



THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023**

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Company for Cooperative Insurance ("the Company") and its subsidiaries ("the Group") as at 30 June 2023, the interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three and six month periods then ended, and interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for six months period then ended, and notes to the interim condensed consolidated financial statements (collectively referred to as "the interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the period ended 30 June 2023 of the Group are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

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THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Notes	June 30, 2023 (Unaudited)	December 31, 2022 (Restated) (Unaudited)	January 1, 2022 (Restated) (Unaudited)
SAR'000				
ASSETS				
Cash and cash equivalents	4	1,918,204	1,659,193	1,188,136
Term deposits	5	6,193,083	5,980,827	3,787,578
Investments including accrued investment income	6	1,001,247	1,062,977	2,374,986
Receivable from brokers / agents	7	3,677,375	2,615,536	1,362,139
Reinsurance contract assets	8	3,883,605	2,754,454	2,648,206
Prepaid expenses and other assets		755,160	563,468	563,880
Investments in equity accounted investments		94,753	95,948	89,556
Investment properties		141,960	59,562	60,850
Intangible assets		8,451	13,441	16,627
Property, equipment and right-of-use assets		248,220	255,565	236,970
Accrued income on statutory deposit		8,872	5,420	3,050
Statutory deposit	9	124,983	124,983	124,992
TOTAL ASSETS		18,055,913	15,191,374	12,456,970
LIABILITIES				
Accrued expenses and other liabilities		767,344	610,494	569,611
Zakat payable	10	315,353	272,168	415,023
Dividends payable		8,789	8,602	8,630
Insurance contract liabilities	8	13,481,697	11,017,804	8,448,677
Reinsurance contract liabilities	8	-	-	1,369
Accrued income payable on statutory deposit		8,872	5,420	3,050
Defined benefits obligation		125,905	125,297	142,110
TOTAL LIABILITIES		14,707,960	12,039,785	9,588,470
EQUITY				
Share capital	11	1,250,000	1,250,000	1,250,000
Statutory reserve	12	1,250,000	1,250,000	1,197,495
Re-measurement of defined benefit obligations		(7,674)	(7,674)	(20,096)
Fair value reserve for investments	13	25,031	23,986	7,178
Retained earnings		830,596	635,277	433,923
TOTAL EQUITY		3,347,953	3,151,589	2,868,500
TOTAL LIABILITIES AND EQUITY		18,055,913	15,191,374	12,456,970
CONTINGENT LIABILITIES	22			

* Comparative information has been restated (refer note 3.6).



Abdulaziz M. AlSedeas
Board Director



Ammr K. Kurdi
Chief Financial Officer



Othman Y. Alkassabi
Acting Chief Executive Officer

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Notes	Three months ended June 30, 2023 (Unaudited)	Three months ended June 30, 2022 (Restated) (Unaudited)	Six months ended June 30, 2023 (Unaudited)	Six months ended June 30, 2022 (Restated) (Unaudited)
SAR'000					
Insurance revenue		3,697,377	2,709,325	7,104,683	5,201,481
Insurance service expenses	14	(3,321,423)	(2,152,619)	(7,083,308)	(5,172,235)
Insurance service result before reinsurance contracts held		375,954	556,706	21,375	29,246
Allocation of reinsurance premiums		(479,851)	(378,821)	(950,395)	(734,659)
Amounts recoverable from reinsurers for incurred claims		563,608	1,386	1,533,380	933,426
Net income / (expenses) from reinsurance contracts held	15	83,757	(377,435)	582,985	198,767
Insurance service result		459,711	179,271	604,360	228,013
Commission and dividend income		102,687	78,501	206,147	186,128
Net fair value losses on financial assets at fair value through profit or loss		(70,612)	(72,734)	(49,677)	(183,783)
Expected credit loss allowance on financial assets		(114,630)	(54,219)	(239,588)	(87,105)
Net loss on financial assets		(82,555)	(48,452)	(83,118)	(84,760)
Finance (expense) / income from insurance contracts issued		(72,808)	(3,268)	(106,136)	33,742
Finance income / (expenses) from reinsurance contracts held		39,103	299	54,531	(28,699)
Net insurance finance (expense) / income		(33,705)	(2,969)	(51,605)	5,043
Net insurance financial result		343,451	127,850	469,637	148,296
Share of profit from equity accounted investments, net		8,403	5,038	16,657	11,846
Other operating expenses		(91,770)	(60,930)	(139,297)	(82,421)
Other income, net		15,779	16,475	30,213	18,501
Net profit for the period before zakat		275,863	88,433	377,210	96,222
Zakat charge for the period		(30,012)	(23,967)	(56,891)	(45,430)
Net profit for the period after zakat		245,851	64,466	320,319	50,792
Basic and diluted earnings per share (in SAR)	17	1.97	0.52	2.56	0.41
Weighted average number of shares in issue		125,000,000	125,000,000	125,000,000	125,000,000

* Comparative information has been restated (refer note 3.6).



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Board Director



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Chief Financial Officer



Othman Y. Alkassabi
Acting Chief Executive Officer

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

Notes	Three months ended June 30, 2023 (Unaudited)	Three months ended June 30, 2022 (Restated) (Unaudited)	Six months ended June 30, 2023 (Unaudited)	Six months ended June 30, 2022 (Restated) (Unaudited)
SAR'000				
Net profit for the period after zakat	245,851	64,466	320,319	50,792
Other comprehensive income				
<u>Items that will not be reclassified to consolidated statement of income subsequently:</u>				
Net movement in fair value of investments carried at FVOCI	1,930	-	3,987	-
<u>Items that are or may be reclassified to consolidated statement of income subsequently:</u>				
Share of other comprehensive loss of investment in equity accounted investments	(2,986)	(2,073)	(2,942)	(1,013)
Total comprehensive income for the period	244,795	62,393	321,364	49,779

* Comparative information has been restated (refer note 3.6).



Abdulaziz M. AlSedeas
Board Director



p.p.
Ammr K. Kurdi
Chief Financial Officer



Othman Y. Alkassabi
Acting Chief Executive Officer

THE COMPANY FOR COOPERATIVE INSURANCE
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

Notes	Share capital	Statutory reserve	Remeasurement of defined benefit obligation	Fair value reserve for investments	Retained earnings	Total
	SAR'000					
Balance as at December 31, 2021 – audited	1,250,000	1,197,495	(20,096)	152,513	459,152	3,039,064
Adjustment on initial application of IFRS 17	-	-	-	-	(20,954)	(20,954)
Adjustment on initial application of IFRS 9	-	-	-	(145,335)	(4,275)	(149,610)
Restated balance as at January 1, 2022 – unaudited	1,250,000	1,197,495	(20,096)	7,178	433,923	2,868,500
Net loss for the period after zakat	-	-	-	-	50,792	50,792
Other comprehensive income for the period	-	-	-	(1,013)	-	(1,013)
Restated total comprehensive income for the period – unaudited	-	-	-	(1,013)	50,792	49,779
Restated balance as at June 30, 2022 – unaudited	1,250,000	1,197,495	(20,096)	6,165	484,715	2,918,279
Restated balance as at January 1, 2022 – unaudited	1,250,000	1,197,495	(20,096)	7,178	433,923	2,868,500
Net profit for the year after zakat	-	-	-	-	253,859	253,859
Re-measurement gain on defined benefit obligations	-	-	12,422	-	-	12,422
Transfer to statutory reserve	-	52,505	-	-	(52,505)	-
Other comprehensive income for the year	-	-	-	16,808	-	16,808
Total comprehensive income for the year – unaudited	-	52,505	12,422	16,808	201,354	283,089
Restated balance as at December 31, 2022 – unaudited	1,250,000	1,250,000	(7,674)	23,986	635,277	3,151,589
Net profit for the period after zakat	-	-	-	-	320,319	320,319
Other comprehensive income for the period	-	-	-	1,045	-	1,045
Total comprehensive income for the period – unaudited	-	-	-	1,045	320,319	321,364
Dividends	-	-	-	-	(125,000)	(125,000)
Balance at June 30, 2023 – unaudited	1,250,000	1,250,000	(7,674)	25,031	830,596	3,347,953

* Comparative information has been restated (refer note 3.6).



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Board Director



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Chief Financial Officer



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Acting Chief Executive Officer

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THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED June 30, 2023

	Six months ended June 30, 2023	Six months ended June 30, 2022 (Restated)
	(Unaudited)	(Unaudited)
	SAR'000	
Operating activities:		
Net income before zakat	377,210	96,222
<u>Adjustments for non-cash items:</u>		
Depreciation	13,042	14,680
Amortisation of intangible assets	7,731	3,128
Share of profit from investments in equity accounted investments, net	(16,657)	(11,846)
Dividend and commission income	(206,147)	(186,128)
Expected credit loss allowance	239,588	87,105
Net fair value loss on investments at FVPL	49,677	183,783
Finance cost	367	224
Provision for defined benefits obligation	18,017	6,086
	<u>482,828</u>	<u>193,254</u>
<u>Changes in operating assets and liabilities:</u>		
Receivable from brokers / agents	(1,301,427)	(533,566)
Reinsurance contract assets	(1,129,151)	(392,608)
Prepaid expenses and other assets	(274,730)	(56,219)
Accrued expenses and other liabilities	156,483	198,765
Reinsurance contract liabilities	-	(1,369)
Insurance contract liabilities	2,463,893	1,490,113
	<u>397,896</u>	<u>898,370</u>
Zakat paid during the year	(13,706)	(232,241)
Defined benefits obligation paid	(17,409)	(10,277)
Net cash flows generated from operating activities	<u>366,781</u>	<u>655,852</u>
Investing activities:		
Proceeds from sale of investments	233,749	1,354,077
Purchase of investments	(201,123)	(1,192,410)
Proceeds from term deposits	5,949,499	4,626,504
Placement in term deposits	(6,162,061)	(5,442,841)
Dividends and commission income received	189,867	150,872
Dividends received from investments in equity accounted investments	14,910	7,644
Purchase of property, equipment and right-of-use assets, net	(5,057)	(15,676)
Purchase of intangible assets	(2,741)	(6,092)
Net cash flows generated from / (used in) investing activities	<u>17,043</u>	<u>(517,922)</u>
Financing activities:		
Dividends paid	(124,813)	(24)
Net cash flows used in financing activities	<u>(124,813)</u>	<u>(24)</u>
Net change in cash and cash equivalents during the period	<u>259,011</u>	<u>137,906</u>
Cash and cash equivalents, beginning of the period	<u>1,659,193</u>	<u>1,188,136</u>
Cash and cash equivalents, end of the period	<u>1,918,204</u>	<u>1,326,042</u>
Non-cash supplemental information:		
Share of other comprehensive loss of investments in equity accounted investments	(2,942)	(1,013)
Net fair value gain on investments at FVOCI	3,987	-
Reclassification from prepaid expenses and others assets to investment property	83,038	-

* Comparative information has been restated (refer note 3.6).



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Board Director



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The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

1. GENERAL

The Company for Cooperative Insurance (the “Company”) is a Saudi joint stock Company established in Riyadh, Kingdom of Saudi Arabia by Royal Decree Number M/5 and incorporated on January 18, 1986 corresponding to Jumada Al-Awal 8, 1406H under Commercial Registration No. 1010061695. The Company’s head office is located on Thumamah Road (At Takhassusi) ArRabi District, P.O. Box 86959, Riyadh 11632, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance and agency activities. Its principal lines of business include medical, motor, marine, fire, engineering, energy, aviation, takaful and property and casualty insurance.

On July 31, 2003 corresponding to Jumada Thani 2, 1424H the Law on the Supervision of Cooperative Insurance Companies (“Insurance Law”) was promulgated by Royal Decree Number (M/32). On December 1, 2004 corresponding to Shawwal 18, 1425H, the Saudi Central Bank (formerly Saudi Arabian Monetary Authority) “SAMA” 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 Saudi Arabia.

The Company conducts the business and advances funds to the insurance operations as required. On January 20, 2004 the Company amended its Articles of Association giving authority to the Board of Directors to determine the disposition of the surplus from insurance operations.

On March 20, 2004, the Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Implementing Regulations issued by SAMA, whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

The Company has the following subsidiaries and associates.

<i>Name of the Subsidiary / Associate</i>	<i>Registration No.</i>	<i>Registration date</i>	<i>Ownership interest</i>	<i>Financial year end</i>	<i>Principal Activities</i>
<i>Subsidiary</i>					
Teejan Al- Khaleej	1010644057	21 July 2020	100%	December 31	Developing technology based solutions and extending consultancy services for the insurance and healthcare businesses.
Tree Digital Company	1010816901	04 August 2022	100%	December 31	Introducing innovative products and services with an end-to-end digital journey to drive insurance penetration in the Kingdom of Saudi Arabia (e.g. convenience of choice, behaviour change based products, rewards program), while building an ecosystem of partnerships to fulfil growing customer needs and provide a differentiating proposition versus local and regional competitors.
<i>Associates</i>					
Meena healthcare Company	1010887256	08 June 2023	100%	June 30	Extending health care services for Medical line of business.
United Insurance Company B.S.C.	17337-1	12 May 1986	50%	December 31	Insurance for all motor vehicles which travel through the King Fahad Causeway in accordance with the Bahrain Insurance Company Law.
Waseel Application Service Provider Limited	١٠١٠١٨٦٥٥٨	15 April 2003	45%	December 31	Internet based connectivity, information services, and B2B e-commerce capabilities for the healthcare insurance market.

These interim condensed consolidated financial statements comprise the Company and its subsidiaries (together referred to as the ‘Group’).

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

2. BASIS OF PREPARATION

2.1 Statement of compliance

The interim condensed consolidated financial statements of the Group as at and for the period ended March 31, 2023 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company. The Group has applied IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in the Kingdom of Saudi Arabia for the preparation of these interim condensed consolidated financial statements for the period ended 30 June 2023 and the resultant changes to the significant accounting policies are described in note 3.

The Group's interim condensed consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as non-current: statutory deposit, accrued income on statutory deposit, property and equipment and right of use assets, intangible assets, investment properties, investments in equity-accounted investments, defined benefits obligation and return payable on statutory deposit. All other financial statement line items would generally be classified as current.

The Group presents its consolidated statement of financial position in order of liquidity (starting from most liquid). As required by the Saudi Arabian Insurance Regulations, the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Assets, liabilities, revenues and expenses clearly attributable to either activities are recorded in the respective accounts. The basis of allocation of expenses from joint operations is determined and approved by the management and the Board of Directors.

2.2 Basis of measurement

These interim condensed consolidated financial statements are prepared under the historical cost convention, except for the measurement of investments carried at fair value through profit or loss (FVPL) and investments carried at fair value through other comprehensive income (FVOCI), investment in equity accounted investments which is accounted for under the equity method, defined benefits obligation recorded at the present value using the projected unit credit method and liability of incurred claims (LIC) and assets for incurred claims (AIC) recorded at the present value at the current discount rates.

Functional & presentation currency

These interim condensed consolidated financial statements have been presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Group. All financial information presented in Saudi Arabian Riyal has been rounded to the nearest thousands, except where otherwise indicated.

Seasonality of operations

Other than normal seasonality in Medical Insurance Business in the Kingdom of Saudi Arabia, there are no seasonal changes that may affect insurance operations of the Company.

2.3 Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company, using consistent accounting policies.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and;
- The Group's voting rights and potential voting rights.

The financial statements of subsidiaries are included in the interim condensed consolidated financial statements of the Group from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
(continued)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

2. BASIS OF PREPARATION (continued)

2.3 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary is measured at fair value when control is lost. A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses and cash flows relating to transactions arising from intra group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.4 Critical accounting judgments, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

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

a) PAA eligibility assessment

The Group has calculated a Liability for remaining coverage (LRC) and Asset for remaining coverage (ARC) for those groups of insurance contracts written and reinsurance contracts held respectively where the coverage period was more than one year. The calculation was performed under both simplified approach i.e. Premium Allocation Approach (PAA) and General Measurement Model (GMM). Situations, which may cause the LRC and / or ARC under the PAA to differ from the LRC and / or ARC under the GMM:

- When the expectation of the profitability for the remaining coverage changes at a particular valuation date during the coverage period of a group of contracts;
- If yield curves change significantly from those in place at the group's initial recognition;
- When the incidence of claims occurrence differs from the coverage units; and
- The effect of discounting under the GMM creates an inherent difference; this difference compounds over longer contract durations.

THE COMPANY FOR COOPERATIVE INSURANCE
(A SAUDI JOINT STOCK COMPANY)
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2. BASIS OF PREPARATION (continued)

2.4 Critical accounting judgments, estimates and assumptions (continued)

a) PAA eligibility assessment (continued)

Upon analysis of the possible differences between LRC and / or ARC applying the PAA and GMM approach, respectively, the Group did not note any material difference for contracts with coverage period of more than one year. Hence, it has opted to report all such contracts using the PAA approach maintaining a consistent accounting treatment to the rest of the portfolio of insurance contracts issued and reinsurance contracts held that have a coverage period of up to one year. The Group assesses materiality at each respective group of contracts level (GoCs) and at an aggregate insurance contract liabilities / re-insurance contract assets level using pre-determined quantitative threshold for differences at the GoCs.

b) Insurance acquisition cash flows

Commissions and other acquisition related expenses are deferred and amortized over the term of the insurance contracts to which these relate, similar to premiums earned. The Group uses a systematic and rational method to allocate such expenses. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

- to that group; and
- to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

c) Expense attribution

The Group identifies expenses which are directly attributable towards acquiring insurance contracts (acquisition costs) and fulfilling / maintaining (other attributable expenses) such contracts and those expenses which are not directly attributable to the aforementioned contracts (non-attributable expenses). Acquisition costs, such as underwriting costs including other expenses except for initial commission paid, are no longer recognized in the consolidated statement of income when incurred and instead spread over the lifetime of the group of contracts based on the passage of time.

Other attributable expenses are allocated to the groups of contracts using an allocation mechanism considering the activity-based costing principles. The Group has determined costs directly identified to the groups of contracts, as well as, costs where a judgement is applied to determine the share of expenses as applicable to that group.

On the other hand, non-directly attributable expenses, overheads and one-off exceptional expenses is recognized in the interim condensed consolidated statement of income immediately when incurred. The proportion of directly attributable and non-attributable costs at inception will change the pattern at which expenses are recognized.

d) Discounting methodology

Insurance contract liabilities and Reinsurance contracts assets are calculated by discounting expected future cash flows at a discount rate that reflects the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. The Group applied a bottom-up approach to derive the applicable yield curve when determining the discount rate, where the curve is based on the European Insurance and Occupational Pensions Authority (EIOPA) volatility adjusted risk-free curve denominated in United States Dollars while applying certain adjustments for factors under IFRS 17.

Discount rates applied for discounting of future cash flows are listed below:

Risk free rates

Evaluation date	1 Year	2 Year	3 Year	4 Year	5 Year
30 June 2023	7.11%	6.49%	6.04%	5.73%	5.54%
31 December 2022	6.61%	6.17%	5.75%	5.53%	5.43%
31 December 2021	1.42%	1.83%	2.09%	2.20%	2.30%

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2. BASIS OF PREPARATION (continued)

2.4 Critical accounting judgments, estimates and assumptions (continued)

e) Risk adjustment methodology, including correlations, and confidence level selected

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value of claims.

The Group has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines, as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows.

The Company has appointed a qualified actuary who supports in reviewing and providing recommendation with regards to the expected ultimate claims and the associated claims reserves. The Company booked reserves following the recommendation of the appointed actuary who is currently external and independent from the Company. A range of methods were used by the appointed actuary to determine these claims. From the diverse methods available to estimate the volatility of future cash flows and, thus, the applicable confidence interval for each line of business, the Group relied on the following three methods depending on the nature of each portfolio:

- Mack Model
- Bootstrap – over dispersed Poisson model
- Stochastic Bornhuetter-Ferguson

f) Liability for incurred claims

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate given the level of subjectivity inherent in estimating the impact of claim events that have occurred and incurred but not reported for which the ultimate outcome remains uncertain. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimates are made at the end of the reporting period both for the expected ultimate cost of claim reported and for the expected ultimate costs of claims incurred but not reported. Both of these estimates are recorded under the liability for incurred claims ("LIC"). Moreover, the Company includes claims payable and advance payment made to or on behalf of policyholders under LIC.

Events not in data ("ENID") represents an additional amount that needs to be included in the best estimate claim liability to ensure that the best estimate is a true best estimate of all possible outcomes. The methodology used by the Group to derive the ENID is based on Lloyd's Technical Provisions Guidance issued in March 2011, which suggests several approaches to allow for Binary events / Events Not in Data. In this guidance, Lloyd's details an approach that offers uplifting reserve best estimates to allow for a limited range of historical (observable) data. This approach is also called the Truncated Statistical Distribution approach and defines the uplift factor of reserve best estimate as: "the ratio of the 'true mean' to the 'mean only including realistically foreseeable events". The distribution is adjusted to add to the tail and a new mean is estimated from the new distribution which represents a "true" distribution of claims. The ENID uplift factor applied to the claims is then the ratio of the new mean to the old mean.

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Company. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

The Company has appointed a qualified actuary who supports in reviewing and providing recommendation with regards to the expected ultimate claims and the associated claims reserves. The Company booked reserves following the recommendation of the appointed actuary who is currently external and independent from the Company. A range of methods were used by the appointed actuary to determine these claims. A range of methods such as Chain Ladder Method, Bornhuetter-Ferguson Method and Expected Loss Ratio Method are used by the actuaries to determine these provisions. The actuary had also used a segmentation approach including analysing cost per member per year for medical line of business. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.

g) Liability for remaining coverage

i. Significant financing component

The Group has assessed its Liability for Remaining Coverage (LRC) and Assets for remaining coverage (ARC) and concluded that no significant financing component exists within LRC and ARC respectively. Therefore, the Group has not adjusted the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

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2. BASIS OF PREPARATION (continued)

2.4 Critical accounting judgments, estimates and assumptions (continued)

g) Liability for remaining coverage (continued)

ii. Onerosity determination

The profitability of groups of insurance contracts is assessed by actuarial valuation models that take into consideration existing and new business. Profitability is measured through the expected risk-adjusted combined ratio (including premiums, expenses, discounted risk adjusted claims and an allowance for ENID). The expected risk adjusted combined ratio approximates the fulfilment cash flows as defined in IFRS 17. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group also considers facts and circumstances to identify whether a group of contracts are onerous based on the following key inputs:

- Pricing information: Underwriting combined ratios and price adequacy ratio. This input is most relevant for the Medical insurance portfolio;
- Historical combined ratio of similar and comparable sets of contracts for Motor and P&C portfolios in particular;
- Any relevant inputs from underwriters;
- Other external factors such as inflation and change in market claims experience or change in regulations; and
- For subsequent measurement, the Group also relies on the same group of contracts' weighted actual emerging experience.

The actuarial profitability valuation and results are then discussed with the Profitability Assessment Committee (the "Committee") which is chaired by Group's CFO and includes other relevant stakeholders as members. The objective of the Committee is to formulate management's view of the profitability of new and in-force contracts. The Committee, based on aforementioned inputs, classifies all new contracts into either onerous or profitable and produce the estimated combined loss ratio. For existing contracts, the Committee also produces a view of the combined ratio for such contracts. The expected combined loss ratio is then fed into the loss component calculation.

Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held, if any.

iii. Expected premium receipts adjustment

Insurance revenue will be adjusted with the amounts of expected premium receipts adjustment calculated on premiums not yet collected as at date of the statement of financial position. The computation is performed using IFRS 9 simplified approach to calculate Expected Credit Loss (ECL) allowance. The corresponding impact of this adjustment is recorded to LRC.

h) Non-performance risk

The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognized under Amounts recoverable from reinsurers for incurred claims in the consolidated statement of income. The computation is performed using IFRS 9 simplified approach to calculate ECL allowance.

i) Fair value of financial instruments

Fair values of financial instruments are based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flows using commission for items with similar terms and risk characteristics. The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require management to make estimates. Refer fair value of financial instruments disclosure in note 18.

j) Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled Expected Credit Losses ("ECL") scenarios and the relevant inputs used.

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2022 except as mentioned in note 3(b):

New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Group:

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Effective date</u>
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 1, 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 1, 2023
IFRS 17	Insurance Contracts	Annual periods beginning on or after January 1, 2023
IFRS 9	Financial Instruments	Annual periods beginning on or after January 1, 2023

Standards issued but not yet effective

The Group has chosen not to early adopt the following new standards, which have been issued but not yet effective for the Group's accounting year beginning on or after January 1, 2023 and is currently assessing their impact:

<u>Standard, interpretation, amendments</u>	<u>Description</u>	<u>Effective date</u>
Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities as current or non-current	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	Deferred until accounting periods starting not earlier than January 1, 2024
Amendments to IFRS 10 and IAS 28	Amendments to IFRS 10 consolidated financial statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date of The amendments has yet to be set by The IASB
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	It requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains	Annual periods beginning on or after January 1, 2024

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Transition

On transition date, 1 January 2022, the Group:

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

Full Retrospective Approach

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable.

Modified retrospective approach

The Group has applied the modified retrospective approach for certain groups of contracts, as prior to transition, it grouped its contracts from multiple cohorts and years into a single unit for accounting purposes. The application of the full retrospective approach on transition for these portfolios was determined to be impracticable for the Group, as obtaining all required historical data for its existing products from the actuarial valuation reports was not possible. Therefore, the Group has used reasonable and supportable information from its existing reporting systems, which resulted in the closest outcome to the full retrospective approach.

The Group has aggregated contracts issued more than one year apart for groups of contracts applying the modified retrospective approach at transition, as it did not have supportable information to aggregate contracts into groups including only contracts issued within one year.

At the date of initial recognition of a group of insurance contracts originating before the transition date, groups are discounted using an observable yield curve that, based on discount rates for 2019-2021, approximate the yield curve, had discount rate principles for fully retrospective approach been applied.

The Group estimated the risk adjustment for non-financial risk at the date of initial recognition by adjusting the risk adjustment at the transition date by the expected release of risk in the periods before transition. The expected release of risk was determined with reference to the release of risk for similar contracts that the Group has issued subsequent to the transition date.

3.2 Insurance and reinsurance contracts

Classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include medical, motor, marine, fire, engineering, energy, aviation and casualty insurance. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Insurance and reinsurance contracts (continued)

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: (a) onerous contracts, (b) contracts with no significant risk of becoming onerous, and (c) the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). Further, no group for level of aggregation purposes contains contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each quarter of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

The Group does not issue any insurance contracts and reinsurance contracts held which qualify for contract combination / unbundling.

Length of Cohorts

The Group has adopted quarterly cohorts to measure groups of insurance contracts issued and reinsurance contracts held. This means that the groups of contracts are identified at a more granular level. The Group has elected to use quarterly cohorts that aligns with external quarterly reporting periods as well.

Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

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

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Insurance and reinsurance contracts (continued)

Measurement model

The Group applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds. The Group applies the PAA as the coverage period of these contracts is one year or less. In case of contracts with more than one-year of coverage period, the Group had carried out the PAA eligibility test (refer note 2.4(a)) to confirm that PAA may be applied. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk as well as provision for ENID.

Contract boundary

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

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Insurance contracts – initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the General Measurement Model ("GMM").

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition,
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows, and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

For all insurance contracts, there is no allowance for time value of money in the calculation of LRC. The Group expects that the time between providing each part of the services and the related premium due date is no more than a year.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in consolidated statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Insurance and reinsurance contracts (continued)

VAT treatment

Transaction-based taxes (such as premium taxes, value added taxes and goods & services taxes) and levies that arise directly from existing insurance contracts, or that can be attributed to them on a reasonable and consistent basis. These are included within insurance contract liabilities as part of fulfilment cash flows within the boundary of insurance contracts.

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period,
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group,
- Plus any adjustment to the financing component, where applicable,
- Minus the amount recognised as insurance revenue for the services provided in the period, and
- Minus any investment component paid or transferred to the liability for incurred claims, where applicable.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in consolidated statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Insurance and reinsurance contracts (continued)

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Company presents separately, in the consolidated statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the consolidated statement of income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

The Group has chosen not to disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion. Hence, the total charge for both financial and insurance portions are included as part of the insurance service result in the consolidated statement of income.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period (excluding any investment component). The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

Fee income from takaful is calculated in accordance with the terms of agreement and is accounted for on an accrual basis and are recognised in insurance revenue.

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Insurance and reinsurance contracts (continued)

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Investment components

The Group identifies the investment component of a contract by determining the amount that it would be received from the reinsurer in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from allocation of reinsurance premiums and amounts recoverable from reinsurers for incurred claims. The Group has not identified any investment component embedded in the insurance contracts issued.

Insurance finance income and expense / reinsurance finance income and expenses

Insurance / reinsurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts issued / reinsurance contracts held arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Group presents insurance / reinsurance finance income or expenses on group of insurance contracts issued / reinsurance contracts held in the interim condensed consolidated statement of income.

Net income or expense from reinsurance contracts held

The Company presents separately on the face of the consolidated statement of income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes commissions from an allocation of reinsurance premiums presented on the face of the consolidated statement of income.

Policyholder surplus accounting

Policyholder surplus as described in note 1 to these interim condensed consolidated financial statements are recognized under liability for incurred claims within insurance contract liabilities with the corresponding effect recorded under insurance service expenses.

The Group shall write-back surplus to 'other income' in the consolidated statement of income that remains unclaimed for more than 10 years.

Interim reporting approach

The Group applies period to date (PTD) approach to calculate its results for the three and six months period ended June 30, respectively. The key features of this application:

- Claims incurred during the three months period ended March 31, 2023 and prior are treated as "past service claims" for the three months period ended June 30, 2023. Similar methodology applied to the three months ended June 30, 2022. However, for six months period ended 30, 2023 the result for three months period ended March 31, 2023 are classified as "current claims service".
- The adjustment arising due to difference in classification of past service cost and application of relevant discount rate is recorded as insurance finance income / expense in interim condensed consolidated statement of income for the six month periods ended June 30, 2022 and 2023 respectively.

3.3 Financial instruments

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at Fair value through profit or loss, transaction costs are added to this amount.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

3.3.1 Financial assets

Measurement categories

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit or loss ("FVPL")

Debt instrument measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below:

a) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) The solely payments of principal and interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

3.3.1 Financial assets

Financial instruments at fair value through other comprehensive income

The Company carries debt instruments at FVOCI under IFRS 9 when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

The Group elects to present changes in the fair value of certain equity investments that are not held for trading in other comprehensive income. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These instruments largely comprise debt instruments that had previously been classified as available-for-sale.

Receivable from brokers / agents

Insurance contracts sold via brokers where brokers have collected the premiums from the insured and not yet paid to the Group are classified as "receivable from brokers / agents". The balances are outside the contract boundary of insurance contracts issued and are subject to impairment assessment based on simplified approach of IFRS 9. Under IFRS 9 simplified approach, the Group measures the loss allowance at an amount equal to lifetime expected credit losses for Insurance receivables embedded within the LRC.

Subsequent measurement

Debt instrument at amortised cost

After initial measurement, financial assets are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the consolidated statement of income when the investments are impaired.

Financial assets at fair value through other comprehensive income

Debt instruments that are measured at FVOCI category are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in the consolidated statement of comprehensive income. Interest income and foreign exchange gains and losses are recognised in the consolidated statement of income in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in the consolidated statement of comprehensive income are reclassified from the consolidated statement of comprehensive income to the consolidated statement of income.

Equity instruments that are measured at FVOCI category are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of income when the Group's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in the consolidated statement of comprehensive income and are never reclassified to the consolidated statement of income. Cumulative gains and losses recognised in the consolidated statement of comprehensive income are transferred to retained earnings on disposal of an investment.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

3.3.1 Financial assets

Financial assets at fair value through profit or loss

Financial assets that are measured at FVPL category are subsequently measured at fair value. Changes in fair value are recorded in the consolidated statement of income. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate.

Dividend income is recorded in consolidated statement of income when the right to the payment has been established.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the consolidated statement of income or consolidated statement of comprehensive income as the case may be.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The Company applies the expected credit losses ('ECL') on its financial assets measured at amortised cost and FVOCI, which are in the scope of IFRS 9 for impairment. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

3.3.1 Financial assets

The calculation of ECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Group allocates its assets subject to ECL calculations to one of these categories, determined as follows:

Stage 1 12 month ECL (12mECL):

The 12mECL is calculated as the portion of life time ECLs (LTECLs) that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an appropriate EIR. This calculation is made for each of the four scenarios, as explained above.

Stage 2 LTECL:

When an instrument has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected losses are discounted by an appropriate EIR.

Stage 3 Credit impaired:

For debt instruments considered credit-impaired, the Group recognizes the lifetime expected credit losses for these instruments. The method is similar to that for LTECL assets, with the PD set at 100%.

Debt instruments measured at fair value through other comprehensive income

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in the consolidated statement of comprehensive income with a corresponding charge to the consolidated statement of income. The accumulated gain recognised in the consolidated statement of comprehensive income is recycled to the consolidated statement of income upon derecognition of the assets.

It is the Group's policy to measure such instruments on a 12-month ECL (12mECL) basis. The Group does, however, consider that there has been a significant increase in credit risk for a previously assessed low credit risk investment when any contractual payments on these instruments are more than 30 days past due or there is a downgrade in credit ratings by two notches or more compare to the credit rating at the beginning of the financial reporting period. As at statement of financial position date, the Group does not hold any debt instruments at FVOCI.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

3.3.1 Financial assets

Forward looking information

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:

- GDP growth
- Inflation

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to expected credit loss expense. There were no write-offs over the period reported in these interim condensed consolidated financial statements.

3.3.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective yield method.

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

Recognition of commission income

Under IFRS 9, commission income is recorded using the effective interest rate (EIR) method for all debt instruments measured at amortised cost and FVOCI.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the consolidated statement of financial position with a corresponding increase or decrease in commission income.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

Except for IFRS 17 and IFRS 9, the accounting and risk management policies adopted in the preparation of these interim condensed interim condensed consolidated financial statements are consistent with the Groups's audited annual consolidated financial statements for the year ended December 31, 2022.

3.4 Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (a business segment), which is subject to risk and rewards that are different from those of other segments. The Group has following reportable segments.

- Medical - coverage for health insurance.
- Medical Umrah - coverage for health insurance for pilgrims.
- Motor - coverage for motor insurance and for Manafeth third party liability insurance for foreign vehicles.
- Property and casualty - coverage for property, engineering, marine, aviation, energy and general accidents insurance.
- General accidents insurance - coverage for pilgrims
- Travel and COVID-19 – coverage of compulsory travel insurance in addition to some coverages related to COVID-19 for citizens travelling abroad.
- Protection and savings

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions. No inter-segment transactions occurred during the year.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Insurance shared agreement

The shared agreements is an insurance pooling arrangement related to medical and general accidents in KSA. This is an arrangement between different number of insurance companies in KSA where the Company leads in providing insurance coverages for medical and general accidents for the pilgrims entering KSA (Umrah) and travel COVID 19 (Travel and COVID-19). In principle, the Company acts as an agent on behalf of the other insurers and accordingly accounts for only the share under IFRS 17.

In calculating the insurance contract liabilities and reinsurance contract assets, the Group includes its share of insurance revenue / allocation of reinsurance premium, insurance service expenses / amounts recoverable from reinsurers, risk adjustment and discounting impacts on LIC / AIC, amortisation of acquisition cash flows and other items of income / expenses. Gross cash flows for premiums and claims are included within measurement of LRC and LIC respectively with a corresponding effects recorded in other liabilities / other assets.

3.6 Effect of initial application

a) Classification and measurement of financial assets

Particulars	Classification	IAS 39		IFRS 9		
		December 31,	January 1,	Classification	December	January 1,
		2022	2023		31,	2023
SAR '000						
Cash and cash equivalents	Loans and receivables	1,659,343	1,188,266	Amortised cost	1,659,193	1,188,136
Statutory deposit	Loans and receivables	125,000	125,000	Amortised cost	124,983	124,992
Mudaraba / murabaha deposits (Term deposits)	Loans and receivables	5,903,752	3,780,598	Amortised cost	5,903,739	3,780,592
Investments in Shariah Notes	Available for sale investments	946,703	2,360,693	FVTPL	946,703	2,360,693
Investments in unquoted equities	Available for sale investments	31,174	10,250	FVOCI	31,174	10,250
		<u>7,725,142</u>	<u>5,106,475</u>		<u>7,724,962</u>	<u>5,106,331</u>

b) Impact on retained earnings on transition to IFRS 17 at January 1, 2023

Particulars of drivers	SAR '000
Explicit risk adjustment, net of reinsurance	(161,827)
Increase in deferred part of insurance acquisition cash flows	125,471
Expected premium receipts adjustment	114,261
ENID, net of reinsurance	(27,327)
Loss components, net of PDR and loss recovery	(69,588)
Discounting of liability for incurred claims (LIC), net of reinsurance	13,885
Impact of non-performance risk provision	(16,799)
Other impacts	970
Total Impact	<u>(20,954)</u>

Impact on retained earnings on transition to IFRS 9 at January 1, 2023

Expected credit loss allowance on financial instruments	(149,610)
Reclassification of unrealised gain on investments at FVPL (previously classified as AFS)	145,335
	<u>(4,275)</u>

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

c) Reconciliation of interim condensed consolidated statement of financial position as at January 1, 2023:

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9
		Remeasurement	Reclassification	Remeasurement	Reclassification	
SAR '000						
ASSETS						
Statutory deposit	125,000	-	-	(8)	-	124,992
Accrued income on statutory deposit	3,050	-	-	-	-	3,050
Property, equipment and right-of-use assets, net	236,970	-	-	-	-	236,970
Intangible assets	16,627	-	-	-	-	16,627
Investment properties	60,850	-	-	-	-	60,850
Investments in equity accounted investments	89,556	-	-	-	-	89,556
Receivable from brokers / agents	-	-	1,511,605	(149,466)	-	1,362,139
Prepaid expenses and other assets	668,962	-	(105,082)	-	-	563,880
Term deposits	3,780,598	-	-	(6)	-	3,780,592
Deferred excess of loss premiums	7,501	-	(7,501)	-	-	-
Deferred policy acquisition costs	127,951	-	(127,951)	-	-	-
Reinsurance contract assets	-	333,739	2,314,467	-	-	2,648,206
Reinsurers' share of gross outstanding claims	1,762,324	-	(1,762,324)	-	-	-
Reinsurers' share of incurred but not reported claims	329,243	-	(329,243)	-	-	-
Reinsurers' share of gross unearned premiums	717,382	-	(717,382)	-	-	-
Available for sale investments	2,370,943	-	-	-	-	2,370,943
Receivables, net	3,222,001	-	(3,222,001)	-	-	-
Accrued investment income	11,029	-	-	-	-	11,029
Cash and cash equivalents	1,188,266	-	-	(130)	-	1,188,136
TOTAL ASSETS	14,718,253	333,739	(2,445,412)	(149,610)	-	12,456,970

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

c) Reconciliation of interim condensed consolidated statement of financial position as at January 1, 2023:

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9
		Remeasurement	Reclassification	Remeasurement	Reclassification	
SAR '000						
LIABILITIES						
Return payable on statutory deposit	3,050	-	-	-	-	3,050
Defined benefits obligation	142,110	-	-	-	-	142,110
Zakat payable	415,023	-	-	-	-	415,023
Insurance contract liabilities	-	354,693	8,093,984	-	-	8,448,677
Reinsurance contract liabilities	-	-	1,369	-	-	1,369
Reserve for takaful activities	3,372	-	(3,372)	-	-	-
Incurred but not reported claims reserve	1,770,241	-	(1,770,241)	-	-	-
Gross outstanding claims	2,400,729	-	(2,400,729)	-	-	-
Premium deficiency reserve	30,277	-	(30,277)	-	-	-
Unearned commission income	42,289	-	(42,289)	-	-	-
Surplus distribution payable	258,163	-	(258,163)	-	-	-
Gross unearned premiums	5,031,265	-	(5,031,265)	-	-	-
Claims payable, accrued expenses and other liabilities	1,070,631	-	(501,020)	-	-	569,611
Reinsurers' balances payable	503,409	-	(503,409)	-	-	-
Dividends payable	8,630	-	-	-	-	8,630
TOTAL LIABILITIES	11,679,189	354,693	(2,445,412)	-	-	9,588,470
EQUITY						
Share capital	1,250,000	-	-	-	-	1,250,000
Statutory reserve	1,197,495	-	-	-	-	1,197,495
Fair value reserve for investments	152,513	-	-	-	(145,335)	7,178
Remeasurement of defined benefits obligation	(20,096)	-	-	-	-	(20,096)
Retained earnings	459,152	(20,954)	-	(149,610)	145,335	433,923
TOTAL EQUITY	3,039,064	(20,954)	-	(149,610)	-	2,868,500
TOTAL LIABILITIES AND EQUITIES	14,718,253	333,739	(2,445,412)	(149,610)	-	12,456,970

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

d) Reconciliation of interim condensed consolidated statement of financial position as at December 31, 2022:

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9
		Remeasurement	Reclassification	Remeasurement	Reclassification	
SAR '000						
ASSETS						
Statutory deposit	125,000	-	-	(17)	-	124,983
Receivable from brokers / agents	-	-	2,814,438	(198,902)	-	2,615,536
Accrued income on statutory deposit	5,420	-	-	-	-	5,420
Property, equipment and right-of-use assets, net	255,565	-	-	-	-	255,565
Intangible assets	13,441	-	-	-	-	13,441
Investment properties	59,562	-	-	-	-	59,562
Investments in equity accounted investments	95,948	-	-	-	-	95,948
Prepaid expenses and other assets	767,968	-	(204,500)	-	-	563,468
Term deposits	5,903,752	-	-	(13)	-	5,903,739
Deferred excess of loss premiums	7,088	-	(7,088)	-	-	-
Deferred policy acquisition costs	187,314	-	(187,314)	-	-	-
Reinsurance contract assets	-	421,947	2,332,507	-	-	2,754,454
Reinsurers' share of gross outstanding claims	1,782,371	-	(1,782,371)	-	-	-
Reinsurers' share of incurred but not reported claims	392,894	-	(392,894)	-	-	-
Reinsurers' share of gross unearned premiums	1,097,752	-	(1,097,752)	-	-	-
Available for sale investments	1,058,341	-	-	-	-	1,058,341
Receivables, net	5,421,514	-	(5,421,514)	-	-	-
Accrued investment income	81,724	-	-	-	-	81,724
Cash and cash equivalents	1,659,343	-	-	(150)	-	1,659,193
TOTAL ASSETS	18,914,997	421,947	(3,946,488)	(199,082)	-	15,191,374

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

d) Reconciliation of interim condensed consolidated statement of financial position as at December 31, 2022:

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9
		Remeasurement	Reclassification	Remeasurement	Reclassification	
SAR '000						
LIABILITIES						
Return payable on statutory deposit	5,420	-	-	-	-	5,420
Defined benefits obligation	125,297	-	-	-	-	125,297
Zakat payable	272,168	-	-	-	-	272,168
Insurance contract liabilities	-	436,418	10,581,386	-	-	11,017,804
Reserve for takaful activities	2,861	-	(2,861)	-	-	-
Incurred but not reported claims reserve	2,400,908	-	(2,400,908)	-	-	-
Gross outstanding claims	2,826,056	-	(2,826,056)	-	-	-
Premium deficiency reserve	13,591	-	(13,591)	-	-	-
Unearned commission income	61,183	-	(61,183)	-	-	-
Surplus distribution payable	265,167	-	(265,167)	-	-	-
Gross unearned premiums	7,014,914	-	(7,014,914)	-	-	-
Claims payable, accrued expenses and other liabilities	1,591,463	-	(980,969)	-	-	610,494
Reinsurers' balances payable	962,225	-	(962,225)	-	-	-
Dividends payable	8,602	-	-	-	-	8,602
TOTAL LIABILITIES	15,549,855	436,418	(3,946,488)	-	-	12,039,785
EQUITY						
Share capital	1,250,000	-	-	-	-	1,250,000
Statutory reserve	1,250,000	-	-	-	-	1,250,000
Fair value reserve for investments	75,166	-	-	-	(51,180)	23,986
Remeasurement of defined benefits obligation	(7,674)	-	-	-	-	(7,674)
Retained earnings	797,650	(14,471)	-	(199,082)	51,180	635,277
TOTAL EQUITY	3,365,142	(14,471)	-	(199,082)	-	3,151,589
TOTAL LIABILITIES AND EQUITIES	18,914,997	421,947	(3,946,488)	(199,082)	-	15,191,374

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

e) Reclassification impact on interim condensed consolidated statement of income on adoption of IFRS 17

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

- Gross premiums written
- Reinsurance premiums ceded – Local
- Reinsurance premiums ceded – International
- Changes in unearned premiums – net
- Gross claims paid
- Reinsurers' share of claims paid
- Changes in outstanding claims
- Changes in claims incurred but not reported
- Changes in premium deficiency reserve
- Reinsurance share of changes in outstanding claims
- Reinsurance share of changes in claims incurred but not reported
- Policy acquisition costs
- Allowance for doubtful receivables
- General and administrative expenses
- Other income – net
- Income attributed to the insurance operations

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Net expenses from reinsurance contracts held
- Other operating expenses

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

f) Reconciliation of interim condensed consolidated statement of income for the three months period ended 30 June 2022

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
SAR '000						
Insurance revenue	-	2,719,068	(9,743)	-	-	2,709,325
Insurance service expenses	-	(2,272,430)	119,811	-	-	(2,152,619)
Allocation of reinsurance premiums	-	(378,821)	-	-	-	(378,821)
Amounts recoverable from reinsurers for incurred claims	-	103,798	(102,412)	-	-	1,386
Insurance service result	-	171,615	7,656	-	-	179,271
Gross premiums written	3,223,875	(3,223,875)	-	-	-	-
Reinsurance ceded – local	(10,420)	10,420	-	-	-	-
Reinsurance ceded –international	(643,296)	643,296	-	-	-	-
Excess of loss premiums	(4,745)	4,745	-	-	-	-
Fee income from takaful	(3,945)	3,945	-	-	-	-
Net premiums written	2,561,469	(2,389,854)	7,656	-	-	179,271
Changes in gross unearned premiums	(247,193)	(247,193)	-	-	-	-
Changes in reinsurers' share of gross unearned premiums	238,290	238,290	-	-	-	-
Net premiums earned	2,552,566	(2,380,951)	7,656	-	-	179,271
Reinsurance commissions	32,298	32,298	-	-	-	-
Other underwriting income	3,367	3,367	-	-	-	-
TOTAL REVENUES	2,588,231	(2,416,616)	7,656	-	-	179,271

UNDERWRITING COSTS AND EXPENSES

Gross claims paid	(1,705,899)	(1,705,899)	-	-	-	-
Expenses incurred related to claims	(42,416)	(42,416)	-	-	-	-
Reinsurers' share of claims paid	88,853	88,853	-	-	-	-
Net claims and other benefits paid	(1,659,462)	(1,659,462)	-	-	-	-
Changes in gross outstanding claims	(66,599)	(66,599)	-	-	-	-
Changes in reinsurance share of gross outstanding claims	(16,443)	(16,443)	-	-	-	-
Changes in incurred but not reported claims reserve	(236,546)	(236,546)	-	-	-	-
Changes in reinsurance share of incurred but not reported claims	26,849	26,849	-	-	-	-
Changes in premium deficiency reserve	27,413	27,413	-	-	-	-
Net claims and other benefits incurred	(1,924,788)	(1,924,788)	-	-	-	-
Changes in reserves for takaful activities	176	176	-	-	-	-
Policy acquisition costs	(120,945)	(120,945)	-	-	-	-
Other underwriting expenses	(47,448)	(47,448)	-	-	-	-
Insurance share distribution	(126,371)	(126,371)	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	(2,219,376)	(2,219,376)	-	-	-	-

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

f) Reconciliation of interim condensed consolidated statement of income for the three months period ended June 30, 2022 (continued)

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
SAR '000						
Commission & dividend income	-	-	-	78,501	-	78,501
Net fair value gains / (losses) on financial assets at fair value through profit or loss	-	-	-	-	(72,734)	(72,734)
Expected credit loss allowance on financial assets	-	-	-	-	(54,219)	(54,219)
Net income on financial assets	-	-	-	78,501	(126,953)	(48,452)
Finance (expense) / income from insurance contracts issued	-	-	(3,268)	-	-	(3,268)
Finance expenses from reinsurance contracts held	-	-	299	-	-	299
	-	-	(2,969)	-	-	(2,969)
Net underwriting income / Net insurance and investment results	368,855	(197,240)	4,687	78,501	(126,953)	127,850
<u>OTHER OPERATING</u>						
<u>(EXPENSES) / INCOME</u>						
General and administrative expenses	(208,979)	148,049	-	-	-	(60,930)
Reversal of allowance for doubtful debts	(25,352)	25,352	-	-	-	-
Investment income, net	79,008	(507)	-	(78,501)	-	-
Other income, net	13,108	3,367	-	-	-	16,475
<u>TOTAL OTHER OPERATING</u>						
<u>EXPENSES</u>	(142,215)	176,261	-	(78,501)	-	(44,455)
Net operating income	226,640	(20,979)	4,687	-	(126,953)	83,395
Share of profit from equity accounted investments, net	5,038	-	-	-	-	5,038
Net income before attribution and zakat	231,678	(20,979)	4,687	-	(126,953)	88,433
Net income attributed to the insurance operations	(20,979)	20,979	-	-	-	-
Net income attributable to the shareholders before zakat	210,699	-	4,687	-	(126,953)	88,433
Zakat charge for the period	(23,967)	-	-	-	-	(23,967)
Net income attributable to the shareholders after zakat	186,732	-	4,687	-	(126,953)	64,466

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

f) Reconciliation of interim condensed consolidated statement of income for the six months period ended 30 June 2022 (continued)

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9 Reclassification
		Reclassification	Remeasurement	Reclassification	Remeasurement	
SAR '000						
Insurance revenue	-	5,235,312	(33,831)	-	-	5,201,481
Insurance service expenses	-	(5,012,880)	(159,355)	-	-	(5,172,235)
Allocation of reinsurance premiums	-	(734,659)	-	-	-	(734,659)
Amounts recoverable from reinsurers for incurred claims	-	672,830	260,596	-	-	933,426
Insurance service result	-	160,603	67,410	-	-	228,013
Gross premiums written	6,732,566	(6,732,566)	-	-	-	-
Reinsurance ceded – local	(26,255)	26,255	-	-	-	-
Reinsurance ceded –international	(907,870)	907,870	-	-	-	-
Excess of loss premiums	(8,058)	8,058	-	-	-	-
Fee income from takaful	(5,832)	5,832	-	-	-	-
Net premiums written	5,784,551	(5,623,948)	67,410	-	-	228,013
Changes in gross unearned premiums	(1,123,456)	(1,123,456)	-	-	-	-
Changes in reinsurers' share of gross unearned premiums	132,455	132,455	-	-	-	-
Net premiums earned	4,793,550	(4,632,947)	67,410	-	-	228,013
Reinsurance commissions	63,284	63,284	-	-	-	-
Other underwriting income	5,141	5,141	-	-	-	-
TOTAL REVENUES	4,861,975	(4,701,372)	67,410	-	-	228,013

UNDERWRITING COSTS AND EXPENSES

Gross claims paid	(3,737,592)	3,737,592	-	-	-	-
Expenses incurred related to claims	(69,927)	69,927	-	-	-	-
Reinsurers' share of claims paid	304,522	(304,522)	-	-	-	-
Net claims and other benefits paid	(3,502,997)	3,502,997	-	-	-	-
Changes in gross outstanding claims	(393,400)	393,400	-	-	-	-
Changes in reinsurance share of gross outstanding claims	330,262	(330,262)	-	-	-	-
Changes in incurred but not reported claims reserve	(362,729)	362,729	-	-	-	-
Changes in reinsurance share of incurred but not reported claims	31,402	(31,402)	-	-	-	-
Changes in premium deficiency reserve	19,555	(19,555)	-	-	-	-
Net claims and other benefits incurred	(3,877,907)	3,877,907	-	-	-	-
Changes in reserves for takaful activities	118	(118)	-	-	-	-
Policy acquisition costs	(217,350)	217,350	-	-	-	-
Other underwriting expenses	(83,627)	83,627	-	-	-	-
Insurance share distribution	(174,317)	174,317	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	(4,353,083)	4,353,083	-	-	-	-

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

f) Reconciliation of interim condensed consolidated statement of income for the six months period ended June 30, 2022 (continued)

	Pre-adoption IFRS 17 and IFRS 9	IFRS 17		IFRS 9		Post-adoption IFRS 17 and IFRS 9
		Reclassification	Remeasurement		Reclassification	
	SAR '000					
Commission & dividend income	-	-	-	186,128	-	186,128
Net fair value gains / (losses) on financial assets at fair value through profit or loss	-	-	-	(44,436)	(139,347)	(183,783)
Expected credit loss allowance on financial assets	-	-	-	-	(87,105)	(87,105)
Net income on financial assets	-	-	-	141,692	(226,452)	(84,760)
Finance (expense) / income from insurance contracts issued	-	-	33,742	-	-	33,742
Finance expenses from reinsurance contracts held	-	-	(28,699)	-	-	(28,699)
	-	-	5,043	-	-	5,043
Net underwriting income / Net insurance and investment results	508,892	(348,289)	72,453	141,692	(226,452)	148,296
<u>OTHER OPERATING (EXPENSES) / INCOME</u>						
General and administrative expenses	(379,829)	297,408	-	-	-	(82,421)
Reversal of allowance for doubtful debts	(23,298)	23,298	-	-	-	-
Investment income, net	142,199	(507)	-	(141,692)	-	-
Other income, net	16,621	1,880	-	-	-	18,501
<u>TOTAL OTHER OPERATING EXPENSES</u>	(244,307)	322,079	-	(141,692)	-	(63,920)
Net operating income	264,585	(24,240)	72,453	-	(226,452)	84,376
Share of profit from equity accounted investments, net	11,846	-	-	-	-	11,846
Net income before attribution and zakat	276,431	(24,240)	72,453	-	(226,452)	96,222
Net income attributed to the insurance operations	(24,240)	24,240	-	-	-	-
Net income attributable to the shareholders before zakat	252,191	-	72,453	-	(226,452)	96,222
Zakat charge for the period	(45,430)	-	-	-	-	(45,430)
Net income attributable to the shareholders after zakat	206,761	-	72,453	-	(226,452)	50,792

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Effect of initial application (continued)

Sensitivity analysis

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

June 30, 2023					
SAR '000					
	Changes in assumptions	Impact on profit before zakat gross of reinsurance	Impact on profit before zakat net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Risk adjustment changes	+/-10%	156,862	42,218	156,862	42,218
Liability for incurred claims changes	+/-5%	148,919	123,898	148,919	123,898
Discounting impact changes	+/-50%	52,364	(2,328)	52,364	(2,328)

December 31, 2022					
SAR '000					
	Changes in assumptions	Impact on profit before zakat gross of reinsurance	Impact on profit before zakat net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Risk adjustment changes	+/-10%	72,585	24,713	72,585	24,713
Liability for incurred claims changes	+/-5%	292,622	164,008	292,622	164,008
Discounting impact changes	+/-50%	83,689	37,428	83,689	37,428

The sensitivities relating to risk adjustment on LIC and impact of discounting have been disclosed in addition to overall LIC sensitivity. These above base LIC amounts is inclusive of risk adjustment and impact of discounting.

4. CASH AND CASH EQUIVALENTS

	June 31, 2023 (Unaudited)	December 31, 2022 (Unaudited) (Restated)	January 1, 2022 (Unaudited) (Restated)
SAR'000			
Short term deposits (note 4.1)	425,000	750,000	-
Banks balances and cash (note 4.2)	1,493,354	909,343	1,188,266
	1,918,354	1,659,343	1,188,266
Expected credit loss allowance	(150)	(150)	(130)
Total cash and cash equivalents	1,918,204	1,659,193	1,188,136

4.1 The deposits are held with banks and financial institution registered with Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are predominately in mudaraba structures. These deposits are denominated in Saudi riyals and have an original maturity of less than three months. The average yield on these deposits is 5.80% (December 31, 2022: 5.31% and January 1, 2022: 2.86%) per annum.

4.2 Bank balances and cash includes call account balance of SAR 15 million (December 31, 2022: SAR 34 million and January 1, 2022 SAR 74 million). Bank balances are placed with counterparties with sound credit ratings under Standard and Poor's and Moody's ratings methodology.

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5. TERM DEPOSITS

The deposits are held with banks and financial institution registered with Capital Market Authority in the Kingdom of Saudi Arabia. These deposits are predominately in mudaraba structures. These deposits are denominated in Saudi riyals and have an original maturity of more than three months. The average yield on these deposits is 5.35% (December 31, 2022: 5.86% and January 1, 2022: 2.86%) per annum.

The movements in deposits during the period / year is as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Unaudited) (Restated) SAR '000	January 1, 2022 (Unaudited) (Restated)
Balance at the beginning of the period / year	5,903,752	3,780,598	3,134,932
Placed during the period / year	6,162,061	12,473,524	7,867,623
Matured during the period / year	<u>(5,949,499)</u>	<u>(10,350,370)</u>	<u>(7,221,957)</u>
Balance at the end of the period / year	6,116,314	5,903,752	3,780,598
Accrued investment income	<u>76,782</u>	<u>77,088</u>	<u>6,986</u>
Expected credit loss allowance	<u>6,193,096</u>	<u>5,980,840</u>	<u>3,787,584</u>
Total	<u>6,193,083</u>	<u>5,980,827</u>	<u>3,787,578</u>

6. INVESTMENTS INCLUDING ACCRUED INVESTMENT INCOME

Investments including accrued investment income comprise the following:

	June 30, 2023 (Unaudited)	December 31, 2022 (Unaudited) (Restated) SAR'000	January 1, 2022 (Unaudited) (Restated)
<u>Financial instruments measured at FVPL</u>			
Mutual funds	111,222	17,588	689,476
Fixed income investments	479,219	472,309	1,156,137
Equity securities	177,443	335,238	326,513
Funds with portfolio manager	81,516	121,568	188,567
Accrued investment income	<u>21,222</u>	<u>4,636</u>	<u>4,043</u>
	870,622	951,339	2,364,736
<u>Equity instrument measured at FVOCI</u>			
Unquoted private equities	<u>130,625</u>	<u>111,638</u>	<u>10,250</u>
Total investments	<u>1,001,247</u>	<u>1,062,977</u>	<u>2,374,986</u>

As at June 30, 2023 the Group has invested in Shariah Notes including accrued investment income having fair value amounting to SAR 871 million (December 31, 2022: SAR 951 million and January 1, 2022: SAR 2,364 million). The Shariah Notes are issued by a special purpose vehicle "SPV" established in Cayman Islands. The administrator of these Shariah Notes is a Company registered in Mauritius. The underlying investments of Shariah Notes include funds, discretionary portfolio management - equity shares and fixed income portfolios. The legal ownership of these underlying investments is not with the Group; however, the Group is the ultimate beneficial owner of the underlying investments while having control over the Shariah Notes but not over the underlying investments. The Shariah Notes are issued within a ring-fenced cell / structure and the underlying assets are ring-fenced as well for that structure managed by the SPV. The custody of the underlying investments is in the custody account of the SPV or its nominee entity opened with fund and portfolio managers. The Group does not exercise any control over SPV and / or fund and portfolio managers.

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7. RECEIVABLE FROM BROKERS / AGENTS

These comprise balances receivable from brokers / agents on account of sale of insurance policies by the broker on behalf of the Group.

	June 30, 2023 (Unaudited)	December 31, 2022 (Unaudited) (Restated)	January 1, 2022 (Unaudited) (Restated)
SAR '000			
Receivable from brokers / agents	4,097,189	2,814,438	1,511,605
Less: expected credit loss allowance	(419,814)	(198,902)	(149,466)
	3,677,375	2,615,536	1,362,139

Movement in expected credit loss allowance during the period / year was as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Unaudited) (Restated)
SAR '000		
Opening balance	198,902	149,466
Charge for the period	220,912	49,436
Closing balance	419,814	198,902

8. INSURANCE AND REINSURANCE CONTRACTS

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

	June 30, 2023 (Unaudited)		December 31, 2022 (Unaudited) (Restated)		January 1, 2022 (Unaudited) (Restated)	
SAR '000						
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Insurance contracts issued						
Medical	-	6,892,832	-	5,412,594	-	4,499,835
Medical - Umrah	-	315,429	-	269,346	-	2,233
Motor	-	1,046,864	-	998,249	-	751,379
Property & Casualty	-	4,523,534	-	3,760,171	-	3,161,662
General accidents - Hajj & Umrah	-	588,355	-	459,016	-	1,797
Travel & COVID-19	-	78,279	-	84,838	-	9,974
Protection and Savings	-	36,404	-	33,590	-	21,797
Total insurance contracts issued	-	13,481,697	-	11,017,804	-	8,448,677
Reinsurance contracts held						
Medical	(71,778)	-	(106,861)	-	(103,270)	-
Medical - Umrah	-	-	-	-	-	-
Motor	(24,132)	-	(28,490)	-	(28,846)	-
Property & Casualty	(3,695,203)	-	(2,549,865)	-	(2,489,482)	-
General accidents - Hajj & Umrah	(53,417)	-	(35,566)	-	-	461
Travel & COVID-19	(1,000)	-	(1,117)	-	-	908
Protection and Savings	(38,075)	-	(32,555)	-	(26,608)	-
Total reinsurance contracts held	(3,883,605)	-	(2,754,454)	-	(2,648,206)	1,369

Movements in insurance and reinsurance contract balances

The Group disaggregates information to provide disclosure in respect of major product lines separately: Medical, Medical - Umrah, Motor, Property and Casualty, General accidents - Hajj & Umrah, Travel & COVID-19 and Protection and Savings.

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the consolidated statement of income. For each segment, the Company presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the consolidated statement of income.

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

a. Medical

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	2,501,180	23,971	2,695,942	191,501	5,412,594
Opening assets	-	-	-	-	-
Net opening balance	2,501,180	23,971	2,695,942	191,501	5,412,594
Changes in the consolidated statement of income					
Insurance revenue	5,363,537	-	-	-	5,363,537
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	4,645,530	205,576	4,851,106
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(15,734)	(208,174)	(223,908)
Losses on onerous contracts and reversal of those losses	-	(22,410)	-	-	(22,410)
Insurance acquisition cash flows amortisation	315,233	-	-	-	315,233
	315,233	(22,410)	4,629,796	(2,598)	4,920,021
Insurance service result	5,048,304	22,410	(4,629,796)	2,598	443,516
Net finance expenses from insurance contracts	-	-	(42,491)	(4,051)	(46,542)
Total changes in the consolidated statement of income	5,048,304	22,410	(4,672,287)	(1,453)	396,974
Investment components					
Cash flows					
Premiums received	6,995,693	-	-	-	6,995,693
Claims and other directly attributable expense paid	-	-	(4,698,906)	-	(4,698,906)
Insurance acquisition cash flows	(419,575)	-	-	-	(419,575)
	6,576,118	-	(4,698,906)	-	1,877,212
Net closing balance	4,028,994	1,561	2,669,323	192,954	6,892,832
Closing liabilities	4,028,994	1,561	2,669,323	192,954	6,892,832
Closing assets	-	-	-	-	-
Net closing balance	4,028,994	1,561	2,669,323	192,954	6,892,832

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

b. Medical Umrah

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	473,383	-	(204,072)	35	269,346
Opening assets	-	-	-	-	-
Net opening balance	473,383	-	(204,072)	35	269,346
Changes in the consolidated statement of income					
Insurance revenue	15,650	-	-	-	15,650
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	916	69	985
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	3,055	(55)	3,000
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance acquisition cash flows amortisation	1,174	-	-	-	1,174
	1,174	-	3,971	14	5,159
Insurance service result	14,476	-	(3,971)	(14)	10,491
Net finance expenses from insurance contracts	-	-	331	2	333
Total changes in the consolidated statement of income	14,476	-	(3,640)	(12)	10,824
Investment components	-	-	-	-	-
Cash flows					
Premiums received	287,566	-	-	-	287,566
Claims and other directly attributable expenses paid	-	-	(202,438)	-	(202,438)
Insurance acquisition cash flows	(28,221)	-	-	-	(28,221)
	259,345	-	(202,438)	-	56,906
Net closing balance	718,252	-	(402,870)	47	315,429
Closing liabilities	718,252	-	(402,870)	47	315,429
Closing assets	-	-	-	-	-
Net closing balance	718,252	-	(402,870)	47	315,429

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

c. Motor

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	515,215	27,201	434,318	21,515	998,249
Opening assets	-	-	-	-	-
Net opening balance	515,215	27,201	434,318	21,515	998,249
Changes in the consolidated statement of income					
Insurance revenue	666,596	-	-	-	666,596
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	513,637	15,503	529,140
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(34,460)	(14,282)	(48,742)
Losses on onerous contracts and reversal of those losses	-	(13,899)	-	-	(13,899)
Insurance acquisition cash flows amortisation	88,780	-	-	-	88,780
	88,780	(13,899)	479,177	1,221	555,279
Insurance service result	577,816	13,899	(479,177)	(1,221)	111,317
Net finance expenses from insurance contracts	-	-	(4,302)	(493)	(4,795)
Total changes in the consolidated statement of income	577,816	13,899	(483,479)	(1,714)	106,522
Investment components	-	-	-	-	-
Cash flows					
Premiums received	772,890	-	-	-	772,890
Claims and other directly attributable expense paid	-	-	(446,725)	-	(446,725)
Insurance acquisition cash flows	(171,028)	-	-	-	(171,028)
	601,862	-	(446,725)	-	155,137
Net closing balance	539,261	13,302	471,072	23,229	1,046,864
Closing liabilities	539,261	13,302	471,072	23,229	1,046,864
Closing assets	-	-	-	-	-
Net closing balance	539,261	13,302	471,072	23,229	1,046,864

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

d. Property and casualty

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	910,902	36,608	2,317,653	495,008	3,760,171
Opening assets	-	-	-	-	-
Net opening balance	910,902	36,608	2,317,653	495,008	3,760,171
Changes in the consolidated statement of income					
Insurance revenue	1,035,685	-	-	-	1,035,685
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	1,053,363	113,361	1,166,724
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	372,237	(98,977)	273,260
Losses on onerous contracts and reversal of those losses	-	103,612	-	-	103,612
Insurance acquisition cash flows amortisation	61,690	-	-	-	61,690
	61,690	103,612	1,425,600	14,384	1,605,286
Insurance service result	973,995	(103,612)	(1,425,600)	(14,384)	(569,601)
Net finance expenses from insurance contracts	-	-	(42,521)	(11,910)	(54,431)
Total changes in the consolidated statement of income	973,995	(103,612)	(1,468,121)	(26,294)	(624,032)
Investment components					
Cash flows					
Premiums received	907,271	-	-	-	907,271
Claims and other directly attributable expenses paid	-	-	(686,864)	-	(686,864)
Insurance acquisition cash flows	(81,076)	-	-	-	(81,076)
	826,195	-	(686,864)	-	139,331
Net closing balance	763,102	140,220	3,098,910	521,302	4,523,534
Closing liabilities	763,102	140,220	3,098,910	521,302	4,523,534
Closing assets	-	-	-	-	-
Net closing balance	763,102	140,220	3,098,910	521,302	4,523,534

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

e. General accidents - Hajj & Umrah

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	476,518	-	(17,763)	261	459,016
Opening assets	-	-	-	-	-
Net opening balance	476,518	-	(17,763)	261	459,016
Changes in the consolidated statement of income					
Insurance revenue	9,240	-	-	-	9,240
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	25,352	207	25,559
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(30,545)	(212)	(30,757)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance acquisition cash flows amortisation	615	-	-	-	615
	615	-	(5,193)	(5)	(4,583)
Insurance service result	8,625	-	5,193	5	13,823
Net finance expenses from insurance contracts	-	-	268	1	269
Total changes in the consolidated statement of income	8,625	-	5,461	6	14,092
Investment components	-	-	-	-	-
Cash flows					
Premiums received	170,161	-	-	-	170,161
Claims and other directly attributable expenses paid	-	-	(7,511)	-	(7,511)
Insurance acquisition cash flows	(19,219)	-	-	-	(19,219)
	150,942	-	(7,511)	-	143,431
Net closing balance	618,835	-	(30,735)	255	588,355
Closing liabilities	618,835	-	(30,735)	255	588,355
Closing assets	-	-	-	-	-
Net closing balance	618,835	-	(30,735)	255	588,355

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

f. Travel & COVID-19

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	83,121	-	1,041	676	84,838
Opening assets	-	-	-	-	-
Net opening balance	83,121	-	1,041	676	84,838
Changes in the consolidated statement of income					
Insurance revenue	-	-	-	-	-
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	-	-	-
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(4,945)	(504)	(5,449)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance acquisition cash flows amortisation	-	-	-	-	-
	-	-	(4,945)	(504)	(5,449)
Insurance service result	-	-	4,945	504	5,449
Net finance expenses from insurance contracts	-	-	(58)	(13)	(71)
Total changes in the consolidated statement of income					
Investment components	-	-	4,887	491	5,378
Cash flows					
Premiums received	-	-	-	-	-
Claims and other directly attributable expenses paid	-	-	(389)	-	(389)
Insurance acquisition cash flows	(792)	-	-	-	(792)
	(792)	-	(389)	-	(1,181)
Net closing balance	82,329	-	(4,235)	185	78,279
Closing liabilities	82,329	-	(4,235)	185	78,279
Closing assets	-	-	-	-	-
Net closing balance	82,329	-	(4,235)	185	78,279

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

g. Protection and savings

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	(17,501)	3,662	42,356	5,073	33,590
Opening assets	-	-	-	-	-
Net opening balance	(17,501)	3,662	42,356	5,073	33,590
Changes in the consolidated statement of income					
Insurance revenue	13,975	-	-	-	13,975
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	26,137	2,329	28,466
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(15,131)	(3,341)	(18,472)
Losses on onerous contracts and reversal of those losses	-	(3,518)	-	-	(3,518)
Insurance acquisition cash flows amortisation	1,119	-	-	-	1,119
	1,119	(3,518)	11,006	(1,012)	7,595
Insurance service result	12,856	3,518	(11,006)	1,012	6,380
Net finance expenses from insurance contracts	-	-	(781)	(118)	(899)
Total changes in the consolidated statement of income	12,856	3,518	(11,787)	894	5,481
Investment components	-	-	-	-	-
Cash flows					
Premiums received	19,382	-	-	-	19,382
Claims and other directly attributable expenses paid	-	-	(10,032)	-	(10,032)
Insurance acquisition cash flows	(1,055)	-	-	-	(1,055)
	18,327	-	(10,032)	-	8,295
Net closing balance	(12,030)	144	44,111	4,179	36,404
Closing liabilities	(12,030)	144	44,111	4,179	36,404
Closing assets	-	-	-	-	-
Net closing balance	(12,030)	144	44,111	4,179	36,404

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

a. Medical

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	2,285,628	76,735	2,032,093	105,379	4,499,835
Opening assets	-	-	-	-	-
Net opening balance	2,285,628	76,735	2,032,093	105,379	4,499,835
Changes in the consolidated statement of income					
Insurance revenue	8,749,835	-	-	-	8,749,835
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	8,002,437	177,519	8,179,956
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(70,607)	(91,806)	(162,413)
Losses on onerous contracts and reversal of those losses	-	(52,764)	-	-	(52,764)
Insurance acquisition cash flows amortisation	547,773	-	-	-	547,773
	547,773	(52,764)	7,931,830	85,713	8,512,552
Insurance service result	8,202,062	52,764	(7,931,830)	(85,713)	237,283
Net finance expenses from insurance contracts	-	-	(5,435)	(409)	(5,844)
Total changes in the consolidated statement of income	8,202,062	52,764	(7,937,265)	(86,122)	231,439
Investment components	-	-	-	-	-
Cash flows					
Premiums received	8,960,503	-	-	-	8,960,503
Claims and other directly attributable expenses paid	-	-	(7,273,416)	-	(7,273,416)
Insurance acquisition cash flows	(542,889)	-	-	-	(542,889)
	8,417,614	-	(7,273,416)	-	1,144,198
Net closing balance	2,501,180	23,971	2,695,942	191,501	5,412,594
Closing liabilities	2,501,180	23,971	2,695,942	191,501	5,412,594
Closing assets	-	-	-	-	-
Net closing balance	2,501,180	23,971	2,695,942	191,501	5,412,594

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

b. Medical Umrah

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	254	-	1,974	5	2,233
Opening assets	-	-	-	-	-
Net opening balance	254	-	1,974	5	2,233
Changes in the consolidated statement of income					
Insurance revenue	15,955	-	-	-	15,955
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	15,348	34	15,382
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(1,342)	(4)	(1,346)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance acquisition cash flows amortisation	1,197	-	-	-	1,197
	1,197	-	14,006	30	15,233
Insurance service result	14,758	-	(14,006)	(30)	722
Net finance expenses from insurance contracts	-	-	-	-	-
Total changes in the consolidated statement of income	14,758	-	(14,006)	(30)	722
Investment components	-	-	-	-	-
Cash flows					
Premiums received	543,203	-	-	-	543,203
Claims and other directly attributable expenses paid	-	-	(220,052)	-	(220,052)
Insurance acquisition cash flows	(55,316)	-	-	-	(55,316)
	487,887	-	(220,052)	-	267,835
Net closing balance	473,383	-	(204,072)	35	269,346
Closing liabilities	473,383	-	(204,072)	35	269,346
Closing assets	-	-	-	-	-
Net closing balance	473,383	-	(204,072)	35	269,346

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

c. Motor

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	287,218	12,527	427,110	24,524	751,379
Opening assets	-	-	-	-	-
Net opening balance	287,218	12,527	427,110	24,524	751,379
Changes in the consolidated statement of income					
Insurance revenue	784,401	-	-	-	784,401
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	755,607	10,507	766,114
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(87,849)	(13,467)	(101,316)
Losses on onerous contracts and reversal of those losses	-	14,674	-	-	14,674
Insurance acquisition cash flows amortisation	120,255	-	-	-	120,255
	120,255	14,674	667,758	(2,960)	799,727
Insurance service result	664,146	(14,674)	(667,758)	2,960	(15,326)
Net finance expenses from insurance contracts	-	-	669	49	718
Total changes in the consolidated statement of income	664,146	(14,674)	(667,089)	3,009	(14,608)
Investment components	-	-	-	-	-
Cash flows					
Premiums received	1,027,462	-	-	-	1,027,462
Claims and other directly attributable expenses paid	-	-	(659,881)	-	(659,881)
Insurance acquisition cash flows	(135,319)	-	-	-	(135,319)
	892,143	-	(659,881)	-	232,262
Net closing balance	515,215	27,201	434,318	21,515	998,249
Closing liabilities	515,215	27,201	434,318	21,515	998,249
Closing assets	-	-	-	-	-
Net closing balance	515,215	27,201	434,318	21,515	998,249

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

d. Property and casualty

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	SAR '000				
December 31, 2022					
Opening liabilities	515,849	10,658	2,249,622	385,533	3,161,662
Opening assets	-	-	-	-	-
Net opening balance	515,849	10,658	2,249,622	385,533	3,161,662
Changes in the consolidated statement of income					
Insurance revenue	1,756,114	-	-	-	1,756,114
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	1,022,773	175,658	1,198,431
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(138,329)	(64,676)	(203,005)
Losses on onerous contracts and reversal of those losses	-	25,950	-	-	25,950
Insurance acquisition cash flows amortisation	96,340	-	-	-	96,340
	96,340	25,950	884,444	110,982	1,117,716
Insurance service result	1,659,774	(25,950)	(884,444)	(110,982)	638,398
Net finance expenses from insurance contracts	-	-	6,066	1,507	7,573
Total changes in the consolidated statement of income	1,659,774	(25,950)	(878,378)	(109,475)	645,971
Investment components	-	-	-	-	-
Cash flows					
Premiums received	2,143,053	-	-	-	2,143,053
Claims and other directly attributable expenses paid	-	-	(810,347)	-	(810,347)
Insurance acquisition cash flows	(88,226)	-	-	-	(88,226)
	2,054,827	-	(810,347)	-	1,244,480
Net closing balance	910,902	36,608	2,317,653	495,008	3,760,171
Closing liabilities	910,902	36,608	2,317,653	495,008	3,760,171
Closing assets	-	-	-	-	-
Net closing balance	910,902	36,608	2,317,653	495,008	3,760,171

THE COMPANY FOR COOPERATIVE INSURANCE
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

e. General accidents - Hajj & Umrah

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	SAR '000				
December 31, 2022					
Opening liabilities	267	-	1,510	20	1,797
Opening assets	-	-	-	-	-
Net opening balance	267	-	1,510	20	1,797
Changes in the consolidated statement of income					
Insurance revenue	15,998	-	-	-	15,998
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	8,900	253	9,153
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(1,771)	(12)	(1,783)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance acquisition cash flows amortisation	1,200	-	-	-	1,200
	1,200	-	7,129	241	8,570
Insurance service result	14,798	-	(7,129)	(241)	7,428
Net finance expenses from insurance contracts	-	-	-	-	-
Total changes in the consolidated statement of income	14,798	-	(7,129)	(241)	7,428
Investment components	-	-	-	-	-
Cash flows					
Premiums received	543,198	-	-	-	543,198
Claims and other directly attributable expenses paid	-	-	(26,402)	-	(26,402)
Insurance acquisition cash flows	(52,149)	-	-	-	(52,149)
	491,049	-	(26,402)	-	464,647
Net closing balance	476,518	-	(17,763)	261	459,016
Closing liabilities	476,518	-	(17,763)	261	459,016
Closing assets	-	-	-	-	-
Net closing balance	476,518	-	(17,763)	261	459,016

THE COMPANY FOR COOPERATIVE INSURANCE
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

f. Travel & COVID-19

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	1,654	-	6,958	1,362	9,974
Opening assets	-	-	-	-	-
Net opening balance	1,654	-	6,958	1,362	9,974
Changes in the consolidated statement of income					
Insurance revenue	40,129	-	-	-	40,129
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	16,900	485	17,385
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(16,293)	(1,175)	(17,468)
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Insurance acquisition cash flows amortisation	1,570	-	-	-	1,570
	1,570	-	607	(690)	1,487
Insurance service result	38,559	-	(607)	690	38,642
Net finance expenses from insurance contracts	-	-	(21)	(4)	(25)
Total changes in the consolidated statement of income	38,559	-	(628)	686	38,617
Investment components	-	-	-	-	-
Cash flows					
Premiums received	125,362	-	-	-	125,362
Claims and other directly attributable expenses paid	-	-	(6,545)	-	(6,545)
Insurance acquisition cash flows	(5,336)	-	-	-	(5,336)
	120,026	-	(6,545)	-	113,481
Net closing balance	83,121	-	1,041	676	84,838
Closing liabilities	83,121	-	1,041	676	84,838
Closing assets	-	-	-	-	-
Net closing balance	83,121	-	1,041	676	84,838

THE COMPANY FOR COOPERATIVE INSURANCE
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.1 Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

g. Protection and savings

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	(23,376)	-	38,596	6,577	21,797
Opening assets	-	-	-	-	-
Net opening balance	(23,376)	-	38,596	6,577	21,797
Changes in the consolidated statement of income					
Insurance revenue	45,916	-	-	-	45,916
Insurance service expenses					
Incurring claims and other directly attributable expenses	-	-	44,821	3,825	48,646
Changes that relate to past service - changes in fulfilment cash flows ("FCF") relating to LIC	-	-	(17,271)	(5,337)	(22,608)
Losses on onerous contracts and reversal of those losses	-	3,662	-	-	3,662
Insurance acquisition cash flows amortisation	2,158	-	-	-	2,158
	2,158	3,662	27,550	(1,512)	31,858
Insurance service result	43,758	(3,662)	(27,550)	1,512	14,058
Net finance expenses from insurance contracts	-	-	(67)	(8)	(75)
Total changes in the consolidated statement of income	43,758	(3,662)	(27,617)	1,504	13,983
Investment components	-	-	-	-	-
Cash flows					
Premiums received	51,144	-	-	-	51,144
Claims and other directly attributable expenses paid	-	-	(23,857)	-	(23,857)
Insurance acquisition cash flows	(1,511)	-	-	-	(1,511)
	49,633	-	(23,857)	-	25,776
Net closing balance	(17,501)	3,662	42,356	5,073	33,590
Closing liabilities	(17,501)	3,662	42,356	5,073	33,590
Closing assets	-	-	-	-	-
Net closing balance	(17,501)	3,662	42,356	5,073	33,590

THE COMPANY FOR COOPERATIVE INSURANCE
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(continued)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

a. Medical

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	-	-	-	-	-
Opening assets	42,261	-	(147,650)	(1,472)	(106,861)
Net opening balance	42,261	-	(147,650)	(1,472)	(106,861)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(65,734)	-	-	-	(65,734)
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	47,406	2,474	49,880
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	16,002	(33)	15,969
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	594	-	594
	(65,734)	-	64,002	2,441	709
Finance income from reinsurance contracts held	-	-	1,297	172	1,469
Total changes in the consolidated statement of income	(65,734)	-	65,299	2,613	2,178
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	1,598	-	-	-	1,598
Recoveries from reinsurance	-	-	35,663	-	35,663
	1,598	-	35,663	-	37,261
Net closing balance	109,593	-	(177,286)	(4,085)	(71,778)
Closing liabilities	-	-	-	-	-
Closing assets	109,593	-	(177,286)	(4,085)	(71,778)
Net closing balance	109,593	-	(177,286)	(4,085)	(71,778)

THE COMPANY FOR COOPERATIVE INSURANCE
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(continued)
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

b. Medical Umrah

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	SAR '000				
June 30, 2023					
Opening liabilities	-	-	-	-	-
Opening assets	-	-	-	-	-
Net opening balance	-	-	-	-	-

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	-	-	-	-	-
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	-	-	-
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	-	-	-
Finance income from reinsurance contracts held	-	-	-	-	-
Total changes in the consolidated statement of income	-	-	-	-	-

Investment components

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	-	-	-	-	-
Recoveries from reinsurance	-	-	-	-	-
Net closing balance	-	-	-	-	-
Closing liabilities	-	-	-	-	-
Closing assets	-	-	-	-	-
Net closing balance	-	-	-	-	-

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(continued)
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

c. Motor

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	-	-	-	-	-
Opening assets	(1,835)	-	(24,877)	(1,778)	(28,490)
Net opening balance	(1,835)	-	(24,877)	(1,778)	(28,490)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(1,322)	-	-	-	(1,322)
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	2,279	(1)	2,278
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(4,383)	(492)	(4,875)
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than change in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	124	-	124
	(1,322)	-	(1,980)	(493)	(3,795)
Finance income from reinsurance contracts held	-	-	361	46	407
Total changes in the consolidated statement of income	(1,322)	-	(1,619)	(447)	(3,388)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(1,759)	-	-	-	(1,759)
Recoveries from reinsurance	-	-	2,729	-	2,729
	(1,759)	-	2,729	-	970
Net closing balance	(2,272)	-	(20,529)	(1,331)	(24,132)
Closing liabilities	-	-	-	-	-
Closing assets	(2,272)	-	(20,529)	(1,331)	(24,132)
Net closing balance	(2,272)	-	(20,529)	(1,331)	(24,132)

THE COMPANY FOR COOPERATIVE INSURANCE
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(continued)
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

d. Property & Casualty

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	-	-	-	-	-
Opening assets	154,697	(22,422)	(2,212,709)	(469,431)	(2,549,865)
Net opening balance	154,697	(22,422)	(2,212,709)	(469,431)	(2,549,865)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(870,739)	-	-	-	(870,739)
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	969,781	108,027	1,077,808
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	365,421	(95,214)	270,207
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	107,940	-	-	107,940
Effect of changes in risk of reinsurers' non-performance	-	-	8,318	-	8,318
	(870,739)	107,940	1,343,520	12,813	593,534
Finance income from reinsurance contracts held	-	-	39,962	11,878	51,840
Total changes in the consolidated statement of income	(870,739)	107,940	1,383,482	24,691	645,374
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(1,212,194)	-	-	-	(1,212,194)
Recoveries from reinsurance	-	-	712,230	-	712,230
	(1,212,194)	-	712,230	-	(499,964)
Net closing balance	(186,758)	(130,362)	(2,883,961)	(494,122)	(3,695,203)
Closing liabilities	-	-	-	-	-
Closing assets	(186,758)	(130,362)	(2,883,961)	(494,122)	(3,695,203)
Net closing balance	(186,758)	(130,362)	(2,883,961)	(494,122)	(3,695,203)

THE COMPANY FOR COOPERATIVE INSURANCE
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

e. General Accident - Hajj & Umrah

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	(35,738)	-	189	(17)	(35,566)
Opening assets	-	-	-	-	-
Net opening balance	(35,738)	-	189	(17)	(35,566)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(1,598)	-	-	-	(1,598)
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	1,852	21	1,873
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	-	-	-
Income on initial recognition of onerous underlying contracts	-	-	(1,884)	(18)	(1,902)
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	-	-	-
	(1,598)	-	(32)	3	(1,627)
Finance income from reinsurance contracts held	-	-	(20)	-	(20)
Total changes in the consolidated statement of income	(1,598)	-	(52)	3	(1,647)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(19,307)	-	-	-	(19,307)
Recoveries from reinsurance	-	-	(191)	-	(191)
	(19,307)	-	(191)	-	(19,498)
Net closing balance	(53,447)	-	50	(20)	(53,417)
Closing liabilities	-	-	-	-	-
Closing assets	(53,447)	-	50	(20)	(53,417)
Net closing balance	(53,447)	-	50	(20)	(53,417)

THE COMPANY FOR COOPERATIVE INSURANCE
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

f. Travel & COVID 19

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	(773)	-	(318)	(26)	(1,117)
Opening assets	-	-	-	-	-
Net opening balance	(773)	-	(318)	(26)	(1,117)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	-	-	-	-	-
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	-	-	-
Income on initial recognition of onerous underlying contracts	-	-	(103)	(19)	(122)
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	2	-	2
	-	-	(101)	(19)	(120)
Finance income from reinsurance contracts held	-	-	1	1	2
Total changes in the consolidated statement of income	-	-	(100)	(18)	(118)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(1)	-	-	-	(1)
Recoveries from reinsurance	-	-	-	-	-
	(1)	-	-	-	(1)
Net closing balance	(774)	-	(218)	(8)	(1,000)
Closing liabilities	(774)	-	(218)	(8)	(1,000)
Closing assets	-	-	-	-	-
Net closing balance	(774)	-	(218)	(8)	(1,000)

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

g. Protection & Savings

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
June 30, 2023					
Opening liabilities	-	-	-	-	-
Opening assets	12,719	(3,198)	(37,413)	(4,663)	(32,555)
Net opening balance	12,719	(3,198)	(37,413)	(4,663)	(32,555)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(11,002)	-	-	-	(11,002)
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	23,706	2,142	25,848
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(14,557)	(3,083)	(17,640)
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	(3,088)	-	-	(3,088)
Effect of changes in risk of reinsurers' non-performance	-	-	166	-	166
	(11,002)	(3,088)	9,315	(941)	(5,716)
Finance income from reinsurance contracts held	-	-	724	109	833
Total changes in the consolidated statement of income	(11,002)	(3,088)	10,039	(832)	(4,883)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(18,904)	-	-	-	(18,904)
Recoveries from reinsurance	-	-	8,501	-	8,501
	(18,904)	-	8,501	-	(10,403)
Net closing balance	4,817	(110)	(38,951)	(3,831)	(38,075)
Closing liabilities	-	-	-	-	-
Closing assets	4,817	(110)	(38,951)	(3,831)	(38,075)
Net closing balance	4,817	(110)	(38,951)	(3,831)	(38,075)

THE COMPANY FOR COOPERATIVE INSURANCE
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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims

a. Medical

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	-	-	-	-	-
Opening assets	39,524	-	(141,235)	(1,559)	(103,270)
Net opening balance	39,524	-	(141,235)	(1,559)	(103,270)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(96,659)	-	-	-	(96,659)
Other Incurred directly attributable expenses	-	-	55,149	1,537	56,686
Incurred claims recovery	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(9,720)	(1,614)	(11,334)
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	38	-	38
	(96,659)	-	45,467	(77)	(51,269)
Finance income from reinsurance contracts held	-	-	(131)	(10)	(141)
Total changes in the consolidated statement of income	(96,659)	-	45,336	(87)	(51,410)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(93,922)	-	-	-	(93,922)
Recoveries from reinsurance	-	-	38,921	-	38,921
	(93,922)	-	38,921	-	(55,001)
Net closing balance	42,261	-	(147,650)	(1,472)	(106,861)
Closing liabilities	-	-	-	-	-
Closing assets	42,261	-	(147,650)	(1,472)	(106,861)
Net closing balance	42,261	-	(147,650)	(1,472)	(106,861)

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

b. Medical Umrah

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
	SAR '000				
December 31, 2022					
Opening liabilities	-	-	-	-	-
Opening assets	-	-	-	-	-
Net opening balance	-	-	-	-	-
Changes in the consolidated statement of income					
<i>Income (expenses) from reinsurance contracts held</i>					
Reinsurance expenses	-	-	-	-	-
Other Incurred directly attributable expenses	-	-	-	-	-
Incurred claims recovery	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	-	-	-
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	-	-	-
Finance income from reinsurance contracts held	-	-	-	-	-
Total changes in the consolidated statement of income	-	-	-	-	-
Investment components	-	-	-	-	-
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses	-	-	-	-	-
Recoveries from reinsurance	-	-	-	-	-
Net closing balance	-	-	-	-	-
Closing liabilities	-	-	-	-	-
Closing assets	-	-	-	-	-
Net closing balance	-	-	-	-	-

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

c. Motor

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	-	-	-	-	-
Opening assets	(2,514)	-	(24,402)	(1,930)	(28,846)
Net opening balance	(2,514)	-	(24,402)	(1,930)	(28,846)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(2,870)	-	-	-	(2,870)
Other Incurred directly attributable expenses	-	-	1,365	206	1,571
Incurred claims recovery	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	6,876	(347)	6,529
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	5	-	5
	(2,870)	-	8,246	(141)	5,235
Finance income from reinsurance contracts held	-	-	(128)	(11)	(139)
Total changes in the consolidated statement of income	(2,870)	-	8,118	(152)	5,096
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(2,191)	-	-	-	(2,191)
Recoveries from reinsurance	-	-	7,643	-	7,643
	(2,191)	-	7,643	-	5,452
Net closing balance	(1,835)	-	(24,877)	(1,778)	(28,490)
Closing liabilities	-	-	-	-	-
Closing assets	(1,835)	-	(24,877)	(1,778)	(28,490)
Net closing balance	(1,835)	-	(24,877)	(1,778)	(28,490)

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

d. Property & Casualty

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	-	-	-	-	-
Opening assets	4,404	(55)	(2,135,628)	(358,203)	(2,489,482)
Net opening balance	4,404	(55)	(2,135,628)	(358,203)	(2,489,482)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(1,478,824)	-	-	-	(1,478,824)
Other Incurred directly attributable expenses	-	-	902,810	167,152	1,069,962
Incurred claims recovery					
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(105,048)	(54,336)	(159,384)
Income on initial recognition of onerous underlying contracts	-	22,367	-	-	22,367
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	590	-	590
	(1,478,824)	22,367	798,352	112,816	(545,289)
Finance income from reinsurance contracts held	-	-	(6,301)	(1,588)	(7,889)
Total changes in the consolidated statement of income	(1,478,824)	22,367	792,051	111,228	(553,178)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(1,328,531)	-	-	-	(1,328,531)
Recoveries from reinsurance	-	-	714,970	-	714,970
	(1,328,531)	-	714,970	-	(613,561)
Net closing balance	154,697	(22,422)	(2,212,709)	(469,431)	(2,549,865)
Closing liabilities	-	-	-	-	-
Closing assets	154,697	(22,422)	(2,212,709)	(469,431)	(2,549,865)
Net closing balance	154,697	(22,422)	(2,212,709)	(469,431)	(2,549,865)

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

e. General Accident - Hajj & Umrah

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	464	-	(2)	(1)	461
Opening assets	-	-	-	-	-
Net opening balance	464	-	(2)	(1)	461

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(1,998)	-	-	-	(1,998)
Other Incurred directly attributable expenses	-	-	73	17	90
Incurred claims recovery	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(9)	(1)	(10)
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	(16)	-	(16)
	(1,998)	-	48	16	(1,934)
Finance income from reinsurance contracts held	-	-	-	-	-
Total changes in the consolidated statement of income	(1,998)	-	48	16	(1,934)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(38,200)	-	-	-	(38,200)
Recoveries from reinsurance	-	-	239	-	239
	(38,200)	-	239	-	(37,961)
Net closing balance	(35,738)	-	189	(17)	(35,566)
Closing liabilities	-	-	-	-	-
Closing assets	(35,738)	-	189	(17)	(35,566)
Net closing balance	(35,738)	-	189	(17)	(35,566)

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

f. Travel & COVID 19

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	1,134	-	(185)	(41)	908
Opening assets	-	-	-	-	-
Net opening balance	1,134	-	(185)	(41)	908

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(1,387)	-	-	-	(1,387)
Other Incurred directly attributable expenses	-	-	416	20	436
Incurred claims recovery	-	-	-	-	-
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(453)	(35)	(488)
Income on initial recognition of onerous underlying contracts	-	-	-	-	-
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	-	-	-
	(1,387)	-	(37)	(15)	(1,439)
Finance income from reinsurance contracts held	-	-	1	-	1
Total changes in the consolidated statement of income	(1,387)	-	(36)	(15)	(1,438)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(3,294)	-	-	-	(3,294)
Recoveries from reinsurance	-	-	(169)	-	(169)
	(3,294)	-	(169)	-	(3,463)
Net closing balance	(773)	-	(318)	(26)	(1,117)
Closing liabilities	-	-	-	-	-
Closing assets	(773)	-	(318)	(26)	(1,117)
Net closing balance	(773)	-	(318)	(26)	(1,117)

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8. INSURANCE AND REINSURANCE CONTRACTS (continued)

8.2 Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)

g. Protection & Savings

	Assets for remaining coverage		Assets recoverable on incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk Adjustment	
SAR '000					
December 31, 2022					
Opening liabilities	-	-	-	-	-
Opening assets	13,419	-	(33,973)	(6,054)	(26,608)
Net opening balance	13,419	-	(33,973)	(6,054)	(26,608)

Changes in the consolidated statement of income

Income (expenses) from reinsurance contracts held

Reinsurance expenses	(37,062)	-	-	-	(37,062)
Other Incurred directly attributable expenses	-	-	40,006	3,545	43,551
Incurred claims recovery					
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	(15,955)	(4,944)	(20,899)
Income on initial recognition of onerous underlying contracts	-	3,198	-	-	3,198
Reversal of a loss-recovery component other than changes in the FCF of reinsurance contracts held	-	-	-	-	-
Changes in the FCF of reinsurance contracts held from onerous underlying contracts	-	-	-	-	-
Effect of changes in risk of reinsurers' non-performance	-	-	(4)	-	(4)
	(37,062)	3,198	24,047	(1,399)	(11,216)
Finance income from reinsurance contracts held	-	-	62	8	70
Total changes in the consolidated statement of income	(37,062)	3,198	24,109	(1,391)	(11,146)
Investment components	-	-	-	-	-

Cash flows

Premiums paid net of ceding commissions and other directly attributable expenses	(37,762)	-	-	-	(37,762)
Recoveries from reinsurance	-	-	20,669	-	20,669
	(37,762)	-	20,669	-	(17,093)
Net closing balance	12,719	(3,198)	(37,413)	(4,663)	(32,555)
Closing liabilities	-	-	-	-	-
Closing assets	12,719	(3,198)	(37,413)	(4,663)	(32,555)
Net closing balance	12,719	(3,198)	(37,413)	(4,663)	(32,555)

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9. STATUTORY DEPOSIT

In compliance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company has deposited 10 percent of its share capital, amounting to SAR 125 million (December 31, 2022: SAR 125 million and January 1, 2022: SAR 125 million).

	June 30, 2023 (Unaudited)	December 31, 2022 (Unaudited) (Restated)	January 1, 2022 (Unaudited) (Restated)
	SAR '000		
Statutory deposit	125,000	125,000	125,000
Less: expected credit loss allowance	(17)	(17)	(8)
	124,983	124,983	124,992

10. ZAKAT PAYABLE

Status of assessments

The Company has filed Zakat returns with the Zakat, Tax and Customs Authority (ZATCA) for the years from 2014 to 2022. The ZATCA issued assessments for the years 2014 to 2018 and objection was lodged against those years by the Company. For 2014 to 2018, the ZATCA rejected the appeal and the Company filed their appeal case at the General Secretariat of Tax Committees (GSTC). The Company also approached the Alternative Dispute Resolution Committee (ADRC) to discuss an amicable settlement of their contested appeal matters for the years 2014 to 2018. In February 2022, the Company agreed on a settlement with the ADRC amounting to SAR 221 million for the assessment years 2014 to 2018. Furthermore, ZATCA has started its review procedures for years 2019 through 2022 but has not raised any final assessment related to these years.

Management believes that appropriate and adequate provisions have been created and that the finalization of the above mentioned assessments is not expected to have a material impact on the interim condensed consolidated financial statements for the period ended June 30, 2023.

11. SHARE CAPITAL

The authorized, issued and paid up capital of the Company is SAR 1.25 billion as at June 30, 2023 (December 31, 2022: SAR 1.25 billion and January 1, 2022: SAR 1.25 billion) consisting of 125 million shares (December 31, 2022: 125 million shares) of SAR 10 each.

Shareholding structure of the Company is as below. The shareholders of the Company are subject to zakat.

	June 30, 2023		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Held by the public	92,676,731	926,767	926,767
General Organization for Social Insurance	32,323,269	323,233	323,233
	125,000,000	1,250,000	1,250,000
	December 31, 2022		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Held by the public	92,676,731	926,767	926,767
General Organization for Social Insurance	32,323,269	323,233	323,233
	125,000,000	1,250,000	1,250,000
	January 1, 2022		
	Authorized and issued	Paid up	
	No. of Shares	SAR'000	
Held by the public	79,025,509	790,255	790,255
General Organization for Social Insurance	45,974,491	459,745	459,745
	125,000,000	1,250,000	1,250,000

During the period, the Company has paid dividend of SAR 125 million which constitute SAR 1.0 per share as per the recommendation and approval of Board of Directors and shareholders of the Company.

In addition, during the period, the board of directors recommended to the extraordinary General Assembly to increase Company's share capital by 20% by granting bonus shares. Such increase will be through capitalizing SAR 250 million from the retained earnings. Each shareholder will be granted 1 bonus share for every 5 existing shares owned by the shareholders at the eligibility date. The allocation is subject to completion of shareholders' and regulatory approvals (refer note 23). Further during the period, the board of directors approved to purchase a maximum of SAR 250 thousand shares with the aim of allocating it to the company's employee long term incentive plan. This is subject to shareholders' and regulatory approvals.

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12. STATUTORY RESERVE

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

13. FAIR VALUE RESERVE FOR INVESTMENTS

The fair value reserve for investments comprises the cumulative net change in the fair value of equity securities measured at FVOCI and share of other comprehensive income / loss of investment in equity accounted investments.

14. INSURANCE SERVICE EXPENSES

	For the three months period ended June 30, 2023 (Unaudited)							
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total
	SAR '000							
<i>Incurring claims and other directly attributable expenses</i>								
Incurring claims and other directly attributable expenses	2,312,608	(544)	276,353	722,107	4,958	-	9,735	3,325,217
Risk adjustment due to incurred claims	(103,971)	(27)	(5,407)	(45,923)	(156)	(504)	(16,814)	(172,802)
Changes that relate to past service	68,087	(1,384)	(12,054)	(217,153)	(10,906)	(2,460)	11,264	(164,606)
Losses on onerous contracts and reversal of those losses	187	-	(2,934)	98,923	-	-	(1,433)	94,743
	2,276,911	(1,955)	255,958	557,954	(6,104)	(2,964)	2,752	3,082,552
Amortisation of insurance acquisition cash flows	158,406	467	49,160	30,209	118	-	511	238,871
	2,435,317	(1,488)	305,118	588,163	(5,986)	(2,964)	3,263	3,321,423
	For the three months period ended June 30, 2022 (Unaudited & Restated)							
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total
	SAR '000							
<i>Incurring claims and other directly attributable expenses</i>								
Incurring claims and other directly attributable expenses	1,857,462	(278)	188,236	281,489	476	60,790	17,898	2,406,073
Risk adjustment due to incurred claims	9,916	(13)	1,591	(5,392)	117	(9,169)	(922)	(3,872)
Changes that relate to past service	(55,813)	(788)	(23,653)	(179,859)	(23)	(52,783)	(10,830)	(323,749)
Losses on onerous contracts and reversal of those losses	(7,107)	-	3,354	(96,833)	-	-	(357)	(100,943)
	1,804,458	(1,079)	169,528	(595)	570	(1,162)	5,789	1,977,509
Amortisation of insurance acquisition cash flows	124,165	362	27,483	21,802	322	449	527	175,110
	1,928,623	(717)	197,011	21,207	892	(713)	6,316	2,152,619

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14. INSURANCE SERVICE EXPENSES (continued)

	For the six months period ended June 30, 2023							
	(Unaudited)							
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total
	SAR '000							
<i>Incurred claims and other directly attributable expenses</i>								
Incurring claims and other directly attributable expenses	4,645,530	916	513,637	1,053,363	25,352	-	26,137	6,264,935
Risk adjustment due to incurred claims	(2,598)	14	1,221	14,384	(5)	(504)	(1,012)	11,500
Changes that relate to past service	(15,734)	3,055	(34,460)	372,237	(30,545)	(4,945)	(15,131)	274,477
Losses on onerous contracts and reversal of those losses	(22,410)	-	(13,899)	103,612	-	-	(3,518)	63,785
	4,604,788	3,985	466,499	1,543,596	(5,198)	(5,449)	6,476	6,614,697
Amortisation of insurance acquisition cash flows	315,233	1,174	88,780	61,690	615	-	1,119	468,611
	4,920,021	5,159	552,279	1,605,286	(4,583)	(5,449)	7,595	7,083,308
	For the six months period ended June 30, 2022							
	(Unaudited & Restated)							
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total
	SAR '000							
<i>Incurred claims and other directly attributable expenses</i>								
Incurring claims and other directly attributable expenses	3,724,629	66	337,618	511,500	(727)	62,689	35,608	4,671,383
Risk adjustment due to incurred claims	76,880	305	4,904	48,561	2,823	(6,900)	1,409	127,982
Changes that relate to past service	(158,471)	3,616	(42,971)	346,337	(55)	(52,792)	(25,936)	69,728
Losses on onerous contracts and reversal of those losses	(61,412)	-	7,518	27,043	-	-	2,417	(24,434)
	3,581,626	3,987	307,069	933,441	2,041	2,997	13,498	4,844,659
Amortisation of insurance acquisition cash flows	229,710	521	52,999	42,820	(30)	667	889	327,576
	3,811,336	4,508	360,068	976,261	2,011	3,664	14,387	5,172,235

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15. NET INCOME / (EXPENSES) FROM REINSURANCE CONTRACTS HELD

	For the three months period ended June 30, 2023 (Unaudited)							Total
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID- 19	Protection & Savings	
SAR '000								
Allocation of reinsurance premiums	(35,673)	-	(661)	(438,982)	(703)	-	(3,832)	(479,851)
Amounts recoverable from reinsurers for incurred claims	28,033	-	(1,881)	535,413	(36)	(30)	2,109	563,608
	(7,640)	-	(2,542)	96,431	(739)	(30)	(1,723)	83,757

	For the three months period ended June 30, 2022 (Unaudited & Restated)							Total
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID- 19	Protection & Savings	
SAR '000								
Allocation of reinsurance premiums	(22,414)	-	(718)	(347,764)	(4,491)	(1,072)	(2,362)	(378,821)
Amounts recoverable from reinsurers for incurred claims	(4,606)	-	(2,417)	16,497	(3,586)	(65)	(4,437)	1,386
	(27,020)	-	(3,135)	(331,267)	(8,077)	(1,137)	(6,799)	(377,435)

	For the six months period ended June 30, 2023 (Unaudited)							Total
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID- 19	Protection & Savings	
SAR '000								
Allocation of reinsurance premiums	(65,734)	-	(1,323)	(870,739)	(1,598)	-	(11,001)	(950,395)
Amounts recoverable from reinsurers for incurred claims	66,443	-	(2,472)	1,464,273	(29)	(120)	5,285	1,533,380
	709	-	(3,795)	593,534	(1,627)	(120)	(5,716)	582,985

	For the six months period ended June 30, 2022 (Unaudited & Restated)							Total
	Medical	Medical - Umrah	Motor	Property & Casualty	General accidents - Hajj & Umrah	Travel & COVID- 19	Protection & Savings	
SAR '000								
Allocation of reinsurance premiums	(35,778)	-	(1,434)	(680,581)	(4,646)	(1,333)	(10,887)	(734,659)
Amounts recoverable from reinsurers for incurred claims	19,467	-	6	898,403	3,954	326	11,270	933,426
	(16,311)	-	(1,428)	217,822	(692)	(1,007)	383	198,767

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16. ACCOUNTING FOR INSURANCE SHARED POOL ARRANGEMENTS

(i) Manafeth shared agreement:

On January 13, 2015 the Company, together with 25 other insurance companies, signed the Manafeth shared agreement relating to third party liability motor insurance which is effective from January 1, 2015. The agreement relates to motor insurance for vehicles entering the Kingdom of Saudi Arabia. The agreement was renewed for two years from January 1, 2019 to December 31, 2020 with 25 other insurance companies.

The main terms of the agreement are as follows:

- The Company obtains 15% management fee of the net result of the Manafeth portfolio;
- The Company obtains 4.25% of Manafeth's gross premiums written to cover the related indirect expenses; and
- The net result of the Manafeth portfolio after deducting the two above mentioned items is shared equally by the Company and other insurers.

Effective from January 1, 2021, in accordance with a new shared agreement signed together with 3 other insurance companies and Najm Insurance Services "Najm", Najm would be in charge of managing the Manafeth (Outpost Offices) and will be acting as an agent on behalf of the insurers in the agreement. The purpose of this restructuring is to handle the sale of insurance policies for the foreign vehicles entering or crossing the borders of the Kingdom of Saudi Arabia, on behalf of the participating insurance companies.

Najm will be sharing the insurance policies equally with the participating insurance companies and the accounting of premiums and related claims cost will be recorded separately by each of the participating insurance companies in their respective financial statements.

(ii) Hajj and Umrah shared agreement:

On January 1, 2020 the Company, together with 28 other insurance companies, signed the Umrah shared agreement relating to medical and general accidents insurance which is effective from January 1, 2020. Effective from March 30, 2022, the Company has also signed an Appendix "3" to an existing Umrah shared agreement with Ministry of Hajj and Umrah to include Hajj insurance product relating to general accidents insurance including Covid-19 coverage. The agreement relates to insurance of pilgrims who enter the Kingdom of Saudi Arabia.

The main terms of the agreement are as follows:

- The Company obtains 2% management fee of the net result of the Hajj and Umrah portfolio;
- The Company obtains 2.5% of Hajj and Umrah's gross premiums written to cover the related indirect expenses;
- The Company obtains 0.3% of investing portfolio funds;
- The Company pays 7.5% brokerage commission of Hajj and Umrah's gross premiums written through broker;
- The Company pays 10% of Hajj and Umrah's portfolio surplus to Ministry of Hajj and Umrah; and
- The net result of the Hajj and Umrah portfolio after deducting all the above-mentioned items is shared equally by the Company and other insurers.

During the period, the Company, together with 28 other insurance companies, signed an Appendix "6", the main terms of appendix was to replace the admin fees of 2.5% to be calculated as fixed amount of SAR 7 for each insurance certificate.

(iii) Travel and COVID-19 shared agreement:

On April 6, 2021 the Company, together with 12 other insurance companies, signed the Travel and COVID-19 shared agreement relating to compulsory travel insurance in addition to coverages related to COVID-19 which is effective from April 6, 2021. The agreement relates to insurance of citizens traveling abroad.

The main terms of the agreement are as follows:

- The Company obtains 2.5% management fee of Travel and COVID-19 gross premiums written; and
- The Company obtains 30% of net result of Travel & COVID-19 portfolio after deducting the above-mentioned item and the remaining is shared equally with other insurers.

Effective from September 01, 2022, in accordance with the announcement of General Directorate of Passports (Jawazat), the Company has ceased to write Travel and COVID-19 insurance policies for the citizens traveling abroad. Consequently, Travel and COVID-19 portfolio will be continued as run-off portfolio until all premiums are earned and all claims and related reserves are settled.

(iv) Inherent Defects Insurance agreement (IDI):

On January 1, 2023 the Company, together with 13 other insurance companies, signed the Inherent Defects Insurance (IDI) (the pool) shared agreement relating to compulsory Inherent Defects insurance, mandated by Council of Ministers requiring all contractors involved in private sector construction project to obtain an IDI policy.

The main terms of the agreement are as follows:

- The Company share of IDI portfolio is 3% of total share excluding share of Saudi Reinsurance Company (participant for reinsurance contract);
- The pool is being led by Malath Cooperative Insurance Company on behalf of the participating insurance companies and will exclusively be entitled to management fees of managing the portfolio.

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17. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the six months period ended June 30, 2023 and June 30, 2022 have been calculated by dividing the net income for the period attributed to shareholders' by the weighted average number of ordinary shares issued and outstanding at the end of the period.

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, 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 Group's management and Board of Directors. Following are the details of the major related party transactions during the period and the related balances:

	Transactions for the three months period ended		Transactions for the six months period ended	
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	SAR'000			
<u>Major shareholders</u>				
Insurance premium written	2	(250)	2	53,197
Claims paid to medical services provider	8	26	23	83
General Organization for Social Insurance – other services	-	-	-	86
<u>Equity accounted investments</u>				
Insurance premium written	36	8	37	77
Waseel fees paid	2,855	2,286	4,196	2,737
United Insurance Company B.S.C. fees and claims	344	117	2,525	1,724
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Insurance premium written	106,891	86,466	276,852	341,086
Claims paid to medical services provider	71	102	126	513
Rent expenses paid	-	77	-	140
Other services	-	-	361	-
	Balance receivable / (payable) as at			
	June 30, 2023 (Unaudited)	December 2022 (Unaudited)	January 1, 2022 (Unaudited)	
	SAR'000			
<u>Major shareholders</u>				
Insurance premium written	859	857	15,951	
<u>Equity accounted investments</u>				
Insurance premium written	14	30	75	
Waseel fees paid	(2,328)	(1,016)	-	
United Insurance Company B.S.C. fees and claims	344	646	582	
<u>Entities controlled, jointly controlled or significantly influenced by related parties</u>				
Insurance premium written	1,200,308	1,796,913	365,703	
Rent expenses payable	-	-	(561)	
Other services	-	(456)	-	

In accordance with the Company's Articles of Association, the Board of Directors is entitled each year to remuneration of up to 10% of the remaining profit from Shareholders' operations, as defined, based on a decision by the General Assembly.

The compensation of key management personnel during the period is as follows:

	Three months ended	Three months ended	Six months ended	Six months ended
	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
	SAR'000			
Salaries and other allowances	2,636	2,922	5,910	5,843
End of service indemnities	201	211	400	400

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19. 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 in the principal (or the most advantageous) market between market participants at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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 market price: financial instruments with quoted unadjusted prices for identical instruments in active markets.
- 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.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

The following table shows the carrying amount 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 if the carrying amount is a reasonable approximation to fair value.

	SAR'000			
	Level 1	Level 2	Level 3	Total
June 30, 2023 (Unaudited)				
Investments at FVPL	5,000	865,622	-	870,622
Unquoted equities at FVOCI	-	-	130,625	130,625
	5,000	865,622	130,625	1,001,247
December 31, 2022 (Unaudited)				
Investments at FVPL	5,000	946,339	-	951,339
Unquoted equities at FVOCI	-	-	111,638	111,638
	5,000	946,339	111,638	1,062,977
January 1, 2022 (Unaudited)				
Investments at FVPL250	-	2,371,638	-	2,371,638
Unquoted equities at FVOCI	-	-	10,250	10,250
	-	2,371,638	10,250	2,381,888

The fair value used for valuation of Level 2 investments are based on prices quoted on reliable and third party sources including Reuters, Bloomberg, etc. Fair value of unquoted equities at FVOCI classified in Level 3 are determined based on the recent transaction price. There were no transfers in between levels during the period / year ended June 30, 2023 and December 31, 2022.

The fair values of statutory deposits, accrued investment income on statutory deposit, term deposits, bank balances and other financial assets in the consolidated statement of financial position which are carried at amortised cost, are not significantly different from the carrying values included in the consolidated financial statements due to the short term nature of balances or they are repayable on demand.

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19. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy:

	Balance January 1	Purchases	Disposals	SAR'000		Balance June 30
				Statement of income	Other comprehensive income	
June 30, 2023 (Unaudited)						
Private equity investment	111,638	15,000	-	-	3,987	130,625
				SAR'000		
				Total gain or loss recognised in Other comprehensive income		
December 31, 2022						
Private equity investment	10,250	80,464	-	-	20,924	111,638
				SAR'000		
				Total gain or loss recognised in Other comprehensive income		
January 1, 2022						
Private equity investment	10,250	-	-	-	-	10,250

The below table shows significant unobservable inputs used in the valuation of level 3 investments.

Description	Fair value		Unobservable inputs			Range of inputs			Relationship of unobservable inputs to FV	
	June 30, 2023	December 31, 2022	January 1, 2022	June 30, 2023	December 31, 2022	January 1, 2022	June 30, 2023	December 31, 2022		January 1, 2022
Private equity investment	130,625	111,638	10,250	- Annual growth rate 7% (Years from 2023 to 2027) - Growth rate 2.5% (After 2027) -WACC 10.23%			'+/- 30% (illiquidity discount)			Annual growth rate is directly proportional - Discount rate is inversely proportional

Sensitivity analysis of Level 3 investments

June 30, 2023	Sensitivity factor	Impact on fair value due to increase in sensitivity factor	Impact on fair value due to increase in sensitivity factor
Private equity investment	+/- 10% change in price	13,062	(13,062)
December 31, 2022	Sensitivity factor	Impact on fair value due to increase in sensitivity factor	Impact on fair value due to increase in sensitivity factor
Private equity investment	+/- 10% change in price	11,164	(11,164)
January 1, 2022	Sensitivity factor	Impact on fair value due to increase in sensitivity factor	Impact on fair value due to increase in sensitivity factor
Private equity investment	+/- 10% change in price	1,025	(1,025)

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20. OPERATING SEGMENTS

Consistent with the Company's internal reporting process, operating segments have been approved by the management in respect of the Company's activities, assets and liabilities. Information disclosed in the note is based on current reporting to the chief operating decision maker.

Segment assets do not include insurance operations' Property, equipment and right-of-use assets, net, intangible assets, investment properties, investments, term deposits, prepaid expenses and other assets, accrued investment income and cash and cash equivalents. Accordingly, they are included in unallocated assets. Segment liabilities do not include insurance operations' defined benefits obligation, accrued expenses and other liabilities. Accordingly, they are included in unallocated liabilities.

These unallocated assets and liabilities (including depreciation on the Property, equipment and right-of-use assets, net) are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.

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FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

20. OPERATING SEGMENTS (continued)

a) Statement of income

Operating Segments	For the three months period ended June 30, 2023 (Unaudited)							Total - Insurance operations
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	
	SAR'000							
Insurance revenue	2,776,674	6,228	383,466	523,397	2,609	-	5,003	3,697,377
Insurance service expenses	(2,435,317)	1,488	(305,118)	(588,163)	5,986	2,964	(3,263)	(3,321,423)
Insurance service result before reinsurance contracts held	341,357	7,716	78,348	(64,766)	8,595	2,964	1,740	375,954
Allocation of reinsurance premiums	(35,673)	-	(661)	(438,982)	(703)	-	(3,832)	(479,851)
Amounts recoverable from reinsurers for incurred claims	28,033	-	(1,881)	535,413	(36)	(30)	2,109	563,608
Net expenses / (income) from reinsurance contracts held	(7,640)	-	(2,542)	96,431	(739)	(30)	(1,723)	83,757
Insurance service result	333,717	7,716	75,806	31,665	7,856	2,934	17	459,711
Net finance expenses from insurance contracts issued	(31,938)	51	(2,744)	(37,678)	26	(16)	(509)	(72,808)
Net finance income from reinsurance contracts held	1,309	-	254	37,067	1	1	471	39,103
Net insurance finance (expenses) / income	(30,629)	51	(2,490)	(611)	27	(15)	(38)	(33,705)
Other non-insurance items								
Commission & dividend income								102,687
Net fair value losses on financial assets at fair value through profit or loss								(70,612)
Expected credit loss allowance on financial assets								(114,630)
Share of profit from equity accounted investments, net								8,403
Other operating expenses								(91,770)
Other income, net								15,779
Net profit for the period before zakat								275,863
The details of gross written premiums are as follows:								
- Retail	8,814	68,956	633,639	21,867	65,227	-	-	798,503
- Micro Enterprises	144,442	-	10,533	15,216	-	-	-	170,191
- Small Enterprises	150,411	-	8,015	6,503	-	-	184	165,113
- Medium Enterprises	177,099	-	18,926	19,170	-	-	280	215,475
- Corporates	2,538,717	-	82,829	620,696	-	-	573	3,242,815
	3,019,483	68,956	753,942	683,452	65,227	-	1,037	4,592,097

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 2,968 million.

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20. OPERATING SEGMENTS (continued)

a) Statement of income (continued)

Operating Segments	For the three months period ended June 30, 2022 (Unaudited & Restated)							Total - Insurance operations
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	
SAR'000								
Insurance revenue	2,080,940	4,834	186,190	418,130	4,295	11,132	3,804	2,709,325
Insurance service expenses	(1,928,623)	716	(197,011)	(21,207)	(892)	713	(6,315)	(2,152,619)
Insurance service result before reinsurance contracts held	152,317	5,550	(10,821)	396,923	3,403	11,845	(2,511)	556,706
Allocation of reinsurance premiums	(22,414)	-	(718)	(347,764)	(4,491)	(1,072)	(2,362)	(378,821)
Amounts recoverable from reinsurers for incurred claims	(4,606)	-	(2,417)	16,497	(3,586)	(65)	(4,437)	1,386
Net expenses / (income) from reinsurance contracts held	(27,020)	-	(3,135)	(331,267)	(8,077)	(1,137)	(6,799)	(377,435)
Insurance service result	125,297	5,550	(13,956)	65,656	(4,674)	10,708	(9,310)	179,271
Net finance expenses / (income) from insurance contracts issued	(4,970)	899	(332)	98	1,200	(54)	(109)	(3,268)
Net finance (income) / from reinsurance contracts held	156	-	(12)	48	-	3	104	299
Net insurance finance (expenses) / income	(4,814)	899	(344)	146	1,200	(51)	(5)	(2,969)
Other non-insurance items								
Commission & dividend income								78,501
Net fair value losses on financial assets at fair value through profit or loss								(72,734)
Expected credit loss allowance on financial assets								(54,219)
Share of profit from equity accounted investments, net								5,038
Other operating expenses								(60,930)
Other income, net								16,475
Net profit for the period before zakat								88,433
The details of gross written premiums are as follows:								
- Retail	6,422	105,428	166,498	7,655	148,322	38,309	-	472,634
- Micro Enterprises	124,729	-	17,258	11,470	-	-	-	153,457
- Small Enterprises	111,308	-	7,127	10,851	-	-	137	129,423
- Medium Enterprises	78,095	-	10,053	7,520	-	-	143	95,811
- Corporates	1,834,401	-	18,927	516,562	-	-	3,375	2,373,265
	2,154,955	105,428	219,863	554,058	148,322	38,309	3,655	3,224,590

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 2,112 million.

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20. OPERATING SEGMENTS (continued)

b) Statement of income

Operating Segments	For the six months period ended June 30, 2023 (Unaudited)							Total - Insurance operations
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	
SAR'000								
Insurance revenue	5,363,537	15,650	666,596	1,035,685	9,240	-	13,975	7,104,683
Insurance service expenses	(4,920,021)	(5,159)	(555,279)	(1,605,286)	4,583	5,449	(7,595)	(7,083,308)
Insurance service result before reinsurance contracts held	443,516	10,491	111,317	-569,601	13,823	5,449	6,380	21,375
Allocation of reinsurance premiums	(65,734)	-	(1,323)	(870,739)	(1,598)	-	(11,001)	(950,395)
Amounts recoverable from reinsurers for incurred claims	66,443	-	(2,472)	1,464,273	(29)	(120)	5,285	1,533,380
Net expenses / (income) from reinsurance contracts held	709	-	(3,795)	593,534	(1,627)	(120)	(5,716)	582,985
Insurance service result	444,225	10,491	107,522	23,933	12,196	5,329	664	604,360
Net finance expenses from insurance contracts issued	(46,542)	333	(4,795)	(54,431)	269	(71)	(899)	(106,136)
Net finance income from reinsurance contracts held	1,469	-	407	51,840	(20)	2	833	54,531
Net insurance finance (expenses) / income	(45,073)	333	(4,388)	(2,691)	249	(69)	(66)	(51,605)
Other non-insurance items								
Commission & dividend income								206,147
Net fair value losses on financial assets at fair value through profit or loss								(49,677)
Expected credit loss allowance on financial assets								(239,588)
Share of profit from equity accounted investments, net								16,657
Other operating expenses								(139,297)
Other income, net								30,213
Net profit for the period before zakat								377,210
The details of gross written premiums are as follows:								
- Retail	22,699	287,565	1,093,201	36,444	170,160	-	-	1,610,069
- Micro Enterprises	236,897	-	24,869	21,585	-	-	-	283,351
- Small Enterprises	261,139	-	17,245	23,962	-	-	467	302,813
- Medium Enterprises	430,340	-	33,408	45,427	-	-	562	509,737
- Corporates	5,864,496	-	122,042	1,057,697	-	-	3,004	7,047,239
	6,815,571	287,565	1,290,765	1,185,115	170,160	-	4,033	9,753,209

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 5,838 million.

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20. OPERATING SEGMENTS (continued)

b) Statement of income (continued)

Operating Segments	For the six months period ended June 30, 2022 (Unaudited & Restated)							Total - Insurance operations
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	
	SAR'000							
Insurance revenue	3,990,712	6,825	345,698	816,472	5,951	21,458	14,365	5,201,481
Insurance service expenses	(3,811,336)	(4,509)	(360,068)	(976,261)	(2,011)	(3,664)	(14,386)	(5,172,235)
Insurance service result before reinsurance contracts held	179,376	2,316	(14,370)	(159,789)	3,940	17,794	(21)	29,246
Allocation of reinsurance premiums	(35,778)	-	(1,434)	(680,581)	(4,646)	(1,333)	(10,887)	(734,659)
Amounts recoverable from reinsurers for incurred claims	19,467	-	6	898,403	3,954	326	11,270	933,426
Net expenses / (income) from reinsurance contracts held	(16,311)	-	(1,428)	217,822	(692)	(1,007)	383	198,767
Insurance service result	163,065	2,316	(15,798)	58,033	3,248	16,787	362	228,013
Net finance expenses / (income) from insurance contracts issued	(276)	4,291	9,352	19,674	1,203	(416)	(86)	33,742
Net finance (income) / from reinsurance contracts held	63	-	(1,510)	(27,263)	-	2	9	(28,699)
Net insurance finance (expenses) / income	(213)	4,291	7,842	(7,589)	1,203	(414)	(77)	5,043
Other non-insurance items								
Commission & dividend income								186,128
Net fair value losses on financial assets at fair value through profit or loss								(183,783)
Expected credit loss allowance on financial assets								(87,105)
Share of profit from equity accounted investments, net								11,846
Other operating expenses								(82,421)
Other income, net								18,501
Net profit for the period before zakat								<u>96,222</u>
The details of gross written premiums are as follows:								
- Retail	18,046	173,890	339,966	14,436	207,448	75,477	-	829,263
- Micro Enterprises	238,754	-	28,600	20,567	-	-	-	287,921
- Small Enterprises	193,220	-	11,514	14,997	-	-	224	219,955
- Medium Enterprises	161,206	-	55,372	13,934	-	-	411	230,923
- Corporates	4,325,436	-	27,922	800,159	-	-	11,702	5,165,219
	<u>4,936,662</u>	<u>173,890</u>	<u>463,374</u>	<u>864,093</u>	<u>207,448</u>	<u>75,477</u>	<u>12,337</u>	<u>6,733,281</u>

* Gross written premiums relating to medical segment includes medical compulsory business amounting to SAR 4,007 million.

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

20. OPERATING SEGMENTS (continued)

c) Statement of financial position

Operating Segments	As of June 30, 2023 (Unaudited)							Total - Insurance operations
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	
	SAR'000							
Assets								
Reinsurance contract assets	71,778	-	24,132	3,695,203	53,417	1,000	38,075	3,883,605
Cash and cash equivalents								1,910,704
Term deposits								6,193,083
Investments including accrued investment income								1,001,247
Total unallocated assets								5,067,274
Total assets								18,055,913
Liabilities								
Insurance contract liabilities	6,892,832	315,429	1,046,864	4,523,534	588,355	78,279	36,404	13,481,697
Unallocated liabilities								1,226,263
Total liabilities								14,707,960
	As of December 31, 2022 (Unaudited & Restated)							
Operating Segments	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	Total - Insurance operations
	SAR'000							
Assets								
Reinsurance contract assets	106,861	-	28,490	2,549,865	35,566	1,117	32,555	2,754,454
Cash and cash equivalents								1,659,193
Term deposits								5,980,827
Investments including accrued investment income								1,062,977
Total unallocated assets								3,733,923
Total assets								15,191,374
Liabilities								
Insurance contract liabilities	5,412,594	269,346	998,249	3,760,171	459,016	84,838	33,590	11,017,804
Unallocated liabilities								1,021,981
Total liabilities								12,039,785

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

20. OPERATING SEGMENTS (continued)

b) Statement of financial position (continued)

Operating Segments	As of January 1, 2022 (Unaudited & Restated)							Total - Insurance operations
	Medical*	Medical - Umrah	Motor	Property & casualty	General accidents - Hajj & Umrah	Travel & COVID-19	Protection & Savings	
	SAR'000							
Assets								
Reinsurance contract assets	103,270	-	28,846	2,489,482	-	-	26,608	2,648,206
Cash and cash equivalents								1,188,136
Term deposits								3,787,578
Investments including accrued investment income								2,374,986
Total unallocated assets								2,458,064
Total assets								<u>12,456,970</u>
Liabilities								
Insurance contract liabilities	4,499,835	2,233	751,379	3,161,662	1,797	9,974	21,797	8,448,677
Reinsurance contract liabilities	-	-	-	-	461	908	-	1,369
Unallocated liabilities								1,138,424
Total liabilities								<u>9,588,470</u>

THE COMPANY FOR COOPERATIVE INSURANCE

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023

21 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND APPROACH

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Group thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To align the profile of assets and liabilities, taking account of risks inherent in the business;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders;
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

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

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

- a) Minimum Capital Requirement of SAR 200 million.
- b) Premium Solvency Margin.
- c) Claims Solvency Margin

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Group's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders. The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

22 CONTINGENT LIABILITIES

As at June 30, 2023, the Group was contingently liable for letters of guarantees, issued on its behalf by the banks, amounting to SAR 372 million (December 31, 2022: SAR 276 million and January 1, 2022: SAR 258 million) occurring in the normal course of business.

The Company, in common with other insurers, is subject to litigation in the normal course of its business. Appropriate provisions have been made in relation to pending cases and management believes that finalization of these court cases is not expected to have a material impact on the interim condensed consolidated financial statements.

23 SUBSEQUENT EVENTS

The Capital Market Authority "CMA" has issued its resolution approving the Company's request to increase its capital from SAR 1.25 billion to SAR 1.5 billion through issuing 1 bonus share for every 5 existing shares owned by the shareholders who are registered in the shareholders registry at the Security Depository Centre as of the closing of the second trading day after the due date which will be determined later by the Company's board. Such increase will be paid by transferring an amount of SAR 250 million from "Retained earnings" account to the Company's capital. This will result in increasing the Company's outstanding shares from 125 million shares to 150 million shares, by an increase of 25 million shares. The extraordinary general assembly shall be held within six months and the Company shall satisfy all regulatory requirements and applicable laws.

24 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements have been approved by the Board of Directors, on 20 Muharram 1445H, corresponding to August 7, 2023G.