**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**

# UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION AND INDEPENDENT AUDITORS' REVIEW REPORT

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024**

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**
**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION**
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024**

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

To: The Shareholders of Allianz Saudi Fransi Cooperative Insurance Company
(A Saudi Joint Stock Company)

## Introduction

We have reviewed the accompanying interim condensed statement of financial position of Allianz Saudi Fransi Cooperative Insurance Company ("the Company") as of June 30, 2024, and the related interim condensed statements of income and comprehensive income for the three-month and six-month periods then ended, and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes (collectively referred to as "the interim condensed financial statements"). Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the International Accounting Standard 34 "*Interim Financial Reporting*" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

## Scope of Review

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

## Conclusion

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

**Deloitte and Touche & Co.**
**Chartered Accountants**
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Riyadh 11411
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**Walced bin Moh'd Sobahi**
Certified Public Accountant
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**For PKF Al Bassam**
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**Ibrahim A. Al-Bassam**
Certified Public Accountant
License No. 337

August 11, 2024
(Safar 07, 1446H)

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**
**AS AT JUNE 30, 2024**

| | Note | June 30, 2024 (Unaudited) SR | December 31, 2023 (Audited) SR |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 4 | **132,703,510** | 126,187,903 |
| Term deposit | 4.1 | **50,000,000** | 50,000,000 |
| Prepaid expenses and other assets | | **20,900,290** | 51,434,987 |
| Insurance contract assets | 9a, 9b | **107,592,201** | 145,585,905 |
| Reinsurance contract assets | 10a,10b | **384,317,097** | 398,384,918 |
| Financial assets for unit linked contracts | 12 | **482,153,185** | 500,981,775 |
| Investments | 5 | **793,532,145** | 808,899,680 |
| Right-of-use assets | 11.1 | **826,465** | 1,206,081 |
| Deferred tax asset | 6 | **3,657,480** | 4,286,053 |
| Property and equipment | | **6,928,166** | 6,493,822 |
| Statutory deposit | 4.2 | **60,000,000** | 60,000,000 |
| Accrued income on statutory deposit | | **1,925,153** | 1,925,153 |
| **TOTAL ASSETS** | | **2,044,535,692** | 2,155,386,277 |
| **LIABILITIES** | | | |
| Insurance contract liabilities | 9a, 9b | **1,038,549,757** | 1,111,134,900 |
| Reinsurance contract liabilities | 10a, 10b | **135,552,176** | 155,270,090 |
| Accrued expenses and other liabilities | | **30,275,474** | 45,717,373 |
| Lease liabilities | 11.2 | **1,481,956** | 3,019,008 |
| Employees' end-of-service obligations | | **19,097,473** | 19,219,326 |
| Zakat and income tax | 15 | **16,892,885** | 18,416,114 |
| Accrued income payable to IA | | **1,925,153** | 1,925,153 |
| **TOTAL LIABILITIES** | | **1,243,774,874** | 1,354,701,964 |
| **EQUITY** | | | |
| Share capital | 16 | **600,000,000** | 600,000,000 |
| Share premium | | **16,310,624** | 16,310,624 |
| Statutory reserve | | **33,248,740** | 33,248,740 |
| Retained earnings | | **109,728,051** | 99,139,226 |
| Fair value reserve for investments | | **46,769,383** | 54,113,233 |
| Treasury shares | 18 | **(7,828,812)** | (4,176,245) |
| Actuarial reserve for employees' end-of-service obligations | | **1,017,300** | 1,017,300 |
| Other reserves | | **1,515,532** | 1,031,435 |
| **TOTAL EQUITY** | | **800,760,818** | 800,684,313 |
| **TOTAL LIABILITIES AND EQUITY** | | **2,044,535,692** | 2,155,386,277 |
| **CONTINGENCIES AND COMMITMENTS** | 7 | | |

Abdulrahman Aldokheel
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Hani Al Bukhaitan
Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of this interim condensed financial information

**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**
**INTERIM CONDENSED STATEMENT OF INCOME**
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024**

| | Notes | *For the three-months period ended* | | *For the six-months period ended* | |
|---|---|---|---|---|---|
| | | **June 30, 2024 SR (unaudited)** | June 30, 2023 SR (unaudited) (Restated) | **June 30, 2024 SR (unaudited)** | June 30, 2023 SR (unaudited) (Restated) |
| Insurance revenue | 9a,9b | **238,327,730** | 207,132,341 | **470,308,030** | 391,938,457 |
| Insurance service expenses | 9a,9b | **(218,873,216)** | (142,403,318) | **(424,026,797)** | (317,743,853) |
| **Insurance service result before reinsurance contracts** | | **19,454,514** | 64,729,023 | **46,281,233** | 74,194,604 |
| Allocation of reinsurance premiums | 10a,10b | **(88,040,040)** | (66,908,819) | **(169,604,583)** | (131,703,915) |
| Amounts recoverable from reinsurance | 10a,10b | **71,789,156** | 12,443,493 | **125,198,175** | 73,719,504 |
| **Net expenses from reinsurance contracts** | | **(16,250,884)** | (54,465,326) | **(44,406,408)** | (57,984,411) |
| **Insurance service result from Company's directly written business** | | **3,203,630** | 10,263,697 | **1,874,825** | 16,210,193 |
| Share of surplus from insurance pools | | **-** | - | **3,611,916** | 7,218,000 |
| **Insurance service result** | | **3,203,630** | 10,263,697 | **5,486,741** | 23,428,193 |
| (Loss) / income from financial assets measured at FVTPL, net | | **(197,027)** | 30,342,889 | **14,042,997** | 29,604,602 |
| Income from financial assets not measured at FVTPL | | **9,196,776** | 1,267,784 | **22,550,340** | 18,569,538 |
| Other (expenses) / income | | **2,279,029** | 6,936,110 | **6,514,013** | 7,443,282 |
| **Net investment and other income** | | **11,278,778** | 38,546,783 | **43,107,350** | 55,617,422 |
| Finance expenses from insurance contracts | 9a,9b | **(5,205,124)** | (24,821,411) | **(25,215,731)** | (38,853,239) |
| Finance income from reinsurance contracts | 10a,10b | **4,423,755** | 2,579,613 | **8,687,241** | 5,449,915 |
| **Net insurance finance expenses** | | **(781,369)** | (22,241,798) | **(16,528,490)** | (33,403,324) |
| **Net insurance and investment result** | | **13,701,039** | 26,568,682 | **32,065,601** | 45,642,291 |
| Other operating expenses | | **(11,268,344)** | (13,402,900) | **(15,626,702)** | (18,969,004) |
| **Net income for the period before zakat and income tax** | | **2,432,695** | 13,165,782 | **16,438,899** | 26,673,287 |
| Provision for zakat and income tax | 15 | **(1,831,909)** | (2,756,494) | **(5,850,074)** | (6,661,072) |
| **Net income after zakat and income tax** | | **600,786** | 10,409,288 | **10,588,825** | 20,012,215 |
| **Earnings per share** | | | | | |
| Basic and diluted earnings per share | 16.2 | **0.010** | 0.173 | **0.177** | 0.334 |

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**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024**

| | Note | *For the three-months period ended* | | *For the six-months period ended* | |
|---|---|---|---|---|---|
| | | ***June 30, 2024*** ***SR*** ***(unaudited)*** | *June 30, 2023* *SR* *(unaudited)* | ***June 30, 2024*** ***SR*** ***(unaudited)*** | *June 30, 2023* *SR* *(unaudited)* |
| Net income for the period attributable to the shareholders after zakat and income tax | | **600,786** | 10,409,288 | **10,588,825** | 20,012,215 |
| **Other comprehensive income / (loss)** | | | | | |
| ***Item that may not be recycled to interim*** | | | | | |
| - Net change in fair value of FVOCI equity investments | | **(230,759)** | 19,515 | **(547,383)** | 329,300 |
| ***Items that may be recycled to interim*** | | | | | |
| - Net change in fair value of FVOCI debt investments | 5.2 | **(1,258,368)** | (8,360,550) | **(6,823,902)** | 7,099,168 |
| - Deferred tax relating to change in fair value | 6 | **(748,293)** | 882,602 | **27,435** | (788,709) |
| Change in insurance finance reserves | | **(62,945)** | 825,345 | **484,097** | 460,241 |
| **Total comprehensive (loss) / income for the period** | | **(1,699,579)** | 3,776,200 | **3,729,072** | 27,112,215 |

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Hani Al Bukhaitan
Chief Financial Officer

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**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
## FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2024

| | *Share capital* SR | *Share premium* SR | *Statutory reserve* SR | *Retained earnings* SR | *Actuarial reserve for end-of-service obligations* SR | *Fair value reserve for investments* SR | *Treasury shares* SR | *Other reserves* SR | *Total* SR |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 January 2024 (Audited)** | **600,000,000** | **16,310,624** | **33,248,740** | **99,139,226** | **1,017,300** | **54,113,233** | **(4,176,245)** | **1,031,435** | **800,684,313** |
| **Comprehensive income for the period** | | | | | | | | | |
| Net income for the period attributable to shareholders after zakat and income tax | - | - | - | **10,588,825** | - | - | - | - | **10,588,825** |
| Changes in fair values of FVOCI investments | - | - | - | - | - | **(7,371,285)** | - | - | **(7,371,285)** |
| Deferred tax relating to change in fair value | - | - | - | - | - | **27,435** | - | - | **27,435** |
| Other reserves | - | - | - | - | - | - | - | **484,097** | **484,097** |
| Total comprehensive income for the period | - | - | - | **10,588,825** | - | **(7,343,850)** | - | **484,097** | **3,729,072** |
| Purchase of ESOP | - | - | - | - | - | - | **(3,652,567)** | - | **(3,652,567)** |
| **Balance as at 30 June 2024 (unaudited)** | **600,000,000** | **16,310,624** | **33,248,740** | **109,728,051** | **1,017,300** | **46,769,383** | **(7,828,812)** | **1,515,532** | **800,760,818** |
| Balance as at 1 January 2023 – As previously reported for the period ended June 30, 2023 | 600,000,000 | 16,310,624 | 25,851,362 | 73,171,306 | 2,241,846 | 27,895,269 | - | 3,273,711 | 748,744,118 |
| Effect of restatement (note 19) | - | - | - | (3,621,594) | - | 1,377,925 | - | (820,746) | (3,064,415) |
| Balance as at 1 January 2023 – As reported for the year ended December 31, 2023 | 600,000,000 | 16,310,624 | 25,851,362 | 69,549,712 | 2,241,846 | 29,273,194 | - | 2,452,965 | 745,679,703 |
| Comprehensive income for the period | | | | | | | | | |
| Net loss for the period attributable to shareholders after zakat and income tax | - | - | - | 20,012,215 | - | - | - | - | 20,012,215 |
| Changes in fair values of FVOCI investments | - | - | - | - | - | 7,428,468 | - | - | 7,428,468 |
| Deferred tax relating to change in fair value | - | - | - | - | - | (788,709) | - | - | (788,709) |
| Other reserves | - | - | - | - | - | - | - | 460,241 | 460,241 |
| Total comprehensive income for the period | - | - | - | 20,012,215 | - | 6,639,759 | - | 460,241 | 27,112,215 |
| Balance as at 30 June 2023 (unaudited) | 600,000,000 | 16,310,624 | 25,851,362 | 89,561,927 | 2,241,846 | 35,912,953 | - | 2,913,206 | 772,791,918 |

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**ALLIANZ SAUDI FRANSI COOPERATIVE INSURANCE COMPANY**
**(A SAUDI JOINT STOCK COMPANY)**
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**
**FOR THE SIX-MONTHS PERIOD ENDED JUNE 30, 2024**

| | Note | *For the six-months period ended* | |
|---|---|---|---|
| | | ***June 30, 2024*** | *June 30, 2023* |
| | | ***SR*** | *SR* |
| | | ***(unaudited)*** | *(unaudited)* |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net income for the period before zakat and income tax | | **16,438,899** | 26,673,287 |
| ***Adjustments for non-cash and other items:*** | | | |
| Depreciation and amortization of property, equipment and intangible | | **804,883** | 1,921,631 |
| Amortisation of investments premium | 5.2 | **(101,913)** | (37,402) |
| Amortization of right-of-use assets | 11.1 | **1,450,614** | 1,450,614 |
| Net gain on investment measured at FVTPL | | **(709,736)** | (279,196) |
| Net impairment loss / (reversal) on financial assets | | **119,817** | (46,808) |
| Provision for end-of-service obligations | | **1,490,128** | 73,052 |
| Finance cost on lease liabilities | 11.2 | **224,393** | 1,782,400 |
| Unrealised gain on unit linked investments | | **(13,333,260)** | (9,033,503) |
| | | **6,383,825** | 22,504,075 |
| **Changes in operating assets and liabilities:** | | | |
| Financial assets for unit linked contracts | | **32,161,851** | 1,536,555 |
| Prepaid expenses and other assets | | **30,534,697** | (27,215,570) |
| Accrued expenses and other liabilities | | **(15,441,902)** | 9,284,859 |
| Insurance contract assets | | **37,993,704** | (21,043,904) |
| Reinsurance contract assets | | **14,067,821** | (25,111,748) |
| Insurance contract liabilities | | **(72,585,143)** | (2,743,981) |
| Reinsurance contract liabilities | | **(19,717,914)** | 118,211,580 |
| Changes in other reserve | | **484,097** | 460,241 |
| | | **13,881,036** | 75,882,107 |
| End-of-service obligations paid | | **(1,611,981)** | (1,967,479) |
| Zakat and income tax paid | | **(6,608,957)** | (6,158,087) |
| **Net cash generated from operating activities** | | **5,660,098** | 67,756,541 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of investments | 5 | **(9,700,000)** | (144,003,125) |
| Proceeds from sales / maturity of investments | | **18,279,746** | 68,168,750 |
| Purchase of property, equipment and intangible assets | | **(1,239,227)** | (1,989,388) |
| **Net cash generated from / (used in) investing activities** | | **7,340,519** | (77,823,763) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Purchase of shares held under employee scheme | | **(3,652,567)** | - |
| Lease rental paid | | **(2,832,443)** | (3,564,800) |
| **Net cash used in financing activities** | | **(6,485,010)** | (3,564,800) |
| **Net change in cash and cash equivalents** | | **6,515,607** | (13,632,022) |
| Cash and cash equivalents at the beginning of the period | 4 | **126,187,903** | 194,590,855 |
| **Cash and cash equivalents at the end of the period** | 4 | **132,703,510** | 180,958,833 |
| **Non-cash information:** | | | |
| Changes in fair value of investments measured at FVOCI | 5.2 | **7,371,285** | (7,428,468) |
| Deferred income tax | 6 | **(27,435)** | 788,709 |

Abdulrahman Aldokheel
Chief Executive Officer

Al Waleed Abdulrazak Al Dryaan
Chairman

Hani Al Bukhaitan
Chief Financial Officer

The accompanying notes 1 to 20 form an integral part of this interim condensed financial information

## 1. GENERAL

Allianz Saudi Fransi Cooperative Insurance Company (a Joint Stock Company incorporated in the Kingdom of Saudi Arabia), the "Company", was formed pursuant to Royal Decree number 60/M dated 18 Ramadan 1427H (corresponding to October 11, 2006). The Company operates under Commercial Registration number 1010235601 dated 26 Jumada Thani 1428H corresponding to July 12, 2007. The Company operates through its six branches in the Kingdom of Saudi Arabia. The registered address of the Company's head office is as follows:

Allianz Saudi Fransi Cooperative Insurance Company
Al Safwa Commercial Building, Khurais Road
P.O. Box 3540
Riyadh 11481, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities. Its principal lines of business include Medical, Protection and saving, Motor, Engineering, Property and Other general insurance.

On July 31, 2003, corresponding to 2 Jumada II 1424H, the Law on the Supervision of Cooperative Insurance Companies ("Insurance Law") was promulgated by Royal Decree Number (M/32). During March 2008, the Insurnace Authority ("IA"), as the principal authority responsible for the application and administration of the Insurance Law and its Implementing Regulations, granted the Company a license to transact insurance activities in the Kingdom of Saudi Arabia.

On January 1, 2016, the Company's management approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by IA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders' operations in full.

### Seasonality of operations

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

## 2. BASIS OF PREPARATION

### (a) Basis of presentation

The interim condensed financial information of the Company have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

As required by the Saudi Arabian Insurance Regulations (the Implementation Regulations), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses clearly attributable to either operation, are recorded in the respective accounts.

## 2. BASIS OF PREPARATION (CONTINUED)

### (a) Basis of presentation (continued)

In preparing the Company's financial information in compliance with IFRS as endorsed in KSA, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Inter-operation balances, transactions and unrealized gains and losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders' operations are uniform for like transactions and events in similar circumstances.

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

The interim condensed financial information is prepared under the going concern basis and the historical cost convention, except for the measurement of investments at their fair value and defined benefits obligations, which are recognised at the present value of future obligation using Projected Unit Credit Method. The Company's statement of financial position is presented in order of liquidity. Except for property and equipment, investments, statutory deposit and warranty and engineering related insurance and reinsurance contracts, all other assets and liabilities are of short-term nature, unless, stated otherwise. The current and non-current classification of the assets and liabilities have not changed since the year ended December 31, 2023.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it will be able to continue as a going concern in the foreseeable future . Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

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

The interim condensed financial information is expressed in Saudi Arabian Riyals (SR), which is also the functional and presentation currency of the Company.

## 3. MATERIAL ACCOUNTING POLICIES

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

### a) New and amended IFRS Accounting Standards ("IFRS") that are effective for the current period

The following new and revised IFRS, which became effective for annual periods beginning on or after January 1, 2024, have been adopted in these interim condensed financial statements.

| New and revised IFRS | Effective for annual periods beginning on or after |
|---|---|
| Amendments to IAS 1 – Classification of Liabilities as Current or Non-current | January 1, 2024 |
| Amendments to IAS 1 – Non-current Liabilities with Covenants | January 1, 2024 |
| Amendments to IFRS 16 Leases – Lease liability in a sale and leaseback arrangement | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 – Disclosures: Supplier Finance Arrangements | January 1, 2024 |

The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior periods.
The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### b) New and amended IFRS in issue but not yet effective and not early adopted

The Company has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

| New and revised IFRS | Effective for annual periods beginning on or after |
|---|---|
| Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Available for optional adoption/ effective date deferred indefinitely |
| Amendments to IAS 21 – Lack of Exchangeability | January 1, 2025 |
| The new standard, IFRS 18 replaces IAS 1 Presentation of Financial Statements | January 1, 2027 |
| The new standard, IFRS S1 'General requirements for disclosure of sustainability-related financial information; and | January 1, 2024 subject to endorsement by SOCPA |
| The new standard, IFRS S2 'Climate-related disclosures' | January 1, 2024 subject to endorsement by SOCPA |

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's interim condensed financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

### 3.2 Critical accounting judgments, estimates and assumptions

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

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

Following are the accounting judgments and estimates that are critical in preparation of these interim condensed financial information:

#### i. Estimates of future cash flows to fulfil insurance contracts

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

The estimates of these 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.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.2 Critical accounting judgments, estimates and assumptions (continued)

#### i. Estimates of future cash flows to fulfil insurance contracts (continued)

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. 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 performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfill the insurance contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include claims handling, maintenance and administration costs, and recurring commissions payable on instalment premiums receivable within the contract boundary. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Other costs are recognized in profit or loss as they are incurred.

#### ii. Discounting methodology

Discount rates are primarily used to adjust the estimates of future cash flows to reflect the time value of money and other financial risks to accrete interest on the liability for incurred claims.

The bottom-up approach was used to derive the discount rate. Under this approach, the USD based risk free discount rates by European Insurance and Occupational Pensions Authority (EIOPA) were used as a starting point for preparing the yield curve. The Company then further added a KSA country risk premium from the source to make the yield curve appropriate for application. The Company has used the USD volatility adjustment reported by EIOPA for Solvency II as a proxy for illiquidity premium. The Company is currently discounting liability for incurred claims for all groups of insurance contracts.

For GMM, the bottom-up approach is used to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The Company uses EIOPA rates provided by Allianz Group as risk free rates. Management uses judgement to assess liquidity characteristics of the liability cash flows. For GMM, due to size of business being immaterial, liquidity premium is not considered.

For VFA, the Company uses an average of the historical fund returns to set a yield curve to discount the cashflows.

#### iii. Risk adjustment for non-financial risks

The Company shall adjust the estimate of the present value of the future cash flows to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk. So, the purpose of the risk adjustment for non-financial risk is to measure the effect of uncertainty in the cash flows that arise from insurance contracts, other than uncertainty arising from financial risk. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The Company adopted the PAA simplification for the calculation of liability for remaining coverage. Therefore, risk adjustment for liability for remaining coverage will only be estimated in case a group of contracts is recognized as onerous.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.2 Critical accounting judgments, estimates and assumptions (continued)

#### iii. Risk adjustment for non-financial risks

For LRC measured under GMM and VFA, the cost of capital method is used to derive the overall risk adjustment for non-financial risk. In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is expected to be set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business.

#### iv. Onerosity determination

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition unless "facts and circumstances" indicate otherwise. The Company performs the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment shall be repeated if "facts and circumstances" indicate that there are significant changes in product pricing, product design, plans and forecasts. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

The Company has established a process for the underwriting team to capture onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately.

#### v. CSM determination

For long term Individual Life contracts, measured under the GMM and VFA, the Company recognizes a contractual service margin (CSM) which represents the unearned profit the Company will earn as it provides service under those contracts. A coverage unit methodology is used for the release of the CSM. Based on the benefit for the policy holders, the applicable CSM release pattern is determined by using coverage unit methodology which will reflect the benefit defined in the insurance contracts with the policyholders.

In performing the above determination, management applies judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in the income statement for the period.

#### vi. Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. The fair value used for valuation of Level 2 investments are based on discounted cash flow method which considers the present value of net cash flows to be generated from the debt securities and sukuks discounted at the market yield of treasury bills having similar terms and adjusted for the effect of non-marketability of the debt securities and sukuks which includes Saudi sovereign curve yield and risk premium prevailing in the Saudi market and for mutual funds latest available NAV adjusted for the fair value. The fair value used for valuation of Level 3 equities is based on discounted cash flow method. Also see note 5.

## 4. CASH AND CASH EQUIVALENTS

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

| | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Bank balances and cash | **71,780,403** | 64,155,343 |
| Deposits maturing within 3 months | **60,990,083** | 62,278,374 |
| Less: Impairment allowance | **(66,976)** | (245,814) |
| | **132,703,510** | 126,187,903 |

Deposits are maintained with financial institutions and have a maturity of three months or less from the date of acquisition. These deposits earn commission at an average rate ranging from 5.5% to 6.1% per annum as at June 30, 2024 (31 December 2023: 6.0% per annum).

Bank balances and deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

### 4.1 Term Deposit

The term deposits of SR 50 million (31 December 2023: SR 50 million) are held with reputable commercial banks and financial institutions. These deposits are predominately in Murabaha structure. They are mostly denominated in Saudi Arabian Riyals and have an original maturity from more than three-month to more than one year and yield financial income at rates ranging from 6% to 6.5% per annum (31 December 2023: from 6% to 7.5%).
Term deposits are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

### 4.2 Statutory deposit

Statutory deposit amounting to SAR 60 million (31 December 2023: SAR 60 million) kept with a local bank, represents 10% of the paid up share capital of the Company which is maintained in accordance with the Cooperative Insurance Companies Control Law issued by the Insurance Authority. This statutory deposit cannot be withdrawn without the consent of Insurance Authority.

## 5. INVESTMENTS

| | Note | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|---|
| Measured at FVTPL | 5.1 | **75,477,965** | 79,195,558 |
| Measured at FVOCI | 5.2 | **718,054,180** | 729,704,122 |
| | | **793,532,145** | 808,899,680 |

### 5.1 Movement in investment classified under fair value through profit or loss

| | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| **Balance at beginning of the period / year** | **79,195,558** | 78,173,786 |
| Maturity | **(4,318,993)** | - |
| Unrealised gain on fair value | **601,400** | 1,021,772 |
| **Balance at period / year end** | **75,477,965** | 79,195,558 |

### 5.1.1 *Investments are classified as follows:*

| | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Bonds and sukuks | **70,121,633** | 69,598,125 |
| Mutual funds | **5,356,332** | 9,597,433 |
| | **75,477,965** | 79,195,558 |

## 5. INVESTMENTS (CONTINUED)

### 5.2 Movement in investment classified under fair value through other comprehensive income

| | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| **Balance at beginning of the period / year** | **729,704,122** | 552,561,261 |
| Purchases | **9,700,000** | 222,813,853 |
| Disposals | **(13,960,753)** | (73,168,750) |
| Amortisation | **(17,904)** | 34,530 |
| Unrealised (loss) / gain on fair value | **(7,371,285)** | 27,463,228 |
| **Balance at period / year end** | **718,054,180** | 729,704,122 |

### 5.2.1 *Investments are classified as follows:*

| | **June 30, 2024 (Unaudited) SR** | *December 31, 2023 (Audited)* SR |
|---|---|---|
| Bonds and sukuks | **669,164,981** | 680,067,980 |
| Equities | **48,889,199** | 49,636,142 |
| | **718,054,180** | 729,704,122 |

## 6. DEFERRED TAX ASSETS, NET

| | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Deferred tax assets, net | **3,657,480** | 4,286,053 |

***Movement in deferred tax asset balance is as follows:***

| | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| At the beginning of the period / year | **4,286,053** | 7,051,465 |
| Deferred tax expense - statement of income | **(656,008)** | (142,223) |
| Deferred tax income / (expense) - statement of comprehensive income | **27,435** | (2,623,189) |
| **At the end of the period / year** | **3,657,480** | 4,286,053 |

This deferred tax arises on employees' end of service obligations, provision against premium receivable, provision against reinsurance receivable, unabsorbed tax losses, fair value reserve on investments and property and equipment.

## 7. CONTINGENCIES AND COMMITMENTS

a) The Company's commitments and contingencies are as follows:

| | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Letters of guarantee | **8,007,801** | 9,092,033 |

b) 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 interim financial position and results as at and for the period ended June 30, 2024. There was no significant change in the status of legal proceedings as disclosed at December 31, 2023.

## 8. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

### a. Determination of fair value and fair value hierarchy

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

Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
Level 3: valuation techniques for which any significant input is not based on observable market data.

### b. Carrying amounts and fair value

The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation to fair value.

| | **Fair value** | | | | |
|---|---|---|---|---|---|
| ***SR*** | **Level 1** | **Level 2** | **Level 3** | **Total** | **Carrying value** |
| **June 30, 2024 (unaudited)** | | | | | |
| ***Investment measured at fair value through OCI*** | | | | | |
| Bonds and sukuks | **341,148,006** | **328,016,975** | **-** | **669,164,981** | **669,164,981** |
| Equities | **2,994,507** | **-** | **45,894,692** | **48,889,199** | **48,889,199** |
| ***Investment measured at fair value through profit or loss*** | | | | | |
| Bonds and sukuks | **70,121,633** | **-** | **-** | **70,121,633** | **70,121,633** |
| Mutual funds | **5,356,332** | **-** | **-** | **5,356,332** | **5,356,332** |
| ***Financial assets at fair value through profit or loss (unit linked investments)*** | **-** | **482,153,185** | **-** | **482,153,185** | **482,153,185** |
| | **419,620,478** | **810,170,160** | **45,894,692** | **1,275,685,330** | **1,275,685,330** |

## 8. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### b. Carrying amounts and fair value (continued)

| | Fair value | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Carrying value |
| December 31, 2023 | | | | | |
| *Investment measured at fair value through OCI* | | | | | |
| Bonds and sukuks | 344,595,645 | 335,472,335 | - | 680,067,980 | 680,067,980 |
| Equities | 3,741,450 | - | 45,894,692 | 49,636,142 | 49,636,142 |
| *Investment measured at fair value through profit or loss* | | | | | |
| Bonds and sukuks | 69,598,125 | - | - | 69,598,125 | 69,598,125 |
| Mutual funds | 9,597,433 | - | - | 9,597,433 | 9,597,433 |
| *Financial assets at fair value through profit or loss (unit linked investments)* | - | 500,981,775 | - | 500,981,775 | 500,981,775 |
| | 427,532,653 | 836,454,110 | 45,894,692 | 1,309,881,455 | 1,309,881,455 |

## 8. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### c. Measurement of fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Bonds and sukuks | The fair value used for valuation of Level 2 bonds and sukuks based on discounted cash flow method which considers the present value of net cash flows discounted at the market yield of treasury bills having similar terms and adjusted for the effect of non-marketability of the debt securities and sukuks which includes Saudi sovereign curve yield and risk premium prevailing in the Saudi market. | Not applicable | Not applicable |
| Mutual funds | Mutual funds classified as Level 2 are fair valued based on the latest available NAV adjusted for the fair value. | Not applicable | Not applicable |
| Equities | Equities classified as Level 3 are fair value estimates technique such as discounted cash flows which are based on approved projections. Key assumptions used such as discount rate, terminal growth rate etc, which are not observable. | Fair value of future operating cash flows, discount rate and terminal growth rate, etc. | The estimated fair value will increase / decrease directly in line with the change in future operating cash flows. |

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurement in level 3 of the fair value hierarchy:

| **SR** | **June 30, 2024 (Unaudited) SR** | December 31, 2023 (Audited) SR |
|---|---|---|
| Balance at the beginning of the period / year | **45,894,692** | 42,313,127 |
| Unrealised gain on fair value of FVOCI | **-** | 3,581,565 |
| Balance at the end of the period / year | **45,894,692** | 45,894,692 |

## 9. INSURANCE CONTRACT ASSETS / LIABILITIES

| | | June 30, 2024 (Unaudited) | | December 31, 2023 (Audited) | |
|---|---|---|---|---|---|
| **Insurance contract assets & liabilities** | | **Assets** | **Liabilities** | Assets | Liabilities |
| **Total – PAA** | **9a** | **105,292,904** | **541,970,051** | 142,681,103 | 603,658,321 |
| **Total – GMM/VFA** | **9b** | **2,299,297** | **496,579,706** | 2,904,802 | 507,476,579 |
| **Total insurance contract assets & liabilities** | | **107,592,201** | **1,038,549,757** | 145,585,905 | 1,111,134,900 |

### a. PAA, gross

| *For the six-months period ended June 30, 2024* | | | | | |
|---|---|---|---|---|---|
| | **LRC** | **LC** | **LIC** | **RA** | **Total** |
| **Net insurance contract assets / (liabilities) as at January 1, 2024** | **(7,382,691)** | **(5,232,710)** | **(424,970,005)** | **(23,391,812)** | **(460,977,218)** |
| **Insurance contract assets as at January 1, 2024** | **131,179,838** | **-** | **11,390,742** | **110,523** | **142,681,103** |
| **Insurance contract liabilities as at January 1, 2024** | **(138,562,529)** | **(5,232,710)** | **(436,360,747)** | **(23,502,335)** | **(603,658,321)** |
| **Insurance revenue** | **464,131,205** | **-** | **-** | **-** | **464,131,205** |
| Written premium | 464,131,205 | - | - | - | **464,131,205** |
| Change in unearned premium reserves [including additional unexpired risk reserve (AURR)] | - | - | - | - | **-** |
| **Insurance service expenses** | **(42,649,045)** | **1,821,380** | **(376,850,781)** | **540,901** | **(417,137,545)** |
| Paid claims and other expenses | - | - | (324,445,982) | - | **(324,445,982)** |
| Amortisation of insurance acquisition cash flows | (42,649,045) | - | - | - | **(42,649,045)** |
| Losses on onerous contracts and reversals of those losses | - | 1,821,380 | - | - | **1,821,380** |
| Changes in liabilities for incurred claims | - | - | (10,186,901) | 540,901 | **(9,646,000)** |
| Attributable expenses | - | - | (42,217,898) | - | **(42,217,898)** |
| Other movements (including surplus) | - | - | - | - | **-** |
| **Insurance service result** | **421,482,160** | **1,821,380** | **(376,850,781)** | **540,901** | **46,993,660** |
| **Insurance finance expenses/income** | **(2,349,416)** | **-** | **(6,649,849)** | **-** | **(8,999,265)** |
| Insurance finance expenses/income - P&L | (2,349,416) | - | (9,519,300) | - | **(11,868,716)** |
| Insurance finance expenses/income – OCI | | | 2,869,451 | | **2,869,451** |
| **Total changes in the profit or loss and OCI** | **419,132,744** | **1,821,380** | **(383,500,630)** | **540,901** | **37,994,395** |
| **Cash flows** | | | | | **-** |
| Premiums received | (531,180,305) | - | - | - | **(531,180,305)** |
| Claims and other expenses paid | - | - | 424,882,775 | - | **424,882,775** |
| Directly attributable expenses paid | - | - | 41,349,122 | - | **41,349,122** |
| Insurance acquisition cash flows paid | 42,528,559 | - | - | - | **42,528,559** |
| Other cash flows (including expired policy) | - | - | 8,725,525 | - | **8,725,525** |
| **Total cash flows** | **(488,651,746)** | **-** | **474,957,422** | **-** | **(13,694,324)** |
| **Net insurance contract assets / (liabilities) as at June 30, 2024** | **(76,901,693)** | **(3,411,330)** | **(333,513,213)** | **(22,850,911)** | **(436,677,147)** |
| **Insurance contract liabilities as at June 30, 2024** | (108,204,756) | (3,411,330) | (407,410,590) | (22,943,375) | **(541,970,051)** |
| **Insurance contract assets as at June 30, 2024** | 31,303,063 | - | 73,897,377 | 92,464 | **105,292,904** |

## 13. OPERATING SEGMENTS (CONTINUED)

| | For the three month period ended 30 June 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Medical** | **Motor** | ***Property and Casualty*** | **Group life** | **Protection and saving** | **Protection** | **Total** |
| Insurance revenue | **86,470,170** | **58,504,015** | **66,765,160** | **23,038,413** | **86,580** | **3,463,392** | **238,327,730** |
| Insurance service expenses | **(98,748,240)** | **(52,872,063)** | **(46,109,321)** | **(17,936,719)** | **(15,615)** | **(3,191,258)** | **(218,873,216)** |
| **Insurance service result before reinsurance contracts** | **(12,278,070)** | **5,631,952** | **20,655,839** | **5,101,694** | **70,965** | **272,134** | **19,454,514** |
| Allocation of reinsurance premiums | **(22,335,357)** | **(562,041)** | **(50,807,046)** | **(14,306,906)** | **-** | **(28,690)** | **(88,040,040)** |
| Amounts recoverable from reinsurance | **32,617,903** | **(77,766)** | **30,371,766** | **8,922,946** | **-** | **(45,693)** | **71,789,156** |
| **Net expenses from reinsurance contracts** | **10,282,546** | **(639,807)** | **(20,435,280)** | **(5,383,960)** | **-** | **(74,383)** | **(16,250,884)** |
| Insurance service result from Company's directly written business | **(1,995,524)** | **4,992,145** | **220,559** | **(282,266)** | **70,965** | **197,751** | **3,203,630** |
| Share of surplus from insurance pools | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Total insurance service result** | **(1,995,524)** | **4,992,145** | **220,559** | **(282,266)** | **70,965** | **197,751** | **3,203,630** |
| Finance expenses from insurance contracts | **(338,090)** | **(394,999)** | **(4,724,688)** | **(145,449)** | **(3,353)** | **401,455** | **(5,205,124)** |
| Finance income from reinsurance contracts | **127,226** | **20,965** | **4,191,170** | **94,609** | **(9,912)** | **(303)** | **4,423,755** |
| **Net insurance finance expenses** | **(210,864)** | **(374,034)** | **(533,518)** | **(50,840)** | **(13,265)** | **401,152** | **(781,369)** |
| Loss from financial assets measured at FVTPL, net | | | | | | | **(197,027)** |
| Income from financial assets not measured at FVTPL | | | | | | | **9,196,776** |
| Other income | | | | | | | **2,279,029** |
| **Net investment income** | | | | | | | **11,278,778** |
| Other operating expenses | | | | | | | **(11,268,344)** |
| **NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX** | | | | | | | **2,432,695** |

| | ***Medical*** | ***Motor*** | ***Property and Casualty*** | ***Group Life*** | ***Protection and saving*** | ***Protection*** | ***Total*** |
|---|---|---|---|---|---|---|---|
| | ***SR*** | ***SR*** | ***SR*** | ***SR*** | ***SR*** | ***SR*** | ***SR*** |
| **Gross written premiums – retail** | **1,331,138** | **14,048,926** | **205,840** | **10,032** | **-** | **8,164,591** | **23,760,527** |
| **Gross written premiums – corporate** | **59,687,362** | **8,280,031** | **54,298,624** | **3,238,703** | **9,081,727** | **-** | **134,586,447** |
| **Gross written premiums – very small entities** | **-** | **2,592,568** | **3,382,908** | **-** | **-** | **-** | **5,975,476** |
| **Gross written premiums – small entities** | **-** | **7,982,703** | **3,855,377** | **6,297** | **-** | **-** | **11,844,377** |
| **Gross written premiums – medium entities** | **-** | **10,642,180** | **11,535,664** | **6,432,616** | **-** | **1,061,975** | **29,672,435** |
| **Gross written premiums** | **61,018,500** | **43,546,408** | **73,278,413** | **9,687,648** | **9,081,727** | **9,226,566** | **205,839,262** |

## 13. OPERATING SEGMENTS (CONTINUED)

| | For the six month period ended 30 June 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Medical | Motor | *Property and Casualty* | Group life | Protection and saving | Protection | Total |
| Insurance revenue | 118,336,852 | 138,520,641 | 92,543,701 | 36,210,130 | 228,999 | 6,098,134 | 391,938,457 |
| Insurance service expenses | (84,563,037) | (142,740,638) | (42,666,276) | (42,919,952) | (22,081) | (4,831,869) | (317,743,853) |
| Insurance service result before reinsurance contracts | 33,773,815 | (4,219,997) | 49,877,425 | (6,709,822) | 206,918 | 1,266,265 | 74,194,604 |
| Allocation of reinsurance premiums | (48,085,931) | (872,300) | (59,489,039) | (23,070,656) | (40,887) | (145,102) | (131,703,915) |
| Amounts recoverable from reinsurance | 30,459,623 | (324,300) | 14,186,562 | 29,471,715 | (2,886) | (71,210) | 73,719,504 |
| Net expenses from reinsurance contracts | (17,626,308) | (1,196,600) | (45,302,477) | 6,401,059 | (43,773) | (216,312) | (57,984,411) |
| Insurance service result from Company's directly written business | 16,147,507 | (5,416,597) | 4,574,948 | (308,763) | 163,145 | 1,049,953 | 16,210,193 |
| Share of surplus from insurance pools | 7,218,000 | - | - | - | - | | 7,218,000 |
| Total insurance service result | 23,365,507 | (5,416,597) | 4,574,948 | (308,763) | 163,145 | 1,049,953 | 23,428,193 |
| Finance expenses from insurance contracts | (955,271) | (730,171) | (5,087,711) | (328,817) | | (31,751,269) | (38,853,239) |
| Finance income from reinsurance contracts | 520,914 | 28,393 | 4,677,748 | 216,487 | 1,354 | 5,019 | 5,449,915 |
| Net insurance finance expenses | (434,357) | (701,778) | (409,963) | (112,330) | 1,354 | (31,746,250) | (33,403,324) |
| Income from financial assets measured at FVTPL, net | | | | | | | 29,604,602 |
| Income from financial assets not measured at FVTPL | | | | | | | 18,569,538 |
| Other income | | | | | | | 7,443,282 |
| Net investment income | | | | | | | 55,617,422 |
| Other operating expenses | | | | | | | (18,969,004) |
| NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX | | | | | | | 26,673,287 |

| | *Medical* | *Motor* | *Property and Casualty* | *Group Life* | *Protection and saving* | *Protection* | *Total* |
|---|---|---|---|---|---|---|---|
| | *SR* | *SR* | *SR* | *SR* | *SR* | *SR* | *SR* |
| Gross written premiums – retail | 6,876,474 | 46,601,067 | (1,878,576) | 7,530 | - | 19,990,451 | 71,596,946 |
| Gross written premiums – corporate | 151,527,010 | 67,611,200 | 85,633,815 | 66,360,508 | 14,981,178 | - | 386,113,711 |
| Gross written premiums – very small entities | - | 5,137,996 | 4,885,717 | - | - | - | 10,023,713 |
| Gross written premiums – small entities | - | 18,858,708 | 6,660,841 | 81,185 | - | - | 25,600,734 |
| Gross written premiums – medium entities | - | 29,860,247 | 15,980,320 | 1,364,664 | - | - | 47,205,231 |
| Gross written premiums | 158,403,484 | 168,069,218 | 111,282,117 | 67,813,887 | 14,981,178 | 19,990,451 | 540,540,332 |

## 13. OPERATING SEGMENTS (CONTINUED)

| | For the three month period ended 30 June 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Medical | Motor | *Property and Casualty* | Group life | Protection and saving | Protection | Total |
| Insurance revenue | 66,935,366 | 74,487,658 | 44,352,789 | 18,312,342 | (59,370) | 3,103,555 | 207,132,341 |
| Insurance service expenses | (45,971,143) | (76,983,597) | 1,588,681 | (19,077,948) | (1,153) | (1,958,158) | (142,403,318) |
| Insurance service result before reinsurance contracts | 20,964,223 | (2,495,939) | 45,941,470 | (765,606) | (60,523) | 1,145,398 | 64,729,023 |
| Allocation of reinsurance premiums | (25,425,740) | (348,920) | (30,390,437) | (10,971,807) | (40,887) | 268,972 | (66,908,819) |
| Amounts recoverable from reinsurance | 14,507,508 | 75,821 | (14,232,726) | 12,205,352 | (2,886) | (109,575) | 12,443,493 |
| Net expenses from reinsurance contracts | (10,918,232) | (273,099) | (44,623,163) | 1,233,546 | (43,773) | 159,397 | (54,465,325) |
| Insurance service result from Company's directly written business | 10,045,991 | (2,769,038) | 1,318,307 | 467,940 | (104,296) | 1,304,795 | 10,263,698 |
| Share of surplus from insurance pools | - | - | - | - | - | | - |
| Total insurance service result | 10,045,991 | (2,769,038) | 1,318,307 | 467,940 | (104,296) | 1,304,795 | 10,263,698 |
| Finance expenses from insurance contracts | (310,656) | (296,618) | (2,516,926) | (142,046) | (5,508) | (21,549,658) | (24,821,411) |
| Finance income / (expenses) from reinsurance contracts | 170,982 | 8,907 | 2,303,625 | 92,535 | 1,354 | 2,210 | 2,579,613 |
| Net insurance finance expenses | (139,673) | (287,711) | (213,301) | (49,511) | (4,154) | (21,547,448) | (22,241,798) |
| Income from financial assets measured at FVTPL, net | | | | | | | 30,342,889 |
| Income from financial assets not measured at FVTPL | | | | | | | 1,267,784 |
| Other income | | | | | | | 6,936,110 |
| Net investment income | | | | | | | 38,546,783 |
| Other operating expenses | | | | | | | (13,402,900) |
| NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION OF ZAKAT AND INCOME TAX | | | | | | | 13,165,782 |

| | *Medical* | *Motor* | *Property and Casualty* | *Group Life* | *Protection and saving* | *Protection* | *Total* |
|---|---|---|---|---|---|---|---|
| | *SR* | *SR* | *SR* | *SR* | *SR* | *SR* | *SR* |
| Gross written premiums – retail | 2,077,857 | 13,887,640 | 288,588 | - | - | 9,522,376 | 25,776,461 |
| Gross written premiums – corporate | 83,094,160 | 17,354,719 | 38,240,642 | 64,494,722 | 7,601,119 | - | 210,785,362 |
| Gross written premiums – very small entities | - | 3,429,460 | 3,732,195 | - | - | - | 7,161,655 |
| Gross written premiums – small entities | - | 7,463,510 | 3,305,879 | 60,823 | - | - | 10,830,212 |
| Gross written premiums – medium entities | - | 12,407,616 | 8,725,304 | 878,932 | - | - | 22,011,852 |
| Gross written premiums | 85,172,017 | 54,542,945 | 54,292,608 | 65,434,477 | 7,601,119 | 9,522,376 | 276,565,542 |

## 14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES AND OTHER SHAREHOLDERS

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the period / year and the related balances:

| | ***Transactions during the period*** | | ***Balance as at*** | |
|---|---|---|---|---|
| | ***June 30, 2024*** | *June 30,2023* | ***June 30, 2024*** | *December 31, 2023* |
| | ***SR*** | *SR* | ***SR*** | *SR* |
| **Entities controlled, jointly controlled or significantly influenced by related parties** | | | | |
| - Insurance premium ceded* | **24,241,135** | 63,581,842 | - | - |
| - Reinsurers' share of claims paid* | **26,781,948** | 19,553,529 | - | - |
| - Commission income* | **1,894,067** | 2,935,654 | - | - |
| - Third party administrator expenses* | **897,771** | 3,421,934 | - | - |
| - Reinsurers' share of outstanding claims (Treaty) | - | - | - | 1,697,513 |
| - Accrued third party administrator | - | - | - | 4,052,294 |
| - Reinsurance balance payable, net | - | - | - | 95,853,513 |
| - Investments in equity of Saudi NextCare | - | - | - | 2,410,440 |
| **Other shareholders** | | | | |
| - Insurance premium written* | **11,093,818** | 72,191,071 | - | - |
| - Claims paid* | **16,060,045** | 18,240,098 | - | - |
| - Commission expense* | **308,571** | 445,050 | - | - |
| - Premium receivable | - | - | **10,903,248** | 23,967,410 |
| - Outstanding claims | - | - | **27,760,081** | 26,809,999 |
| - Cash and cash equivalents (Note 4) | - | - | **12,087,825** | 42,557,872 |
| - Unit linked investments managed by shareholders | - | - | **482,153,185** | 502,706,804 |

*Transactions for those items comprises balance from previous related parties which include Allianz SNA, Allianz Mena Holding Bermuda, Allianz Risk Transfer A.G. Dubai, Allianz France, Allianz Global Corporate and Specialty AG, Allianz World Wide Care, Allianz Global risks U.S Insurance, Allianz Belgium, Euler Hermes, Allianz SE Zurich, Allianz Insurance Hong Kong, Allianz Global Risks Netherland, Allianz Insurance Singapore, Allianz Insurance New Zealand and Saudi NextCare. During the period ended June 30, 2024, the Company announced that it has been notified by Allianz SE of the completion of the sale and purchase arrangement with respect to all of the shares held by Allianz SE in the Company (which are held indirectly through its three subsidiaries (Allianz Europe B.V., Allianz France S.A. and Allianz MENA Holding (Bermuda) Limited)), to Abu Dhabi National Insurance Company PJSC, therefore those transactions are only limited to the date of the approved transaction. Balance reported in above table exclude transaction related to previous shareholders Allianz SE and its subsidiaries. Other related parties include Banque Saudi Fransi (one of the shareholders) and its Group Companies.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer, and the Chief Financial Officer of the Company.
The compensation of key management personnel during the period is as follows:

| **June 30, 2024** | **BOD members** | **Top executives** |
|---|---|---|
| | **SR** | **SR** |
| Salaries and compensation | **-** | **2,235,386** |
| Allowances | **78,000** | **-** |
| Annual remuneration | **510,000** | **-** |
| End of service obligations | **-** | **235,451** |
| | **588,000** | **2,470,837** |

## 14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES AND OTHER SHAREHOLDERS (CONTINUED)

| June 30, 2023 | BOD members SR | Top executives SR |
|---|---|---|
| Salaries and compensation | - | 2,077,274 |
| Allowances | 106,500 | - |
| Annual remuneration | 240,000 | - |
| End of service obligations | - | 89,921 |
| | 346,500 | 2,167,195 |

## 15. ZAKAT AND INCOME TAX

A summary of the Company's share capital and percentages of ownership are as follows:

| | **June 30, 2024 (Unaudited)** | | December 31, 2023 (Audited) | |
|---|---|---|---|---|
| | **SR** | **%** | SR | % |
| Non-Saudi Shareholders | **12,120,000** | **2.02%** | 318,540,000 | 53.09% |
| Saudi and GCC Shareholders | **587,880,000** | **97.98%** | 281,460,000 | 46.91% |
| | **600,000,000** | **100%** | 600,000,000 | 100% |

As at June 30, 2024, the authorized, issued and fully paid-in share capital of the Company consists of 60 million shares of SR 10 each and as at December 31, 2023 the authorized, issued and fully paid-in share capital of the Company consists of 60 million shares of SR 10 each. The Company's zakat and income tax calculations and corresponding accruals and payments of zakat and income tax are based on the above ownership percentages in accordance with the relevant provisions of the Saudi Arabian zakat and income tax regulations.

The zakat and income tax provision as at the period / year end is as follows:

| | **June 30, 2024 (Unaudited) SR** | *December 31, 2023 (Audited)* SR |
|---|---|---|
| Provision for zakat | **9,696,601** | 10,570,943 |
| Provision for income tax | **7,196,284** | 7,845,171 |
| | **16,892,885** | 18,416,114 |

The zakat and income tax charge for the six month period is as follows:

| | **June 30, 2024 (Unaudited) SR** | June 30, 2023 (Unaudited) SR |
|---|---|---|
| Zakat for the six-month period | **3,972,086** | 4,812,974 |
| Income tax for the six-month period | | |
| - Current tax | **1,221,980** | 2,120,125 |
| - Deferred tax | **656,008** | (272,027) |
| | **5,850,074** | 6,661,072 |

The zakat and income tax charge for the three month period is as follows:

| | **June 30, 2024 (Unaudited) SR** | June 30, 2023 (Unaudited) SR |
|---|---|---|
| Zakat for the three-month period | **2,248,828** | 2,290,368 |
| Income tax for the three-month period | | |
| - Current tax | **(360,382)** | 125,415 |
| - Deferred tax | **(56,537)** | 340,711 |
| | **1,831,909** | 2,756,494 |

## 15. ZAKAT AND INCOME TAX (CONTINUED)

***Status of assessments***

ZATCA raised the assessment in year 2020 which resulted in an additional VAT amount payable of SR 45.9 million The Company paid the additional VAT amount to avoid any penalties but submitted its objections against ZATCA's assessment. ZATCA accepted the objections partially for SR 18.1 million and rejected the remaining SR 27.8 million (which relate to input VAT recovery on prepaid expenses and other assets). The Company filed an appeal to the General Secretariat of the Tax Committees ("GSTC") of the remaining SR 27.8 million (GSTC Level 1). The case under GSTC Level 1 was heard by the committee in July 2021 and GSTC ruled in favour of ZATCA. The Company decided to appeal the case to GSTC Level 2 and the appeal was submitted on October 10, 2021. GSTC Level 2 appeal was heard by the GSTC in August 2022 without the presence of the Company and GSTC ruled in favour of the Company for the contested purchase items amounting to SR 19.2 million and rejected the contested sales items amounting to SR 8.5 million.

The Company further submitted a reconsideration request to the GSTC in relation to the rejected contested sales items amounting to SR 8.5 million on the basis that the verbal ruling was issued in the absence of the Company. GSTC gave an unfavourable response to the Company and the case is now closed. To recover the amount for the accepted part of the appeal, the Company has submitted a reconsideration request to the GSTC in respect of the contested sales item. Separately, in August 2023, the Company received an audit notification from ZATCA for the years 2021 and 2022 and the audit was concluded on 26 February 2024 with ZATCA issuing an initial assessment. The initial assessment states that the Company is in a VAT payable amount of SAR 3,361,018.72. The Company has challenged some of the aforementioned points by submitting additional documents and explanations. Consequently, on 25 June 2024, ZATCA re-evaluated the initial assessment considering the new evidence provided by the Company. This re-evaluated assessment determined that the Company's VAT liability has been reduced from SAR 3,361,018.72 to SAR 1,216,632.92. However, the audit process is still ongoing given that the Company has disputed the re-evaluated assessment by presenting more detailed analysis (such as reconciliation between the VAT return and the financial statement) and further documentation to substantiate their claims.

The Company has filed the zakat and income tax declarations for all the years up to December 31, 2023. The Company finalized its zakat and income tax position for all the years up to December 31, 2020.

The ZATCA did not yet issue the zakat and income tax assessment for the years ended 31 December 2021, 2022, and 2023.

## 16. SHARE CAPITAL AND EARNINGS PER SHARE

### 16.1 Share capital

The authorised and issued share capital of the Company is SR 600 million divided into 60 million shares of SR 10 each (December 31, 2023: SR 600 million divided into 60 million shares of SR 10 each). The founding shareholders of the Company have subscribed and paid for 39 million shares with a nominal value of SR 10 each, which represents 65% of the shares of the Company's capital and the remaining 21 million shares with a nominal value of SR 10 each have been subscribed by general public. Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat and income tax.

## 16. SHARE CAPITAL AND EARNINGS PER SHARE (CONTINUED)

### 16.1 Share capital (continued)

During the year end 2023, the Company announced on tadawul dated September 28, 2023 about a major change in shareholders of Allianz Saudi Fransi Cooperative Insurance Company. Allianz SE is willing to sell all of its shares in the Company (which it indirectly holds through its subsidiaries, Allianz Europe B.V., Allianz France S.A. and Allianz MENA Holding (Bermuda) Limited) to Abu Dhabi National Insurance Company PJSC ("ADNIC"). Completion of the overall transaction is subject to certain conditions and regulatory approvals. Accordingly, on September 27, 2023 these three subsidiaries have entered into a legally binding sale and purchase agreement with ADNIC. Upon completion of the overall transaction, ADNIC will directly own 51% of the share capital of the Company and Allianz SE will cease to hold, directly or indirectly, any shares in the Company, subject to regulator approvals.

During the period ended June 30, 2024, the Company announced that it has been notified by Allianz SE of the completion of the sale and purchase arrangement with respect to all of the shares held by Allianz SE in the Company (which are held indirectly through its three subsidiaries (Allianz Europe B.V., Allianz France S.A. and Allianz MENA Holding (Bermuda) Limited)), to Abu Dhabi National Insurance Company PJSC, being 30,600,000 shares representing 51% of the share capital of the Company, with a total value of USD 133,068,800 (being SR 499,008,000) at a weighted average price of approximately SR 16.3075 per share.

| | **June 30, 2024** | |
|---|---|---|
| | **Number of Shares** | **Authorized, issued and paid up capital** |
| | | **SR** |
| **Abu Dhabi National Insurance Company PJSC** | **30.60 Million** | **306 Million** |
| **Banque Saudi Fransi** | **8.40 Million** | **84 Million** |
| **Public** | **21.00 Million** | **210 Million** |
| | **60 Million** | **600 Million** |

| | December 31, 2023 | |
|---|---|---|
| | Number of Shares | Authorized, issued and paid up capital |
| | | SR |
| Allianz Europe BV | 11.10 Million | 111 Million |
| Allianz France International | 9.75 Million | 97.5 Million |
| Allianz Mena Holding Bermuda | 9.75 Million | 97.5 Million |
| Banque Saudi Fransi | 8.40 Million | 84 Million |
| Public | 21.00 Million | 210 Million |
| | 60 Million | 600 Million |

### 16.2 Earning per share

Earnings per share has been calculated by dividing the income for the period by the weighted average number of shares outstanding at the reported date after excluding the treasury shares consisting of 425,502 shares (June 30, 2023: Nil shares).

| | **For the six-month period ended** | |
|---|---|---|
| | **June 30, 2024** | June 30, 2023 |
| Income for the period | **10,588,825** | 20,012,215 |
| Weighted average number of shares | **59,717,828** | 60,000,000 |
| Earnings per share | **0,177** | 0.334 |

| | **For the three-month period ended** | |
|---|---|---|
| | **June 30, 2024** | June 30, 2023 |
| Income for the period | **600,786** | 10,409,288 |
| Weighted average number of shares | **59,717,828** | 60,000,000 |
| Earnings per share | **0,010** | 0.173 |

## 17. RISK MANAGEMENT

### Capital management

Objectives are set by the Company to maintain stable capital ratios in order to support its business objectives and maximise 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 shares.

The operations of the Company are subject to local regulatory requirements within the jurisdiction where it is incorporated. 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.

The Company maintains its capital as per guidelines laid out by IA in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained. According to the said Article, the Company shall maintain solvency margin equivalent to the highest of the following three methods as per IA Implementing Regulations:

- Minimum Capital Requirement of SR 200 million
- Premium Solvency Margin
- Claims Solvency Margin

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

### Credit risk management

The Company has strengthened its credit risk management policies to address the fast changing and evolving risks posed by the current circumstances. These include review of credit concentrations at granular economic sector, region, counterparty level and take appropriate action where required.

### Liquidity risk management

The Company is aware of the need to keep a close focus on liquidity management during this period and has enhanced its monitoring of current liquidity needs as well as the pandemic in its entirety. The Company regularly reviews and updates the liquidity forecast based on the individual liquidity balance as well as the continued development of external economic factors.

## 18. TREASURY SHARES AND EMPLOYEE SHARE BASED PLAN

### 18.1 TREASURY PLAN

Treasury shares have been acquired, after due approvals, for discharging the obligations of employees share based plans.

| | **June 30, 2024 (Unaudited)** | | |
|---|---|---|---|
| | **Average price of share** | **Number of shares** | **Treasury shares (SR)** |
| At the beginning of the period / year | **17.9** | **233,334** | **4,176,245** |
| Share buy back during the period / year | **19.0** | **192,168** | **3,652,566** |
| Settled during the period / year | **-** | **-** | **-** |
| At the end of the period / year | **18.4** | **425,502** | **7,828,811** |

| | December 31, 2023 (Audited) | | |
|---|---|---|---|
| | Average price of share | Number of shares | Treasury shares (SR) |
| At the beginning of the period / year | - | - | - |
| Share buy back during the period / year | 17.9 | 233,334 | 4,176,245 |
| Settled during the period / year | - | - | - |
| At the end of the period / year | 17.9 | 233,334 | 4,176,245 |

### 18.2 EMPLOYEE SHARE BASED PLAN

The Long Term Incentive Plan (the "Plan") that aligns the Company's future performance with the individual personal success of the Company's leadership team, key and high potential employees. The purpose of the Plan is to align the interests of the Company's key employees with the interests of the shareholders of the Company. The Company acquired treasury shares as authorized by the Board under its plan, which will grant equity shares of the Company to eligible employees as per the plan. The eligible employees will benefit from the value of the Company shares over the vesting period. The plan has been commenced on grant date i.e. June 30, 2023. The Company has offered eligible employees the option for equity ownership opportunities. Currently, the impact of the plan is not material to the financial statements.

Significant features of the employee share based plan outstanding at the end of the year is as follows:

| **Nature of Plan** | **Long Term Incentive Plan** |
|---|---|
| Number of outstanding plan | 1 |
| Grant date | June 30, 2023 |
| Maturity date | June 30, 2025 |
| Grant price (SR per share) | 15 |
| Vesting period 1 | 30-Sep-23 |
| Vesting period 2 | 30-Jun-24 |
| Vesting period 3 | 30-Jun-25 |
| Vesting conditions | Employee meets the performance and service condition |
| Method of settlement | Equity |
| Market value of share at date of option | 17.40 |
| Fair value per share option on grant date (SR) | 2.40 |

| | **Number of shares** | |
|---|---|---|
| | **June 30, 2024 (Unaudited)** | December 31, 2023 (Audited) |
| Balance at the beginning of the period / year | **23,385** | - |
| Granted during the period / year | **-** | 25,450 |
| Settled during the period / year | **-** | - |
| Forfeited by leavers during the period / year | **-** | (2,065) |
| Balance at end of period / year | **23,385** | 23,385 |

## 19. RESTATEMENT OF COMPARATIVE INTERIM FINANCIAL STATEMENT

The Company adopted IFRS 17 - Insurance Contracts ("IFRS 17") and IFRS 9 - Financial Instruments ("IFRS 9") in the prior year and during the prior interim reporting periods. As a result of the finalisation of the IFRS 17 and IFRS 9 adjustments at the year end, it was noted that certain errors were made in the prior interim reporting periods. In order to account for the adjustments appropriately in line with IFRS 17 and IFRS 9, management has restated certain line items in the interim statements of income and comprehensive income and the interim statement of changes in equity for the comparative interim periods to ensure alignment with the requirements of International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and to the adjustments and presentations reported in the annual financial statements for the year ended 31 December 2023. Where necessary, changes in presentation were made in accordance with International Accounting Standard 1 - Financial Statement Presentation ("IAS 1"), International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") and IFRS 7 – Financial Instruments: Disclosures ("IFRS 7")

**Presentation of certain line items in the interim condensed statement of income**

**Note A: Reclassification from "Other income" (previously "other investment income") to "Share of surplus from insurance pools"**

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

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

Accordingly, the Company has restated the comparative information for the three-month and six-month periods ended 30 June 2023 and the 'share of surplus from insurance pool' amounting to Saudi Riyals 7.2 million has been presented separately from 'other income' (previously "other investment income") in the interim condensed statement of income. As a result, the "Total insurance service result" line item for such period has increased by the same amount.

However, this change has had no impact on the statement of financial position as at 31 December 2023 and the related interim condensed statements of changes in equity and cash flows for the three-month and six-month periods ended 30 June 2023, the net profit for the period attributable to the shareholders or the basic and diluted earnings per share for the three-month and six month periods ended 30 June 2023.

**Note B: Reclassifications between "Other income" (previously "other investment income") and "Income from financial assets not measured at FVTPL" and "Income from financial assets measured at FVTPL"**

Interest income on term deposits was previously presented under "Other income". The accounting standards require income from financial assets not measured at FVTPL and financial assets measured at FVTPL to be presented separately in the statement of income. Interest income from term deposits for the year ended 31 December 2023 was presented as "Income from financial assets not measured at FVTPL" in the statement of income. Additionally, changes in the fair value of unit linked investments was previously presented under "income from financial assets not measured at FVTPL" which has been corrected and reclassified for the three-month and six-month periods ended 30 June 2023, to "income from financial assets measured at FVTPL" to reflect the accounting treatment and to align with the presentation for the year ended 31 December 2023.

## 19. RESTATEMENT OF COMPARATIVE INTERIM FINANCIAL STATEMENT (continued)

**Note C: Reclassification due to inappropriate expenses allocation for insurance expenses**

In the prior period, management had not appropriately allocated expenses between the insurance services expenses and other operating expenses as required under IFRS 17. A detailed allocation was performed and certain errors were noted in the previous interim periods' allocation. The expense allocation was corrected in the statement of income for the year ended 31 December 2023. In order to correct the error, expenses during the three-month and six-month periods ended 30 June 2023 was reclassified from 'Insurance service expenses' to 'Other operating expenses' in the interim statement of income.

**Note D: Reclassification of surplus attributed to insurance operations to insurance service expenses**

In the prior period, the surplus attributed to insurance operations was accounted for as a separate line item in the interim statement of income. The surplus is payable to policyholders and in accordance with IFRS 17, the cash flows are part of the insurance contract boundary and should therefore form part of the insurance service expenses. The surplus allocation to policyholders was corrected and included appropriately under insurance services expenses for the year ended 31 December 2023. In order to correct the error, the surplus attributed to the insurance operations, which was presented as a separate line item in the previous interim reporting period has now been included within insurance service expenses for the three-month and six-month periods ended 30 June 2023.

## 19. RESTATEMENT OF COMPARATIVE INTERIM FINANCIAL STATEMENT (continued)

The tables below set out the impact on the relevant line items in the interim statement of income for the three-month and six-month periods ended 30 June 2023.

| | For the six month period ended 30 June 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Amount as previously reported | Restatement A | Restatement B | Restatement C | Restatement D | **As restated** |
| Insurance revenue | 391,938,457 | - | - | - | - | **391,938,457** |
| Insurance service expenses | (334,785,808) | - | - | 18,969,004 | (1,927,049) | **(317,743,853)** |
| **Insurance service result before reinsurance contracts** | **57,152,649** | **-** | **-** | **18,969,004** | **(1,927,049)** | **74,194,604** |
| Allocation of reinsurance premiums | (131,703,915) | - | - | - | - | **(131,703,915)** |
| Amounts recoverable from reinsurance | 73,719,504 | - | - | - | - | **73,719,504** |
| **Net expenses from reinsurance contracts** | **(57,984,411)** | **-** | **-** | **-** | **-** | **(57,984,411)** |
| **Insurance service result from Company's directly written business** | (831,762) | - | - | 18,969,004 | (1,927,049) | **16,210,193** |
| Share of surplus from insurance pools | - | 7,218,000 | - | - | - | **7,218,000** |
| **Total insurance service result** | **(831,762)** | **7,218,000** | **-** | **18,969,004** | **(1,927,049)** | **23,428,193** |
| Income from financial assets measured at FVTPL | 279,195 | - | 29,325,407 | - | - | **29,604,602** |
| Income from financial assets not measured at FVTPL | 31,753,857 | - | (13,184,319) | - | - | **18,569,538** |
| Other income | 30,802,370 | (7,218,000) | (16,141,088) | - | - | **7,443,282** |
| **Net investment and other income** | **62,835,422** | **(7,218,000)** | **-** | **-** | **-** | **55,617,422** |
| Finance expenses from insurance contracts | (38,853,239) | - | - | - | - | **(38,853,239)** |
| Finance income from reinsurance contracts | 5,449,915 | - | - | - | - | **5,449,915** |
| **Net insurance finance expenses** | **(33,403,324)** | **-** | **-** | **-** | **-** | **(33,403,324)** |
| Other operating expenses | - | - | - | (18,969,004) | - | **(18,969,004)** |
| **NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION AND ZAKAT AND INCOME TAX** | **28,600,336** | **-** | **-** | **-** | **(1,927,049)** | **26,673,287** |
| Surplus attributed to the insurance operations | **(1,927,049)** | **-** | **-** | **-** | **1,927,049** | **-** |
| **NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS BEFORE ZAKAT AND INCOME TAX** | 26,673,287 | - | - | - | - | **26,673,287** |
| Provision for zakat and tax | (6,661,072) | - | - | - | - | **(6,661,072)** |
| **NET INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX** | **20,012,215** | **-** | **-** | **-** | **-** | **20,012,215** |

## 19. RESTATEMENT OF COMPARATIVE INTERIM FINANCIAL STATEMENT (continued)

| | For the three month period ended 30 June 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Amount as previously reported | Restatement A | Restatement B | Restatement C | Restatement D | **As restated** |
| Insurance revenue | 207,132,341 | - | - | - | - | **207,132,341** |
| Insurance service expenses | (157,515,896) | - | - | 16,026,414 | (913,836) | **(142,403,318)** |
| **Insurance service result before reinsurance contracts** | **49,616,445** | - | - | **16,026,414** | **(913,836)** | **64,729,023** |
| Allocation of reinsurance premiums | (66,908,819) | - | - | - | - | **(66,908,819)** |
| Amounts recoverable from reinsurance | 12,443,493 | - | - | - | - | **12,443,493** |
| **Net expenses from reinsurance contracts** | **(54,465,326)** | - | - | - | - | **(54,465,326)** |
| **Insurance service result from Company's directly written business** | **(4,848,881)** | - | - | **16,026,414** | **(913,836)** | **10,263,697** |
| Share of surplus from insurance pools | - | - | - | - | - | - |
| **Total insurance service result** | **(4,848,881)** | - | - | **16,026,414** | **(913,836)** | **10,263,697** |
| Income from financial assets measured at FVTPL | 1,017,482 | - | 29,325,407 | - | - | **30,342,889** |
| Income from financial assets not measured at FVTPL | 21,552,245 | - | (20,284,461) | - | - | **1,267,784** |
| Other income | 15,977,056 | - | (9,040,946) | - | - | **6,936,110** |
| **Net investment and other income** | **38,546,783** | - | - | - | - | **38,546,783** |
| Finance expenses from insurance contracts | (24,821,411) | - | - | - | - | **(24,821,411)** |
| Finance income from reinsurance contracts | 2,579,613 | - | - | - | - | **2,579,613** |
| **Net insurance finance expenses** | **(22,241,798)** | - | - | - | - | **(22,241,798)** |
| Other operating expenses | 2,623,513 | - | - | (16,026,414) | - | **(13,402,901)** |
| **NET INCOME FOR THE PERIOD BEFORE ATTRIBUTION AND ZAKAT AND INCOME TAX** | **14,079,617** | - | - | - | **(913,836)** | **13,165,781** |
| Surplus attributed to the insurance operations | (913,836) | - | - | - | 913,836 | - |
| **NET INCOME FOR THE PERIOD ATTRIBUTABLE TO THE SHAREHOLDERS BEFORE ZAKAT AND INCOME TAX** | **13,165,781** | - | - | - | - | **13,165,781** |
| Provision for zakat and tax | (2,756,494) | - | - | - | - | **(2,756,494)** |
| **NET INCOME FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX** | **10,409,287** | - | - | - | - | **10,409,287** |

### Note E: Restatement due to error in the IFRS 17 and IFRS 9 transition adjustment in Q1, 2023 equity

Management noted certain errors in their previous IFRS 17 and IFRS 9 transition adjustments for the three-month and six month periods ended June 30, 2023. As a result of the assessment, errors were noted in the interim reporting periods and to align the transition adjustments between the periods, the following adjustments were made:

1. Correction to the net insurance liability at transition

Management have adjusted the transition loss reserving which impacts the retained earnings, other reserves and net insurance contract liabilities as the amount determined was not correct. As such, the retained earnings was reduced by Saudi Riyals 2.24 million. Furthermore, as management recomputed the loss reserves as at the transition date and it is the policy of management to split changes in insurance finance income and expenses between the statement of income and the statement of other comprehensive income, this resulted in an adjustment to the Other reserve by Saudi Riyals 0.82 million. The net insurance contract liabilities was increased by Saudi Riyals 3.06 million.

## 19. RESTATEMENT OF COMPARATIVE INTERIM FINANCIAL STATEMENT (continued)

**Note E: Restatement due to error in the IFRS 17 and IFRS 9 transition adjustment in Q1, 2023 equity (continued)**

The transition loss reserving was already corrected in the statement of equity in the financial statements for the year ended 31 December 2023.

2. Correction of transfers between the fair value reserve and retained earnings

Further, it was identified that there was an incorrect transfer between the fair value reserve on investment and retained earnings relating to financial instruments at fair value through other comprehensive income during transition. To adjust for this, retained earnings were reduced by Saudi Riyals 1.38 million and the fair value reserve on investments was increased by Saudi Riyals 1.38 million. The transfer was already corrected in the statement of equity in the financial statements for the year ended 31 December 2023.

As a result of the above corrections, the equity balance of the comparative period as of 30 June 2023 in the interim condensed financial information of 30 June 2024 is lower by Saudi Riyals 3.06 million compared to total equity balance reported as of 30 June 2023 in the interim condensed financial information for the period ended 30 June 2023. The comparative statement of changes in equity as at 31 December 2023 was updated to reflect the adjustments. IAS 34 does not mandate the presentation of a third statement of financial position as of 30 June 2023, and accordingly this has not been disclosed.

## 20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information have been approved by the Company's Board of Directors on August 4, 2024 (corresponding to Muharram 29 , 1446 H).