

**GULF INSURANCE GROUP  
(A SAUDI JOINT STOCK COMPANY)  
(FORMERLY: AXA COOPERATIVE  
INSURANCE COMPANY)**

**INTERIM CONDENSED FINANCIAL  
STATEMENTS FOR THE THREE-MONTH  
PERIOD ENDED 31 MARCH 2023  
(UNAUDITED)**

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)  
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)  
INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

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

To the Shareholders of  
Gulf Insurance Group (A Saudi Joint Stock Company)  
(Formerly: AXA Cooperative Insurance Company)

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Gulf Insurance Group (A Saudi Joint Stock Company) (Formerly: AXA Cooperative Insurance Company) (the "Company") as at 31 March 2023, and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively referred to as "the interim condensed financial statements").

Management is responsible for the preparation and presentation of the interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on the interim condensed financial statements based on our review.

### **Scope of review**

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

### **Conclusion**

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

### **Other matter**

The interim condensed financial statements of the Company for the three-month period ended 31 March 2022 were reviewed by other auditors who expressed an unmodified review conclusion on those interim condensed financial statements on 10 Shawwal 1443H (corresponding to 11 May 2022).

**for Ernst & Young  
Professional Services**

Saad M. Al-Khathlan  
Certified Public Accountant  
License No. 509



14 Dhu al-Hijja 1444H  
(2 July 2023)

**for RSM Allied Accountants  
Professional Services**

Mohammed Farhan Bin Nader  
Certified Public Accountant  
License No. 435

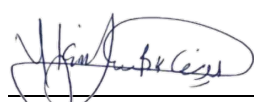


**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)**  
**(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

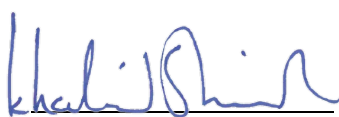
		As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Restated *)
	Note		
<b>Assets</b>			
Cash and cash equivalents	4	318,788	334,586
Short-term deposits		438,955	439,269
Reinsurance contract assets	6	201,823	168,299
Investments	7	1,349,505	1,314,317
Prepaid expenses and other assets	8	64,774	34,676
Deferred tax assets		3,728	3,766
Long-term deposits		104,993	119,996
Right-of-use asset	9	19,733	17,838
Furniture and equipment		13,402	15,219
Intangible assets		26,882	32,014
Goodwill	19	50,000	50,000
Statutory deposit		49,995	49,995
Accrued income on statutory deposit		7,976	7,357
<b>Total assets</b>		<b>2,650,554</b>	<b>2,587,332</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Claims payable, accrued expenses and other liabilities		68,300	54,332
Advance premiums		41,893	37,445
Insurance contract liabilities	5	1,366,898	1,439,123
Reinsurance contract liabilities	6	14,208	1,839
Lease liability	9	19,224	16,940
Due to related parties		748	435
Employee benefit obligations		27,051	24,952
Zakat and income tax		74,685	65,150
Accrued income payable to SAMA		7,976	7,357
<b>Total liabilities</b>		<b>1,620,983</b>	<b>1,647,573</b>
<b>Equity</b>			
Share capital	16	500,000	500,000
Statutory reserve	17	107,885	107,885
Retained earnings		415,923	360,570
Fair value reserve on investments		5,763	(28,696)
<b>Total equity</b>		<b>1,029,571</b>	<b>939,759</b>
<b>Total liabilities and equity</b>		<b>2,650,554</b>	<b>2,587,332</b>

\*Comparative information has been restated (refer note 3.1)

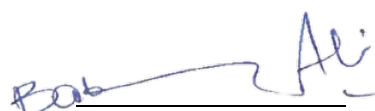
The accompanying notes from 1 to 20 are an integral part of these interim condensed financial statements.



Yousef S Abalkhail  
Chairman



Khalid Al Shuwaier  
Chief Executive Officer



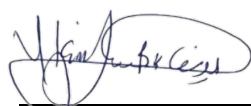
Babar Ali Khan  
Chief Financial Officer

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)**  
**(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)**  
**INTERIM CONDENSED STATEMENT OF INCOME**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended 31 March 2023 (Unaudited)	Three-month period ended 31 March 2022 (Restated *)
Insurance revenue	5	390,650	349,302
Insurance service expenses	5	(306,491)	(14,673)
<b>Insurance service results before reinsurance contracts held</b>		<b>84,159</b>	<b>334,629</b>
Net expense from reinsurance contracts held		(2,912)	(167,820)
<b>Insurance service result</b>		<b>81,247</b>	<b>166,809</b>
Finance expenses from insurance contracts issued	5	(49,356)	(10,168)
Finance income from reinsurance contracts held	6	9,866	3,241
<b>Net insurance financial result</b>		<b>(39,490)</b>	<b>(6,927)</b>
Investment income	14	22,436	26,237
Non attributable expenses		(9,354)	(8,394)
Other income		14,094	-
<b>Total income for the period before zakat and income tax</b>		<b>68,933</b>	<b>177,725</b>
Zakat expense	15	(5,445)	(5,988)
Income tax expense		(6,760)	(3,798)
Deferred tax expense		(37)	-
<b>Total income for the period attributable to the shareholders</b>		<b>56,691</b>	<b>167,939</b>
<b>Earnings per share (expressed in Saudi Riyals per share)</b>			
Basic and diluted earnings per share		<b>1.13</b>	<b>3.36</b>

\*Comparative information has been restated (refer note 3.1)


The accompanying notes from 1 to 20 are an integral part of these interim condensed financial statements.



Yousef S Abalkhail  
Chairman



Khalid Al Shuwaier  
Chief Executive Officer



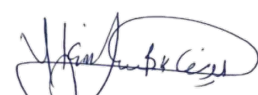
Babar Ali Khan  
Chief Financial Officer


**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)**  
**(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

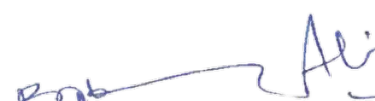
		<b>Three-month period ended 31 March 2023 (Unaudited)</b>	<b>Three-month period ended 31 March 2022 (Restated *)</b>
	<b>Note</b>		
<b>Total income for the period attributable to the shareholders</b>		<b>56,691</b>	<b>167,939</b>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to statement of income in subsequent periods</i>			
Re-measurement losses on employee benefit obligations		<b>(1,338)</b>	-
<i>Items that will be reclassified to statement of income in subsequent periods</i>			
Net change in the fair value of financial assets measured at FVOCI	7	<b>34,459</b>	<b>(31,361)</b>
<b>Total other comprehensive income/(loss)</b>		<b>33,121</b>	<b>(31,361)</b>
<b>Total comprehensive income for the period</b>		<b>89,812</b>	<b>136,578</b>

\*Comparative information has been restated (refer note 3.1)

The accompanying notes from 1 to 20 are an integral part of these interim condensed financial statements.

  
Yousef S Abalkhail  
Chairman

  
Khalid Al Shuwaier  
Chief Executive Officer


  
Babar Ali Khan  
Chief Financial Officer


**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)**  
**(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

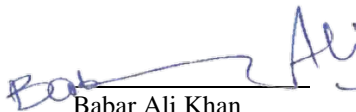
Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
<b>Balance as at 1 January 2023 (Restated *)</b>	<b>500,000</b>	<b>107,885</b>	<b>360,570</b>	<b>(28,696)</b>	<b>939,759</b>
Total comprehensive income for the period					
Total income for the period attributable to the shareholders	-	-	56,691	-	56,691
Other comprehensive (loss)/income	-	-	(1,338)	34,459	33,121
Total comprehensive income for the period	-	-	55,353	34,459	89,812
<b>Balance as at 31 March 2023 (Unaudited)</b>	<b>500,000</b>	<b>107,885</b>	<b>415,923</b>	<b>5,763</b>	<b>1,029,571</b>

\*Comparative information has been restated (refer note 3.1)

The accompanying notes from 1 to 20 are an integral part of these interim condensed financial statements.

  
Yousef S Abalkhail  
Chairman

  
Khalid Al Shuwaier  
Chief Executive Officer


  
Babar Ali Khan  
Chief Financial Officer


**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)**  
**(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY** (continued)  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

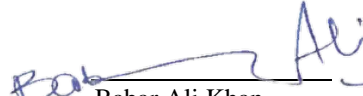
	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
<b>Balance as at 1 January 2022 as previously reported</b>		500,000	104,702	2,514	360,863	27,940	996,019
Transition impact IFRS 17 * net of surplus, zakat and tax		-	-	-	15,681	-	15,681
Transition impact IFRS 9 * net of surplus, zakat and tax		-	-	-	14,312	20,969	35,281
<b>Balance as at 1 January 2022 (restated)</b>		500,000	104,702	2,514	390,856	48,909	1,046,981
Total income for the period attributable to the shareholders		-	-	-	167,939	-	167,939
Other comprehensive loss	7	-	-	-	-	(31,361)	(31,361)
Total comprehensive income/(loss) for the period		-	-	-	167,939	(31,361)	136,578
Performance share reserve – settlement		-	-	(2,514)	2,514	-	-
<b>Balance as at 31 March 2022 (Unaudited)</b>		500,000	104,702	-	561,309	17,548	1,183,559

\*Comparative information has been restated (refer note 3.1)

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Yousef S Abalkhail  
Chairman

  
Khalid Al Shuwaier  
Chief Executive Officer

  
Babar Ali Khan  
Chief Financial Officer



**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)**  
**(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		<b>Three-month period ended 31 March 2023 (Unaudited)</b>	<b>Three-month period ended 31 March 2022 (Restated *)</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Total income before zakat and income tax		<b>68,933</b>	177,725
<b><u>Adjustments for non-cash items:</u></b>			
Depreciation of furniture and equipment		<b>2,937</b>	1,625
Depreciation of right-of-use assets	9	<b>795</b>	661
Amortization of intangible assets		<b>5,479</b>	983
Interest on leases		<b>186</b>	184
Accretion of discount on financial assets at FVOCI	7	<b>(625)</b>	(364)
Unrealized gain on financial assets at FVTPL	7	<b>(1,021)</b>	(6,248)
Realized gain on financial assets at FVTPL	7	<b>-</b>	(4,149)
Loss/(gain) on disposal of financial assets at FVOCI	7	<b>224</b>	(102)
Amortization of premium on financial assets at FVOCI	7	<b>444</b>	395
Amortization of premium on financial assets at amortised cost	7	<b>4</b>	4
Reversal of Allowance for impairment	7	<b>(3)</b>	-
Impairment loss on financial assets at FVOCI		<b>59</b>	(58)
Finance charges		<b>39,490</b>	6,927
Employee benefit obligations		<b>1,056</b>	1,085
<b><u>Changes in operating assets and liabilities:</u></b>			
Reinsurance contract assets		<b>(23,658)</b>	161,587
Insurance contract liabilities		<b>(109,212)</b>	(303,646)
Prepaid expenses and other assets		<b>(30,098)</b>	(13,096)
Accrued income on statutory deposit		<b>(619)</b>	(138)
Accrued and other liabilities		<b>13,969</b>	(31,251)
Advance premiums		<b>4,448</b>	(6,660)
Due to a related party		<b>313</b>	1,959
Accrued income payable to SAMA		<b>619</b>	138
		<b>(26,280)</b>	(12,439)
Employee benefit obligations paid		<b>(295)</b>	(54)
Zakat and income tax paid		<b>(2,669)</b>	(4,404)
Interest paid		<b>(186)</b>	-
<b>Net cash used in operating activities</b>		<b>(29,430)</b>	(16,897)

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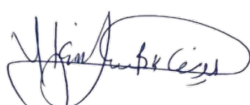
\*Comparative information has been restated (refer note 3.1)

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)**  
**(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS** (continued)  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

		<b>Three-month period ended 31 March 2023 (Unaudited)</b>	<b>Three-month period ended 31 March 2022 (Restated *)</b>
	<b>Note</b>		
<b>Cash flows from investing activities</b>			
Withdrawals in short-term deposits, net		<b>314</b>	41,294
Purchases of investments	7	<b>(50,963)</b>	(51,951)
Proceeds from disposals of investments	7	<b>51,151</b>	61,800
Proceeds from disposals of long-term deposits		<b>15,003</b>	69,999
Purchases of furniture and equipment		<b>(1,120)</b>	(277)
Right-of-use asset addition		<b>(2,690)</b>	-
Purchases of intangible assets		<b>(347)</b>	(2,207)
<b>Net cash generated from investing activities</b>		<b>11,348</b>	118,658
<b>Cash flows from financing activities</b>			
New lease acquired		<b>2,284</b>	-
<b>Net cash generated from financing activities</b>		<b>2,284</b>	-
Net change in cash and cash equivalents		<b>(15,798)</b>	101,761
Cash and cash equivalents, beginning of the period		<b>334,586</b>	89,521
<b>Cash and cash equivalents, end of the period</b>	4	<b>318,788</b>	191,282
<b><u>Supplemental non-cash information:</u></b>			
Changes in fair value of financial assets at FVOCI	7	<b>34,459</b>	(31,361)

\*Comparative information has been restated (refer note 3.1)

The accompanying notes from 1 to 20 are an integral part of these interim condensed financial statements.



Yousef S Abalkhail  
Chairman



Khalid Al Shuwaier  
Chief Executive Officer



Babar Ali Khan  
Chief Financial Officer

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)  
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**1 General**

Gulf Insurance Group (a Saudi joint stock company registered in Saudi Arabia) (formerly: AXA Cooperative Insurance Company), (the "Company"), was formed pursuant to Royal Decree No. M/36 dated 27 Jumada II 1429H. (corresponding to 1 July 2008) (Date of inception). The Company was incorporated vide Ministerial Order number Q/192, dated 10 Jumada II 1430H. (corresponding to 3 September 2009) (date of incorporation). The Company is registered in the Kingdom of Saudi Arabia under commercial registration number 1010271203 issued in Riyadh on Rajab 20, 1430H (corresponding to 13 July 2009). The Company's registered address is P.O. Box 753, Riyadh 11421, Kingdom of Saudi Arabia.

The purpose of the Company is to transact cooperative insurance operations and all related activities including reinsurance activities. Its principal lines of business include health, motor, marine, property, engineering, accident and liability and protection insurance. The principal activities of the Company are to engage in cooperative insurance operations and related activities including reinsurance activities in accordance with the Law on Supervision of Cooperative Insurance (the "Law"), the Company's by-laws and other regulations promulgated in the Kingdom of Saudi Arabia. The Company obtained license from the Saudi Central Bank ("SAMA") to practice general and health insurance and reinsurance business in the Kingdom of Saudi Arabia vide license number TMN/25/20101, dated 11 Safar 1431H (corresponding to 26 January 2010). The Company has commenced insurance operations on 4 Rabi' I 1431H (corresponding to 18 February 2010) after obtaining full product approval for certain products and temporary approval for the remaining products. During 2016, the Company obtained approval for the remaining products.

AXA Cooperative Insurance Company ("AXA CIC") was notified on dated 14 Rabi' II 1442H (corresponding to 11 November 2020) by AXA Mediterranean Holding S.A. ("AXA Med") that the AXA Group (AXA S.A. ultimate parent Company of AXA Med) has decided to sell its operations in the Gulf region. Accordingly, AXA Med entered into a share purchase agreement with Gulf Insurance Group K.S.C.P ("GIG") (a joint stock company registered on Boursa Kuwait) dated 14 Rabi' II 1442H (corresponding to 29 November 2020) to sell its insurance operations in the Gulf region, which includes the sale of its 18%, prior to completion of the transaction, shareholding in AXA CIC at a price of SAR 24.23 per share (being USD 6.46 per share converted into SAR at a rate of 3.75 SAR per USD). As part of the overall transaction in the Gulf region, GIG has acquired 100% of the share capital of AXA Insurance (Gulf) B.S.C in Bahrain (which was a 50:50 joint venture between the AXA Group and Yusuf Bin Ahmed Kanoo Company W.L.L), which owned 32% of the share capital of AXA CIC, prior to completion of this transaction, at an equivalent value of SAR 24.23 per share. After completion of transaction, AXA Insurance (Gulf) B.S.C. (c) in Bahrain has now become Gulf Insurance Group (Gulf) B.S.C (c) and owns 50% of the shareholding in Gulf Insurance Group, a Saudi joint stock company (previously AXA CIC).

Following completion of acquisition which was announced on 30 Dhul Qi'da 1443H (corresponding to 7 September 2021), the Company initiated legal formalities to change its legal name from 'AXA Cooperative Insurance Company' to 'Gulf Insurance Group' which were completed during the period ended 30 September 2022.

**2 Basis of preparation**

*(a) Basis of presentation*

The interim condensed financial statements of the Company has been prepared in accordance with 'International Accounting Standard 34 - *Interim Financial Reporting* ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia.

The Company's interim condensed statement of financial position is not presented using a current/non-current classification. However, the following balances would generally be classified as non-current: long-term deposits, right-of-use asset, furniture and equipment, intangible assets, goodwill, statutory deposit, lease liability and employee benefit obligations. All other financial statements line items would generally be classified as current.

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)  
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2 Basis of preparation (continued)**

*(a) Basis of presentation (continued)*

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

In preparing the Company's financial information in compliance with IAS 34 as endorsed in the Kingdom of Saudi Arabia, the balances and transactions of the insurance operations are amalgamated and combined with those of the shareholders' operations. Interoperation balances, transactions and unrealized gains or losses, if any, are eliminated in full during amalgamation. The accounting policies adopted for the insurance operations and shareholders operations are uniform for like transactions and events in similar circumstances.

The interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as of and for the year ended 31 December 2022. The risk management policies are consistent with those as disclosed in the annual financial statements for the year ended 31 December 2022 except as mentioned in note 3.2.

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

*(b) Critical accounting judgments, estimates and assumptions*

The preparation of interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the risk management policies were as follows:

**(1) Insurance and reinsurance contracts**

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

**(2) 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.

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)  
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

**2 Basis of preparation (continued)**

*(b) Critical accounting judgments, estimates and assumptions (continued)*

**(2) Unit of account (continued)**

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.

**(3) 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.

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

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. 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.

**(5) 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 behaviour. 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.

**(6) Seasonality of operations**

There are no seasonal changes that may affect the insurance operations of the Company.

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**3 Significant accounting policies**

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 except as explained below:

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted**

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
Amendments to IFRS 3	Reference to the Conceptual Framework

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

*3.1.1 IFRS 17 Insurance Contracts*

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

*Significant Judgements and Accounting Policy Choices*

The Company has restated comparative information for 2022 and prior years by applying the transitional provisions to IFRS 17 adopting the full retrospective approach. The Company is expected to apply the following significant accounting policies in the preparation of financial statements.

*3.1.1.1 Changes to classification and measurement:*

IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

The key principles of IFRS 17 are that the Company:

- Identifies insurance contracts as those under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards.
- Divides the insurance and reinsurance contracts into groups it will recognise and measure
- Recognises and measures groups of insurance contracts at:
  - A risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information  
Plus
  - An amount representing the unearned profit in the group of contracts (the contractual service margin or CSM)
- Recognises profit from a group of insurance contracts over each period the Company provides insurance contract services, as the Company is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Company recognises the loss immediately.
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.1 Changes to classification and measurement: (continued)*

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the General Model (GM) 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 (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for incurred claims (LIC) (previously outstanding claims and incurred-but-not-reported (IBNR) reserves) 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 reinsurance 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 has determined that all of its insurance contracts qualify for the simplified approach. As a result, the Company has established its policy choice to account for its insurance contracts under the PAA.

The application of the PAA model is optional. This means that if the eligibility criteria are fulfilled for a certain group of insurance contracts, an entity can choose between measuring this group of contracts under the General Model (GM) or under the PAA.

The Company determines that contracts are eligible for the PAA if they have a coverage period of one year or less (Criteria 1) or the liability for remaining coverage would not differ materially from the liability for remaining coverage under the GM in any of the given reporting periods (Criteria 2) or if the volatility in historical expectations was low, i.e. when expectations were stable over time (Criteria 3).

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 5 and 6.

*3.1.1.2 Changes to presentation and disclosure*

For presentation in the interim condensed statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

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

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.2 Changes to presentation and disclosure (continued)*

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the interim condensed statement of income and interim condensed statement of comprehensive income have been changed significantly compared with last year. As follows:

**Previously reported under IFRS 4:**

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims
- Policy acquisition costs
- General and administrative expenses

**IFRS 17 requires separate presentation of:**

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held
- Non-attributable expenses

*3.1.1.3 Transition*

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.



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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.3 Transition (continued)*

**Full retrospective approach**

On transition to IFRS 17, the Company has applied the full retrospective approach to all contracts issued on or after 1 January 2022.

The Company calculated the impact of adoption of IFRS 17, as follows:

<b>Drivers of Changes in Equity</b>	<b>Impact on equity on transition to IFRS 17 on 1 January 2022</b>	<b>Impact on equity on adopting IFRS 17 on 31 December 2022</b>
Reserves over best estimate – Primary insurance contracts	(361,903)	(60,787)
Reserves over best estimate – Reinsurance contracts	69,695	12,564
Additional technical reserves	(69,787)	(69,787)
Premium deficiency reserve	(12,280)	(12,280)
Loss component impact	108,527	59,548
Risk adjustment – Primary insurance contracts	458,508	243,676
Risk adjustment – Reinsurance contracts	(181,740)	(68,730)
Unearned acquisition expenses (non-commission)	(19,411)	(36,264)
Discounting impact	(11,491)	(37,036)
Others	1,288	1,512
<b>Total transition impact</b>	<b>Increase by 18,594</b>	<b>Decrease by 32,417</b>
Impact of surplus, zakat and tax	(2,914)	-
<b>Total transition impact after surplus, zakat and tax</b>	<b>Increase by 15,681</b>	<b>Decrease by 32,417</b>

*3.1.1.4 Financial Instruments*

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and measurement for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Company has applied IFRS 9 using the full retrospective approach and accordingly, the comparative periods have been restated for the financial instruments within the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2022.

The nature of the changes in accounting policies can be summarised, as follows:

*3.1.1.4.1 Changes to classification and measurement*

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.4 Financial Instruments (continued)*

*3.1.1.4.1 Changes to classification and measurement (continued)*

*Business model assessment*

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

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

*Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)*

The Company assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

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

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

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Company reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.4 Financial Instruments (continued)*

*3.1.1.4.1 Changes to classification and measurement (continued)*

**Measurement categories of financial assets and liabilities**

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in other comprehensive income with no subsequent reclassification to the interim condensed statement of income.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

**Debt instruments at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect 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 (SPPI) on the principal amount outstanding.

Debt instruments measured at amortised cost are subsequently measured at amortised cost using the effective yield method adjusted for impairment losses, if any.

**Equity instruments at FVOCI**

Upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of "equity" under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to the interim condensed statement of income. Dividends are recognised in interim condensed statement of income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses are reclassified from fair value reserve to retained earnings in the interim condensed statement of changes in equity. The management classifies certain equity investments at FVOCI and are separately disclosed in the interim condensed statement of financial position.

**Financial assets at FVTPL**

The Company classifies financial assets fair value through profit and loss when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the interim condensed statement of financial position at fair value. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.4 Financial Instruments (continued)*

*3.1.1.4.1 Changes to classification and measurement (continued)*

**Measurement categories of financial assets and liabilities (continued)**

Changes in fair values and dividends are recorded in interim condensed statement of income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are certain equity securities that have been acquired principally for the purpose of selling or repurchasing in the near term and certain debt instruments that failed the SPPI test.

*3.1.1.4.2 Impairment of financial assets (continued)*

The Company previously recognized impairment losses on financial assets based on incurred loss model, under IAS 39. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39 incurred loss approach with a forward-looking ECL approach.

For the Company's financial assets, the management has applied the standard's general approach and simplified approach (where applicable) and has determined lifetime expected credit losses on these instruments. The management has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the counter parties and the economic environment.

The management considers a financial asset in default when the contractual payments are passing the default point. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

The adoption of the ECL requirements of IFRS 9 has resulted in change in impairment allowances in respect of the Company's debt instruments. The change in allowance was adjusted to retained earnings.

*3.1.1.4.3 Transition impact*

The Company calculated the impact of adoption of IFRS 9, as follows:

<b>Drivers of Changes in Equity</b>	<b>Impact on equity on transition to IFRS 9 on 1 January 2022</b>	<b>Impact on equity on adopting the IFRS 9 on 31 December 2022</b>
Impairment of financial assets	Decrease by 66	Decrease by 122
Reclassification of financial asset	Increase by 35,347	Increase by 38,979
<i>Total impact</i>	Increase by 35,281	Increase by 38,857

The impact of applying IFRS 9 on the Company financial assets is very minimal as the classification of the Company financial assets are not materially different than the classification with IAS 39 as follows:

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.4 Financial Instruments (continued)*

*3.1.1.4.3 Transition impact*

**Reclassification impact on the interim condensed statement of financial position on adoption of IFRS 9**

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.

<b>As at 1 January 2022</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>New carrying amount under IFRS 9</b>
<b>Financial Assets:</b>				
Cash and bank balances	Loans and receivables	Debt instrument at amortised cost	89,520	89,520
Term deposits	Loans and receivables	Debt instrument at amortised cost	910,541	910,534
Debt securities (passed SPPI test)	Available for sale	FVOCI	1,060,988	1,060,988
Debt securities (failed SPPI test)	Available for sale	FVTPL	3,823	3,823
Held to maturity	Investments held to maturity	Debt instrument at amortised cost	138,772	138,713
Equity investments-quoted	Available for sale	FVTPL	98,571	98,571
Equity investments-unquoted	Cost	FVOCI	-	37,034
<b>As at 31 December 2022</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>	<b>Original carrying amount under IAS 39</b>	<b>New carrying amount under IFRS 9</b>
<b>Financial Assets:</b>				
Cash and bank balances	Loans and receivables	Debt instrument at amortised cost	271,747	271,747
Term deposits	Loans and receivables	Debt instrument at amortised cost	616,678	616,616
Debt securities (passed SPPI test)	Available for sale	FVOCI	1,073,656	1,073,656
Debt securities (failed SPPI test)	Available for sale	FVTPL	-	-
Held to maturity	Investments held to maturity	Debt instrument at amortised cost	138,755	138,701
Equity investments-quoted	Available for sale	FVTPL	62,255	62,255
Equity investments-unquoted	Cost	FVOCI	-	39,703

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

**3.1.1.5 Changes in accounting policies for insurance contracts issued and reinsurance contracts held**

**3.1.1.5.1 Classification**

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The Company issues the following products

- non-life insurance to individuals and businesses. Non-life insurance products offered include motor, health, property, marine, and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.
- Protection- short term group and credit life policies.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

**3.1.1.5.2 Separating components from insurance and reinsurance contracts**

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

**3.1.1.5.3 Level of Aggregation**

IFRS 17 requires the Company to determine the level of aggregation for applying its requirements.

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

The Company applied a full retrospective approach for transition to IFRS 17 under PAA. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- (i) any contracts that are onerous on initial recognition.
- (ii) any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- (iii) any remaining contracts in the portfolio.

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

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

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

**3.1.1.5 Changes in accounting policies for insurance contracts issued and reinsurance contracts held**

**3.1.1.5.4 Recognition**

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

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

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

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

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

**3.1.1.5.5 Contract boundary**

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

- The Company has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks.

Or both of the following criteria are satisfied:

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

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

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

**3.1.1.5 Changes in accounting policies for insurance contracts issued and reinsurance contracts held**

The following table sets out the accounting policy choices adopted by the Company:

	<b><u>IFRS 17 Options</u></b>	<b><u>Adopted approach</u></b>
<b>Insurance acquisition cash flows</b>	Where the coverage period of all contracts within a Company is no longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future group containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group.	Insurance acquisition cash flows are allocated to related group of insurance contracts and amortised over the coverage period of the related group using a systematic and rational basis.
<b>Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money</b>	For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related group of insurance contracts and amortised over the coverage period of the related group.  Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For all contracts measured under the PAA, there is no allowance as the premiums are expected to be received within one year of the coverage period.
<b>Liability for Incurred Claims, (LIC) adjusted for time value of money</b>	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The Company discounts the LIC for the time value of money.
<b>Insurance finance income and expense</b>	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	The change in LIC as a result of changes in discount rates will be captured within profit or loss.



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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.6 Insurance contracts initial and subsequent measurement*

*3.1.1.6.1 Insurance contracts measured under premium allocation approach- Initial and Subsequent measurement*

The Company applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the Company is one year or less, including insurance contract services arising from all premiums within the contract boundary. Or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the Company containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

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

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

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

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

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. Insurance acquisition cash flows are allocated as a portion of premium to profit or loss (through insurance revenue).

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.6 Insurance contracts initial and subsequent measurement*

*3.1.1.6.2 Reinsurance contracts held measured under premium allocation approach- Initial and Subsequent measurement*

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

**Subsequent measurement**

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

*3.1.1.7 Insurance contracts modification and derecognition*

The Company derecognises insurance contracts when:

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

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

*3.1.1.8 Insurance acquisition cashflows*

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

All acquisition costs are to be deferred. The Company uses a systematic and rational method to allocate attributable expenses to a group of contracts:

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:

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

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the interim condensed statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.8 Insurance acquisition cashflows (continued)*

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

*3.1.1.9 Discount rates*

The Company adopted a bottom-up approach in deriving appropriate discount rates. The starting point for these discount rates will be appropriate reference liquid risk-free curves – taking consideration for the currency characteristics of the contracts and their respective cashflows. The risk-free reference curve will be the US Treasury Curve, and the relevant country specific credit risk premium and illiquidity risk premium will be loaded as required.

*3.1.1.10 Risk adjustment*

IFRS 17 requires to measure insurance contracts at initial recognition as the sum of the following items:

- Future Cash Flow (FCF), comprising the Present Value of Future Cash Flows (PVFCF) with an appropriate discounting structure
- Risk Adjustment (RA) for non-financial risk

The risk adjustment for non-financial risk is the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

***Derivation of the risk adjustment***

The Risk Adjustment for the Liability for Incurred Claims (LIC) has been estimated based on the quantile approach performed on Company's triangles with consideration to market benchmarks.

The Company will set a confidence level considering the uncertainty for each portfolio with a minimum threshold of 60th percentile. The Company applies judgment to determine the appropriate RA based on the non-financial risks associated with their portfolios of insurance contracts to determine the desired RA.

*3.1.1.11 Insurance revenue*

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

*3.1.1.12 Insurance finance income and expense*

Insurance finance income or expenses comprise the change in the carrying amount of the Company of insurance contracts arising from:

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

*3.1.1.13 Net income or expense from reinsurance contract held*

The Company presents on the face of the interim condensed statement of income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid on a net basis.

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.14 Financial assets*

*3.1.1.14.1 Initial recognition*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVTPL, transaction costs are added to this amount.

*3.1.1.14.2 Classification and subsequent measurement*

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI– equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, at FVOCI as at FVTPL if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets – Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial 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 operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising 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;

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.14 Financial assets (continued)*

*3.1.1.14.2 Classification and subsequent measurement (continued)*

- 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 of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets – Subsequent measurement and gains and losses**

- |                                      |  |
|--------------------------------------|--|
| ▶ Financial assets at FVTPL          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of income.  |
| ▶ Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of income. Any gain or loss on derecognition is recognised in the statement of income. |

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.14 Financial assets (continued)*

*3.1.1.14.2 Classification and subsequent measurement (continued)*

**Financial assets – Subsequent measurement and gains and losses (continued)**

- |                               |  |
|-------------------------------|--|
| ▶ Debt investments at FVOCI   | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of income. |
| ▶ Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statement of income.   |

*3.1.1.14.3 Derecognition*

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

If the Company enters into transactions whereby it transfers assets recognised in its interim condensed statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*3.1.1.14.4 Impairment of financial assets*

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

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

The Company's debt instruments comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

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

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**3 Significant accounting policies (continued)**

**3.1 New IFRS Standards, IFRIC interpretations and amendments thereof, adopted (continued)**

*3.1.1.14 Financial assets (continued)*

*3.1.1.14.4 Impairment of financial assets (continued)*

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

*3.1.1.14 Calculation of ECL*

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

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

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**3 Significant accounting policies (continued)**

**3.2 Sensitivity analysis**

The Company believes that the claim liabilities under insurance contracts outstanding at the reporting periods below are adequate. However, these amounts are not certain and actual payments may differ from the claim's liabilities provided in the interim condensed financial statements. The insurance results are sensitive to various assumptions. It has not been possible to quantify the sensitivity specific variable such as legislative changes or uncertainties in the estimation process.

	<b>Three-month period ended</b>	
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Impact on equity and net income of change in claims ratio</b>		
5 percentile increase	<b>(16,064)</b>	(16,877)
5 percentile decrease	<b>16,064</b>	16,877
<b>Impact on equity and net income of change in direct expense ratio – loss component*</b>		
5 percentile increase	<b>(6,425)</b>	(6,751)
5 percentile decrease	<b>6,425</b>	6,751
<b>Impact on equity and net income of change in risk adjustment for non-financial risk</b>		
5 percentile increase	<b>(52,278)</b>	(72,894)
5 percentile decrease	<b>44,319</b>	27,047

\* Direct expense ratio is the ratio of sum of directly attributable expenses, acquisition cashflows and surplus for the period to earned premium.

**4 Cash and cash equivalents**

Cash and cash equivalents included in the interim condensed statement of financial position comprise the following:

	<b>31 March</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Restated)</b>
Bank balances and cash	<b>96,301</b>	137,857
Deposits maturing within 3 months from the placement date	<b>222,487</b>	196,729
	<b>318,788</b>	334,586

As at 31 March 2023, deposits were placed with local banks with original maturities of less than three months from the date of placement and earned financial income at 4.90% to 5.75% (31 December 2022: 4.90% to 5.75%) per annum.



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**5 Insurance contract liabilities**

	Period ended 31 March 2023 (unaudited)				Total
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment*	
<b>Insurance contracts issued:</b>					
Insurance contracts liabilities at beginning of period	276,845	59,548	859,054	243,676	1,439,123
Insurance revenue	(390,650)	-	-	-	(390,650)
<b>Insurance service expenses:</b>					
Incurred claims and other directly attributable expenses	-	-	301,151	45,265	346,416
Changes to liabilities for incurred claims	-	-	(29,170)	(64,151)	(93,321)
Reversal of losses on onerous contracts	-	(11,026)	-	-	(11,026)
Amortisation of insurance acquisition cash flows	64,422	-	-	-	64,422
<b>Insurance Service expenses</b>	64,422	(11,026)	271,981	(18,886)	306,491
<b>Insurance Service result</b>	(326,226)	(11,026)	271,981	(18,886)	(84,157)
Finance expenses from insurance contracts issued	-	-	34,884	14,472	49,356
Total amounts recognised in profit or loss	(326,226)	(11,026)	306,865	(4,414)	(34,801)
<b>Cash flows</b>					
Premium received	337,800	-	-	-	337,800
Claim and other directly attributable expenses paid	-	-	(286,486)	-	(286,486)
Insurance acquisition cash flows	(88,736)	-	-	-	(88,736)
Total cash flows	249,064	-	(286,486)	-	(37,422)
<b>Insurance contracts liability at end of period</b>	199,681	48,522	879,433	239,262	1,366,898

\* The Company has determined risk adjustment at 75<sup>th</sup> percentile for all portfolios except for commercial motor which is determined at 70<sup>th</sup> percentile.

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**5 Insurance contract liabilities (continued)**

	Year ended 31 December 2022 (Restated)				
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimate of present value of future cash flows	Risk Adjustment*	Total
Insurance contracts issued:					
Insurance contracts liabilities at beginning of period	218,595	108,527	703,627	458,507	1,489,256
Insurance revenue	(1,480,637)				(1,480,637)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	-	1,531,747	145,770	1,677,517
Changes to liabilities for incurred claims	-	-	(151,011)	(359,788)	(510,799)
Reversal of losses on onerous contracts	-	(48,980)	-	-	(48,980)
Amortisation of insurance acquisition cash flows	240,587	-	-	-	240,587
Insurance Service expenses	240,587	(48,980)	1,380,736	(214,018)	1,358,325
Insurance Service result	(1,240,050)	(48,980)	1,380,736	(214,018)	(122,312)
Finance expenses from insurance contracts issued	-	-	(4,418)	(816)	(5,234)
Total amounts recognised in profit or loss	(1,240,050)	(48,980)	1,376,318	(214,834)	(127,546)
Cash flows					
Premium received	1,546,584	-	-	-	1,546,584
Claim and other directly attributable expenses paid	-	-	(1,220,894)	-	(1,220,894)
Insurance acquisition cashflows	(248,277)	-	-	-	(248,277)
Total cash flows	1,298,307	-	(1,220,894)	-	77,413
Insurance contracts liability at end of period	276,852	59,547	859,051	243,673	1,439,123

\* The Company has determined risk adjustment at 75<sup>th</sup> percentile for all portfolios.

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**6 Reinsurance contract assets/liabilities**

	Period ended 31 March 2023 (unaudited)				
	Asset for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment*	Total
Reinsurance contracts liabilities at beginning of period	(16,823)	-	10,514	4,470	(1,839)
Reinsurance contracts assets at beginning of period	(31,333)	-	135,277	64,255	168,299
Reinsurance contracts assets/(liabilities) at beginning of period	(48,056)	-	145,791	68,725	166,460
Reinsurance expenses	(60,600)	-	-	-	(60,600)
Amount recoverable from incurred claims and expenses	-	-	5,153	1,775	6,928
Changes to amount recoverable for incurred claims	-	-	40,074	10,686	50,760
Net income or expense from reinsurance contracts held	(60,600)	-	45,227	12,461	(2,912)
Reinsurance finance income	-	-	5,889	3,977	9,866
Total amounts recognized in profit or loss	(60,600)	-	51,116	16,438	6,954
Cashflows					
Premiums paid	46,636	-	-	-	46,636
Amounts received	-	-	(32,435)	-	(32,435)
Total cashflows	46,636	-	(32,435)	-	14,201
Reinsurance contracts liabilities at end of period	(17,246)	-	2,173	865	(14,208)
Reinsurance contracts assets at end of period	(44,776)	-	162,296	84,303	201,823
Reinsurance contracts (liabilities)/assets at end of period	(62,022)	-	164,469	85,168	187,615

\* The Company has determined risk adjustment at 75<sup>th</sup> percentile for all reinsurance portfolios.

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**6 Reinsurance contract assets/liabilities (continued)**

	Year ended 31 December 2022 (Restated)				
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	Estimate of present value of future cash flows	Risk Adjustment*	Total
Reinsurance contracts liabilities at beginning of period	(12,954)	-	29,008	16,927	32,981
Reinsurance contracts asset at beginning of period	(33,798)	-	115,972	164,813	246,987
<b>Reinsurance contracts asset/(liability) at beginning of period</b>	(46,752)	-	144,980	181,740	279,968
Reinsurance expenses	(118,242)	-	-	-	(118,242)
Amount recoverable for incurred claims and expenses	-	-	180,190	49,675	229,865
Changes to amounts recoverable for incurred claims	-	-	(87,864)	(161,130)	(248,994)
<b>Net income or expense from reinsurance contracts held</b>	(118,242)	-	92,326	(111,455)	(137,371)
Reinsurance finance expense	-	-	(1,321)	(1,559)	(2,880)
Total amounts recognized in profit or loss	(118,242)	-	91,005	(113,014)	(140,251)
<b>Cashflows</b>					
Premiums paid	116,933	-	-	-	116,933
Amount received	-	-	(90,190)	-	(90,190)
Total cashflows	116,933	-	(90,190)	-	26,743
<b>Reinsurance contracts liabilities at end of period</b>	(16,823)	-	10,514	4,470	(1,839)
<b>Reinsurance contracts assets at end of period</b>	(31,333)	-	135,277	64,255	168,299
<b>Reinsurance contracts (liability)/asset at end of period</b>	(48,156)	-	145,791	68,725	166,460

\* The Company has determined risk adjustment at 75<sup>th</sup> percentile for all reinsurance portfolios.

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**7 Investments**

Investments are comprised of the following:

	<b>31 March 2023 (Unaudited)</b>			<b>31 December 2022 (Restated)</b>		
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
Financial assets at FVOCI	<b>663,077</b>	<b>480,386</b>	<b>1,143,463</b>	653,543	459,817	1,113,360
Financial assets at FVTPL	<b>15,401</b>	<b>51,941</b>	<b>67,342</b>	15,354	46,901	62,255
Financial assets at amortised cost	<b>78,726</b>	<b>59,974</b>	<b>138,700</b>	78,727	59,975	138,702
<b>Total</b>	<b>757,204</b>	<b>592,301</b>	<b>1,349,505</b>	747,624	566,693	1,314,317

Financial assets at FVOCI at 31 March 2023 include 1,923,078 shares (31 December 2022: 1,923,078 shares) in Najm for Insurance Services ("Najm").

Movement in financial assets at FVOCI:

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As at 1 January 2023 (Restated)	<b>653,543</b>	<b>459,817</b>	<b>1,113,360</b>
Purchases	<b>46,897</b>	-	<b>46,897</b>
Disposals	<b>(49,291)</b>	<b>(1,860)</b>	<b>(51,151)</b>
Loss on sale of investment	<b>(209)</b>	<b>(15)</b>	<b>(224)</b>
Accretion of discount	<b>403</b>	<b>222</b>	<b>625</b>
Amortization of premium	<b>(218)</b>	<b>(226)</b>	<b>(444)</b>
Allowance for impairment	<b>(29)</b>	<b>(30)</b>	<b>(59)</b>
Changes in fair value	<b>11,981</b>	<b>22,478</b>	<b>34,459</b>
<b>As at 31 March 2023 (Unaudited)</b>	<b>663,077</b>	<b>480,386</b>	<b>1,143,463</b>

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As of 1 January 2022 (Restated)	665,774	436,071	1,101,845
Purchases	142,571	94,195	236,766
Disposals	(105,189)	(41,684)	(146,873)
Gain on sale of investment	(105)	(6)	(111)
Accretion for the discount	1,214	567	1,781
Amortization of premium	(816)	(884)	(1,700)
Allowance for impairment	(11)	(6)	(17)
Changes in fair value	(49,895)	(28,436)	(78,331)
<b>As at 31 December 2022 (Restated)</b>	<b>653,543</b>	<b>459,817</b>	<b>1,113,360</b>

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**7 Investments (continued)**

Movement in financial assets at FVTPL:

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As at 1 January 2023 (Restated)	<b>15,354</b>	<b>46,901</b>	<b>62,255</b>
Purchases	-	<b>4,066</b>	<b>4,066</b>
Changes in fair value	<b>47</b>	<b>974</b>	<b>1,021</b>
As at 31 March 2023 (Unaudited)	<b>15,401</b>	<b>51,941</b>	<b>67,342</b>
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As of 1 January 2022 (Restated)	23,301	75,270	98,571
Purchases	184	3,753	3,937
Disposals	(7,122)	(29,252)	(36,374)
Changes in fair value	(1,009)	(2,870)	(3,879)
As at 31 December 2022 (Restated)	15,354	46,901	62,255

Movement in financial assets at amortised cost is as follows:

	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As at 1 January 2023 (Restated)	<b>78,727</b>	<b>59,974</b>	<b>138,701</b>
Reversal of Allowance for impairment	<b>3</b>	-	<b>3</b>
Changes in amortization of premium	<b>(4)</b>	-	<b>(4)</b>
As at 31 March 2023 (Unaudited)	<b>78,726</b>	<b>59,974</b>	<b>138,700</b>
	<b>Insurance operations</b>	<b>Shareholders' operations</b>	<b>Total</b>
As of 1 January 2022 (Restated)	78,772	60,000	138,772
Allowance for impairment	(28)	(25)	(53)
Changes in amortization of premium	(17)	-	(17)
As at 31 December 2022 (Restated)	78,727	59,975	138,702

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**8 Prepaid expenses and other assets**

	<b>31 March 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Restated)
Accrued income	<b>25,773</b>	16,309
Prepaid expenses	<b>16,435</b>	9,113
Receivable from Tawuniya (Manafeth, Umrah, Travel & covid product)	<b>20,843</b>	6,621
Employees' receivable	<b>1,224</b>	492
Other	<b>499</b>	2,141
	<b>64,774</b>	34,676

**9 Right-of-use asset and lease liability**

	<b>31 March 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Restated)
<b>Right-of-use asset – Building</b>		
<b>Cost</b>		
Balance as at the beginning of the period / year	<b>27,086</b>	27,086
Additions	<b>2,690</b>	-
Balance as at the end of the period / year	<b>29,776</b>	27,086
<b>Accumulated depreciation</b>		
Balance as at the beginning of the period / year	<b>(9,248)</b>	(6,607)
Charge for the period / year	<b>(795)</b>	(2,641)
Balance as at the end of the period / year	<b>(10,043)</b>	(9,248)
<b>Net book value</b>	<b>19,733</b>	17,838
<b>Lease liability</b>		
Within one year	<b>3,775</b>	3,183
Later than one year but not later than five years	<b>14,509</b>	12,732
Later than five years	<b>3,183</b>	3,183
	<b>21,467</b>	19,098
Future finance charges	<b>(2,243)</b>	(2,158)
Total lease liability	<b>19,224</b>	16,940

Interest expense on leases amounted to Saudi Riyals 0.2 million during the three-month period ended 31 March 2023 and are presented under "Other income - net" in the interim condensed statement of income (Three-month period ended 31 March 2022: Saudi Riyals 0.2 million).

Short-term leases that were expensed during the three-month period ended 31 March 2023 amounted to Saudi Riyals 0.9 million (Three-month period ended 31 March 2022: Saudi Riyals 0.9 million).

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**10 Commitments and contingencies**

- (i) The Company has issued various bank guarantees amounting to Saudi Riyals 27.01 million (31 December 2022 (Restated): Saudi Riyals 38.9 million) in the ordinary course of business.
- (ii) The Company operates in the insurance industry and is subject to legal proceedings in the ordinary 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. Further, there was no material change in the status of legal proceedings during the current period from the status disclosed as at 31 December 2022.
- (iii) Refer to Note 15 for zakat and tax related matters.

**11 Determination of fair value and fair value hierarchy**

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

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

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

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.

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.

	Fair value			
	Level 1	Level 2	Level 3	Total
31 March 2023 (Unaudited)				
Financial assets measured at fair value				
Investments at FVOCI				
<u>Quoted securities</u>				
- Government bonds	937,425	-	-	937,425
- Other bonds	166,335	-	-	166,335
<u>Unquoted securities</u>				
- Equities	-	-	39,703	39,703
	1,103,760	-	39,703	1,143,463
Investments at FVTPL				
<u>Quoted securities</u>				
- Equities	46,402	-	-	46,402
- Mutual Funds	20,940	-	-	20,940
	67,342	-	-	67,342



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**11 Determination of fair value and fair value hierarchy (continued)**

	Fair value			
	Level 1	Level 2	Level 3	Total
31 December 2022 (Restated)				
Financial assets measured at fair value				
Investments at FVOCI				
<u>Quoted securities</u>				
- Government bonds	974,035	-	-	974,035
- Other bonds	99,622	-	-	99,622
<u>Unquoted securities</u>				
- Equities	-	-	39,703	39,703
	1,073,657	-	39,703	1,113,360
Investments at FVTPL				
<u>Quoted securities</u>				
- Mutual Funds	15,354	-	-	15,354
- Government bonds	41,240	-	-	41,240
- Other bonds	5,661	-	-	5,661
	62,255	-	-	62,255

**12 Segmental information**

Operating segments for the purpose of segmental information 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 of Directors is measured in a manner consistent with that in the interim condensed statement of income. Segment assets and liabilities comprise operating assets and liabilities.

For management purposes, the Company is organized into business units based on their products and services and has the following reportable segments:

- Motor;
- Property and casualty;
- Health; and
- Protection.

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

Where intersegment transactions were to occur, transfer prices between operating segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment income, expense and results will then include those transfers between operating segments which will then be eliminated at the level of interim condensed financial statements of the Company.

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**12 Segmental information** (continued)

The segment information provided to the Company's Board of Directors for the reportable segments for the Company's total assets and liabilities at 31 March 2023 and 31 December 2022, its total revenues, expenses, and net income for the three-month period then ended are as follows:

**a) Segmental interim condensed statement of income:**

<b>31 March 2023 (Unaudited)</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>	<b>Total</b>
Insurance revenue	188,207	87,214	102,334	12,895	390,650
Insurance service expenses	(154,344)	(86,510)	(64,056)	(1,581)	(306,491)
Net income / (expense) from reinsurance contracts held	(768)	7,389	742	(10,275)	(2,912)
Finance expenses	(20,511)	(8,137)	(9,615)	(1,227)	(39,490)
<b>Segment results</b>	<b>12,584</b>	<b>(44)</b>	<b>29,405</b>	<b>(188)</b>	<b>41,757</b>
Investment income					22,436
Non attributable expenses					(9,354)
Other income					14,094
<b>Profit before tax</b>					<b>68,933</b>

<b>31 March 2022 (Unaudited)</b>					
Insurance revenue	162,378	70,821	100,454	15,649	349,302
Insurance service expenses	(152,530)	189,726	(47,909)	(3,960)	(14,673)
Net income / (expense) from reinsurance contracts held	6,045	(158,150)	(560)	(15,155)	(167,820)
Finance income / (expenses)	(3,669)	(1,859)	(1,564)	165	(6,927)
<b>Segment results</b>	<b>12,224</b>	<b>100,538</b>	<b>50,421</b>	<b>(3,301)</b>	<b>159,882</b>
Investment income					26,237
Non attributable expenses					(8,394)
<b>Profit before tax</b>					<b>177,725</b>

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**12 Segmental information (continued)**

**b) Segmental interim condensed statement of financial position:**

<b>31 March 2023 (Unaudited)</b>	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>	<b>Total</b>
<b>Assets and Liability</b>					
Reinsurance contract asset	<b>2,391</b>	<b>191,288</b>	<b>8,144</b>	-	<b>201,823</b>
Non allocated assets	-	-	-	-	<b>2,448,731</b>
<b>Total Assets</b>	<b>2,391</b>	<b>191,288</b>	<b>8,144</b>	-	<b>2,650,554</b>
Insurance contract liabilities	<b>(679,744)</b>	<b>(354,660)</b>	<b>(298,647)</b>	<b>(33,847)</b>	<b>(1,366,898)</b>
Reinsurance contract liabilities	-	-	-	<b>(14,208)</b>	<b>(14,208)</b>
Non allocated liabilities	-	-	-	-	<b>(239,877)</b>
<b>Total Liabilities</b>	<b>(679,744)</b>	<b>(354,660)</b>	<b>(298,647)</b>	<b>(48,055)</b>	<b>(1,620,983)</b>
<b>31 December 2022 (Restated)</b>					
<b>Assets and Liability</b>					
Reinsurance contract asset	3,426	162,223	2,273	377	168,299
Non allocated assets	-	-	-	-	2,419,033
<b>Total Assets</b>	<b>3,426</b>	<b>162,223</b>	<b>2,273</b>	<b>377</b>	<b>2,587,332</b>
Insurance contract liabilities	(731,282)	(358,270)	(311,137)	(38,434)	(1,439,123)
Reinsurance contract liabilities	(1)	-	-	(1,838)	(1,839)
Non allocated liabilities	-	-	-	-	(206,611)
<b>Total Liabilities</b>	<b>(731,283)</b>	<b>(358,270)</b>	<b>(311,137)</b>	<b>(40,272)</b>	<b>(1,647,573)</b>

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**12 Segmental information** (continued)

The details of gross written premium is as follows:

	<b>Motor</b>	<b>Property and casualty</b>	<b>Health</b>	<b>Protection</b>	<b>Total</b>
<b>31 March 2023 (Unaudited)</b>					
Large corporates	<b>61,606</b>	<b>64,049</b>	<b>123,762</b>	-	<b>249,417</b>
Medium corporates	<b>37,842</b>	<b>35,022</b>	<b>4,991</b>	<b>18,071</b>	<b>95,926</b>
Small corporates	<b>42,063</b>	<b>40,051</b>	<b>464</b>	-	<b>82,578</b>
Micro corporates	<b>1,740</b>	<b>741</b>	-	-	<b>2,481</b>
Retail	<b>86,620</b>	<b>11,877</b>	<b>15,485</b>	-	<b>113,982</b>
	<b>229,871</b>	<b>151,740</b>	<b>144,702</b>	<b>18,071</b>	<b>544,384</b>
<b>31 March 2022 (Unaudited)</b>					
Large corporates	75,437	40,054	131,433	-	246,924
Medium corporates	80,857	28,650	6,346	20,894	136,747
Small corporates	61,536	18,189	791	-	80,516
Micro corporates	2,783	629	18	-	3,430
Retail	52,168	10,051	8,940	-	71,159
	272,781	97,573	147,528	20,894	538,776

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**13 Related party 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 three-month period ended 31 March 2022 and 2023, and the related balances:

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 March 2022 (Unaudited)
<b><u>Major shareholders</u></b>		
Reinsurance premiums ceded to major shareholders	7	-
Reinsurance commissions from major shareholders	(3)	-
Expenses charged by major shareholders	<b>1,344</b>	1,958
<b><u>Entities controlled, jointly controlled or significantly influenced by related parties</u></b>		
Gross premiums from other related parties	<b>2,580</b>	2,228
Net claims paid to other related parties	<b>6,066</b>	2,874

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

	<b>31 March 2023</b> <b>(Unaudited)</b>	31 March 2022 (Unaudited)
Salaries and benefits	<b>2,809</b>	2,409
Employee benefit obligations	<b>106</b>	122
	<b>2,915</b>	2,531

Board of Directors fees for the three-month period ended 31 March 2023 were Saudi Riyals 0.43 Saudi Riyals (three month and period ended 31 March 2022: Saudi Riyals Saudi Riyals 0.3 million).

The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is on employment terms and as per the By-laws of the Company.

Due to a related party represents amounts payable to GIG group.

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**14 Investment income**

	<b>31 March 2023</b>	31 March 2022
	<b>(Unaudited)</b>	(Unaudited)
Income from deposits	<b>11,391</b>	6,448
Income on financial assets at amortised cost	<b>1,126</b>	1,126
Income on financial assets at FVOCI	<b>8,840</b>	7,494
Income on financial assets at FVTPL	<b>162</b>	644
Unrealised gain on financial assets at FVTPL	<b>1,021</b>	6,248
Net realised (loss) / gain on financial assets at FVOCI	<b>(224)</b>	102
Realised gain on financial assets at FVTPL	<b>-</b>	4,149
Expected credit loss on deposits	<b>(1)</b>	4
Expected credit loss on bonds	<b>(59)</b>	58
Amortisation on financial assets at FVOCI	<b>181</b>	(32)
Reversal of Allowance for impairment	<b>3</b>	-
Amortisation on financial assets at amortised cost	<b>(4)</b>	(4)
<b>Total investment income – net</b>	<b>22,436</b>	26,237

**15 Zakat and income tax**

*Status of assessments*

The Company has filed its Zakat and Income Tax returns with the Zakat, Tax and Custom Authority (“ZATCA”) up to 2022. The Company has finalised its zakat and tax status with the ZATCA for all years up to 31 December 2015.

During 2021, the ZATCA issued assessments of zakat and income tax for the years 2016 through 2018 with additional liability amounting to Saudi Riyals 21.7 million. The Company has filed an appeal with the General Secretariat of Tax Committees (“GSTC”) against the ZATCA’s assessments. The review and decision of the GSTC is awaited.

The ZATCA has issued assessments for zakat and income tax for the years 2019 and 2020 with additional liability amounting to Saudi Riyals 5.6 million. The Company has filed an objection with the ZATCA in relation to these assessments. The review and decision of the ZATCA is awaited.

No assessment has been conducted for the year ended 31 December 2021 and 2022.

Management is of the view that the level of existing provisions for zakat and income tax is sufficient to account for any potential additional liabilities arising out of the final assessments, once issued.

**16 Share capital**

The authorized, issued and paid-up capital of the Company is Saudi Riyals 500 million at 31 March 2023 (31 December 2022 (Restated): Saudi Riyals 500 million) consisting of 50 million shares (31 December 2022 (Restated): 50 million shares) of Saudi Riyals 10 each.

Shareholding structure of the Company as at 31 March 2023 and 31 December 2022 is as below. The shareholders of the Company are subject to zakat and income tax.

	<b>No. of shares</b>	<b>Saudi Riyals</b>
	<b>(thousands)</b>	<b>(thousands)</b>
Gulf Insurance Group (Gulf) B.S.C (c).	<b>25,000</b>	<b>250,000</b>
General public	<b>25,000</b>	<b>250,000</b>
	<b>50,000</b>	<b>500,000</b>

**GULF INSURANCE GROUP (A SAUDI JOINT STOCK COMPANY)  
(FORMERLY: AXA COOPERATIVE INSURANCE COMPANY)  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023  
(All amounts expressed in Saudi Riyals thousands unless otherwise stated)**

**17 Statutory reserve**

In accordance with By-laws of the Company and Article 70(2)(g) of the Insurance Implementing Regulations issued by SAMA, the Company is required to transfer not less than 20% of its annual profits, after adjusting accumulated losses, to a statutory reserve until such reserve amounts to 100% of the paid-up share capital of the Company. This reserve is not available for distribution to the shareholders until the liquidation of the Company.

**18 Capital management**

The Company's objectives when managing capital are:

- To comply with the insurance capital requirements as set out in the Law. The Company's current paid-up share capital is in accordance with Article 3 of the Law;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

As per Article 66 of the Regulations, the Company shall maintain a solvency margin equivalent to the highest of the following methods:

- Minimum capital requirement of Saudi Riyals 300 million;
- Premium solvency margin; or
- Claims solvency margin.

**19 Goodwill on acquisition of insurance portfolio**

This represents goodwill recognised on acquisition of insurance portfolio and net assets of AXA Saudi Arabia Holding W.L.L. (formerly: "AXA Insurance Saudi Arabia B.S.C (c)"). The Company received approval from SAMA on 15 Dhul-Qadah 1433H (corresponding to 1 October 2012) to transfer the insurance portfolio from AXA Saudi Arabia Holding W.L.L. (formerly AXA Insurance Saudi Arabia B.S.C.c) at a total consideration of Saudi Riyals 106.6 million. During 2015, the Company met payment conditions imposed by SAMA and received approval for payment of Saudi Riyals 50.0 million in respect of initial consideration to AXA Saudi Arabia Holding W.L.L. which was recognized as goodwill being the excess of consideration paid and the net assets acquired. The remaining amount of Saudi Riyals 56.6 million which was recorded as contingent liability was accordingly relinquished.

**20 Approval of the financial statements**

The interim condensed financial statements were authorised for issue by the Board of Directors on 18 June 2023G (corresponding to 29 Dhu -al- Qadah 1444H)