities	61,819	40,560	761,042	(213)

Loss reserve increase by 3%

Insurance contract liabilities (net)	74,031	48,505	983,885	-
Reinsurance contract liabilities (net)	(10,358)	(7,732)	(234,834)	-
Net insurance contract liabilities	63,673	40,773	749,051	-

Loss reserve decrease by 3%

Insurance contract liabilities (net)	69,719	48,505	(2,156)	-
Reinsurance contract liabilities (net)	(9,755)	(7,732)	301	-
Net insurance contract liabilities	59,964	40,773	(1,855)	-

Discount increase by 1

Insurance contract liabilities (net)	72,594	48,505	719	-
Reinsurance contract liabilities (net)	(10,157)	(7,732)	(101)	-
Net insurance contract liabilities	62,437	40,773	618	-

Discount decrease by 1

Insurance contract liabilities (net)	71,156	48,505	(719)	-
Reinsurance contract liabilities (net)	(9,956)	(7,732)	100	-
Net insurance contract liabilities	61,200	40,773	(619)	-

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23 RISK MANAGEMENT (Continued)
a) Insurance risk (continued)

Sensitivity Analysis - continued

	Medical			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	75,709	59,464	-	-
Reinsurance contract liabilities (net)	(3,747)	36,947	-	-
Net insurance contract liabilities	71,962	96,411	-	-

LR - increase by 5%

Insurance contract liabilities (net)	87,521	59,464	11,812	-
Reinsurance contract liabilities (net)	(3,747)	36,947	-	-
Net insurance contract liabilities	83,774	96,411	11,812	-

LR - Decrease by 5%

	Medical			
Insurance contract liabilities (net)	63,897	59,464	(11,812)	-
Reinsurance contract liabilities (net)	(3,747)	36,947	-	-
Net insurance contract liabilities	60,150	96,411	(11,812)	-

Expenses Scenario increase by 10%

Insurance contract liabilities (net)	75,709	59,464	-	-
Reinsurance contract liabilities (net)	(3,747)	36,947	-	-
Net insurance contract liabilities	71,962	96,411	-	-

Expenses Scenario decrease by 10%

Insurance contract liabilities (net)	75,709	59,464	-	-
Reinsurance contract liabilities (net)	(3,747)	36,947	-	-
Net insurance contract liabilities	71,962	96,411	-	-

Loss reserve increase by 3%

Insurance contract liabilities (net)	77,981	59,464	2,272	-
Reinsurance contract liabilities (net)	(3,860)	36,947	(113)	-
Net insurance contract liabilities	74,121	96,411	2,159	-

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis - continued

	Medical			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Loss reserve decrease by 3%				
Insurance contract liabilities (net)	73,438	59,464	(2,271)	-
Reinsurance contract liabilities (net)	(3,635)	36,947	112	-
Net insurance contract liabilities	69,803	96,411	(2,159)	-

Discount increase by 1

Insurance contract liabilities (net)	77,797	59,464	2,088	-
Reinsurance contract liabilities (net)	(3,747)	36,947	-	-
Net insurance contract liabilities	74,050	96,411	2,088	-

Discount decrease by 1

Insurance contract liabilities (net)	73,621	59,464	(2,088)	-
Reinsurance contract liabilities (net)	(3,747)	36,947	-	-
Net insurance contract liabilities	69,874	96,411	(2,088)	-

	Property & Casualty			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	998,205	(16,322)	-	-
Reinsurance contract liabilities (net)	(905,241)	(36,387)	-	-
Net insurance contract liabilities	92,964	(52,709)	-	-

LR - increase by 5%

Insurance contract liabilities (net)	1,030,724	(16,175)	32,519	147
Reinsurance contract liabilities (net)	(936,927)	(36,420)	(31,686)	(33)
Net insurance contract liabilities	93,797	(52,595)	833	114

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis - continued

	Property & Casualty			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
LR - Decrease by 5%				
Insurance contract liabilities (net)	965,685	(16,729)	(32,520)	(407)
Reinsurance contract liabilities (net)	(873,555)	(36,302)	31,686	85
Net insurance contract liabilities	92,130	(53,031)	(834)	(322)
Expenses Scenario increase by 10%				
Insurance contract liabilities (net)	998,205	(16,028)	-	294
Reinsurance contract liabilities (net)	(905,241)	(36,452)	-	(65)
Net insurance contract liabilities	92,964	(52,480)	-	229
Expenses Scenario decrease by 10%				
Insurance contract liabilities (net)	998,205	(17,137)	-	(815)
Reinsurance contract liabilities (net)	(905,241)	(36,216)	-	171
Net insurance contract liabilities	92,964	(53,353)	-	(644)
Loss reserve increase by 3%				
Insurance contract liabilities (net)	1,028,151	(16,322)	29,946	-
Reinsurance contract liabilities (net)	(932,398)	(36,387)	(27,157)	-
Net insurance contract liabilities	95,753	(52,709)	2,789	-
Loss reserve decrease by 3%				
Insurance contract liabilities (net)	968,258	(16,322)	(29,947)	-
Reinsurance contract liabilities (net)	(878,083)	(36,387)	27,158	-
Net insurance contract liabilities	90,175	(52,709)	(2,789)	-
Discount increase by 1				
Insurance contract liabilities (net)	1,006,856	(16,322)	8,651	-
Reinsurance contract liabilities (net)	(914,331)	(36,387)	(9,090)	-
Net insurance contract liabilities	92,525	(52,709)	(439)	-
Discount decrease by 1				
Insurance contract liabilities (net)	989,553	(16,322)	(8,652)	-
Reinsurance contract liabilities (net)	(896,151)	(36,387)	9,090	-
Net insurance contract liabilities	93,402	(52,709)	438	-

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis

	31 December 2022			
	Overall			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	644,296	127,425	-	-
Reinsurance contract liabilities (net)	(565,409)	159,388	-	-
Net insurance contract liabilities	78,887	286,813	-	-
LR - increase by 5%				
Insurance contract liabilities (net)	681,391	131,192	37,095	3,767
Reinsurance contract liabilities (net)	(576,336)	159,339	(10,927)	(49)
Net insurance contract liabilities	105,055	290,531	26,168	3,718
LR - Decrease by 5%				
Insurance contract liabilities (net)	607,199	118,803	(37,097)	(8,622)
Reinsurance contract liabilities (net)	(554,481)	159,500	10,928	112
Net insurance contract liabilities	52,718	278,303	(26,169)	(8,510)
Expenses Scenario increase by 10%				
Insurance contract liabilities (net)	644,296	134,960	-	7,535
Reinsurance contract liabilities (net)	(565,409)	159,290	-	(98)
Net insurance contract liabilities	78,887	294,250	-	7,437
Expenses Scenario decrease by 10%				
Insurance contract liabilities (net)	644,296	110,183	-	(17,242)
Reinsurance contract liabilities (net)	(565,409)	159,611	-	223
Net insurance contract liabilities	78,887	269,794	-	(17,019)
Loss reserve increase by 3%				
Insurance contract liabilities (net)	663,624	127,425	19,328	-
Reinsurance contract liabilities (net)	(582,370)	159,388	(16,961)	-
Net insurance contract liabilities	81,254	286,813	2,367	-

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis - continued

Loss reserve decrease by 3%

	31 December 2022			
	Overall			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	624,966	127,425	(19,330)	-
Reinsurance contract liabilities (net)	(548,445)	159,388	16,964	-
Net insurance contract liabilities	76,521	286,813	(2,366)	-

Discount increase by 1

Insurance contract liabilities (net)	650,738	127,425	6,442	-
Reinsurance contract liabilities (net)	(571,062)	159,388	(5,653)	-
Net insurance contract liabilities	79,676	286,813	789	-

Discount decrease by 1

Insurance contract liabilities (net)	637,852	127,425	(6,444)	-
Reinsurance contract liabilities (net)	(559,754)	159,388	5,655	-
Net insurance contract liabilities	78,098	286,813	(789)	-

	Motor			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	87,546	82,203	-	-
Reinsurance contract liabilities (net)	(15,476)	5,984	-	-
Net insurance contract liabilities	72,070	88,187	-	-

LR - increase by 5%

Insurance contract liabilities (net)	101,311	82,547	666,720	344
Reinsurance contract liabilities (net)	(15,827)	5,984	(94,714)	-
Net insurance contract liabilities	85,484	88,531	572,006	344

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis - continued

LR - Decrease by 5%

	Motor			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	73,780	80,229	656,150	(1,974)
Reinsurance contract liabilities (net)	(15,125)	5,988	(96,379)	4
Net insurance contract liabilities	58,655	86,217	559,771	(1,970)

Expenses Scenario increase by 10%

Insurance contract liabilities (net)	87,546	82,891	635,991	688
Reinsurance contract liabilities (net)	(15,476)	5,984	(91,997)	-
Net insurance contract liabilities	72,070	88,875	543,994	688

Expenses Scenario decrease by 10%

Insurance contract liabilities (net)	87,546	78,256	658,608	(3,947)
Reinsurance contract liabilities (net)	(15,476)	5,991	(95,152)	7
Net insurance contract liabilities	72,070	84,247	563,456	(3,940)

Loss reserve increase by 3%

Insurance contract liabilities (net)	90,172	82,203	649,926	-
Reinsurance contract liabilities (net)	(15,940)	5,984	(94,038)	-
Net insurance contract liabilities	74,232	88,187	555,888	-

Loss reserve decrease by 3%

Insurance contract liabilities (net)	84,919	82,203	(2,627)	-
Reinsurance contract liabilities (net)	(15,011)	5,984	465	-
Net insurance contract liabilities	69,908	88,187	(2,162)	-

Discount increase by 1

Insurance contract liabilities (net)	88,421	82,203	875	-
Reinsurance contract liabilities (net)	(15,630)	5,984	(154)	-
Net insurance contract liabilities	72,791	88,187	721	-

Discount decrease by 1

Insurance contract liabilities (net)	86,670	82,203	(876)	-
Reinsurance contract liabilities (net)	(15,321)	5,984	155	-
Net insurance contract liabilities	71,349	88,187	(721)	-

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23 RISK MANAGEMENT (Continued)
a) Insurance risk (continued)

Sensitivity Analysis - continued

	Medical			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	85,754	73,868	-	-
Reinsurance contract liabilities (net)	(8,954)	39,200	-	-
Net insurance contract liabilities	76,800	113,068	-	-

LR - increase by 5%

Insurance contract liabilities (net)	97,711	74,515	11,957	647
Reinsurance contract liabilities (net)	(8,954)	39,200	-	-
Net insurance contract liabilities	88,757	113,715	11,957	647

LR - Decrease by 5%

	Medical			
Insurance contract liabilities (net)	73,796	73,206	(11,958)	(662)
Reinsurance contract liabilities (net)	(8,954)	39,200	-	-
Net insurance contract liabilities	64,842	112,406	(11,958)	(662)

Expenses Scenario increase by 10%

Insurance contract liabilities (net)	85,754	73,868	-	-
Reinsurance contract liabilities (net)	(8,954)	39,200	-	-
Net insurance contract liabilities	76,800	113,068	-	-

Expenses Scenario decrease by 10%

Insurance contract liabilities (net)	85,754	73,868	-	-
Reinsurance contract liabilities (net)	(8,954)	39,200	-	-
Net insurance contract liabilities	76,800	113,068	-	-

Loss reserve increase by 3%

Insurance contract liabilities (net)	88,326	73,868	2,572	-
Reinsurance contract liabilities (net)	(9,222)	39,200	(268)	-
Net insurance contract liabilities	79,104	113,068	2,304	-

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23 RISK MANAGEMENT (Continued)
a) Insurance risk (continued)

Sensitivity Analysis - continued

	Medical			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Loss reserve decrease by 3%				
Insurance contract liabilities (net)	83,181	73,868	(2,573)	-
Reinsurance contract liabilities (net)	(8,685)	39,200	269	-
Net insurance contract liabilities	74,496	113,068	(2,304)	-

Discount increase by 1

Insurance contract liabilities (net)	87,286	73,868	1,532	-
Reinsurance contract liabilities (net)	(8,954)	39,200	-	-
Net insurance contract liabilities	78,332	113,068	1,532	-

Discount decrease by 1

Insurance contract liabilities (net)	84,221	73,868	(1,533)	-
Reinsurance contract liabilities (net)	(8,954)	39,200	-	-
Net insurance contract liabilities	75,267	113,068	(1,533)	-

	Property & Casualty			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
Insurance contract liabilities (net)	470,996	(28,646)	-	-
Reinsurance contract liabilities (net)	(540,979)	114,204	-	-
Net insurance contract liabilities	(69,983)	85,558	-	-

LR - increase by 5%

Insurance contract liabilities (net)	482,369	(25,870)	11,373	2,776
Reinsurance contract liabilities (net)	(551,555)	114,155	(10,576)	(49)
Net insurance contract liabilities	(69,186)	88,285	797	2,727

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23 RISK MANAGEMENT (Continued)

a) Insurance risk (continued)

Sensitivity Analysis - continued

	Property & Casualty			
	Liabilities for incurred claims at end period	Liability for Remaining Coverage at end period	Impact on Liabilities for incurred claims	Impact on Liability for Remaining Coverage
	SAR''000''			
LR - Decrease by 5%				
Insurance contract liabilities (net)	459,623	(34,632)	(11,373)	(5,986)
Reinsurance contract liabilities (net)	(530,402)	114,312	10,577	108
Net insurance contract liabilities	(70,779)	79,680	(796)	(5,878)
Expenses Scenario increase by 10%				
Insurance contract liabilities (net)	470,996	(21,799)	-	6,847
Reinsurance contract liabilities (net)	(540,979)	114,106	-	(98)
Net insurance contract liabilities	(69,983)	92,307	-	6,749
Expenses Scenario decrease by 10%				
Insurance contract liabilities (net)	470,996	(41,941)	-	(13,295)
Reinsurance contract liabilities (net)	(540,979)	114,420	-	216
Net insurance contract liabilities	(69,983)	72,479	-	(13,079)
Loss reserve increase by 3%				
Insurance contract liabilities (net)	485,126	(28,646)	14,130	-
Reinsurance contract liabilities (net)	(557,208)	114,204	(16,229)	-
Net insurance contract liabilities	(72,082)	85,558	(2,099)	-
Loss reserve decrease by 3%				
Insurance contract liabilities (net)	456,866	(28,646)	(14,130)	-
Reinsurance contract liabilities (net)	(524,749)	114,204	16,230	-
Net insurance contract liabilities	(67,883)	85,558	2,100	-
Discount increase by 1				
Insurance contract liabilities (net)	475,031	(28,646)	4,035	-
Reinsurance contract liabilities (net)	(546,478)	114,204	(5,499)	-
Net insurance contract liabilities	(71,447)	85,558	(1,464)	-
Discount decrease by 1				
Insurance contract liabilities (net)	466,961	(28,646)	(4,035)	-
Reinsurance contract liabilities (net)	(535,479)	114,204	5,500	-
Net insurance contract liabilities	(68,518)	85,558	1,465	-

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23 RISK MANAGEMENT (Continued)

b) Reinsurance risk

In line with other insurance companies, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes in order to minimize financial exposure arising from large claims. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess of loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurance companies' insolvencies, the Company evaluates the financial condition of reinsurance companies and monitors the concentrations of credit risk arising from similar geographic regions, activities and economic characteristics of reinsurance companies.

c) Regulatory framework risk

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

d) 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 assets held by the Company, the maximum exposure to credit risk to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company only enters into insurance and reinsurance contracts with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.
- Cash and cash equivalents, time deposits and the statutory deposit are maintained with local banks approved by the management. Accordingly, and as prerequisite, the bank with which cash and cash equivalents, time affirming to the financial position strength.
- The Company's investment in funds and portfolios are managed by the investment officer in accordance with the investment policy established by the investment committee.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position.

Investment Grade	2023	2022
Cash and cash equivalents	174,304	43,072
Murabaha deposits	219,258	361,955
Financial assets at FVTOCI	43,463	39,703
Financial assets at FVTPL	493	1,261
Financial assets at amortised cost – net	77,722	77,426
Statutory deposit	45,000	45,000
Accrued income on statutory deposit	2,506	3,186
	562,746	571,603
Not Impaired	2023	2022
Reinsurance contract assets	1,022,106	479,799
Prepayments and other assets	23,955	14,674
	1,046,061	494,473
Total	1,608,807	1,066,076

Investment grade ratings refers to companies with sound credit standing of AAA to BBB- (as per a reputable credit agency) and/or Aaa to Baa3 (as per Moody's).

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25. RISK MANAGEMENT (continued)

e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Maturity Date

The table below summarizes the maturity date of the financial liabilities of the Company based on the remaining expected undiscounted contractual obligations.

	2023		
	Less than one year	More than one year	Total
FINANCIAL ASSETS			
Cash and cash equivalents	174,304	-	174,304
Murabaha deposits	219,258	-	219,258
Financial assets at FVTOCI	-	43,463	43,463
Financial assets at FVTPL	-	493	493
Financial assets at amortised cost – net	-	77,722	77,722
Prepayments and other assets	23,955	-	23,955
Statutory deposit	-	45,000	45,000
Accrued income on statutory deposit	2,506	-	2,506
	420,023	166,678	586,701

FINANCIAL LIABILITIES

Accrued expenses and other liabilities	8,192	-	8,192
Employees' end-of-service benefits	-	485	485
Provision for zakat	8,176	-	8,176
Accrued commission income payable to Insurance Authority	2,506	-	2,506
	18,874	485	19,359

	2022		
	Less than one year	More than one year	Total
FINANCIAL ASSETS			
Cash and cash equivalents	43,072	-	43,072
Murabaha deposits	361,955	-	361,955
Financial assets at FVTOCI	-	39,703	39,703
Financial assets at FVTPL	1,261	-	1,261
Financial assets at amortised cost – net	-	77,426	77,426
Prepayments and other assets	14,674	-	14,674
Statutory deposit	-	45,000	45,000
Accrued income on statutory deposit	3,186	-	3,186
	424,148	162,129	586,277

FINANCIAL LIABILITIES

Accrued expenses and other liabilities	9,271	-	9,271
Employees' end-of-service benefits	-	1,648	1,648
Provision for zakat	8,481	-	8,481
Accrued commission income payable to Insurance Authority	3,186	-	3,186
	20,938	1,648	22,586

Liquidity profiles

None of the liabilities on the statement of financial position are based on discounted cash flows and are payable on a current basis within 1 year except employees end-of-service benefits.

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25. RISK MANAGEMENT (continued)

f) Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's principal transactions are denominated in Saudi Riyal. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Company does not hedge its foreign currency exposure.

g) Commission rate risk

Commission rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. Floating rate financial instruments expose the Company to cash flows special commission risk, whereas fixed commission rate financial instruments expose the Company to fair value interest risk.

The Company is exposed to special commission rate risk on some of its investments. The Company limits commission rate risk by monitoring changes in commission rates in the currencies in which its investments are denominated.

The sensitivity of the income is the effect of assumed changes in special commission rates, with all other variables held constant, on the Company's profit for one year, based on the floating rate financial assets held at 31 December 2023.

h) Interest rate risk

Interest rate risk is the potential change in the fair value of financial instruments and expected cash flows as a result of changes in interest rates. Management constantly monitors developments in global and local interest rates and accordingly allocates the durations of its term deposits and sukuk investments. Investments in term deposits and sukuk instruments have various maturities in order to maximise investment returns while ensuring that liquidity requirements are continuously met. Details of maturities of interest-bearing securities using discounted cashflows as at 31 December are as follows:

	31 December 2023			
	3 months to 1 year	1 year to 3 years	More than 3 years	Total
Term deposits	219,258	-	-	219,258
Debt instruments at amortised cost	-	-	77,722	77,722
	219,258	-	77,722	296,980

	31 December 2022 (Restated)			
	3 months to 1 year	1 year to 3 years	More than 3 years	Total
Term deposits	361,955	-	-	361,955
Debt instruments at amortised cost	-	-	77,426	77,426
	361,955	-	77,426	439,381

i) Market price risk

Market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from commission rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or other factors affecting all similar financial instruments traded in the market.

The Company has investments in sukuk, bonds, equities and investment funds (see Note 7) which are classified as fair value through other comprehensive income "FVOCI". The Company limits market price risk by closely monitoring market price developments for these investments.

j) Operational risk

Operational risk is the risk of direct or indirect loss resulting from a wide range of reasons related to operations, technology and infrastructure that support the Company's internal and external operations with the Company's service providers and from external factors other than credit, market risk and liquidity such as those arising from legal requirements Regulatory and generally accepted standards for the conduct of investment management. Operational risk arises from all

The objective of the company is to manage operational risk in order to balance the reduction of financial losses and damage to its reputation in achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of operational risk controls rests with the Board of Directors. This responsibility includes controls and control in the following areas:

- Requirements for the appropriate separation of duties between different functions, roles and responsibilities;
- Settlement and monitoring requirements; - Compliance with regulatory requirements and other legal requirements;
- Documentation of controls and procedures; - Requirements for periodic assessment of operational risks facing, and adequacy of controls and procedures to address identified risks; Ethical standards and business standards; and risk mitigation policies and procedures.

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24 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 31 December 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 31 December 2023, December 2022 and 01 January 2022 by level of the fair value hierarchy.

As at 31 December 2023 (Unaudited)

	SAR''000''				
Carrying value	Level 1	Level 2	Level 3	Total	
Financial assets:					
Financial assets at FVTOCI	43,463	-	-	43,463	43,463
Financial assets at FVTPL	493	493	-	-	493
	<u>43,956</u>	<u>493</u>	<u>-</u>	<u>43,463</u>	<u>43,956</u>

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
	<u>40,964</u>	<u>1,261</u>	<u>-</u>	<u>39,703</u>	<u>40,964</u>

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
	<u>129,280</u>	<u>92,247</u>	<u>-</u>	<u>37,033</u>	<u>129,280</u>

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Saudi Thousands Riyals unless otherwise stated)

25 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:

	31 December 2023	31 December 2022	01 January 2022
Acquisition of the Land	12,664	12,664	12,664
Construction of the Building	3,240	24,861	46,283
	15,904	37,525	58,947

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

As at 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

26 SUPPLEMENTARY INFORMATION

	December 31, 2023			December 31, 2022 (Restated)		
	Insurance operations	Shareholders operations	Total	Insurance operations	Shareholders operations	Total
ASSETS	SAR''000''					
Insurance contract assets	450,822	-	450,822	43,941	-	43,941
Reinsurance contract assets	1,022,106	-	1,022,106	479,799	-	479,799
Cash and cash equivalents	131,751	42,553	174,304	39,296	3,776	43,072
Term deposits	-	-	-	-	-	-
Murabaha deposits	47,872	171,386	219,258	128,866	233,089	361,955
Financial assets at FVTOCI	43,463	-	43,463	39,703	-	39,703
Financial assets at FVTPL	493	-	493	291	969	1,260
Financial assets at amortised cost – net	19,964	57,758	77,722	19,713	57,714	77,427
Prepayments and other assets	22,327	1,628	23,955	12,554	2,120	14,674
Property and equipment	9,550	45,926	55,476	7,633	21,422	29,055
Intangible assets	13,159	-	13,159	11,893	-	11,893
Statutory deposit	-	45,000	45,000	-	45,000	45,000
Accrued income on statutory deposit	-	2,506	2,506	-	3,186	3,186
Current Account between PH & SH	87,900	(87,900)	-	157,984	(157,984)	-
TOTAL ASSETS	1,849,407	278,857	2,128,264	941,673	209,292	1,150,965
LIABILITIES						
Insurance contract liabilities	1,706,930	-	1,706,930	820,541	-	820,541
Reinsurance contract liabilities	88,373	-	88,373	72,400	-	72,400
Surplus	-	-	-	-	-	-
Accrued expenses and other liabilities	7,465	727	8,192	7,996	1,275	9,271
Employees' end-of-service benefits	485	-	485	1,648	-	1,648
Provision for zakat	-	8,176	8,176	-	8,481	8,481
Accrued commission income payable to Insurance Autl	-	2,506	2,506	-	3,186	3,186
TOTAL LIABILITIES	1,803,253	11,409	1,814,662	902,585	12,942	915,527
EQUITY						
Share capital	-	300,000	300,000	-	300,000	300,000
Statutory reserve	-	43,693	43,693	-	29,473	29,473
Retained earnings	-	(76,245)	(76,245)	-	(133,123)	(133,123)
Re-measurement loss of end-of-service benefits	4,615	-	4,615	1,308	-	1,308
Fair value reserve on Investments	41,539	-	41,539	37,780	-	37,780
TOTAL SHAREHOLDERS' EQUITY	46,154	267,448	313,602	39,088	196,350	235,438
TOTAL EQUITY	46,154	267,448	313,602	39,088	196,350	235,438
TOTAL LIABILITIES AND EQUITY	1,849,407	278,857	2,128,264	941,673	209,292	1,150,965

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
(continued)

For the year ended 31 December 2023

(All amounts in Saudi Riyals unless otherwise stated)

26 SUPPLEMENTARY INFORMATION (continued)

	31 December 2023			31 December 2022		
	Insurance operations	Shareholders operations	Total	Insurance operations	Shareholders operations	Total
	Restated SAR''000''					
REVENUES						
Insurance revenue	1,044,519	-	1,044,519	911,675	-	911,675
Insurance service expense	(1,288,548)	-	(1,288,548)	(733,101)	-	(733,101)
Insurance service result before reinsurance contracts held	(244,029)	-	(244,029)	178,574	-	178,574
Allocation of reinsurance premiums	(263,036)	-	(263,036)	(243,735)	-	(243,735)
Amounts recoverable from reinsurers for incurred claims	558,820	-	558,820	(12,684)	-	(12,684)
Net expenses from reinsurance contracts held	295,784	-	295,784	(256,419)	-	(256,419)
Insurance service result	51,755	-	51,755	(77,845)	-	(77,845)
Net gains on FVTPL investments	201	134	335	651	14,352	15,003
Other investment income	6,966	13,760	20,726	4,215	7,664	11,879
Net investment income	7,167	13,894	21,061	4,866	22,016	26,882
Finance expenses from insurance contracts issued	(18,099)	-	(18,099)	(7,723)	-	(7,723)
Finance income from reinsurance contracts held	15,430	-	15,430	2,459	-	2,459
Net insurance finance income	(2,669)	-	(2,669)	(5,264)	-	(5,264)
Net insurance and investment result	56,253	13,894	70,147	(78,243)	22,016	(56,227)
Other income	24,473	-	24,473	9,379	-	9,379
Other operating expenses	(14,705)	(1,582)	(16,287)	(6,447)	(1,113)	(7,560)
Other finance costs	-	-	-	-	-	-
Total income/(loss) for the period	66,021	12,312	78,333	(75,311)	20,903	(54,408)
Total income/ (loss) for the period attributable to the shareholders before zakat	-	-	-	-	-	-
Total (loss)/income for the period before zakat	66,021	12,312	78,333	(75,311)	20,903	(54,408)
Provision for zakat & tax	-	(7,235)	(7,235)	-	(7,239)	(7,239)
Total (loss)/income for the period after zakat	66,021	5,077	71,098	(75,311)	13,664	(61,647)

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023
(All amounts in Thousands Saudi Riyals unless otherwise stated)

26 SUPPLEMENTARY INFORMATION (continued)

	31 December 2023			31 December 2022		
	Insurance operations	Shareholders operations	Total	Insurance operations	Shareholders operations	Total
	SAR''000''					
Total Income/ (loss) for the year after zakat and tax	66,021	5,077	71,098	(75,311)	13,664	(61,647)
Other comprehensive gain/(loss):						
<i>Items that will not be reclassified to statement of income in subsequent periods</i>						
- Actuarial gain (loss) on remeasurement of employees' end-of-	3,307	-	3,307	2,393	-	2,393
- Transfer of fair value reserve on disposal of FVTOCI investment	3,759	-	3,759	2,671		2,671
Total comprehensive Income / (Loss) for the year after zakat	73,087	5,077	78,164	(70,247)	13,664	(56,583)

SAUDI ARABIAN COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023
(All amounts in Thousands Saudi Riyals unless otherwise stated)

26 SUPPLEMENTARY INFORMATION (continued)

	31 December 2023			31 December 2022		
	Insurance operations	Shareholders operations	Total	Insurance operations	Shareholders operations	Total
	SAR''000''					
Cash flow from operating activities						
Profit/ (loss) for the period before Zakat	66,021	12,312	78,333	(75,311)	20,903	(54,408)
Adjustments for:						
Depreciation of property and equipment	1,449	-	1,449	1,155	-	1,155
Amortization of Intangible assets	2,140	-	2,140	1,492	-	1,492
Provision for end-of-service benefits	12,141	-	12,141	4,455	-	4,455
Net gains on FVTPL investments	(201)	(134)	(335)	(13,170)	(669)	(13,839)
Interest earned on held to maturity investments	(251)	(45)	(296)	(1,483)	-	(1,483)
Changes in operating assets and liabilities:						
Insurance contract assets	(406,881)	-	(406,881)	(1,146)	-	(1,146)
Reinsurance contract assets	(542,307)	-	(542,307)	109,748	-	109,748
Insurance contract liabilities	882,720	-	882,720	(14,626)	-	(14,626)
Reinsurance contract liabilities	15,973	-	15,973	16,191	-	16,191
Prepayments and other assets	(9,773)	492	(9,281)	(770)	-	(770)
Accrued and other liabilities	(530)	(549)	(1,079)	(2,100)	-	(2,100)
Statutory deposit	-	-	-	-	(15,000)	(15,000)
	20,501	12,076	32,577	24,435	5,234	29,669
End-of-service benefits paid	(6,329)	-	(6,329)	(4,350)	-	(4,350)
Zakat paid	-	(7,540)	(7,540)	-	(7,174)	(7,174)
Net cash generated from operating activities	14,172	4,536	18,708	20,085	(1,940)	18,145
CASH FLOWS FROM INVESTING ACTIVITIES						
Movement of deposits during the period/ year	80,995	61,702	142,697	(32,342)	(74,647)	(106,989)
Additions in FVTPL investments	-	-	-	(3,453)	-	(3,453)
Proceed on disposal of FVTPL investments	1,103	-	1,103	15,274	93,004	108,278
Additions in property, equipment and intangible assets	(6,772)	(24,504)	(31,276)	(3,515)	(21,422)	(24,937)
Net cash generated from / (used in) investing activities	75,326	37,198	112,524	(24,036)	(3,065)	(27,101)
CASH FLOWS FROM FINANCING ACTIVITY						
Due to/ from shareholders' operations, net	2,957	(2,957)	-	1,477	(1,477)	-
Net cash used in financing activity	2,957	(2,957)	-	1,477	(1,477)	-
Net change in cash and cash equivalents	92,455	38,777	131,232	(2,474)	(6,482)	(8,956)
Cash and cash equivalents, beginning of the year	39,296	3,776	43,072	41,770	10,258	52,028
Cash and cash equivalents, end of the year	131,751	42,553	174,304	39,296	3,776	43,072

27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements was authorized for issue in accordance with a resolution of the Board of Directors on 8 Ramadan, 1445 AH (corresponding to 18 March 2024).