ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

INDEPENDENT AUDITORS' REPORT
To the Shareholders of
ALLIED COOPERATIVE INSURANCE GROUP
(A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of **Allied Cooperative Insurance Group** (the "Company"), which comprise the statement of financial position as at 31 December 2023 and the related statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory notes.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Key audit matter	How the matter was addressed in our audit
Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities: As at 31 December 2023, estimate of present value of cash flows and risk adjustment for non-financial risk for insurance contracts issued amounted to SR 268.38 million and SR 9.41 million (2022: SR 212.23 million and SR 5.72 million) respectively, as reported in Note 5 to the financial statements.	We performed the following procedures: • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience and assessed their independence.

Independent Auditors' Report (Continued)

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events. Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts and the materiality of the amounts involved, we have considered this as a key audit matter. *Refer to notes 3c(i) & (2e) for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 5 for the movement in insurance contract liabilities.*	• Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. • Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilized by the management's expert in estimating the present value of the future cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records. • Involved our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following: a. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices; b. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and c. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed. • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Independent Auditors' Report (Continued)

Key Audit Matters (Continued)

Key audit matter	How the matter was addressed in our audit
Adoption of IFRS 17 and IFRS 9	
During the year the Company has adopted IFRS 17 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 17), which replaces IFRS 4 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia (IFRS 4) and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each group of insurance contracts. The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to SAR 6.86 million. IFRS 17 introduced new nomenclature for significant insurance related balances as well as new measurement principles for insurance-related liabilities and insurance revenue recognition. Further, during the year the Company also adopted IFRS 9 "Financial Instruments", as endorsed in the Kingdom of Saudi Arabia (IFRS 9) which replaces IAS 39 "Financial Instruments: Recognition and Measurement", as endorsed in the Kingdom of Saudi Arabia (IAS 39). The Company has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company equity as at 1 January 2022 amounting to SAR 34.86 million. IFRS 9 also required the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a	We performed the following procedures: • Obtained an understanding of the Company's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Company's accounting policies, systems, processes and controls. • Evaluated and assessed management's process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate. • Evaluated whether management's allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses. • Evaluated the risk adjustment for non-financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment. • Evaluated and assessed management's conclusions regarding the Company's business model for different portfolios of investments and the appropriateness of the Company's determination of ECL under IFRS 9. • Assessed the adequacy of the transition adjustments impact for both IFRS 17 and IFRS 9 on the opening retained earnings as of 1 January 2022. • Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 and IFRS 9 made in the financial statements.

Independent Auditors' Report (Continued)

Key Audit Matters (Continued)

forward-looking estimate of credit losses for the Company's financial assets. Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023, we have considered this as a key audit matter. *Refer to note 3c (i & ii) for material accounting policies and note 2(e) for critical accounting judgements, estimates and assumptions adopted by the Company. The impact of transition is explained in note 4 to the financial statements.*	• Assessed the Company's methods, assumptions and accounting policies adopted under IFRS 17 and IFRS 9, with the assistance of our actuarial and accounting specialists and experts.

Other information

Management is responsible for the other information. Other information comprises the information included in the Company's 2023 annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Independent Auditors' Report (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

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

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;

- Conclude on the appropriateness of the managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Certified Accountants And Auditors

Independent Auditors' Report (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

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شركة حلول كرو للإستشارات المهنية
C.R. No. 1010466353
سجل تجاري رقم ١٠١٠٤٦٦٣٥٣
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March 27, 2024
Ramadan 17, 1445 H

الخراشي وشركاه
محاسبون و مراجعون قانونيون
س.ت: C.R.: 1010327044
Certified Accountants & Auditors
AL-Kharashi Co.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	SAR '000		
		31 December 2023	31 December 2022 (Restated)*	01 January 2022 (Restated)*
ASSETS				
Reinsurance contract assets	5.3	**57,814**	62,506	44,797
Cash and cash equivalents	7	**141,633**	484,331	52,934
Term deposits	8	**565,328**	-	182,127
Investments measured at fair value through other comprehensive income	9.1	**43,463**	67,099	65,830
Debt instruments at amortised cost.	9.2	**-**	20,000	20,000
Prepayments and other receivables	27	**64,353**	66,925	60,521
Property and equipment, net	14	**3,376**	4,596	5,411
Intangible assets, net	13	**6,735**	6,046	5,585
Right-of-use asset, net	11	**1,424**	3,309	3,229
Due from a related party		**-**	1,985	1,985
Statutory deposit	10	**43,650**	43,650	30,000
Accrued commission on statutory deposit		**1,778**	2,342	1,871
TOTAL ASSETS		**929,554**	762,789	474,290
LIABILITIES				
Insurance contract liabilities	5	**610,958**	546,825	378,553
Reinsurance contract liabilities	5	**-**	-	960
Employees' terminal benefits	17	**16,413**	13,072	12,968
Lease liabilities	12	**348**	2,122	2,983
Provision for zakat	18	**11,622**	9,481	16,913
Accruals and other payables		**34,092**	-	-
Accrued commission on statutory deposit payable to IA		**1,778**	2,342	1,871
TOTAL LIABILITIES		**675,211**	573,842	414,248
EQUITY				
Share capital	16	**291,000**	291,000	141,000
Accumulated losses		**(73,998)**	(143,338)	(123,118)
Fair values reserve on investments		**41,543**	43,717	43,697
Re-measurement reserve of employees' terminal benefits		**(4,202)**	(2,432)	(1,537)
TOTAL EQUITY		**254,343**	188,947	60,042
TOTAL LIABILITIES AND EQUITY		**929,554**	762,789	474,290
COMMITMENTS AND CONTINGENCIES		**4,329**	4,809	3,045

*Comparative information has been restated (refer note 4).

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	SAR '000 31 December 2023	31 December 2022 (Restated)*
Insurance revenue	5	**974,681**	672,811
Insurance service expenses	*28*	**(892,812)**	(672,929)
Insurance service result before reinsurance contracts held		**81,869**	(118)
Amounts recoverable from reinsurance	*5.3*	**57,439**	59,880
Allocation of reinsurance premiums	*5.3*	**(92,235)**	(92,680)
Net expenses from reinsurance contracts held		**(34,796)**	(32,800)
Insurance service result		**47,073**	(32,918)
Interest income from financial assets measured at amortised costs.		**37,045**	8,610
Other investment income		**1,215**	2,013
Net ECL (charge) /reversal on financial assets		**(15)**	192
Net investment income		**38,245**	10,815
Net finance income from insurance contracts issued	5	**(334)**	4,336
Net finance income /(expenses) from reinsurance contracts held	*5*	**519**	(721)
Net insurance finance income		**185**	3,615
Net insurance and investment result		**85,503**	(18,488)
Other income		**16,764**	15,758
Other operating expenses	*26*	**(30,061)**	(22,046)
Net profit / (loss) for the year, before zakat & income tax, attributable to the shareholders		**72,206**	(24,776)
Zakat (charged) / reversed during the year	*18*	**(8,800)**	7,432
Net profit / (loss) for the year, after zakat & income tax, attributeable to the shareholders		**63,406**	(17,344)
Weighted average number of ordinary shares outstanding (in thousands shares)	*30*	**29,100**	21,216
Basic and diluted earning /(loss) per share for the year (SAR per share)		**2.18**	(0.82)

*Comparative information has been restated

Chairman

Chief Executive Officer

Chief Financial Officer

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ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	SAR '000	
	31 December 2023	31 December 2022 (Restated)*
Net profit / (loss) attributed to the shareholders after zakat and income tax	**63,406**	(17,344)
Other comprehensive income:		
Items that will not be reclassified to statement of income in subsequent years		
- Net change in fair value of FVOCI Investments	**3,760**	20
- Actuarial losses on employees' terminal benefits	**(1,770)**	(895)
Total other comprehensive income for the year	**1,990**	(875)
Total comprehensive income / (loss) for the year	**65,396**	(18,219)

*Comparative information has been restated (refer note 4).

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	SAR'000				
	Share capital	Accumulated losses	Fair value reserve for investments	Re-measurement reserve of employees' terminal benefits	Total
2023					
Balance as at 1 January 2023, as previously reported	291,000	(132,191)	5,934	(2,432)	162,311
Transition adjustment on initial application of IFRS 17, net of Zakat and tax	-	(11,095)	-	-	(11,095)
Transition adjustment on initial application of IFRS 09, net of Zakat and tax	-	(52)	37,783	-	37,731
Restated balance as at 1 January 2023	291,000	(143,338)	43,717	(2,432)	188,947
Sale of investments measured at fair value through OCI	-	5,934	(5,934)	-	-
Net change in fair value of FVOCI Investments	-	-	3,760	-	3,760
Actuarial losses on employees' terminal benefits	-	-	-	(1,770)	(1,770)
Net Profit for the year attributable to the shareholders	-	63,406	-	-	63,406
Total comprehensive (loss) / income for the year	-	69,340	(2,174)	(1,770)	65,396
Balance as at 31 December 2023	291,000	(73,998)	41,543	(4,202)	254,343
2022					
Balance as at 01 January 2022 , as previously reported	141,000	(116,015)	8,588	(1,537)	32,036
Transition adjustment on initial application of IFRS 17, net of Zakat and tax	-	(6,856)	-	-	(6,856)
Transition adjustment on initial application of IFRS 09, net of Zakat and tax	-	(247)	35,109	-	34,862
Restated balance as at 1 January 2022	141,000	(123,118)	43,697	(1,537)	60,042
Net change in fair value of FVOCI Investments (Restated)	-	-	20	-	20
Right issue expenses		(2,876)			(2,876)
Actuarial losses on employees' terminal benefits				(895)	(895)
Net loss for the year attributable to the shareholders (Restated)	-	(17,344)	-	-	(17,344)
Total comprehensive (loss) / income for the year.	-	(20,220)	20	(895)	(21,095)
Increase in share capital through right issue.	150,000	-	-	-	150,000
Balance as at 31 December 2022 (Restated)	291,000	(143,338)	43,717	(2,432)	188,947

*Comparative information has been restated (refer note 4).

Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	SAR '000'	
		31 December 2023	31 December 2022 (Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Income/(loss) for the year before zakat & income tax		**72,206**	(24,776)
Adjustments for non-cash items:			
Depreciation of property and equipment	*14*	**1,856**	1,556
Depreciation of right of use assets	*11*	**1,885**	2,667
Finance cost of lease liability	*12*	**31**	119
Amortisation of intangible assets	*13*	**1,626**	1,308
Gain on disposal of investments measured at FVTOCI		**(114)**	-
Interest income from financial assets measured at amortised costs.		**(37,045)**	(8,610)
Other investment income		**(1,215)**	(2,013)
Employees' terminal benefits	*17*	**2,325**	2,111
Net ECL (charge) /reversal on financial assets		**15**	(192)
		41,570	(27,830)
Changes in operating assets and liabilities:			
Insurance contract liabilities		**64,133**	168,272
Reinsurance contract assets		**4,692**	(17,709)
Accruals and other payables		**34,092**	-
Reinsurance contract liabilities		**-**	(959)
Prepayments and other receivables		**2,577**	(7,462)
		147,064	114,312
Employees' terminal benefits paid	*17*	**(754)**	(2,902)
Zakat and income tax paid during the year	*18*	**(6,659)**	-
Net cash generated from operating activities		**139,651**	111,410
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	*14*	**(636)**	(741)
Purchase of intangible assets	*13*	**(2,315)**	(1,769)
(Maturity) / Placement of term deposits		**(563,358)**	182,127
Maturity of debt instruments at amortised costs		**20,000**	-
Proceed from sale of Investments measured at FVTOCI		**27,509**	-
Interest income from financial assets measured at amortised costs.		**37,045**	8,610
Other investment income		**1,215**	2,013
Increase in statutory deposit		**-**	(13,650)
Net cash (used in) / generated from investing activities		**(480,540)**	176,590
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital		**-**	150,000
Payment of right share issue expenses		**-**	(2,876)
Payment of lease liability		**(1,806)**	(3,727)
Net cash (used in) / generated from financing activities		**(1,806)**	143,397
Net decrease/(increase) in cash and cash equivalents		**(342,695)**	431,397
Cash and cash equivalents, beginning of the year		**484,331**	52,934
Cash and cash equivalents, end of the year		**141,636**	484,331
NON-CASH INFORMATION			
Additions in right of use assets		**-**	2,747
Change in the fair value of the investments		**3,760**	20
Change in the end of service benefits		**(1,770)**	(895)

*Comparative information has been restated (refer note 4)

Chairman | Chief Executive Officer | Chief Financial Officer

The accompanying notes 1 to 32 form an integral part of these financial statements.

1 ORGANIZATION AND PRINCIPAL ACTIVITIES

Allied Cooperative Insurance Group ("the Company" or "ACIG") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration No. 1010417178 dated Shabaan 9,1428H, corresponding to 22 August 2007. The registered office of the Company is situated at Hteen district, Prince Turki

The activities of the Company are to transact cooperative insurance operations and related activities in the Kingdom of Saudi Arabia. On 4 April, 2009, the Company received a license from the Saudi Central Bank ("SAMA") to engage in insurance in Saudi Arabia. The Company commenced its commercial operations on 1 July 2009. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 August 2007.

The Company has 3 registered branches as set out below:

Branch	Commercial Registration Number	Place of issuance	Date
Branch of ACIG	2051043671	Al Khobar	12 Ramadan 1439
Branch of ACIG	5855035150	Khamis Mushayt	12 Ramadan 1439
Branch of ACIG	4030204059	Jeddah	12 Ramadan 1439

The Board of Directors approved the distribution of the surplus from insurance operations in accordance with the Insurance Implementing Regulations issued by Insurance Authority (IA), whereby the shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising on insurance operations is transferred to the shareholders' operations in full. Post implementation of IFRS 17, the surplus payable is included in the insurance contract liabilities under LIC.

Termination of merger

The Company signed a non-binding Memorandum of Understanding (the "MOU") with Amana Cooperative Insurance Company on 07/02/1444H (corresponding to 03/09/2022) to evaluate a potential merger between the two companies. As per the said announcement, both companies conducted technical, financial, legal and actuarial due diligence and engaged in non-binding discussions on the terms and conditions of the potential merger. The two companies had initially agreed that the methodology used for valuation will be based on equity book value (after any mutually agreed due diligence adjustments).

On 28 December 2023, The Company announced the termination of the non-binding memorandum of understanding and all negotiations related to the merger process with Amana Cooperative Insurance Company, based on the desire of both parties after conducting the necessary studies. The termination will not have any material financial impact.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement that are endorsed by Saudi Organisation for Chartered and Professional Accountants ("SOCPA") ("IFRS as endorsed by SOCPA"). The Company adopted IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in Kingdom of Saudi Arabia and the resultant changes to the material accounting policies are described in Note 3 and transition impact related to IFRS-17 and IFRS-9 have been discussed in Note 4.

This is the annual first set of the Company's financial statements in which IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" as endorsed in the Kingdom of Saudi Arabia have been applied and the resultant changes to the material accounting policies are described in note 3.The Company's statement of financial position is presented in order of liquidity. Except for financial assets, fixtures, furniture and equipment, right-of-use assets, intangible assets, statutory deposit, accrued income on statutory deposit, provision for end-of-service benefits and accrued income payable to Insurance Authority, all other assets and liabilities are of short-term nature.

As required by the Saudi Arabian Insurance Regulations (The Implementation Regulations), the Company maintains separate books of accounts for "Insurance Operations" and "Shareholders' Operations". Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. Note 29 to these financial statements provides the statement of financial position, statement of income, statement of comprehensive income and statement of cash flows of the insurance operations and shareholders operations, separately. The accounting policies adopted for the insurance and shareholders' operations are in accordance with IFRS as endorsed by SOCPA.

The statement of financial position, statement of income, statement of comprehensive income and statement of cash flows of the insurance operations and shareholders operations which are presented in Note 29 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations and is not required under IFRSs. The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statement of financial position, statement of income, statement of comprehensive income and statement of cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations.

(b) Basis of Measurement

The Company reported net profit for the year ended 31 December 2023 of SAR 65.4 million (reported loss of SAR 18.2 million for the year ended 31 December 2022) and, as of that date, the accumulated losses of the Company as at 31 December 2023 are 25.4% of its share capital (49%: 31 December 2022) and the solvency margin of the Company reached to 112% (31 December 2022: 87%). The major reason for reporting profit during the year is due to increase of motor business. During the year, the Company has adjusted prices for motor line of business for improving the net premium written and control over expenses and loss ratios. Since, the solvency margin has been improve as compared to last year, the Company will be able to continue as a going concern for foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION-(CONTINUED)

(b) Basis of Measurement-(Continued)

The Company has announced on Tadawul about the Board's recommendation to increase the share capital by SAR 209 million by offering right issue shares to existing shareholders. The Company has obtained the approval from Insurance Authority for increase of Share Capital on 07 January 2024. After which the ratio of accumumated Losses to share capital will be 14.8%.

These financial statements have been prepared undergoing concern basis and historical cost convention except for investments held as fair value through Other comprehensive income and employees' terminal benefits which is recognized at the present value of future obligations using the projected unit credit method. The Company's statement of financial position is not presented using a current/non-current classification.

(c) Functional and presentation currency

These financial statements are expressed in Saudi Arabian Riyals (SAR) and all amounts are rounded off to the nearest thousand, unless otherwise indicated.

(d) Fiscal year

The Company follows a fiscal year ending on 31 December.

(e) Critical accounting judgments, estimates and assumptions

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and the accompanying notes disclosures including disclosure of contingent liabilities. Actual results may differ from these estimates.

(1) Unit of account

Judgement is involved in the identification of portfolios of contracts, as required by IFRS 17 (that is, having similar risks and being managed together). Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment is required for reinsurance contracts held. Areas of potential judgements include:

• the determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by IFRS 17; and

• judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

For insurance contracts issued which are measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

(2) Discount rates

Under the bottom-up approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). Management uses judgement to assess liquidity characteristics of the liability cash flows.

(3) Methods used to measure the risk adjustment for non-financial risk

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk and also to choose the most appropriate confidence level to which the risk adjustment for non-financial risk should correspond. The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion.

(4) Measurement of the Expected Credit Losses allowance (ECL)

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL requires the use of complex models and significant assumptions about future economic conditions and credit behavior. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held). A number of factors are also considered in applying the accounting requirements for measuring ECL, such as:

• determining the criteria for significant increase in credit risk;
• determining the criteria and definition of default;
• choosing appropriate models and assumptions for the measurement of ECL; and
• establishing groups of similar financial assets for the purposes of measuring ECL

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

2 BASIS OF PREPARATION-(CONTINUED)

(e) Critical accounting judgments, estimates and assumptions-(Continued)

5) Fair value of financial instruments

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish fair values. Refer note 21 for details.

6) Going Concern

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

7) Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims. That present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to each of the years presented except new IFRS standards, IFRIC interpretations and amendments thereof, adopted by the Company as explained below:

(a) New IFRS Standards, IFRIC interpretations and amendments thereof, adopted by the Company

• Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
• Amendments to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction .
• Amendments to IAS 12 – international tax reform – pillar two model rules
• IFRS 17 – Insurance contracts (refer 3(c)(i))
• IFRS 9 – Financial instruments (refer 3(c)(ii))
These amendments had no material impact on the financial statements of the Company.

(b) New accounting standards / amendments and IFRS interpretations that are not yet effective

The following new accounting standards, interpretations and amendments have been issued by the IASB that are effective in future accounting periods. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

	Effective from annual period beginning on or after:
-IFRS S1 General requirements for disclosure of sustainability-related financial information	1 January 2024
-IFRS S2 climate-related disclosures	1 January 2024
-Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2024
-Lease Liability in a sale and leaseback (Amendments to IFRS 16)	1 January 2024
-Non-current liabilities with covenants (Amendments to IAS 1)	1 January 2024
-Supplier finance arrangements (Amendments to IAS-7)	1 January 2024
-Statement of cash flows (Amendments to IAS 7)	1 January 2024
-Lack of exchangeability (Amendments to IAS 27)	

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates

(i) IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in to IFRS 17. The nature of the changes in accounting policies can be summarized, as follows

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

• The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in revenue for insurance services provided.
• Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
• Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
• Measurement of the liability for incurred claims (previously claims outstanding, incurred-but-not- reported (IBNR) claims and other technical reserves, claims payable and surplus distribution) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
• Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

• The Company capitalizes insurance acquisition cash flows for all product lines .The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of insurance contracts is recognized, an asset for insurance acquisition cash flows is recognized. When insurance contracts are recognized, the related portion of the asset for insurance acquisition cash flows is derecognized and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group. For further details, refer to Note 04.

Unit of account and measurement model

The company deals in products related to motor, medical and other general lines. The Company has defined portfolios of insurance contracts issued based on products as that includes Medical Malpractice, worker's Compensation/Product Liability/Commercial General Liability/Other general accident Products, All other General Accident products (including Travel), motor Retail TPL, motor Fleet TPL, motor TPL Manafeth, motor Retail Comprehensive, motor Fleet Comprehensive, property, marine, construction All Risks/Erection All Risks, all other engineering products medical SME, medical Group, medical visitor visa The proportional reinsurance portfolios include, General Accident Quota Share & Surplus, Travel Quota Share Property Quota Share & Surplus, marine Quota Share & Surplus.
Each portfolio is further disaggregated into groups of contracts that are issued within a underwriting year (annual cohorts) and are:
(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

The GMM is the default model to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.
The liability for remaining coverage includes:

• Fulfilment cash flows which are comprised of:
- Discounted estimates of future cash flows.; and
- A risk adjustment which is the compensation required for bearing uncertainty; and
- Contractual service margin which is the unearned profit that is recognized as services are provided.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(i) IFRS 17 Insurance Contracts-(Continued)

Unit of account and measurement model-(Continued)

The premium allocation approach ("PAA") is a simplified approach for the measurement of the liability for remaining coverage, that an entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the Company of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The Company uses the PAA for measuring contracts with a coverage period of one year or less. The Company is adopting the PAA measurement model for the measurement of LRC for all the portfolios. This is principally based on the eligibility test for fulfillment cash flows and that coverage period for most contracts are one year or less. Some contracts have coverage period more than one year, but passed the eligibility test.

Initial and subsequent measurement

The Company uses the PAA for measuring contracts with a coverage period of one year or less and on contracts that pass the eligibility testing.'Group of insurance contracts issued are initially recognised from the earliest of the following:
• the beginning of the coverage period;
• the date when the first payment from the policyholder is due or actually received, if there is no due date; and
• when the Company determines that a Group of contracts becomes onerous.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid.

The carrying amount of a Group of insurance contracts issued at the end of each reporting period is the sum of:
a. the LRC; and
b. the LIC, comprising the fulfillment cash flows ("FCF") related to past service allocated to the Group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
a) increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
b) decreased for insurance acquisition cash flows paid in the period;
c) decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d) increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on Company's assessment, there are no investment components within insurance contracts issued by the Company.An insurance contract may contain one or more components that would be within the scope of another standard if they were separate contracts. IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. For example, an insurance contract may include an investment component or a service component (or both). The non-insurance components may need to be separated for the purposes of reporting under IFRS 17 if they are deemed to be distinct. Based on Company's assessment, there are no investment components within insurance contracts issued by the Company.

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

Contract modification and derecognition

An insurance contract is derecognized when it is:
• extinguished (i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled); or
• the contract is modified, and certain additional criteria are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognizes the original contract and recognizes the modified contract as a new contract if any of the following conditions are present:
a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
i. is not in scope of IFRS 17;
ii. results in different separable components;
iii. results in a different contract boundary; or
iv. belongs to a different group of contracts;
b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(i) IFRS 17 Insurance Contracts-(Continued)

Contract modification and derecognition-(Continued)

When an insurance contract accounted for under the PAA is derecognized, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:
a. if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;
b. if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;
c. if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

Liability for Incurred Claims "LIC"

The Company estimates the liability for incurred claims and expenses as the fulfillment cash flows related to incurred claims and expenses. The fulfillment cash flows are an explicit, unbiased, and probability-weighted estimate of the present value of the future cash flows, within the contract boundary of a group of contracts, that will arise as the entity fulfill its obligation under the insurance contracts, including a risk adjustment for non-financial risk. The Company presents the entire change in risk adjustment as part of insurance service results.

The Company establishes insurance claims liabilities to cover the estimated liability for the cash flows associated with incurred losses as at the balance sheet date, including claims not yet reported ("IBNR") and loss adjustment expenses incurred with respect to insurance contracts underwritten and reinsurance contracts placed by the Company. The ultimate cost of claims liabilities is estimated by using generally accepted standard actuarial techniques.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, for segments of business with homogenous risks.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) to arrive at the estimated ultimate cost of claims that present the probability-weighted expected value outcome from the range of possible outcomes, taking into account all the uncertainties involved.

The Company has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of group of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:
a) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b) both of the following criteria are satisfied:
• the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
• the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Measurement Model Application

The Company applies the Premium Allocation Approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds for which the coverage period is less than one year. For other contracts issued and held where the coverage period is more than one year, the Company performs PAA Eligibility testing to confirm whether the PAA may be applied. Subject to passing the PAA eligibility testing, the Company applied PAA on contract issued and reinsurance contracts held that pass the testing.

When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company 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.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(i) IFRS 17 Insurance Contracts-(Continued)

Insurance acquisition costs and directly attributable expenses

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a Group of insurance contracts and that are:

(a) 'costs directly attributable to individual contracts and Groups of contracts; and

(b) 'costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts

Before a group of insurance contracts is recognized, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flows asset within other assets and allocated to the carrying amount of a Group of insurance contracts when the insurance contracts are subsequently recognized. The acquisition costs are generally capitalized and recognized in the statement of income over the life of the contracts. However, for contracts under PAA approach, there is an option to recognize any insurance acquisition cash flows as an expense when the Company incurs those costs. The company has elected not to choose the option.

Other operating expenses

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

Value Added Taxes

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 not included within insurance contract liabilities and are shown separately in accruals and other payables.

Insurance revenue

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

For Groups of insurance contracts measured under the PAA, the Company recognizes insurance revenue based on the passage of time over the coverage period of a Group of contracts. Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a Group of contracts.

Insurance Service expenses

Insurance service expenses include the following:

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

For contracts measured under the PAA, amortization of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the statement of income

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:
a. interest accreted on the LIC; and
b. the effect of changes in interest rates and other financial assumptions.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(i) IFRS 17 – accounting policies, including key judgments and estimates-(Continued)

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of Groups of reinsurance contracts held separately between the amounts recoverable from reinsurers and allocation of the premiums for reinsurance contracts held, comprising the following amounts;

a. reinsurance expenses;
b. incurred claims recovery;
c. other incurred directly attributable insurance service expenses;
d. effect of changes in risk of reinsurer non-performance;

For Groups of reinsurance contracts held measured under the PAA, the Company recognizes reinsurance expenses based on the passage of time over the coverage period of a Group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

Onerous contract

For all contracts measured under PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwiseFor non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerousIn addition, if facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. Once a Group of contracts is determined as onerous on initial or subsequent assessment, loss is recognized immediately in the statement of income in insurance service expense.The loss component is then amortized to statement of income over the coverage period to offset incurred claims in insurance service expense. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Company remeasures the same and adjusts the loss component as required until the loss component is reduced to zero. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The Company has chosen a confidence level based on the 65th percentile of the distribution of the claim reserves, considering the confidence level is adequate to cover sources of uncertainty about the amount and timing of the cash flows.

(ii) IFRS 9 – Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. However, the Company has met the relevant criteria and has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9.

Financial assets – Classification

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

Financial assets at amortized cost

Debt Instruments:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- The asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI”).

Financial assets at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

For an equity investment that is not held for trading, the Company may irrecoverably elect to present subsequent changes in fair value in OCI. This election is made on an instrument-by-instrument basis on initial recognition.

Financial assets at FVTPL

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

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(ii) IFRS 9 – Financial Instruments (continued)

Business model assessment:

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

• the stated policies and objectives for the portfolio and the application of those policies in practice.
• whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.
• how the performance of the portfolio is evaluated and reported to the Company's management.
• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
• how managers of the business are compensated- e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
• the frequency, volume, and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

For the purpose of the assessment of whether contractual cash flows are solely payments of principal and interest, principal is the fair value of the financial asset on initial recognition. Interest is the consideration for the time value of money, the credit and other basic lending risks associated with the principal amount outstanding during a particular period and other basic lending costs (e.g., liquidity risk and administrative costs), along with profit margin.

As a second step of its classification process the Company assesses the contractual terms of financial assets 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 amortization of the premium/discount).

Financial assets – Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

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

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(ii) IFRS 9 – Financial Instruments (continued)

Financial assets – Measurement (Continued)

Equity instruments

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

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

Financial assets – Impairment

Overview of Expected Credit Loss ("ECL") principles

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

The Company recognizes loss allowances for ECL on the following financial instruments that are not measured at fair value:
- Financial assets that are debt instruments
- Deposits and bank balances
- Other receivables balances

No impairment loss is recognized on equity instruments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:
- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers debt securities to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. The measurement of ECL for other receivables is carried out using the simplified ECL impairment model and is determined by using a matrix which uses historical credit loss experience of the Company.

Staging of financial assets

The Company categorizes its investments portfolio classified as amortized cost and FVOCI into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1 - Performing financial assets for which there has been no significant deterioration in credit quality since initial recognition;

Stage 2 - Underperforming financial assets for which there has been a significant deterioration in credit quality since initial recognition, but which are not credit-impaired; and

Stage 3 - Non-performing financial assets for which there has been a significant deterioration in credit quality since initial recognition and which have become credit-impaired.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(ii) IFRS 9 – Financial Instruments (continued)

Financial assets – Impairment (Continued)

Credit impaired financial asset

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event (more than 90 days);
• it is becoming probable that the borrower or issuer will enter bankruptcy or other financial reorganization; or
• the disappearance of an active market for a security because of financial difficulties.

In assessing whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

• The market's assessment of creditworthiness as reflected in the bond yields.
• The rating agencies' assessments of creditworthiness.
• The country's ability to access the capital markets for new debt issuance.
• The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
• The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Definition of default

In assessing whether an issuer is in default, the Company considers indicators that are:

• qualitative- e.g., breaches of covenant.
• quantitative- e.g., overdue status and non-payment on another obligation of the same issuer to the Company; and
• based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

ECL methodology and measurement

ECL is computed based on the parameters namely Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) values. ECL is discounted by an appropriate rate to get the Present Value of ECL.

ECL is a probability-weighted estimate of credit losses. It is measured as follows:

• financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
• financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Probability of Default (‘PD’)

The probability of default is an estimate of the likelihood of default over a given time horizon.

Loss Given Default (‘LGD’)

Loss given default inputs are determined by class of financial instrument based on historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

Exposure at Default (‘EAD’)

The exposure at default is an estimate of the exposure at a future default date.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(ii) IFRS 9 – Financial Instruments (continued)

Financial assets – Impairment (Continued)

Forward looking estimate

While estimating the ECL, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyzes the relationship between key economic trends with the estimate of PD. The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on reports from economic experts and consideration of a variety of external actual and forecast information, the Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Kingdom and selected private-sector and academic forecasters. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

Presentation of allowance for ECL in the interim condensed statement of financial position

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

Financial liabilities

Classification and derecognition of financial liabilities

The Company classifies its financial liabilities, other than financial guarantees if any, as measured at Amortized cost. Amortized cost is calculated by considering any discount or premium and costs that are an integral part of the Effective Interest Rate ("EIR"). A liability is classified at FVTPL if it is classified as held-for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Interim condensed statement of income. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iii) Investment income

Investment income on debt instruments classified under held to maturity investments and murabaha deposits are accounted for on an effective interest basis.

(iv) Dividend income

Dividend income on equity instruments classified under fair value through other comprehensive income (FVTOCI) investments is recognized when the right to receive payment is established.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of other comprehensive income unless required or permitted by any accounting standard or interpretation.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

vi) Intangible assets

Computer software are shown at historical cost. They have a finite useful life and are subsequent carried at cost less accumulated amortization and impairment losses. The Company amortizes computer software with a limited useful life using straight-line method over the following periods:

Assets	Years
IT development and software	4

(vii) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. Land is not depreciated. The cost of other items of property and equipment is depreciated on the straight line method to allocate the cost over estimated useful lives, as follows:

Assets	Years
Motor vehicles	4
Furniture, fittings and office equipment	7
Computer equipment	4
Leasehold improvements	4

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of insurance operations and accumulated surplus.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the statement of shareholders' operations as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate. The carrying values of these assets are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

(viii) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, land – are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(ix) Leases

Definition of lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange of consideration. The Company assess whether a contract is or contains a lease based on the new definition of a lease. On transition to IFRS 16, the Company elected to apply the practical expedients to grandfather the assessment of which transactions are leases.

As a lessee

The Company leases its offices, and as a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases - i.e. these leases are on balance sheet.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted with certain remeasurements of lease liability. The cost of right-of-use assets includes the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle, less any lease incentive received. The estimated useful life of right-of-use assets are determined considering the term of the lease.

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate (if the interest rate implicit in the lease is not available).The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in the future lease payments arising from the change in an index or rate, a change in the estimate of the amount expected to be payable under residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or termination option is reasonably certain not to be exercised. The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

(X) Employees' terminal benefits

The Company operates an end of service benefit plan for its employees based on the prevailing Saudi Labor Laws. Accruals are made at the present value of expected future payments in respect of services provided by the employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The benefit payments obligation is discharged as and when it falls due. Re-measurements (actuarial gains/ losses) as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of other comprehensive income.

(xi) Zakat and income tax

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA). Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the Zakat regulations. Income taxes are computed on the foreign shareholders' share of net adjusted income for the year. Zakat and income tax is accrued on a quarterly basis. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined

Zakat expense is charged to the profit or loss. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

The Company withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

(xii) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(xiii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balances with banks including murabaha deposits with less than three months' maturity from the date of acquisition.

3 MATERIAL ACCOUNTING POLICIES-(CONTINUED)

(c) Material accounting policies, including key judgments and estimates-(Continued)

(xiv) Term deposits

Short-term deposits comprise of time deposits with banks with maturity periods of more than three months and less than one year from the date of acquisition.

(xv) Cash flow statement

The Company's main cash flows are from insurance operations which are classified as cash flow from operating activities. Cash flows generated from investing and financing activities are classified accordingly

(xvi) Statutory deposit

In accordance with the Cooperative Insurance Companies Control Law issued by the Insurance Authority, the Company is required to maintain a deposit in a bank account equal to 10% of the paid up share capital of the Company. This statutory deposit cannot be withdrawn without the consent of Insurance Authority. Statutory deposit is classified as a financial asset and is carried at amortized cost.

(xvii) Accruals and Other payables

Provisions are recognized when the Company has an obligation (legal or constructive) arising from past events, and the costs of settling the obligation are both probable and may be measured reliably. Provisions are not recognized for future operating losses. Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

(xviii) Withholding tax

The Company withholds taxes on certain transactions with non-resident parties in the KSA, including dividend payments to the non-resident shareholders, as required under Saudi Arabian Income Tax Law.

(xix) Value added tax

Expenses and assets are recognized net of the amount of value added tax, except:
- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(xx) 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. For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:
• Medical insurance provides coverage for health insurance.
• Motor insurance provides coverage for vehicles' insurance.
• Property insurance provides coverage for property insurance.
• Engineering insurance provides coverage for engineering and contract works.
• Other insurance provides coverage for marine and other general insurance.
Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the financial statements.

No inter-segment transactions occurred during the year. If any transaction was to occur, transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

Shareholders' income is a non-operating segment. Income earned from time deposits and investments is the only revenue generating activity. Certain direct operating expenses and other overhead expenses are allocated to this segment on an appropriate basis.

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 the performance of the operating segments, has been identified as the chief executive officer that makes strategic decisions.

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

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

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

In preparing its opening IFRS 17 and IFRS 9,statement of financial position, the Company has adjusted amounts reported previously in financial statements under IFRS 4 and IAS 39.

At 1 January 2022, the Company applied the following approaches to identify and measure certain groups of contracts in the medical, motor, general accident and others on transition to IFRS 17.

For all insurance contracts, we have adopted full retrospective approach for all group of contracts.

Reclassification changes in the statement of financial position are introduced by IFRS 17

The previously reported line items: premiums receivable - net, deferred policy acquisition costs, insurance operations' surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, Other technical reserve are presented together by portfolio on a single line called insurance contract liabilities. The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or liabilities.

Presentation is driven by portfolios which are composed of group of contracts covering similar risks and which are managed together.
Portfolios of insurance and reinsurance contracts are presented separately between:

- Portfolios of insurance contracts that are assets;
- Portfolios of reinsurance contracts that are assets;
- Portfolios of insurance contracts that are liabilities; and
- Portfolios of reinsurance contracts that are liabilities.

Remeasurement impact on the statement of financial position on adoption of IFRS 17

Impact on Equity:

Drivers for change in equity	**Impact on equity on transition to IFRS 17 on 1 January 2022**
Changes in measurement of insurance contracts liabilities	(7,924)
Changes in measurement of reinsurance contracts assets	1,068
Total Impact	(6,856)

Impact on Insurance Contract Liabilities:

Drivers of changes	**Impact on liabilities on transition to IFRS 17 on 1 January 2022**
Loss Component on onerous contracts	(14,410)
Deferment of expenses	10,077
Risk Adjustment.	(3,716)
Insurance finance income	2,073
Change in provision for premuim receivables (IFRS-9 basically)	(1,948)
Total Impact	(7,924)

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

Impact on Reinsurance Contract Assets:

Drivers of changes	**Impact on transition to IFRS 17 on 1 January 2022**
Risk Adjustment	343
Loss Recovery Component	998
Insurance finance income	(201)
RI defualt provision	(72)
Total Impact	1,068

<u>Reclassification impact on the statement of financial position on adoption of IFRS 9</u>

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities, inclusive of the expected credit losses, as at 1 January 2022:

Financial Assets	**Classification under IAS 39**	**New Classification under IFRS-9**	**Carrying amount under IAS-39**	**New Carrying amount under IFRS-9**
Cash and Cash equivalents				
Insurance operations:	Amortised costs	Amortised costs	52,973	52,934
Investments:				
Shareholder operations:				
Equity	Available for Sale	FVOCI	30,721	65,830
Sukuk	Available for Sale	Amortised costs	20,000	20,000
Term deposits				
Insurance operations:	Held to maturity	Amortised costs	182,367	182,127

Sukuks including remaining financial assets which have been classified as amortised cost meet the criteria of held to collect business model. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

<u>Remeasurement impact on the statement of financial position on adoption of IFRS 9</u>

<u>Impairment of financial assets</u>

The following table reconciles the impairment allowance and provision recorded as per the requirements of IAS 39 as at 31 December 2021 to opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2022. At the transition date and at the reporting date all financial assets were in Stage 1.

Particulars	01-January 2022 (Under IAS 39)	Re-classification	Re-measurement	01-January 2022 (Under IFRS 9)
Financial assets at amortized cost (IFRS 9)				
Cash and Cash equivalents	-	-	(39)	(39)
Term deposits	-	-	(240)	(240)
Total	-	-	(279)	(279)

Impact on Equity:

Drivers for change in equity	**Impact on equity on transition to IFRS 9 on 1 January 2022**
Impairment of financial assets	(279)
Reclassification impact of financial assets	35,141
Total Impact	34,862

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2022

	SAR '000					
	01 January 2022					
		IFRS 17		IFRS 9		
	Pre-adoption of IFRS-17 & IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement	Post-adoption of IFRS-17 & IFRS 9
ASSETS						
Reinsurance contract assets	-	43,729	1,068	-	-	44,797
Cash and cash equivalents	52,941	-	-	-	(7)	52,934
Term deposits	182,367	-	-	-	(240)	182,127
Premiums and reinsurers' receivable, net	98,415	(98,415)	-	-	-	-
Reinsurers' share of unearned premiums	34,703	(34,703)	-	-	-	-
Reinsurers' share of outstanding claims	12,955	(12,955)	-	-	-	-
Reinsurers' share of claims incurred but not reported	8,498	(8,498)	-	-	-	-
Deferred policy acquisition costs	44,053	(44,053)	-	-	-	-
Due from a related party	1,985	-	-	-	-	1,985
Property and equipment, net	5,411	-	-	-	-	5,411
Intangible assets, net	5,585	-	-	-	-	5,585
Right-of-use asset, net	3,229	-	-	-	-	3,229
Available-for-sale investments	50,721	-	-	(20,000)	35,109	65,830
Debt instruments at amortised cost	-	-	-	20,000	-	20,000
Prepayments and other receivables	60,521	-	-	-	-	60,521
Statutory deposit	30,000	-	-	-	-	30,000
Accrued commission on statutory deposit	1,871	-	-	-	-	1,871
TOTAL ASSETS	593,255	(154,895)	1,068	-	34,862	474,290
LIABILITIES						
Insurance contract liabilities	-	370,629	7,924	-	-	378,553
Reinsurance contract liabilities	-	960	-	-	-	960
Policyholders claim payable	20,789	(20,789)	-	-	-	-
Accrued and other payables	18,955	(18,955)	-	-	-	-
Reinsurances' balances payable	24,749	(24,749)	-	-	-	-
Unearned commission income	1,261	(1,261)	-	-	-	-
Unearned premiums	301,744	(301,744)	-	-	-	-
Premium deficiency reserve	35,727	(35,727)	-	-	-	-
Other technical reserve	1,798	(1,798)	-	-	-	-
Outstanding claims	34,605	(34,605)	-	-	-	-
Claims incurred but not reported	80,865	(80,865)	-	-	-	-
Employees' terminal benefits	12,968	-	-	-	-	12,968
Lease liabilities	2,983	-	-	-	-	2,983
Surplus distribution payable	5,991	(5,991)	-	-	-	-
Zakat and income tax	16,913	-	-	-	-	16,913
Accrued commission on statutory deposit payable to SAMA	1,871	-	-	-	-	1,871
	561,219	(154,895)	7,924	-	-	414,248
EQUITY						
Share capital	141,000	-	-	-	-	141,000
Accumulated losses	(116,015)	-	(6,856)	-	(247)	(123,118)
Fair value reserve on investments	8,588	-	-		35,109	43,697
TOTAL SHAREHOLDER'S EQUITY	33,573	-	(6,856)	-	34,862	61,579
Re-measurement reserve of employees' terminal benefits	(1,537)	-	-	-	-	(1,537)
TOTAL EQUITY	32,036	-	(6,856)	-	34,862	60,042
TOTAL LIABILITIES AND EQUITY	593,255	(154,895)	1,068	-	34,862	474,290

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	SAR '000					
	31 December 2022					
		IFRS 17		IFRS 9		
	Pre-adoption of IFRS-17 & IFRS 9	Reclassification	Remeasurement	Reclassification	Remeasurement	Post-adoption of IFRS-17 & IFRS 9
ASSETS						
Reinsurance contract assets	-	61,861	645	-	-	62,506
Cash and cash equivalents	484,418	-	-	-	(87)	484,331
Term deposits	-	-	-	-	-	-
Premiums and reinsurers' receivable, net	115,717	(115,717)	-	-	-	-
Reinsurers' share of unearned premiums	38,335	(38,335)	-	-	-	-
Reinsurers' share of outstanding claims	17,334	(17,334)	-	-	-	-
Reinsurers' share of claims incurred but not reported	10,299	(10,299)	-	-	-	-
Deferred policy acquisition costs	60,463	(60,463)	-	-	-	-
Due from a related party	1,985	-	-	-	-	1,985
Property and equipment, net	4,596	-	-	-	-	4,596
Intangible assets, net	6,046	-	-	-	-	6,046
Right-of-use asset, net	3,309	-	-	-	-	3,309
Available-for-sale investments	49,319	-	-	(20,000)	37,780	67,099
Debt instruments at amortised cost	-	-	-	20,000	-	20,000
Prepayments and other receivables	66,925	-	-	-	-	66,925
Statutory deposit	43,650	-	-	-	-	43,650
Accrued commission on statutory deposit	2,342	-	-	-	-	2,342
TOTAL ASSETS	904,738	(180,287)	645	-	37,693	762,789
LIABILITIES						
Insurance contract liabilities	-	535,123	11,702	-	-	546,825
Reinsurance contract liabilities	-	-	-	-	-	-
Policyholders claim payable	23,782	(23,782)	-	-	-	-
Accrued and other payables	34,372	(34,372)	-	-	-	-
Reinsurances' balances payable	23,916	(23,916)	-	-	-	-
Unearned commission income	983	(983)	-	-	-	-
Unearned premiums	456,741	(456,741)	-	-	-	-
Premium deficiency reserve	7,454	(7,454)	-	-	-	-
Other technical reserve	2,734	(2,734)	-	-	-	-
Outstanding claims	34,884	(34,884)	-	-	-	-
Claims incurred but not reported	124,557	(124,557)	-	-	-	-
Employees' terminal benefits	13,072	-	-	-	-	13,072
Lease liabilities	2,122	-	-	-	-	2,122
Surplus distribution payable	5,987	(5,987)	-	-	-	-
Zakat and income tax	9,481	-	-	-	-	9,481
Accrued commission on statutory deposit payable to IA	2,342	-	-	-	-	2,342
	742,427	(180,287)	11,702	-	-	573,842
EQUITY						
Share capital	291,000	-	-	-	-	291,000
Accumulated losses	(132,191)	-	(11,057)	-	(90)	(143,338)
Fair value reserve on investments	5,934	-	-		37,783	43,717
TOTAL SHAREHOLDER'S EQUITY	164,743	-	(11,057)	-	37,693	191,379
Re-measurement reserve of employees' terminal benefits	(2,432)	-	-	-	-	(2,432)
TOTAL EQUITY	162,311	-	(11,057)	-	37,693	188,947
TOTAL LIABILITIES AND EQUITY	904,738	(180,287)	645	-	37,693	762,789

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

Reclassification impact on statement of income on adoption of IFRS 17

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

• Gross premiums written
• Reinsurance premiums ceded
• Excess of loss expenses
• Changes in unearned premiums, net
• Reinsurance commissions earned
• Other underwriting income
• Gross claims paid
• Reinsurers' share of claims paid
• Changes in outstanding claims, net
• Changes in claims incurred but not reported, net
• Changes in premium deficiency reserve
• Changes in other technical reserves
• Policy acquisition costs
• Allowance for doubtful receivables
• General and administrative expenses

Instead, IFRS 17 requires separate presentation of:

• Insurance service revenue
• Insurance service expenses
• Allocation of reinsurance premiums
• Amount recoverable from reinsurance
• Net investment income.
• Other operating expenses.

Remeasurement impact on statement of comprehensive income on adoption of IFRS 17 for the year ended 31 December 2022.

The remeasurement impact in the statement of income on adoption of IFRS 17 is on account of the following:

• Unattributed expenses including amortization of expenses amounting to SR 55.09 million;
• Loss component on onerous contract amounting to SR 21.86 million; and
• ECL provision impact on LRC amounting to SR 4.27 Million.

Reclassification impact on statement of comprehensive income on adoption of IFRS 9 for the year ended 31 December 2022

• Net impairment loss under IFRS 9 is disclosed separately on the statement of income. Under IAS 39, impairment loss was disclosed as part of net investment income.
• Investment income on financial assets at amortised costs and on financial assets at fair value are shown separately on the statement of income instead of presented previously as one line item.

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF STATEMENT OF INCOME FOR YEAR ENDED 31 DECEMBER 2022

	SAR '000					
	For the year ended 31 December 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17		IFRS-9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
REVENUES						
Gross written Premuim	**830,694**	(830,694)	-	-	-	-
Reinsurance premiums ceded						
-Local	**(1,288)**	1,288	-	-	-	-
-Foreign	**(95,438)**	95,438	-	-	-	-
	(96,726)	96,726	-	-	-	-
Excess of loss expenses						
-Local	**(1,406)**	1,406	-	-	-	-
-Foreign	**(2,108)**	2,108	-	-	-	-
	(3,514)	3,514	-	-	-	-
Net written premiums	**730,454**	(730,454)	-	-	-	-
Changes in unearned premiums, net	**(151,365)**	151,365	-	-	-	-
Net premiums earned	**579,089**	(579,089)	-	-	-	-
Re-insurance commissions earned	**3,928**	(3,928)	-	-	-	-
Other underwriting income	**15,764**	(15,764)	-	-	-	-
TOTAL REVENUES	**598,781**	(598,781)	-	-	-	-
UNDERWRITING COSTS AND EXPENSES						
Gross claims paid	**495,929**	(495,929)	-	-	-	-
Reinsurers' share of claims paid	**(53,440)**	53,440	-	-	-	-
Net claims paid	**442,489**	(442,489)	-	-	-	-
Changes in outstanding claims, net	**(4,100)**	4,100	-	-	-	-
Changes in claims incurred but not reported, net	**41,891**	(41,891)	-	-	-	-
Net claims incurred	**480,280**	(480,280)	-	-	-	-
Change in other technical reservses	**936**	(936)	-	-	-	-
Change in premium deficiency reserve	**(28,273)**	28,273	-	-	-	-
Policy acquisition costs	**90,388**	(90,388)	-	-	-	-
Other underwriting expenses	**3,879**	(3,879)	-	-	-	-
TOTAL UNDERWRITING COSTS AND EXPENSES	**547,210**	(547,210)	-	-	-	-
NET UNDERWRITING INCOME	**51,571**	(51,571)	-	-	-	-
Insurance revenue	-	688,574	-	(15,763)	-	**672,811**
Insurance service expenses	-	(617,830)	(55,099)	-	-	**(672,929)**
Insurance service result before reinsurance contracts held	-	70,744	(55,099)	(15,763)	-	**(118)**
Allocation of reinsurance premiums	-	59,880	-	-	-	**59,880**
Amounts recoverable from reinsurance	-	(92,680)	-	-	-	**(92,680)**
Net expenses / (income) from reinsurance contracts held	-	(32,800)	-	-	-	**(32,800)**
Insurance service result	-	37,944	(55,099)	(15,763)	-	**(32,918)**
Finance income from insurance contracts issued	-	-	4,336	-	-	**4,336**
Finance expenses from reinsurance contracts held	-	-	(721)	-	-	**(721)**
Net insurance finance income/(expenses)	-	-	3,615	-	-	**3,615**
NET INSURANCE RESULT	-	37,944	(51,484)	(15,763)	-	**(29,303)**

4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES-(CONTINUED)

RECONCILIATION OF STATEMENT OF INCOME FOR YEAR ENDED 31 DECEMBER 2022- (CONTINUED)

	SAR '000					
	For the year ended 31 December 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS-17		IFRS-9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Remeasurement	Reclassification	Remeasurement	
OTHER OPERATING (EXPENSES) / INCOME						
Allowance for doubtful debts	**(557)**	557	-	-	-	**-**
General and administrative expenses	**(82,364)**	60,318	-	-	-	**(22,046)**
Commission income on deposits	**8,610**	-	-	-	-	**8,610**
Investment income	**2,013**	-	-	-	-	**2,013**
Other income	**(5)**	15,763	-	-	-	**15,758**
Net ECL (charge) /reversal on financial assets	**-**	-	-	-	192	**192**
TOTAL OTHER OPERATING EXPENSES	**(72,303)**	76,638	-	-	192	**4,527**
TOTAL LOSS FOR THE PERIOD BEFORE ZAKAT AND INCOME TAX AND SURPLUS DISTRIBUTION	**(20,732)**	63,011	(51,484)	(15,763)	192	**(24,776)**
Zakat reversal for the period	**7,432**	-	-	-	-	**7,432**
LOSS FOR THE PERIOD	**(13,300)**	63,011	(51,484)	(15,763)	192	**(17,344)**
OTHER COMPREHENSIVE LOSS						
ITEMS THAT MAY NOT BE RECLASSIFIED TO STATEMENTS OF INCOME IN SUBSEQUENT PERIOD						
Available-for-sale investments:						
-Net change in fair value	**(2,654)**	2,634	-	-	-	**(20)**
- Actuarial losses on employees' terminal benefits	**(895)**	-	-	-	-	**(895)**
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	**(15,954)**	65,645	(51,484)	-	192	**(18,259)**

5 INSURANCE AND REINSURANCE CONTRACTS

	SAR'000				
	Medical	**Motor**	**General Accident**	**Others**	**Total**
31 December 2023					
Insurance contracts					
– Insurance contract balances					
– Insurance contract liabilities	84,616	471,902	46,096	8,344	610,958
– Insurance contract assets	-	-	-	-	-
	84,616	471,902	46,096	8,344	610,958
– Reinsurance contracts					
- Reinsurance contract assets	(35,119)	(5,954)	(3,557)	(13,184)	(57,814)
Reinsurance contract liabilities	-	-	-	-	-
Net insurance contract	**49,497**	**465,948**	**42,539**	**(4,840)**	**553,144**

5.1 Movements in insurance and reinsurance contract balances

	Medical	Motor	General Accident	Others	Total
Openning Balance (Total)	**59,388**	**372,797**	**52,025**	**109**	**484,319**
Insurance contract balances					
– Insurance contract liabilities	92,347	382,254	64,603	7,621	546,825
Reinsurance contracts					
– Reinsurance contract assets	(32,959)	(9,457)	(12,578)	(7,512)	(62,506)
Excluding loss component	**34,555**	**234,219**	**21,724**	**3,079**	**293,577**
Insurance contract balances					
– Insurance contract liabilities	45,819	234,219	22,959	4,014	307,011
Reinsurance contracts					
– Reinsurance contract assets	(11,264)	-	(1,235)	(935)	(13,434)
Loss component	**846**	**20,325**	**-**	**-**	**21,171**
Insurance contract balances					
– Insurance contract liabilities	1,538	20,325	-	-	21,863
Reinsurance contracts					
– Reinsurance contract assets	(692)	-	-	-	(692)
Liabilities for incurred claims (LIC)	**23,987**	**118,253**	**30,301**	**(2,970)**	**169,571**
Insurance contract balances					
– Insurance contract liabilities	44,990	127,710	41,644	3,607	217,951
Reinsurance contracts					
– Reinsurance contract assets	(21,003)	(9,457)	(11,343)	(6,577)	(48,380)

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

5.1 Movements in insurance and reinsurance contract balances-(Continued)

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2023

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	Loss Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Insurance contracts Issued					
Opening insurance contract liabiities	**307,011**	**21,863**	**212,230**	**5,721**	**546,825**
Insurance Revenue	**974,681**	**-**	**-**	**-**	**974,681**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	714,994	8,811	723,805
Losses on onerous contracts and reversal of those losses	-	(21,317)	-	-	(21,317)
Changes that relate to past service - adjustments to the LIC	-	-	18,961	(4,957)	14,004
Surplus distrbution to policyholders	-	-	7,958	-	7,958
Insurance acquisition cash flows amortization	168,362	-	-	-	168,362
Insurance service expenses	**168,362**	**(21,317)**	**741,913**	**3,854**	**892,812**
Insurance service result	**806,319**	**21,317**	**(741,913)**	**(3,854)**	**81,869**
Net finance expenses from insurance contracts	**-**	**(2,292)**	**1,795**	**163**	**(334)**
Cash flows					
Premiums received	1,004,194	-	-	-	1,004,194
Claims paid	-	-	(632,819)	-	(632,819)
Other directly attributable expenses paid	-	-	(51,152)	-	(51,152)
Insurance acquisition cash flows paid	(174,555)	-	-	-	(174,555)
Total cash flows	**829,639**	**-**	**(683,971)**	**-**	**145,668**
Closing insurance contract liabilities	**330,331**	**2,838**	**268,377**	**9,412**	**610,958**

5.2 Movements in insurance and reinsurance contract balances-(Continued)

5.2.1 Medical

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2023

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	**Loss Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Insurance and reinsurance contracts Issued					
Opening insurance contract liabiities	45,819	1,538	43,978	1,012	92,347
Opening reinsurance contract assets	(11,264)	(691)	(20,541)	(463)	(32,959)
	34,555	**847**	**23,437**	**549**	**59,388**
Insurance Revenue	**184,106**	**-**	-	-	184,106
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	143,879	837	144,716
Losses on onerous contracts and reversal of those losses	-	401	-	-	401
Changes that relate to past service - adjustments to the LIC	-	-	(5,839)	(1,032)	(6,871)
Surplus distrbution to policyholders	-	-	7,958	-	7,958
Insurance acquisition cash flows amortization	31,155	-	-	-	31,155
Insurance service expenses	31,155	401	145,998	(195)	177,359
Insurance service result	**152,951**	**(401)**	**(145,998)**	**195**	**6,747**
Net finance expenses from insurance contracts	**-**	**(859)**	**(565)**	**64**	**(1,360)**
Cash flows					
Premiums received	174,114	-	-	-	174,114
Claims paid	-	-	(126,645)	-	(126,645)
Other directly attributable expenses paid	-	-	(11,014)	-	(11,014)
Insurance acquisition cash flows paid	(38,799)	-	-	-	(38,799)
Total cash flows	**135,315**	**-**	**(137,659)**	**-**	**(2,344)**
Closing insurance contract liabilities	**28,183**	**2,798**	**52,882**	**753**	**84,616**
Closing liabilities	28,183	2,798	52,882	753	84,616
Closing assets	(19,250)	(1,259)	(14,270)	(373)	(35,152)
Net closing balance		1,539	**38,612**	**380**	**49,464**

5.2.2 Motor

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2023

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	**Loss Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Insuance Contracts Issued					
Insurance contracts					
Opening insurance contract liabiities	234,219	20,325	123,630	4,079	382,253
Opening reinsurance contract assets	-	-	(9,457)	-	
	234,219	**20,325**	**114,173**	**4,079**	**382,253**
Insurance Revenue	**733,063**	**-**	**-**	**-**	**733,063**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	557,582	7,660	565,242
Losses on onerous contracts and reversal of those losses	-	(21,718)	-	- -	21,718
Changes that relate to past service - adjustments to the LIC	-	-	28,048	(3,801)	24,247
Insurance acquisition cash flows amortization	133,052	-	-	-	133,052
Insurance service expenses	**133,052**	**(21,718)**	**585,630**	**3,859**	**700,823**
Insurance service result	**600,011**	**21,718**	**(585,630)**	**(3,859)**	**32,240**
Net finance expenses from insurance contracts	**-**	**(1,433)**	**2,004**	**(50)**	**521**
Cash flows					
Premiums received	776,375	-	-	-	776,375
Claims paid	-	-	(484,915)	-	(484,915)
Other directly attributable expenses paid	-	-	(36,001)	-	(36,001)
Insurance acquisition cash flows paid	(133,049)	-	-	-	(133,049)
Total cash flows	643,326	-	(520,916)	-	122,410
Closing insurance contract liabilities	277,534	40	186,340	7,988	471,902
Closing insurance contract liabilities	277,534	40	186,340	7,988	471,902
Closing reinsurance contract assets	-	-	(5,954)	-	(5,954)
Net closing balance	**277,534**	**40**	**180,386**	**7,988**	**465,948**

5.2 Movements in insurance and reinsurance contract balances-(Continued)

5.1.3 General Accident

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2023

	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	**Loss Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Insurance Contracts Issued					
Insurance contracts					
Opening insurance contract liabiities	22,959	-	41,036	608	64,603
Opening reinsurance contract assets	(1,235)	-	(11,327)	(16)	(12,578)
	21,724	**-**	**29,709**	**592**	**52,025**
Insurance Revenue	**32,804**	**-**	**-**	**-**	**32,804**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	10,422	288	10,710
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(2,410)	(105)	(2,515)
Insurance acquisition cash flows amortization	1,963	-	-	-	1,963
Insurance service expenses	1,963	-	8,012	183	10,158
Insurance service result	**30,841**	**-**	**(8,012)**	**(183)**	**22,646**
Net finance expenses from insurance contracts	-	-	**316**	**141**	**457**
Cash flows					
Premiums received	27,912	-	-	-	27,912
Claims paid	-	-	(19,880)	-	(19,880)
Other directly attributable expenses paid	-	-	(2,699)	-	(2,699)
Insurance acquisition cash flows paid	(737)	-	-	-	(737)
Total cash flows	27,175	-	**(22,579)**	**-**	4,596
Closing insurance contract liabilities	**19,293**	**-**	**26,153**	**650**	**46,096**
Closing liabilities	19,293	-	26,153	650	46,096
Closing assets	(1,992)	-	(1,565)	(1)	(3,558)
Net closing balance	**17,301**	**-**	**24,588**	**649**	**42,538**

5.1.4 Others

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	**Loss Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Insuance Contracts Issued					
Insurance contracts					
Opening insurance contract liabiities	4,013	-	3,585	24	7,622
Opening reinsurance contract assets	(935)	-	(6,555)	(21)	(7,511)
	3,078	-	(2,970)	3	111
Insurance Revenue	**24,708**	**-**	**-**	**-**	**24,708**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	3,111	26	3,137
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(839)	(19)	(858)
Insurance acquisition cash flows amortization	2,192	-	-	-	2,192
Insurance service expenses	**2,192**	-	**2,272**	**7**	**4,471**
Insurance service result	**22,516**	-	**(2,272)**	**(7)**	**20,237**
Net finance expenses from insurance contracts	-	-	**40**	**8**	**48**
Cash flows					
Premiums received	**25,794**	**-**	**-**	-	25,794
Claims paid	**-**	**-**	**(1,379)**	-	(1,379)
Other directly attributable expenses paid	**-**	**-**	**(1,438)**	-	(1,438)
Insurance acquisition cash flows paid	**(1,970)**	-	**-**	-	(1,970)
Total cash flows	**23,824**	-	**(2,817)**	**-**	21,007
Closing insurance contract liabilities	5,321	-	**3,000**	**23**	8,344
Closing liabilities	5,321	-	3,000	23	8,344
Closing assets	(4,377)	-	(8,781)	(26)	(13,184)
Net closing balance	**944**	**-**	**(5,781)**	**(3)**	**(4,840)**

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

	SAR'000				
	Medical	**Motor**	**General Accident**	**Others**	**Total**
31 December 2022					
Insurance contracts					
– Insurance contract balances					
– Insurance contract liabilities	92,348	382,452	64,295	7,730	546,825
– Insurance contract assets	-	-	-	-	-
	92,348	382,452	64,295	7,730	546,825
– Reinsurance contracts					
- Reinsurance contract assets	(32,961)	(9,457)	(12,578)	(7,510)	(62,506)
Reinsurance contract liabilities	-	-	-	-	-
Net insurance contract	59,387	372,995	51,717	220	484,319

5.2 Movements in insurance and reinsurance contract balances

	Medical	Motor	General Accident	Others	Total
Openning Balance (Total)	**65,348**	**223,641**	**42,054**	**3,673**	**334,716**
Insurance contract balances					
– Insurance contract liabilities	86,074	233,981	48,249	10,249	378,553
Reinsurance contracts					
– Reinsurance contract assets	(20,726)	(10,340)	(6,195)	(6,576)	(43,837)
Excluding loss component	**32,923**	**113,704**	**12,982**	**2,460**	**162,069**
Insurance contract balances					
– Insurance contract liabilities	38,024	113,704	13,969	5,066	170,763
Reinsurance contracts					
– Reinsurance contract assets	(5,101)	-	(987)	(2,606)	(8,694)
Loss component	**1,600**	**46,314**	**-**	**(1)**	**47,913**
Insurance contract balances					
– Insurance contract liabilities	2,461	46,314	-	(1)	48,774
Reinsurance contracts					
– Reinsurance contract assets	(861)	-	-	-	(861)
Liabilities for incurred claims (LIC)	**30,825**	**63,623**	**29,072**	**1,214**	**124,734**
Insurance contract balances					
– Insurance contract liabilities	45,589	73,963	34,280	5,184	159,016
Reinsurance contracts					
– Reinsurance contract assets	(14,764)	(10,340) -	5,208 -	3,970	(34,282)

5.2 Movements in insurance and reinsurance contract balances-(Continued)

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2022

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		**Liabiity for Remaining Coverage (LIC)**		
	Excluding loss Component	**Loss Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Insurance contracts Issued					
Opening insurance contract liabiities	**170,763**	**48,774**	**155,326**	**3,690**	**378,553**
Insurance Revenue	**672,811**	**-**	**-**	**-**	**672,811**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	591,628	5,041	596,669
Losses on onerous contracts and reversal of those losses	-	(25,983)	-	-	(25,983)
Changes that relate to past service - adjustments to the LIC	-	-	(8,468)	(2,874)	(11,342)
Insurance acquisition cash flows amortization	113,585	-	-	-	113,585
Insurance service expenses	**113,585**	**(25,983)**	**583,160**	**2,167**	**672,929**
Insurance service result	**559,226**	**25,983**	**(583,160)**	**(2,167)**	**(118)**
Net finance expenses from insurance contracts	**-**	**928**	**3,271**	**136**	**4,335**
Cash flows					
Premiums received	824,144	-	-	-	824,144
Claims paid	-	-	(462,612)	-	(462,612)
Other directly attributable expenses paid	-	-	(60,373)	-	(60,373)
Insurance acquisition cash flows paid	(128,670)	-	-	-	(128,670)
Total cash flows	**695,474**	**-**	**(522,985)**	**-**	**172,489**
Closing insurance contract liabilities	**307,011**	**73,829**	**212,230**	**5,721**	**546,825**

5.2 Movements in insurance and reinsurance contract balances-(Continued)

5.2.2 Medical

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2022

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	Loss Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Insuance and reinsurance contracts Issued					
Opening insurance contract liabiities	38,024	2,461	44,730	860	86,075
Opening reinsurance contract assets	(5,101)	(861)	(14,461)	(303)	(20,726)
	32,923	**1,600**	**30,269**	**557**	**65,349**
Insurance Revenue	**195,464**	-	-	-	195,464
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	151,899	1,035	152,934
Losses on onerous contracts and reversal of those losses	-	(454)	-	-	(454)
Changes that relate to past service - adjustments to the LIC	-	-	(5,113)	(861)	(5,974)
Insurance acquisition cash flows amortization	20,551	-	-	-	20,551
Insurance service expenses	20,551	(454)	146,786	174	167,057
Insurance service result	**174,913**	**454**	**(146,786)**	**(174)**	**28,407**
Net finance expenses from insurance contracts	**-**	**469**	**890**	**22**	**1,381**
Cash flows					
Premiums received	208,363	-	-	-	208,363
Claims paid	-	-	(130,997)	-	(130,997)
Other directly attributable expenses paid	-	-	(15,650)	-	(15,650)
Insurance acquisition cash flows paid	(25,655)	-	-	-	(25,655)
Total cash flows	**182,708**	-	**(146,647)**	-	36,061
Closing insurance contract liabilities	**45,819**	**1,538**	**43,979**	**1,012**	**92,348**
Closing liabilities	45,819	1,538	43,979	1,012	92,348
Closing assets	(11,264)	(692)	(20,541)	(463)	(32,960)
Net closing balance	**34,555**	846	**23,438**	**549**	**59,388**

5.2.2 Motor

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2022

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	Loss Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Insuance Contracts Issued					
Insurance contracts					
Opening insurance contract liabiities	113,704	46,314	71,636	2,328	233,982
Opening reinsurance contract assets	-	-	(10,340)	-	(10,340)
	113,704	**46,314**	**61,296**	**2,328**	**223,642**
Insurance Revenue	**426,343**	-	-	-	426,343
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	430,131	3,754	433,885
Losses on onerous contracts and reversal of those losses	-	(25,528)	-	- -	25,528
Changes that relate to past service - adjustments to the LIC	-	-	(3,743)	(1,904) -	5,647
Insurance acquisition cash flows amortization	88,382	-	-	-	88,382
Insurance service expenses	88,382	(25,528)	426,388	1,850	**491,092**
Insurance service result	**337,961**	**25,528**	**(426,388)**	**(1,850)**	**(64,749)**
Net finance expenses from insurance contracts	**-**	**461**	**2,073**	**99**	**2,633**
Cash flows					
Premiums received	556,953	-	-	-	556,953
Claims paid	-	-	(330,345)	-	(330,345)
Other directly attributable expenses paid	-	-	(41,976)	-	(41,976)
Insurance acquisition cash flows paid	(98,278)	-	-	-	(98,278)
Total cash flows	458,675	-	(372,321)	-	86,354
Closing insurance contract liabilities	234,418	20,325	123,630	4,079	382,452
Closing insurance contract liabilities	234,418	20,325	123,630	4,079	382,452
Closing reinsurance contract assets	-	-	(9,457)	-	(9,457)
Net closing balance	**234,418**	**20,325**	**114,173**	**4,079**	**372,995**

5.2 Movements in insurance and reinsurance contract balances-(Continued)

5.1.3 General Accident

Insurance contracts

Analysis by remaining coverage and incurred claims

31 December 2022

	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	**Loss Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Insuance Contracts Issued					
Insurance contracts					
Opening insurance contract liabiities	13,969	-	33,802	478	48,249
Opening reinsurance contract assets	(987)	-	(5,191)	(17)	(6,195)
	12,982	**-**	**28,611**	**461**	**42,054**
Insurance Revenue	**20,522**	**-**	**-**	**-**	**20,522**
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	6,996	230	7,226
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(479)	(163)	(642)
Insurance acquisition cash flows amortization	2,103	-	-	-	2,103
Insurance service expenses	2,103	-	6,517	67	8,687
Insurance service result	**18,419**	**-**	**(6,517)**	**(67)**	**11,835**
Net finance expenses from insurance contracts	**-**	**-**	**248**	**12**	**260**
Cash flows					
Premiums received	29,729	-	-	-	29,729
Claims paid	-	-	2,388	-	2,388
Other directly attributable expenses paid	-	-	(1,461)	-	(1,461)
Insurance acquisition cash flows paid	(2,515)	-	-	-	(2,515)
Total cash flows	27,214	**-**	**927**	**-**	28,141
Closing insurance contract liabilities	**22,764**	**-**	**40,998**	**533**	**64,295**
Closing liabilities	22,764	-	40,998	533	64,295
Closing assets	(1,235)	-	(11,291)	(16)	(12,542)
Net closing balance	**21,529**	**-**	**29,707**	**517**	**51,753**

5.1.4 Others

	SAR'000				
	Liabiity for Remaining Coverage (LFRC)		Liabiity for Remaining Coverage (LIC)		
	Excluding loss Component	**Loss Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Insuance Contracts Issued					
Insurance contracts					
Opening insurance contract liabiities	5,066	-	5,157	24	10,247
Opening reinsurance contract assets	(2,605)	-	(3,948)	(22)	(6,575)
	2,461	-	1,209	2	3,672
Insurance Revenue	**30,482**	-	-	-	30,482
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	2,602	22	2,624
Losses on onerous contracts and reversal of those losses	-	25,982	-	-	25,982
Changes that relate to past service - adjustments to the LIC	-	(25,982)	867	54	(25,061)
Insurance acquisition cash flows amortization	2,548	-	-	-	2,548
Insurance service expenses	**2,548**	-	**3,469**	**76**	**6,093**
Insurance service result	**27,934**	-	**(3,469)**	**(76)**	**24,389**
Net finance expenses from insurance contracts	-	-	**60**	**2**	**62**
Cash flows					
Premiums received	29,299	-	-	-	29,299
Claims paid	-	-	(3,658)	-	(3,658)
Other directly attributable expenses paid	-	-	(1,286)	-	(1,286)
Insurance acquisition cash flows paid	(2,222)	-	-	-	(2,222)
Total cash flows	27,077	-	**(4,944)**	-	22,133
Closing insurance contract liabilities	4,209	-	**3,622**	**98**	7,929
Closing liabilities	4,011	(1)	3,622	98	7,730
Closing assets	(935)	-	(6,554)	(21)	(7,510)
Net closing balance	**3,076**	(1)	**(2,932)**	**77**	**220**

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

5.3 Movements in insurance and reinsurance contract balances-(Continued)

Analysis by remaining coverage and incurred claims for reinsurance contracts

31 December 2023

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	13,434	692	47,880	500	62,506
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening Balance	13,434	692	47,880	500	62,506
Amounts allocated to reinsurance	(92,235)	-	-	-	(92,235)
Incurred claims and other expenses	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	180	63,802	400	64,382
Changes that relate to past service - adjustments to the LIC	-	-	(6,446)	(497)	(6,943)
	-	180	57,356	(97)	57,439
Net reinsurance result	(92,235)	180	57,356	(97)	(34,796)
Net finance expenses from insurance contracts	-	386	135	(2)	519
Cash flows					
Premiums paid	(108,773)	-	-	-	(108,773)
Claims received	-	-	74,801	-	74,801
Fixed commission received	4,387	-	-	-	4,387
Total cash flows	(104,386)	-	74,801	-	(29,585)
Closing insurance contract liabilities	25,585	1,258	30,570	401	57,814
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	25,585	1,258	30,570	401	57,814
Net closing balance	25,585	1,258	30,570	401	57,814

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

5.3 Movements in insurance and reinsurance contract balances-(Continued)

Analysis by remaining coverage and incurred claims for reinsurance contracts

31 December 2023

Medical

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	**Loss Recovery Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Reinsurance contracts held:					
Opening reinsurance contract assets	11,264	692	20,541	463	32,960
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening Balance	11,264	692	20,541	463	32,960
Amounts allocated to reinsurance	(60,180)	-	-	-	(60,180)
Amounts recoverable from reinsurance					
Incurred claims and other expenses	-	-	-	377	377
Losses on onerous contracts and reversal of those losses	-	180	61,701	-	61,881
Changes that relate to past service - adjustments to the LIC	-	-	(2,690)	(465)	(3,155)
	-	180	59,011	(88)	59,103
Reinsurance service results	(60,180)	180	59,011	(88)	(1,077)
Net finance expenses from insurance contracts	-	386	96	(2)	480
Cash flows					
Premiums paid	(68,133)	-	-	-	(68,133)
Claims received	-	-	65,377	-	65,377
Fixed commission received	-	-	-	-	-
Total cash flows	(68,133)	-	65,377	-	(2,756)
Closing insurance contract liabilities	19,217	1,258	14,271	373	35,119
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	19,217	1,258	14,271	373	35,119
Net closing balance	19,217	1,258	14,271	373	35,119

Motor

	SAR'000				
	Asset for remaining Coverage		Assets for Incurred claims		Total
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	-	-	9,457	-	9,457
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	-	-	9,457	-	9,457
Amounts allocated to reinsurance	(5,198)	-	-	-	(5,198)
Amounts recoverable from reinsurance					
Incurred claims and other expenses	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(324)	-	(324)
	-	- -	324	-	(324)
Reinsurance service results	(5,198)	-	(324)	-	(5,522)
Net finance expenses from Reinsurance contracts	-	-	18	-	18
Cash flows					
Premiums paid	(5,198)	-	-	-	(5,198)
Claims received	-	-	3,197	-	3,197
Fixed commission received	-	-	-	-	-
Total cash flows	(5,198)	-	3,197	-	(2,001)
Closing insurance contract liabilities	-	-	5,954	-	5,954
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	-	-	5,954	-	5,954
Net closing balance	-	-	5,954	-	5,954

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

5.3 Movements in insurance and reinsurance contract balances-(Continued)

Analysis by remaining coverage and incurred claims for reinsurance contracts

General Accident

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	**Loss Recovery Component**	**Estimate of present value of cash flows**	**Risk Adjustment for non financial risk**	**Total**
Reinsurance contracts held:					
Opening reinsurance contract assets	1,235	-	11,327	16	12,578
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening Balance	1,235	-	11,327	16	12,578
Amounts allocated to reinsurance	(8,158)	-	-	-	(8,158)
Amounts recoverable from reinsurance					
Incurred claims and other expenses	-	-	817	-	817
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(2,799)	(16)	(2,815)
	-	-	(1,982)	(16)	(1,998)
Reinsurance service results	(8,158)	-	(1,982)	(16)	(10,156)
Net finance expenses from Reinsurance contracts	-	-	53	-	53
Cash flows					
Premiums paid	(9,680)	-	-	-	(9,680)
Claims received	-	-	7,833	-	7,833
Fixed commission received	765	-	-	-	765
Total cash flows	(8,915)	-	7,833	-	(1,082)
Closing insurance contract liabilities	1,992	-	1,565	-	3,557
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	1,992	-	1,565	-	3,557
Net closing balance	1,992	-	1,565	-	3,557

Others

	SAR'000				
	Asset for remaining Coverage		Assets for Incurred claims		Total
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	935	-	6,555	20	7,510
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	935	-	6,555	20	7,510
Amounts allocated to reinsurance	(18,699)	-	-	-	(18,699)
Amounts recoverable from reinsurance					
Incurred claims and other expenses	-	-	1,284	23	1,307
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	(632)	(17)	(649)
	-	-	652	6	658
Reinsurance service results	(18,699)	-	652	6	(18,041)
Net finance expenses from Reinsurance contracts	-	-	(32)	-	(32)
Cash flows					
Premiums paid	(25,762)	-	-	-	(25,762)
Claims received	-	-	(1,606)	-	(1,606)
Fixed commission received	3,621	-	-	-	3,621
Total cash flows	(22,141)	-	(1,606)	-	(23,747)
Closing insurance contract liabilities	4,377	-	8,781	26	13,184
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	4,377	-	8,781	26	13,184
Net closing balance	4,377	-	8,781	26	13,184

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

5.3 Movements in insurance and reinsurance contract balances-(Continued)

Analysis by remaining coverage and incurred claims for reinsurance contracts

31 December 2022

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	9,654	861	33,940	342	44,797
Opening reinsurance contract liabilities	(960)	-	-	-	(960)
Net opening Balance	8,694	861	33,940	342	43,837
Amounts allocated to reinsurance	(92,680)	-	-	-	(92,680)
Incurred claims and other expenses	-	-	59,503	480	59,983
Losses on onerous contracts and reversal of those losses	-	81	134	-	215
Changes that relate to past service - adjustments to the LIC	-	-	-	(319)	(319)
Amounts Recoverable from Reinsurance	-	81	59,637	161	59,879
Net reinsurance result	(92,680)	81	59,637	161	(32,801)
Net finance expenses from insurance contracts	-	(250)	(466)	(3)	(719)
Cash flows					
Premiums paid	(101,074)	-	-	-	(101,074)
Claims received	-	-	45,231	-	45,231
Fixed commission received	3,654	-	-	-	3,654
Total cash flows	(97,420)	-	45,231	-	(52,189)
Closing insurance contract liabilities	13,434	692	47,880	500	62,506
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	13,434	692	47,880	500	62,506
Net closing balance	13,434	692	47,880	500	62,506

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

5.3 Movements in insurance and reinsurance contract balances-(Continued)

Analysis by remaining coverage and incurred claims for reinsurance contracts

31 December 2022

Medical

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	5,101	861	14,461	303	20,726
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening Balance	5,101	861	14,461	303	20,726
Amounts allocated to reinsurance	(59,066)	-	-	-	(59,066)
Incurred claims and other expenses	-	-	58,682	466	59,148
Losses on onerous contracts and reversal of those losses	-	80	-	-	80
Changes that relate to past service - adjustments to the LIC	-	-	(1,637)	(302)	(1,939)
Amounts Recoverable from Reinsurance	-	80	57,045	164	57,289
Net reinsurance result	(59,066)	80	57,045	164	(1,777)
Net finance expenses from insurance contracts	-	(250)	(321)	(5)	(576)
Cash flows					
Premiums paid	(65,230)	-	-	-	(65,230)
Claims received	-	-	50,642	-	50,642
Fixed commission received	-	-	-	-	-
Total cash flows	(65,230)	-	50,642	-	(14,588)
Closing insurance contract liabilities	11,265	691	20,543	462	32,961
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	11,265	691	20,543	462	32,961
Net closing balance	11,265	691	20,543	462	32,961

Motor

	SAR'000				
	Asset for remaining Coverage		Assets for Incurred claims		Total
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	-	-	10,340	-	10,340
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	-	-	10,340	-	10,340
Amounts allocated to reinsurance	(3,053)	-	-	-	(3,053)
Incurred claims and other expenses	-	-	-	-	-
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	-	-	-
Amounts Recoverable from Reinsurance	-	-	-	-	-
Net reinsurance result	(3,053)	-	-	-	(3,053)
Net finance expenses from insurance contracts	-	-	(50)	-	(50)
Premiums paid	(3,053)	-	-	-	(3,053)
Claims received	-	-	833	-	833
Fixed commission received	-	-	-	-	-
Total cash flows	(3,053)	-	833	-	(2,220)
Closing insurance contract liabilities	-	-	9,457	-	9,457
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	-	-	9,457	-	9,457
Net closing balance	-	-	9,457	-	9,457

5 INSURANCE AND REINSURANCE CONTRACTS-(CONTINUED)

5.3 Movements in insurance and reinsurance contract balances-(Continued)

Analysis by remaining coverage and incurred claims for reinsurance contracts

General Accident

	Asset for remaining Coverage		Assets for Incurred claims		
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	987	-	5,191	17	6,195
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening Balance	987	-	5,191	17	6,195
Amounts allocated to reinsurance	(5,903)	-	-	-	(5,903)
Incurred claims and other expenses	-	-	263	3	266
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	398	(4)	394
Amounts Recoverable from Reinsurance	-	-	661	(1)	660
Net reinsurance result	(5,903)	-	661	(1)	(5,243)
Net finance expenses from insurance contracts	-	-	(83)	-	(83)
Cash flows					
Premiums paid	(6,726)	-	-	-	(6,726)
Claims received	-	-	(5,558)	-	(5,558)
Fixed commission received	575	-	-	-	575
Total cash flows	(6,151)	-	(5,558)	-	(11,709)
Closing insurance contract liabilities	1,235	-	11,327	16	12,578
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	1,235	-	11,327	16	12,578
Net closing balance	1,235	-	11,327	16	12,578

OTHERS

	SAR'000				
	Asset for remaining Coverage		Assets for Incurred claims		Total
	Excluding loss Component	Loss Recovery Component	Estimate of present value of cash flows	Risk Adjustment for non financial risk	Total
Reinsurance contracts held:					
Opening reinsurance contract assets	3,795		3,948	21	7,764
Opening reinsurance contract liabilities	(1,189)				(1,189)
Net opening balance	2,606	-	3,948	21	6,575
Amounts allocated to reinsurance	(24,658)	-	-	-	(24,658)
Incurred claims and other expenses	-	-	559	12	571
Losses on onerous contracts and reversal of those losses	-	-	-	-	-
Changes that relate to past service - adjustments to the LIC	-	-	1,373	(13)	1,360
Amounts Recoverable from Reinsurance	-	-	1,932	(1)	1,931
Net reinsurance result	(24,658)	-	1,932	(1)	(22,727)
Net finance expenses from insurance contracts	-		12	-	12
Premiums paid	(26,041)	-	-	-	(26,041)
Claims received	-	-	(686)	-	(686)
Fixed commission received	3,077	-	-	-	3,077
Total cash flows	(22,964)	-	(686)	-	(23,650)
Closing insurance contract liabilities	912	-	6,578	20	7,510
Closing reinsurance contract liabilities	-	-	-	-	-
Closing reinsurance contract assets	912	-	6,578	20	7,510
Net closing balance	912	-	6,578	20	7,510

6 GROSS PREMIUM WRITTEN AND REINSURANCE PREMIUMS CEDED

Premium written during the year is as follows

	For the year ended 31 December 2023			
	Medical	**Motor**	**Properties, accident and others**	**Total**
	SAR'000			
Gross premiums written				
Individual	**4,120**	**743,617**	**40,009**	**787,746**
Micro enterprise	**86,428**	**16,644**	**1,243**	**104,315**
Small	**37,301**	**25,180**	**5,205**	**67,686**
Medium	**24,954**	**1,965**	**10,872**	**37,791**
Large	**26,295**	**2,994**	**20,576**	**49,865**
Total gross premiums written	**179,098**	**790,400**	**77,905**	**1,047,403**

	For the year ended 31 December 2022			
	Medical	Motor	Properties, accident and others	Total
	SAR'000			
Gross premiums written				
Individual	2,982	553,709	18,438	575,129
Micro enterprise	102,781	9,596	895	113,272
Small	47,674	2,032	4,074	53,780
Medium	23,789	852	12,003	36,644
Large	37,983	784	13,105	51,872
Total gross premiums written	215,209	566,973	48,515	830,697

Premium ceded during the year with local and foreign entities as follows:

	For the year ended 31 December 2023		
	Local	**Foreign**	**Total**
	SAR'000		
Medical	**-**	**57,325**	**57,325**
Motor	**1,039**	**4,159**	**5,198**
General accident	**722**	**7,007**	**7,729**
Others	**1,319**	**24,276**	**25,595**
Total	**3,080**	**92,767**	**95,847**

	For the year ended 31 December 2022		
	Local	Foreign	Total
	SAR'000		
Medical	-	71,213	71,213
Motor	1,221	2,108	3,329
General accident	54	4,562	4,616
Others	1,419	19,663	21,082
Total	2,694	97,546	100,240

7 CASH AND CASH EQUIVALENTS

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

		SAR'000		
		31 December 2023	31 December 2022 (Restated)	01 January 2022 (Restated)
Insurance operations				
Bank balances and cash		**30,787**	30,189	49,928
Deposits maturing within 3 month from the acquisition date	7.1	**38,606**	373,084	3,045
		69,393	403,273	52,973
Shareholders' operations				
Bank balances and cash		**865**	3,167	-
Deposits maturing within 3 month from the acquisition date	7.1	**71,396**	77,978	-
		72,261	81,145	-
Less: expected credit loss allowance		**(21)**	(87)	(39)
Total		**141,633**	484,331	52,934

7.1 Term deposits are held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of less than three months.The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of 5% per annum as at 31 December 2023. (31 December 2022: 3.34%; 01 January 2022: 1.08%).

8 TERM DEPOSITS

		SAR'000		
		31 December 2023	31 December 2022 (Restated)	01 January 2022 (Restated)
Insurance operations				
Term deposits	8.1	**565,440**	-	182,367
		565,440	-	182,367
Shareholders' operations				
Term deposits	8.1	-	-	-
		-	-	-
Less: expected credit loss allowance		**(112)**	-	(240)
Total		**565,328**	-	182,127

8.1 Term deposits were held with the commercial banks. These term deposits are denominated in Saudi Arabian Riyals and had an original maturity of more than three months and less than twelve months. The carrying amounts of these term deposits reasonably approximate their fair values at the reporting date. These deposit earn commission at an average of 6.65% per annum as at 31 December 2023 (1.07 %:1 January, 2021).

8.2 During the year, the company has earned interest income on deposits amounting to SAR 37 Million (31 December 2022: 8.6 Million).

9 INVESTMENTS

		SAR'000		
		31 December 2023	31 December 2022 (Restated)*	01 January 2022 (Restated)*
Shareholders operations				
Investments measured at fair value through other comprehensive income	*9.1*	**43,463**	67,099	65,830
Debt instruments at amortised cost.	*9.2*	**-**	20,000	20,000
		43,463	87,099	85,830

9.1 Investments measured at fair value through other comprehensive income comprises of the following;

Listed Equity Securities	**-**	27,396	28,798
Unlisted Equity Securities	**43,463**	39,703	37,032
	43,463	67,099	65,830
Opening balance as at 01 January (restated)			
-Listed Equity Securities	**27,396**	28,798	27,336
-Unlisted Equity Securities	**39,703**	37,032	1,923
	67,099	65,830	29,259
Add: Additions during the year (listed equity securities)	**-**	1,252	-
Less: Disposals during the year (listed equity securities)	**(27,396)**	-	-
Add/(less): fair value measurement change during the year			
-Listed Equity Securities	**-**	(2,654)	1,462
-Unlisted Equity Securities	**3,760**	2,671	35,109
	3,760	17	36,571
Closing Balance			
-Listed Equity Securities	-	27,396	28,798
-Unlisted Equity Securities	**43,463**	39,703	37,032
	43,463	67,099	65,830

9.2 Debt instruments at amortised cost comprises of the following;

Sukuk	**-**	20,000	20,000
	-	20,000	20,000

The sukuk was matured in october 2023.The company earned interest amounting to SAR 0.5 million (2022: SAR 0.65 million) at the rate of 3.21%.(2022: 3.21%).

10 STATUTORY DEPOSIT

	SAR'000		
	31 December 2023	31 December 2022 (Restated)*	01 January 2022 (Restated)*
Statutory deposit	**43,650**	43,650	30,000
	43,650	43,650	30,000

As required by Saudi Arabian Insurance Regulations, the Company had deposited 15% of its increased paid up capital of SAR 291 million as at 31 December 2023 and 31 December 2022 (1 January 2022; SAR 141 million), in a bank designated by the Insurance Authoirty (IA). The Company cannot withdraw this deposit without IA's approval and commission accruing on this deposit is payable to IA.

11 RIGHT OF USE ASSETS, NET

	SAR'000		
	31 December 2023	31 December 2022 (Restated)*	01 January 2022 (Restated)*
Cost:			
At beginning of the year	**12,838**	10,091	10,073
Additions during the year	**-**	2,747	18
As at end of year	**12,838**	12,838	10,091
Accumulated amortization			
At beginning of the year	**(9,529)**	(6,862)	(4,851)
Charge for the year	**(1,885)**	(2,667)	(2,011)
As at end of year	**(11,414)**	(9,529)	(6,862)
Net book value	**1,424**	3,309	3,229

12 LEASE LIABILITIES

	SAR'000		
	31 December 2023	31 December 2022 (Restated)*	01 January 2022 (Restated)*
Liabilities:			
At beginning of the year	**13,602**	10,736	10,593
Additions during the period	**-**	2,747	-
Finance cost	**31**	119	143
As at end of year	**13,633**	13,602	10,736
Payments:			
At beginning of the year	**(11,480)**	(7,753)	(5,619)
Paid during the year	**(1,805)**	(3,727)	(2,134)
As at end of year	**(13,285)**	(11,480)	(7,753)
Total lease liabilities	**348**	2,122	2,983

13 INTANGIBLE ASSETS

	SAR'000		
	31 December 2023	31 December 2022 (Restated)*	01 January 2022 (Restated)*
Cost:			
As at 01 January	**13,823**	12,054	10,181
Additions during the year	**2,315**	1,769	1,873
As at 31 December	**16,138**	13,823	12,054
Accumulated amortisation:			
As at 01 January	**(7,777)**	(6,469)	(5,430)
Charge for the year	**(1,626)**	(1,308)	(1,039)
As at 31 December	**(9,403)**	(7,777)	(6,469)
Net book Value	**6,735**	6,046	5,585

14 PROPERTY AND EQUIPMENT, NET

	SAR'000						
	Motor Vehicles	**Furniture, fittings and office equipment**	**Computer equipment**	**Leasehold improvements**	**Total 2023**	Total 2022	Total 2021
Cost:							
As at 01 January	**116**	**7,664**	**8,001**	**9,662**	**25,443**	24,704	22,824
Additions during the year	**19**	**16**	**528**	**73**	**636**	741	1,880
As at 31 December	**135**	**7,680**	**8,529**	**9,735**	**26,079**	25,445	24,704
Accumulated depreciation:							
As at 01 January	**116**	**7,561**	**6,032**	**7,138**	**20,847**	19,293	17,509
Charge for the year	**-**	**443**	**735**	**678**	**1,856**	1,556	1,784
As at 31 December	**116**	**8,004**	**6,767**	**7,816**	**22,703**	20,849	19,293
Net book value							
As at 31 December, 2023	**19**	**(324)**	**1,762**	**1,919**	**3,376**	-	-
As at 31 December, 2022	-	103	1,969	2,524	-	4,596	4,596
As at 01 January, 2021	1	430	2,035	2,945	-	-	5,411

15 COMMITMENTS AND CONTINGENCIES

The Company's commitments and contingencies are as follows:

	SAR'000		
	31 December 2023	31 December 2022 (Restated)	01 January 2022 (Restated)
Letter of guarantees	**4,329**	4,809	3,045

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. The Company did not have any significant outstanding legal proceedings as at the reporting date.

16 Share Capital

As at 31 December, 2023, the authorized, subscribed and paid up share capital of the Company was SAR 291 million (31 December 2022:SAR 291 million) , divided into 29.1 million (31 December 2022: 29.1 million) shares of SAR 10 each, On 19 October 2023, the Company announced on Tadawul the Board's Recommendation to increase the share capital by SAR 209 million by offering right shares to the existing shareholders. on 07 January 2024, The Company has obtained the approval from Insurance Authority for increase of Share Capital . As at the date of these financial statements, company is in process of fulfilling statutory requirements pertaining to the said capital increase.

17 EMPLOYEES' TERMINAL BENEFITS

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

	SAR'000	
	31 December 2023	31 December 2022 (Restated)
Present value of defined benefit obligation	**16,413**	13,072

17.1 Movement of defined benefit obligation

Opening balance	**13,072**	12,968
Charge to statement of income	**2,325**	2,111
Charge to statement of other comprehensive income	**1,770**	895
Payment of benefits during the year	**(754)**	(2,902)
Closing balance	**16,413**	13,072

17.2 Reconciliation of present value of defined benefit obligation

Present value of defined benefit obligation as at 1 January	**13,072**	12,968
Current service costs	**1,791**	1,794
Financial costs	**534**	317
Actuarial loss from experience adjustments	**1,770**	895
Benefits paid during the year	**(754)**	(2,902)
Present value of defined benefit obligation as at 31 December	**16,413**	13,072

17.3 Principal actuarial assumptions

Valuation discount rate	**4.70%**	2.75%
Expected rate of increase in salary level across different age bands	**4.20%**	1.00%
Valuation discount rate		
-Increase by 1%	**15,108**	12,212
-Decrease by 1%	**17,841**	14,059
Expected rate of increase in salary level across different age bands		
-Increase by 1%	**17,903**	14,116
-Decrease by 1%	**15,031**	12,146
Mortality rate		
-1 year Mortality age set back	**16,377**	13,069
-1 year Mortality age set forward	**16,365**	13,074
Withdrawal turnover		
-Increase by 10%	**16,206**	12,956
-Decrease by 10%	**16,552**	13,199

18 ZAKAT

The current year's zakat provision is based on the following:

	SAR'000	
	31 December 2023	31 December 2022 (Restated)
Equity	**291,000**	291,000
Provisions and other adjustments	**22,553**	28,889
Net book value of long term assets	**(24,616)**	(59,562)
Accumulated losses	**(73,998)**	(116,015)
Statutory deposit	**(43,650)**	(43,650)
Others	**-**	(51,778)
	171,289	48,884
Adjusted income for the year	**77,688**	(13,010)
Zakat	**6,224**	935

	SAR'000	
	31 December 2023	31 December 2022 (Restated)
Balance at the beginning of the year	**9,481**	16,913
Provided /(reversed) during the year	**8,800**	(7,432)
Payments during the year	**(6,659)**	-
Balance at the end of the year	**11,622**	9,481

The differences between the financial and the zakatable results are mainly due to certain adjustments in accordance with the relevant fiscal regulations.

Zakat base has been computed based on the Company's understanding of the Zakat regulations enforced in the Kingdom of Saudi Arabia. The Zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the ZATCA could be different from the declarations filed by the Company.

Status of assessments

Zakat and income tax returns have been filed with the Zakat, Tax and Custom Authority (the "ZATCA ") for the years ended up to 31 December 2022. Related certificate has been received from the ZATCA for the year ended 31 December 2022. The major difference of additional assessment relates to disallowance of a portion of pre-incorporation expenses and withholding tax. The Company has filed an objection against this additional assessment with the Preliminary Tax Objection Committee subsequent to the year end, an adverse decision was received from the Preliminary Tax Objection Committee, upon which the Company filed appeal with the Higher Objection Committee. The Higher Objection Committee issued its decision in favour of the Company with respect to Zakat and rejected the appeal related to withholding tax. As at 31 December 2023, the Company has sufficient provisions to cover the possible outlow in this regard.

19 SEGMENTAL INFORMATION

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Company's Board of Directors in their function as chief operating decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the income statement. Segment assets and liabilities comprise operating assets and liabilities.

Segment results do not include other interest revenue for financial measured at amortised costs, Other investment income, net impairmnet loss on financial assets, other income, other operating expenses and zakat charged for the period. Segment assets do not include cash and cash equivalents, term deposits, Investments measured at fair value thorugh other comprehensive income, debt instruments at amortised costs, due from a related party, property and equipment, net, intangible assets and right of use asset, statutory deposit and accrued income on statutory deposit, prepayments and other assets. Segment liabilities do not include employees terminal benefits, lease liabilities,zakat and income tax, and accured income on statutory deposit payable to IA.

These unallocated assets and liabilities are not reported to chief operating decision maker under related segments and are monitored on a centralized basis.The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities as at 31 December, 2023 and for the year ended 31 December 2023, its total revenues, expenses, and net income , are as follows:

19 SEGMENTAL INFORMATION-(CONTINUED)

	As at 31 December 2023						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
Assets							
Reinsurance contract assets	35,119	5,954	3,557	13,184	57,814	-	57,814
Cash and cash equivalents	-	-	-	-	69,393	72,240	141,633
Term deposits	-	-	-	-	565,328	-	565,328
Investments measured at fair value through other comprehensive income	-	-	-	-	-	43,463	43,463
Unallocated assets	-	-	-	-	75,699	45,617	121,316
Total assets	35,119	5,954	3,557	13,184	768,234	272,912	929,554
Liabilities							
Insurance contract liabilities	84,616	471,902	46,096	8,344	610,958	-	610,958
Unallocated liabilities and equity	-	-	-	-	45,684	272,912	318,596
Total liabilities and insurance operations` surplus	84,616	471,902	46,096	8,344	768,234	272,912	929,554

	31 December 2022 (Restated)						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
Assets							
Reinsurance contract assets	32,961	9,457	12,578	7,510	62,506	-	62,506
Cash and cash equivalents	-	-	-	-	414,508	69,823	484,331
Investments measured at fair value through other comprehensive income	-	-	-	-	-	67,099	67,099
Debt instruments at amortised cost.	-	-	-	-	-	20,000	20,000
Unallocated assets	-	-	-	-	82,573	46,280	128,853
Total assets	32,961	9,457	12,578	7,510	559,587	203,202	762,789
				-			
Liabilities							
Insurance contract liabilities	92,348	382,452	64,295	7,730	546,825	-	546,825
Unallocated liabilities and equity	-	-	-	-	12,762	203,202	215,964
Total liabilities and insurance operations` surplus	92,348	382,452	64,295	7,730	559,587	203,202	762,789

	01 January 2022 (Restated)*						
	Medical	Motor	General Accident	Others	Total - Insurance Operations	Shareholders' Operations	Total
	SAR'000						
Assets							
Reinsurance contract assets	20,726	10,340	6,195	7,536	44,797	-	44,797
Term deposits	-	-	-	-	182,127	-	182,127
Cash and cash equivalents	-	-	-	-	52,934	-	52,934
Investments measured at fair value through other comprehensive income	-	-	-	-	-	65,830	65,830
Debt instruments at amortised cost.	-	-	-	-	-	20,000	20,000
Unallocated assets	-	-	-	-	114,069	(5,467)	108,602
Total assets	20,726	10,340	6,195	7,536	393,927	80,363	474,290
Liabilities							
Insurance contract liabilities	86,074	233,981	48,249	10,249	378,553	-	378,553
Reinsurance contract liabilities	-	-	-	-	960	-	960
Unallocated liabilities and equity	-	-	-	-	14,414	80,363	94,777
Total liabilities and insurance operations` surplus	86,074	233,981	48,249	10,249	393,927	80,363	474,290

19 SEGMENTAL INFORMATION-(CONTINUED)

	For the year ended 31 December 2023						
	Medical	**Motor**	**General Accident**	**Others**	**Total Insurance Operations**	**Shareholders' Operations**	**Total**
				SAR'000			
Insurance revenue	184,106	733,063	32,804	24,708	974,681	-	974,681
Insurance service expenses	(177,359)	(700,823)	(10,158)	(4,472)	(892,812)	-	(892,812)
Insurance service result before reinsurance contracts held	6,747	32,240	22,646	20,236	81,869	-	81,869
Allocation of reinsurance premiums	59,103	(324)	(1,998)	658	57,439		57,439
Amounts recoverable from reinsurance	(60,180)	(5,198)	(8,158)	(18,699)	(92,235)	-	(92,235)
Net expenses from reinsurance contracts held	(1,077)	(5,522)	(10,156)	(18,041)	(34,796)	-	(34,796)
INSURANCE REVENUE RESULT	5,670	26,718	12,490	2,195	47,073	-	47,073
Interest income from financial assets measured at amortised costs.					31,420	5,625	37,045
Other investment income					-	1,215	1,215
Net ECL (charge) /reversal on financial assets					-	(15)	(15)
Net investment income					31,420	6,825	38,245
Net finance income from insurance contracts issued	(1,360)	521	457	48	(334)	-	(334)
Net finance expenses from reinsurance contracts issued	480	18	53	(32)	519		519
	(880)	539	510	16	185	-	185
Net insurance and investment result	4,790	27,257	13,000	2,211	78,678	6,825	85,503
Other income					16,764	-	16,764
Other operating expenses					(23,820)	(6,241)	(30,061)
Net profit / (loss) for the year, before zakat & income tax, attributable to the shareholders					71,622	584	72,206
Zakat charge for the period					-	(8,800)	(8,800)
Net profit attributeable to shareholders					71,622	(8,216)	63,406

19 SEGMENTAL INFORMATION-(CONTINUED)

	For the year ended 31 December 2022 (restated)						
	Medical	Motor	General Accident	Others	Total Insurance Operations	Shareholders' Operations	Total
	SAR'000						
Insurance revenue	195,464	426,343	20,522	30,482	672,811	-	672,811
Insurance service expenses	(167,057)	(491,092)	(8,687)	(6,093)	(672,929)	-	(672,929)
Insurance service result before reinsurance contracts held	28,407	(64,749)	11,835	24,389	(118)	-	(118)
Amounts recoverable from reinsurance	57,289	-	660	1,931	59,880	-	59,880
Allocation of reinsurance premiums	(59,066)	(3,053)	(5,903)	(24,658)	(92,680)	-	(92,680)
Net expenses from reinsurance contracts held	(1,777)	(3,053)	(5,243)	(22,727)	(32,800)	-	(32,800)
INSURANCE REVENUE RESULT	26,630	(67,802)	6,592	1,662	(32,918)	-	(32,918)
Interest income from financial assets measured at amortised costs.					6,227	2,383	8,610
Other investment income					-	2,013	2,013
Net ECL (charge) /reversal on financial assets					-	192	192
Net investment income					6,227	4,588	10,815
Net finance income from insurance contracts issued	1,381	2,633	260	62	4,336	-	4,336
Net finance expenses from insurance contracts issued	(576)	(50)	(83)	(12)	(721)		(721)
	805	2583	177	50	3615	-	3,615
Net insurance and investment result	27,435	(65,219)	6,769	1,712	(23,076)	4,588	(18,488)
Other income					15,758	-	15,758
Other operating expenses					(22,209)	163	(22,046)
Net profit / (loss) for the year, before zakat & income tax, attributable to					(29,527)	4,751	(24,776)
Zakat charge for the period					-	7,432	7,432
Net loss attributeable to shareholders							(17,344)

20 CLAIMS DEVELOPMENT TABLE

The following tables show the estimates of cumulative incurred claims, including both claims reported and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment.

The Company aims to maintain adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Claims triangulation analysis is by accident years, spanning a number of financial years.

Claims triangulation analysis is by accident years spanning a number of financial years;

2023

	SAR'000							
Accident year or Underwriting year	**2017 & Earlier**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**TOTAL**
At the end of accident year	**1,257,296**	**331,435**	**387,920**	**344,741**	**455,381**	**538,505**	**635,240**	**3,950,518**
One year later	**1,251,791**	**325,348**	**392,016**	**333,804**	**443,378**	**558,064**	**-**	**3,304,401**
Two years later	**1,257,484**	**326,328**	**388,595**	**336,280**	**443,906**	**-**	**-**	**2,752,593**
Three years later	**1,260,361**	**327,777**	**388,005**	**336,121**	**-**	**-**	**-**	**2,312,264**
Four years later	**1,195,990**	**326,642**	**387,755**	**-**	**-**	**-**	**-**	**1,910,387**
Five years later	**1,189,676**	**327,508**	**-**	**-**	**-**	**-**	**-**	**1,517,184**
Six years later	**1,195,860**	**-**	**-**	**-**	**-**	**-**	**-**	**1,195,860**
Current estimate of cumulative claims	**1,195,860**	**327,508**	**387,755**	**336,121**	**443,906**	**558,064**	**635,240**	**3,884,454**
Ultimate payments to date	**(1,194,901)**	**(327,089)**	**(387,144)**	**(334,468)**	**(439,275)**	**(546,333)**	**(428,653)**	**(3,657,863)**
Liability recognized in statement of financial position	**959**	**419**	**611**	**1,653**	**4,631**	**11,731**	**206,587**	**226,591**
Salvage and subrogation	**45**	**18**	**425**	**374**	**2,387**	**7,590**	**22,553**	**33,392**
Loss component	**-**	**-**	**-**	**-**	**-**	**-**	**2,838**	**2,838**
Outstanding Claims	**895**	**339**	**(6,479)**	**(9,204)**	**718**	**(4,226)**	**43,407**	**25,450**

2022

	SAR'000							
Accident year or Underwriting year	2016 & Earlier	2017	2018	2019	2020	2021	2022	TOTAL
At the end of accident year	959,853	267,868	331,435	387,920	344,741	455,381	538,505	3,285,703
One year later	989,428	266,333	325,348	392,016	333,804	443,378	-	2,750,307
Two years later	985,458	264,489	326,328	388,595	336,280	-	-	2,301,150
Three years later	992,995	265,417	327,777	388,005	-	-	-	1,974,194
Four years later	994,944	265,751	326,642	-	-	-	-	1,587,337
Five years later	930,239	266,122	-	-	-	-	-	1,196,361
Six years later	923,554	-	-	-	-	-	-	923,554
Current estimate of cumulative claims	923,554	266,122	326,642	388,005	336,280	443,378	538,505	3,222,486
Cumulative payments to date	(922,695)	(265,572)	(325,841)	(386,482)	(331,325)	(432,135)	(398,995)	(3,063,045)
Liability recognized in statement of financial position	859	550	801	1,523	4,955	11,243	139,510	159,441
Salvage and subrogation	52	57	86	8,048	10,522	2,099	6,355	27,219
Loss component	-	-	-	-	-	-	21,863	21,863
Outstanding Claims and Reserves	833	497	1,000	(6,987)	(7,249)	2,117	44,673	34,605

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:
Level 1: quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;
Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and
Level 3: valuation techniques for which any significant input is not based on observable market data.

a) Carrying amount and fair value

The following table shows the carrying amount and fair values 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 not considered to reasonably approximate fair value.

Shareholders' operations

	SAR'000s				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
31 December, 2023					
Investments measured at fair value through other comprehensive income					
Unquoted securities	**43,463**	**-**	**-**	**43,463**	**43,463**
Quoted securities	**-**	**-**	**-**	**-**	**-**
Quoted local real estate fund	**-**	**-**	**-**	**-**	**-**
	43,463	**-**	**-**	**43,463**	**43,463**

Shareholders' operations

	Carrying Value	Level 1	Level 2	Level 3	Total
31 December, 2022					
Financial assets measured at fair value					
Investments measured at fair value through other comprehensive income					
Unquoted securities	39,703	-	-	39,703	39,703
Quoted securities	12,507	12,507	-	-	12,507
Quoted local real estate fund	14,889	14,889	-	-	14,889
	67,099	27,396	-	39,703	67,099

Shareholders' operations

	Carrying Value	Level 1	Level 2	Level 3	Total
01 January 2021					
Investments measured at fair value through other comprehensive income					
Unquoted Securities	37,032	-	-	37,032	37,032
Quoted securities	11,508	11,508	-	-	11,508
Quoted local real estate fund	17,290	17,290	-	-	17,290
	65,830	28,798	-	37,032	65,830

22 RELATED PARTIES TRANSACTIONS AND BALANCES

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

Related parties	Nature of transaction	Transactions for the year ended		Balance receivable / (payable) as at	
		31 December, 2023	31 December, 2022	**31 December, 2023**	31 December, 2022
		SAR'000			
Board of directors	Premuim written	-	145	-	-
Affiliates	Premuim written	**19**	305	-	-
	Claims paid/ payment received	-	-	-	(187)
ACIG Bahrain (Shareholder)	Claims paid on behalf of ACIG Bahrain	-	-	-	1,985
Board and audit committee	Attendance fees	**202**	**202**	-	-

Remuneration and compensation of BOD Members and Top Executives (Disclose number of top executives)

	SAR'000	
2023	**BOD members (Non-Executive)**	**Top Executives including the CEO and CFO**
Salaries and compensation	**-**	**3,274**
Allowances	**154**	**-**
End of service indemnities	**-**	**422**
	154	**3,696**

	SAR'000	
2022	BOD members (Non-Executive)	Top Executives including the CEO and CFO
Salaries and compensation	-	3,185
Allowances	58	-
End of service indemnities	-	233
	58	3,418

23 CAPITAL MANAGEMENT

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

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

The Company manages its capital to ensure that it is able to continue as 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 equity holders comprising paid share capital, reserves and retained earnings.

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

• Minimum Capital Requirement of SAR 100 million
• Premium Solvency Margin
• Claims Solvency Margin

The Company is in compliance with all externally imposed capital requirements having solvency margin of 112 %.The capital structure of the Company as at 31 December 2023 consists of paid-up share capital of SAR 291 million and accumulated losses of SAR 74 million (31 December 2022: paid-up share capital of SAR 291 million and accumulated losses of SAR 143.38 million.) in the statement of financial position.

In the opinion of the Board of Directors, the Company has fully complied with the externally imposed capital requirements during the reported financial period.

24 RISK MANAGEMENT

The Company has developed and implemented a risk management structure that is designed to identify, assess, control and monitor the risks associated with its business. Adhering to this structure, the Company aims to meet its obligations to policyholders and other customers and creditors, to manage its capital efficiently, and to comply with applicable laws and regulations. The Company's Risk Committee has overall responsibility for the establishment and oversight of the Company's risk management framework. The Risk Committee is responsible for defining, installing and monitoring the risk management organisation in order to ensure that its control systems are effective. The Risk Committee approves all risk management policies, as well as the quantitative and qualitative elements of the Company's risk appetite and tolerance framework.

(a) Insurance risk

The Company provides medical, motor, medical malpractice, property, marine, domestic labor and other general insurance contracts in Saudi Arabia. Accordingly, the main insurance risk within the Company is that there are no sufficient reserves available to cover the liabilities associated with the insurance contracts issued. Actual claims may differ from the estimated ultimate claims. The Company seeks to manage this as follows:

24 RISK MANAGEMENT-(CONTINUED)

(a) Insurance risk-(Continued)

Estimate of present value of cash flows and risk adjustment for non-financial risk

• through close monitoring of the claims' trend and payments' pattern to ensure that sufficient reserves are available to cover claim liabilities. The Company also has an external actuary to perform quarterly independent reviews of the reserves adequacy. Estimate of present value of cash flows and risk adjustment for non-financial risk, which are key components of the Company's insurance contract liabilities are estimated amounts of the outstanding claims, incurred but not reported claims ("IBNR"), claims handling provisions and risk adjustment for non-financial risk. These reserves do not represent exact calculations but rather expectations based on historical claims' trend (frequency and severity), payments' pattern, medical inflation, members' behaviour, seasonality and other factors. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues.

• The Company has a large insurance portfolio resulting in stable claims development patterns which relatively reduces the risk of fluctuations in the estimated ultimate claims. The short-tailed nature of the business is associated with higher consistency of the reserve estimates.

• The Company continually reviews the adequacy of claims reserves by conducting back-testing analysis, assessing the sufficiency of data, monitoring claims backlogs and settlement patterns. In addition, the external actuary runs independent valuation models after due reconciliation with consolidated financial statements to validate reserve adequacy.

Reinsurance

• The Company has a reinsurance arrangement to reduce its exposure through transfer of risk. During the years ended 31 December 2023 and 2022, the Group had Treaty reinsurance arrangement for medical and treaty & facultative arrangements for other general lines such as property, engineering and excess of loss arrangement for motor lines of business to reduce its exposure through partial transfer of insurance risk. The reinsurance premium ceded represents a minimal margin of the overall gross premium written. Reinsurance premium ceded reached 9% of gross premium written (2022: 12%).

• The reinsurers selected met SAMA's minimum acceptable rating of BBB from a reputable credit agency.

• Reinsurance ceded business does not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Pricing

• The pricing team follows the Company's underwriting guidelines (approved by the Board of Directors) in setting premiums taking into consideration credible claims experiences for both new business and renewals for all lines of business

Managing the concentration of insurance risk

• The insurance risk exposure related to policyholders is mainly concentrated in Saudi Arabia. However, through its underwriting strategy, the Company ensures that the portfolio is well diversified and not concentrated within few large clients. Its business is proportionally spread across all regions in the Saudi Arabia, and the Company targets both corporate and retail business. The insurance portfolio is not concentrated in a specific benefit level.

24 RISK MANAGEMENT-(CONTINUED)

(a) Insurance risk-(Continued)

Process used to decide on assumptions

• Assumptions used in determining estimate of present value of cash flows are based on the best estimate. Ultimate claims are estimated using historical claim trends adjusted for inflation, seasonality, membership growth, driver age, driver history etc. and any other external or internal factors that may have impact on claim costs. Given the nature of the business, the Group may still be exposed to risk of insufficiency of claim reserves for which actual claim cost may turn out to be higher than the initial estimated ultimate claims.

• The estimation of present value of future cash flows related to incurred but not reported claims (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the present value of future cash flows related to reported claims which are received but not yet settled with the providers. For the case of present value of future cash flows related to reported claims, the Company uses settled claims information to estimate present value of future cash flows related to IBNR. The Company seeks to avoid inadequate reserve levels by adopting established processes in determining claim reserve and using updated information regarding settled claims.

Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions

	SAR'000	
	31 December 2023	31 December 2022 (restated)
Impact on equity and net income of change in claims ratio		
5% increase	(36,190)	(28,262)
5% decrease	36,190	28,262
Impact on equity and net income of change in direct expense ratio-loss component		
5% decrease	(1,093)	142
5% decrease	1,093	(142)
Impact on equity and net income of change in risk adjustment for non financial risk		
5% increase	(471)	286
5% decrease	471	(286)

(b) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all the Company's activities.

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

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors.

This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards; and
- Risk mitigation policies and procedures.

24 RISK MANAGEMENT-(CONTINUED)

(C) Market risk

Market risk refers to the potential impact of various market dynamics on the fair value or the expected cash flows of financial instruments. The Company adopts asset allocation guidelines and diversification limits on asset classes, geographies, currencies and securities to ensure that market risk is contained and kept to minimal levels.

The Board of Directors sets the overall risk appetite to a prudent level that does not impact the Company's operating results. The management prepares monthly and quarterly reports, highlighting deployment activities and exposure limits to ensure that appropriate monitoring and compliance with the approved guidelines. Management performs continuous assessment of developments in relevant markets to ensure that market risk is monitored and mitigated at the asset class and securities levels

Market risk comprises three types: interest rate risk, price risk and currency risk.

i) Interest rate risk

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

	SAR'000				
	Less than 3 Months	**3 Months to 1 Year**	**1 year to 3 Years**	**More than 3 Years**	**Total**
Term deposits	**-**	**565,328**	**-**	**-**	**565,328**
Debt instruments at amortised cost.	-	-	-	-	-
31 December 2023	**-**	**565,328**	**-**	**-**	**565,328**
Term deposits	-	-	-	-	-
Debt instruments at amortised cost.	-	20,000	-	-	20,000
31 December 2022	-	20,000	-	-	20,000

ii) Price risk

Price risk is the potential change in the fair value of financial instruments as a result of instrument-specific developments or systemic factors affecting the overall market in which the instrument is being traded.

The total size of investments which are exposed to market price risk is SR 43.6 million (2022: SR 67 million). The Company manages this risk conducting thorough due diligence on each instrument prior to investing as well as maintaining exposure limits guidelines to minimise the potential impact of marking to market on the overall portfolio

The potential impact of a 10% increase or decrease in the market prices of investments carried at fair value through Other comprehensive income on Company 's profit would be as follows:

	Fair value change	Effect on Company's profit SR '000	
2023	**+/-10%**	**+/-10%**	**+/- 4,360**
2022	+/-10%	+/-10%	+/- 6,709

24 RISK MANAGEMENT-(CONTINUED)

iii) Currency risk

Currency risk is the potential fluctuation of the value of a financial instrument due to changes in foreign exchange rates. All Group's transactions are in Saudi Arabian Riyals and US Dollar. Given the peg of Saudi Arabian Riyals and US Dollars, foreign exchange risk is minimal.

(C) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company seeks to manage its credit risk with respect to customers by following the Company's credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Company's exposure to bad debts. The management estimates specific impairment provisions on a case by case basis. In addition to specific provisions, the Company also makes an additional portfolio provision, estimated on a collective basis, based on the ageing profile of the future premiums cashflow. The Company seeks to limit its credit risk with respect to other counterparties by placing term deposits and investments with reputable financial institutions. The Company enters into reinsurance contracts with recognised, creditworthy third parties.

The following table shows the maximum exposure to credit risk by class of financial asset:

	SAR'000	
	31 December 2023	31 December 2022 (restated)
Cash and cash equivalents	**141,633**	484,331
Term deposits	**565,328**	-
Investments measured at fair value through other comprehensive income	**43,463**	67,099
Debt instruments at amortised cost.	**-**	20,000
Reinsurance contract assets	**57,814**	62,506
Statutory deposit	**43,650**	43,650
Accrued commission on statutory deposit	**1,778**	2,342
	853,666	679,928

		Non investment Grade		
	Investment grade	**Non Impaired**	**Impaired**	**Total**
Cash and cash equivalents	**141,633**	**-**	**-**	**141,633**
Term deposits	**565,328**	**-**	**-**	**565,328**
Investments measured at fair value through other comprehensive income	**43,463**	**-**	**-**	**43,463**
Debt instruments at amortised cost.	**-**	**-**	**-**	**-**
Reinsurance contract assets	**57,814**	**57,814**	**-**	**115,628**
Statutory deposit	**43,650**	**-**	**-**	**43,650**
Accrued commission on statutory deposit	**1,778**	**-**	**-**	**1,778**
	853,666	**57,814**	**-**	**911,480**

		Non investment Grade		
	Investment grade	Non Impaired	Impaired	Total
Cash and cash equivalents	484,331	-	-	484,331
Term deposits	-	-	-	-
Investments measured at fair value through other comprehensive income	67,099	-	-	67,099
Debt instruments at amortised cost.	20,000	-	-	20,000
Reinsurance contract assets	-	62,506	-	62,506
Statutory deposit	43,650	-	-	43,650
Accrued commission on statutory deposit	2,342	-	-	2,342
	617,422	62,506	-	679,928

24 RISK MANAGEMENT-(CONTINUED)

(e) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its operational or financial obligations when they are due. Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds through premiums received and excess cash are available to meet any commitments as

The table below summaries the maturity profile of the financial liabilities of the Group based on remaining expected undiscounted contractual obligations:

	2023		
	Upto one year	**More than one year**	**Total**
Insurance contract liabilities	**610,958**	**-**	**610,958**
Lease liabilities	**348**	**-**	**348**
Accruals and other payables	**34,092**	**-**	**34,092**
Accrued commission on statutory deposit payable to IA	**1,778**	**-**	**1,778**
	647,176	**-**	**647,176**

	2022		
	Upto one year	More than one year	Total
Insurance contract liabilities	546,825	-	546,825
Lease liabilities	2,122	-	2,122
Accruals and other payables	-	-	-
Accrued commission on statutory deposit payable to IA	2,342	-	2,342
	551,289	-	551,289

(f) Liquidity Profile

All assets excluding financial assets at amortised cost, financial assets at fair value, fixtures, furniture and equipment and right-of-use assets, intangible assets, statutory deposit and accrued income on statutory deposit, are expected to be recovered or settled before one year.

None of the financial liabilities on the statement of financial position are based on discounted cash flows, with exception of end-of-service benefits and lease liabilities and are all payable on a basis as set out above. There are no differences between contractual and expected maturity of the financial liabilities of the company.

25 INSURANCE OPERATIONS' SURPLUS PAYABLE

	SAR'000	
	2023	2022
Balance at the beginning of the year	**5,987**	5,987
Income attributable to insurance operations during the year	**7,958**	-
Surplus paid to policyholders during the year	**-**	-
Net surplus payable to policyholders	**13,945**	5,987

As a result of the adoption of IFRS 17, net surplus payable to policyholders is reported as part of insurance contract liabilities. Also, income attributable to insurance operations is expensed as part of insurance service expenses

26 OTHER OPERATING COSTS

	SAR'000	
	2023	2022
Policy acquisition costs	**102,116**	74,604
Employees' costs	**53,799**	55,455
Rents, IT,utilities and maintenance costs	**12,950**	10,434
Professional and Legal expenses	**6,608**	2,331
Depreciation and amortisation	**5,367**	5,528
Marketing expenses and other	**18,340**	8,616
	199,180	156,968

26 OTHER OPERATING COSTS-(CONTINUED)

Allocation of expenses is as follows;	**2023**			2022		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Policy acquisition costs*	**102,116**	**-**	**102,116**	74,604	-	74,604
Other attributable expenses*	**67,003**	**-**	**67,003**	60,318	-	60,318
Other operating expenses**	**23,820**	**6,241**	**30,061**	22,209	(163)	22,046
	192,939	**6,241**	**199,180**	157,131	(163)	156,968

*Reported part of insurance service expense

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

27 PREPAYMENTS AND OTHER RECEIVABLES

	SAR'000	
	31 December 2023	31 December 2022 (restated)
Accrued income	**16,622**	16,805
Prepaid expenses	**5,144**	4,943
Other receivables	**4,329**	5,550
Guarantees	**4,472**	4,809
Third Party Recoveries	**31,834**	32,563
Miscellaneous	**1,952**	1,064
	64,353	65,734

28 INSURANCE SERVICE EXPENSES

	2023				
	Medical	**Motor**	**General Accident**	**Others**	**Total**
Incurred claims and other directly attributable expenses	144,716	565,242	10,710	3,137	723,805
Losses on onerous contracts and reversal of those losses	401	(21,718)	-	-	(21,317)
Changes that relate to past service - adjustments to the LIC	(6,871)	24,247	(2,515)	(858)	14,003
Surplus distribution to policyholders	7,958	-	-	-	7,958
Insurance acquisition cash flows amortization	31,155	133,052	1,963	2,193	168,363
	177,359	700,823	10,158	4,472	892,812

	2022				
	Medical	Motor	General Accident	Others	Total
Incurred claims and other directly attributable expenses	152,934	433,885	7,226	2,624	596,669
Losses on onerous contracts and reversal of those losses	(454)	(25,528)	-	25,982	-
Changes that relate to past service - adjustments to the LIC	(5,974)	(5,647)	(642)	(25,061)	(37,324)
Insurance acquisition cash flows amortization	20,551	88,382	2,103	2,548	113,584
	167,057	491,092	8,687	6,093	672,929

29 SUPPLEMANTARY INFORMATION

STATEMENT OF FINANCIAL POSITION

	SAR '000								
	31 December, 2023			31 December, 2022 (Restated)			01 January, 2021 (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS									
Reinsurance contract assets	**57,814**	**-**	**57,814**	62,506	-	62,506	44,797	-	44,797
Cash and cash equivalents	**69,393**	**72,240**	**141,633**	414,508	69,823	484,331	52,934	-	52,934
Term deposits	**565,328**	**-**	**565,328**	-	-	-	182,127	-	182,127
Investments measured at fair value through other comprehensive income	**-**	**43,463**	**43,463**	-	67,099	67,099	-	65,830	65,830
Debt instruments at amortised cost.	**-**	**-**	**-**	-	20,000	20,000	-	20,000	20,000
Prepayments and other receivables	**64,164**	**189**	**64,353**	66,637	288	66,925	57,950	2,571	60,521
Property and equipment, net	**3,376**	**-**	**3,376**	4,596	-	4,596	5,411	-	5,411
Intangible assets, net	**6,735**	**-**	**6,735**	6,046	-	6,046	5,585	-	5,585
Right-of-use asset, net	**1,424**	**-**	**1,424**	3,309	-	3,309	3,229	-	3,229
Due from shareholder's operation	**-**	**111,592**	**111,592**				39,909		39,909
Due from a related party	**-**		**-**	1,985	-	1,985	1,985	-	1,985
Statutory deposit	**-**	**43,650**	**43,650**		43,650	43,650	-	30,000	30,000
Accrued commission on statutory deposit	**-**	**1,778**	**1,778**		2,342	2,342	-	1,871	1,871
TOTAL ASSETS	**768,234**	**272,912**	**1,041,146**	559,587	203,202	762,789	393,927	120,272	514,199
LIABILITIES									
Insurance contract liabilities	**610,958**	**-**	**610,958**	546,825	-	546,825	378,553	-	378,553
Reinsurance contract liabilities	**-**	**-**	**-**	-	-	-	960	-	960
Employees' terminal benefits	**16,413**	**-**	**16,413**	13,072	-	13,072	12,968	-	12,968
Lease liabilities	**348**	**-**	**348**	2,122	-	2,122	2,983	-	2,983
Due to insurance Operations	**111,592**	**-**	**111,592**	-				39,909	39,909
Provision for zakat and income tax	**-**	**11,622**	**11,622**	-	9,481	9,481	-	16,913	16,913
Accruals and other payables	**33,125**	**967**	**34,092**	-	-	-	-	1,871	1,871
Accrued commission on statutory deposit payable to IA	**-**	**1,778**	**1,778**	-	2,342	2,342	-	-	-
TOTAL LIABILITIES	**772,436**	**14,367**	**786,803**	562,019	11,823	573,842	395,464	58,693	454,157
EQUITY									
Share capital	**-**	**291,000**	**291,000**	-	291,000	291,000	-	141,000	141,000
Accumulated losses	**-**	**(73,998)**	**(73,998)**	-	(143,338)	(143,338)	-	(123,118)	(123,118)
Fair values reserve on investments	**-**	**41,543**	**41,543**	-	43,717	43,717	-	43,697	43,697
Re-measurement reserve of employees' terminal benefits	**(4,202)**	**-**	**(4,202)**	(2,432)	-	(2,432)	(1,537)	-	(1,537)
TOTAL EQUITY	**(4,202)**	**258,545**	**254,343**	(2,432)	191,379	188,947	(1,537)	61,579	60,042
TOTAL LIABILITIES AND EQUITY*	**768,234**	**272,912**	**1,041,146**	559,587	203,202	762,789	393,927	120,272	514,199

*The total assets and liabilities would match with face of the financial statements after excluding due to/ from shareholder /insurance operations.

29 SUPPLEMANTARY INFORMATION (CONTINUED)

STATEMENT OF INCOME

	SAR '000 For the year ended					
	31 December, 2023			31 December, 2022 (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Insurance revenue	**974,681**	**-**	**974,681**	672,811	-	672,811
Insurance service expenses	**(892,812)**	**-**	**(892,812)**	(672,929)	-	(672,929)
Insurance service result before reinsurance contracts held	**81,869**	**-**	**81,869**	(118)	-	(118)
Amounts recoverable from reinsurance	**57,439**	**-**	**57,439**	59,880	-	59,880
Allocation of reinsurance premiums	**(92,235)**	**-**	**(92,235)**	(92,680)	-	(92,680)
Net expenses from reinsurance contracts held	**(34,796)**	**-**	**(34,796)**	(32,800)	-	(32,800)
Insurance service result	**47,073**	**-**	**47,073**	(32,918)	-	(32,918)
Interest income from financial assets measured at amortised costs.	**31,420**	**5,625**	**37,045**	6,227	2,383	8,610
Other investment income	**-**	**1,215**	**1,215**	-	2,013	2,013
Net ECL (charge) /reversal on financial assets	**-**	**(15)**	**(15)**	-	192	192
Net investment income	**31,420**	**6,825**	**38,245**	6,227	4,588	10,815
Net finance expenses from insurance contracts issued	**(334)**	**-**	**(334)**	4,336	-	4,336
Net finance income /(expenses) from reinsurance contracts held	**519**	**-**	**519**	(721)	-	(721)
Net insurance finance income	**185**	**-**	**185**	3,615	-	3,615
Net insurance and investment result	**78,678**	**6,825**	**85,503**	(23,076)	4,588	(18,488)
Other income	**16,764**	**-**	**16,764**	15,758	-	15,758
Other operating expenses	**(23,820)**	**(6,241)**	**(30,061)**	(22,209)	163	(22,046)
Net profit / (loss) for the year, before zakat & income tax, attributable to the shareholders	**71,622**	**584**	**72,206**	(29,527)	4,751	(24,776)
Zakat (charged) / reversed during the year.	**-**	**(8,800)**	**(8,800)**	-	7,432	7,432
Net profit / (loss) for the year, after zakat & income tax, attributeable to shareholders	**71,622**	**(8,216)**	**63,406**	(29,527)	12,183	(17,344)
Other comprehensive income:						
Items that will not be reclassified to statement of income in subsequent years						
- Net change in fair value of FVOCI Investments	**-**	**3,760**	**3,760**	-	20	20
- Actuarial losses on employees' terminal benefits	**(1,770)**	**-**	**(1,770)**	(895)	-	(895)
Total other comprehensive income for the year	**(1,770)**	**3,760**	**1,990**	(895)	20	(875)
Total comprehensive income / (loss) for the year	**69,852**	**(4,456)**	**65,396**	(30,422)	12,203	(18,219)

ALLIED COOPERATIVE INSURANCE GROUP (ACIG)
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2023

29 SUPPLEMANTARY INFORMATION (CONTINUED)

STATEMENT OF CASH FLOWS

	SAR '000					
	Insurance operations	**Shareholders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
	For the year ended 31 December, 2023			For the year ended 31 December, 2022 (restated)		
CASH FLOWS FROM OPERATING ACTIVITIES						
Net profit / (loss) for the year before zakat and income tax	**71,622**	**584**	**72,206**	(29,527)	4,751	(24,776)
Adjustments for non-cash items:						
Depreciation of property and equipment	**1,856**	**-**	**1,856**	1,557	-	1,557
Depreciation of right of use assets	**1,885**		**1,885**	2,667		2,667
Finance cost of lease liability	**31**	**-**	**31**	119	-	119
Amortisation of intangible assets	**1,626**	**-**	**1,626**	1,308	-	1,308
Gain on disposal of investments measured at fair value through other comprehensive income	**-**	**(114)**	**(114)**	-	-	-
Interest income from financial assets measured at amortised costs.	**(31,420)**	**(5,625)**	**(37,045)**	(6,227)	(2,383)	(8,610)
Other investment income	**-**	**(1,215)**	**(1,215)**	-	(2,013)	(2,013)
Employees' terminal benefits	**2,325**	**-**	**2,325**	2,111	-	2,111
Impairment loss on financial assets		**15**	**15**	-	(192)	(192)
	47,925	**(6,355)**	**41,570**	(27,992)	163	(27,829)
Changes in operating assets and liabilities:						
Insurance contract liabilities	**64,133**		**64,133**	168,272	-	168,272
Reinsurance contract assets	**4,692**		**4,692**	(17,709)	-	(17,709)
Accruals and other payables	**33,125**	**967**	**34,092**	-	-	-
Reinsurance contract liabilities	**-**	**-**	**-**	(960)		(960)
Prepayments and other receivables	**2,473**	**101**	**2,574**	14,209	(21,672)	(7,464)
Due to shareholder operation	**111,592**		**111,592**	39,909	-	39,909
Due from Insurance operation	**-**	**(111,592)**	**(111,592)**		(39,909)	(39,909)
	263,940	**(116,879)**	**147,061**	175,729	(61,418)	114,310
Employees' terminal benefits paid	**-**	**(754)**	**(754)**		(2,902)	(2,902)
Zakat and income tax paid	**-**	**(6,659)**	**(6,659)**	-	-	-
Net cash generated from / (used in) operating activities	**263,940**	**(124,292)**	**139,648**	175,729	(64,320)	111,408
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	**(636)**	**-**	**(636)**	(740)	-	(740)
Purchase of Intangible assets	**(2,315)**	**-**	**(2,315)**	(1,769)	-	(1,769)
Maturity / (placement) of term deposits	**(635,719)**	**72,361**	**(563,358)**	182,127	-	182,127
Maturity of debt instruments at amortised costs	**-**	**20,000**	**20,000**	-	-	-
Proceed from sale of Investments measured at fair value through other comprehensive income	**-**	**27,509**	**27,509**	-	-	-
Interest income from financial assets measured at amortised costs.	**31,420**	**5,624**	**37,044**	6,227	2,383	8,611
Other investment income		**1,215**	**1,215**		2,013	2,013
Increase in statutory deposit.	**-**	**-**	**-**	-	(13,650)	(13,650)
Net cash (used in) / generated from investing activities	**(607,250)**	**126,709**	**(480,541)**	185,845	(9,254)	176,592
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of share capital	**-**	**-**	**-**	-	150,000	150,000
Payment for issuing right shares expenses	**-**	**-**	**-**	-	(2,876)	(2,876)
Payment of lease liability	**(1,805)**	**-**	**(1,805)**	-	(3,727)	(3,727)
Net cash (used in) / generated from financing activities	**(1,805)**	**-**	**(1,805)**	-	143,397	143,397
Net change in cash and cash equivalents	**(345,115)**	**2,417**	**(342,698)**	361,574	69,823	431,397
Cash and cash equivalents, beginning of the year	**414,508**	**69,823**	**484,331**	52,934	-	52,934
Cash and cash equivalents, end of the year	**69,393**	**72,240**	**141,633**	414,508	69,823	484,331

30 EARNING /(LOSS) PER SHARE

Earning/ (loss) per share for the year has been calculated by dividing the net income/ (loss) for the year by the weighted average number of issued and outstanding shares at year end.

A) The basic and diluted loss per share is calculated as follows:

	SAR'000	
	For the year ended	
	31 December 2023	31 December, 2022 (Restated)
Net profit / (loss) for the year	**63,406**	(17,344)
Weighted average number of ordinary shares outstanding	**29,100**	21,216
Basic and diluted earnings / (loss) SAR per share.	**2.18**	(0.82)

31 COMPARATIVE FIGURES

Certain prior years figures have been reclassified to conform to current year presentation (if applicable).The reclassifications do not impact the overall financial position, financial performance, or cash flows of the company.

32 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on 17 March, 2024 (corresponding to Ramadan 7, 1445 AH).