SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

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

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company

Report on the audit of the financial statements

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 to the accompanying financial statements which indicates that the Company had accumulated losses of Saudi Riyals 35.7 million as of 31 December 2023. Further, the Company's solvency margin is 32.8% as of 31 December 2023, which is below the minimum solvency requirements as mandated by the Saudi Central Bank ("SAMA"). The ability of the Company to improve its financial performance and meet the minimum solvency margin requirements is dependent on the favourable outcome and realisation of the Company's planned measures and actions detailed further in Note 1. These events and conditions, along with other matters as set forth in Note 1 to the accompanying financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the Key audit matters
Valuation of liability for incurred claims and loss component. The estimation of the liability for incurred claims and loss component involves a significant degree of judgement. This entails estimating the present value of future cash flows and risk adjustment for non-financial risk (forming part of liability for incurred claims) and loss component (forming part of liability for remaining coverage). The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfills its obligations under insurance contracts. The present value of future cash flows are based on the best-estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. The loss component is recognised if at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous. Such loss component is remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the general measurement model relating to the future service and the carrying amount of the liability for remaining coverage without the loss component. The Company uses an external actuary ("Appointed Actuary") to provide them with the estimate of such liabilities. A range of methods were used to determine these liabilities which were based on a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims.	We performed the following procedures: • Understood, evaluated and tested key controls around the claims handling and provision setting processes; • Evaluated the competence, capabilities and objectivity of the Appointed Actuary based on their professional qualifications and experience and assessed their independence; • Performed substantive procedures, on a sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim claims; • Checked the completeness of the underlying data used as inputs into the actuarial valuations and tested, on sample basis, the accuracy of underlying claims data used by the Appointed Actuary in estimating the present value of the future cash flows, risk adjustment for non-financial risk and loss component by comparing it to the accounting and other records; • Involved our actuarial specialists to evaluate the Company's actuarial practices, adequacy of the provisions maintained and to obtain comfort over the actuarial report issued by the Appointed Actuary. Our actuarial specialists also performed the following: (i) Evaluated whether the Company's actuarial methodologies were consistent with the generally accepted actuarial practices;

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the Key audit matters
Valuation of liability for incurred claims and loss component (continued) As at 31 December 2023, the estimates of present value of future cash flows, risk adjustment for non-financial risk and loss component amounts to Saudi Riyals 174.3 million, Saudi Riyals 4.3 million and Saudi Riyals 2.9 million respectively, as disclosed in Note 10 to the financial statements. We have considered this as a key audit matter due to the inherent estimation uncertainty and complexity and subjectivity involved in the valuation of the estimates of present value of future cashflows, risk adjustment for non-financial risk and loss component arising from insurance contracts. Refer to Notes 3 and 4 for the material accounting policies and significant accounting judgements, estimates and assumptions related to insurance contract liabilities.	(ii) Assessed the appropriateness of the calculation methods and approach along with the key actuarial assumptions used and sensitivity analysis performed; and (iii) Performed independent projections on present value of future cash flows, risk adjustment for non-financial risk and loss component for significant product lines to compare them with the amounts recorded by management; and • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the Key audit matters
Adoption of IFRS 17 and IFRS 9 The Company has adopted IFRS 17 "Insurance Contracts", as endorsed in the Kingdom of Saudi Arabia ("IFRS 17"), which replaces IFRS 4 "Insurance Contracts", and is effective for annual periods beginning on or after 1 January 2023. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance, reinsurance and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each group of these contracts. The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to Saudi Riyals 33.8 million. Further, effective 1 January 2023, the Company also adopted IFRS 9 "Financial Instruments", as endorsed in the Kingdom of Saudi Arabia ("IFRS 9") which replaces IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 requires the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Company's financial assets. The Company had applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to Saudi Riyals 34.8 million.	We performed the following procedures: • Obtained an understanding of the Company's implementation process for determining the impact of adoption of IFRS 17 and IFRS 9, including understanding of: (i) the changes to the Company's accounting policies, systems, processes and controls; and (ii) the transition adjustments recorded by management upon adoption of these two standards, and assessed their completeness and appropriateness; • Evaluated the competence, capabilities and objectivity of the management's experts based on their professional qualifications and experience and assessed their independence; • Involved our actuarial specialists to evaluate and assess the appropriateness and adequacy of the transition methodologies, assumptions and accounting policies adopted upon transition to IFRS 17 in relation to, amongst others, the following: (i) use of premium allocation approach; (ii) expense allocation methodology; (iii) risk adjustment for non-financial risk; (iv) estimation of the present value of future cash flows ; (v) loss component determination ; and (vi) test of the related transition adjustments on the retained earnings as at 1 January 2023 and 1 January 2022; Evaluated and assessed the appropriateness and adequacy of the transition methodologies, assumptions and accounting policies adopted upon transition to IFRS 9, in relation to classification, recognition and measurement of different financial instruments, and tested the related transition adjustments on the retained earnings as at 1 January 2023 and 1 January 2022. Also involved our valuation experts to support us in testing the valuation of certain of these financial instruments at these dates and reviewing the models developed by management for determining the ECL allowance on the significant financial assets;

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PKF Ibrahim Ahmed Al-Bassam & Co. Certified Public Accountants

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the Key audit matters
Adoption of IFRS 17 and IFRS 9 (continued) The Company also engaged the services of their Appointed Actuary and other technical and valuation experts (together the "management's experts") to support them with the implementation process for adoption of these two standards including, amongst others, preparation of technical papers and identifying and determining the transition adjustments required to be recorded. We have considered this as a key audit matter as the first year of adoption of IFRS 17 and IFRS 9, resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023. Refer to Notes 3 and 4 for the accounting policies and significant accounting judgements, estimates and assumptions in relation to IFRS 17 and IFRS 9. Also, refer to Note 5 for the impact of transition.	• Checked the completeness and accuracy of the underlying data used as inputs in estimating the transition impacts of IFRS 17 and IFRS 9, and tested, on sample basis, the accuracy of the underlying data used; and • Evaluated and assessed the adequacy and appropriateness of the related disclosures made in the financial statements.

Other information

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

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

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

When we read the Company's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

Responsibilities of the Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

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

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

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PKF
Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants

Independent auditors' report to the shareholders of Salama Cooperative Insurance Company (continued)

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

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

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

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

For PricewaterhouseCoopers	**For Al-Bassam & Co.**
Mufaddal A. Ali Certified Public Accountant License No. 447	Ahmed A. Mohandis Certified Public Accountant License No. 477

Jeddah: 25 March 2024
Corresponding to: 15 Ramadan 1445H

PRICEWATERHOUSECOOPERS
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C.R. 4030289002

C.R. 1010385804
License 520/11/323
Al-Bassam & Co.
Certified Public Accountants

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	As at 31 December 2023	As at 31 December 2022 (Restated – Notes 3 and 5)	As at 1 January 2022 (Restated – Notes 3 and 5)
ASSETS				
Cash and cash equivalents	6	**415,085**	134,765	124,016
Term deposits	7	**89,007**	239,043	96,825
Investments:				
Financial assets at fair value through profit or loss ("FVTPL")	8	**45,087**	20,755	101,380
Financial assets at fair value through other comprehensive income ("FVOCI")	8	**43,463**	39,703	37,028
Financial assets at amortised cost	8	**50,343**	61,464	65,766
Prepaid expenses and other assets	9	**36,530**	30,009	18,360
Reinsurance contract assets	10	**62,331**	75,029	63,348
Right-of-use assets	11	**18,120**	17,454	18,231
Property and equipment	12	**5,471**	5,154	4,107
Intangible assets		**863**	1,021	418
Statutory deposit	13	**37,500**	37,500	37,500
Accrued commission income on statutory deposit	13	**2,449**	4,913	3,887
TOTAL ASSETS		**806,249**	666,810	570,866
LIABILITIES				
Insurance contract liabilities	10	**508,116**	524,418	389,729
Reinsurance contract liabilities	10	**3,185**	-	-
Accrued expenses and other liabilities	14	**25,590**	20,785	23,950
Lease liabilities	11	**19,771**	18,493	20,335
Employee benefit obligations	15	**8,717**	6,716	7,895
Provision for zakat	22	**33,442**	30,629	27,629
Accrued commission income on statutory deposit	13	**2,449**	4,913	3,887
TOTAL LIABILITIES		**601,270**	605,954	473,425
EQUITY				
Share capital	16	**200,000**	100,000	250,000
Statutory reserve	16	**-**	-	5,003
Accumulated losses		**(35,727)**	(76,783)	(192,920)
Fair value reserve for investments	8	**41,540**	37,780	35,110
Remeasurement reserve of employee benefit obligations	15	**(834)**	(141)	248
TOTAL EQUITY		**204,979**	60,856	97,441
TOTAL LIABILITIES AND EQUITY		**806,249**	666,810	570,866

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	Year ended 31 December 2023	2022 (Restated – Notes 3 and 5)
Insurance revenue	17	**802,288**	598,351
Insurance service expenses	17	**(723,966)**	(628,997)
Net expenses from reinsurance contracts	17	**(40,285)**	(7,358)
Insurance service result from Company's directly written business		**38,037**	(38,004)
Share of surplus from insurance pool	20	**13,166**	14,223
Total insurance service result		**51,203**	(23,781)
Commission income from financial assets not measured at FVTPL	18	**22,130**	12,911
Net gains on financial assets measured at FVTPL	18	**5,545**	6,020
Net (impairment losses) / reversal of impairment losses on financial assets		**(165)**	317
Net investment income		**27,510**	19,248
Net finance (costs) / income from insurance contracts issued	19	**(2,728)**	674
Net finance income / (costs) from reinsurance contracts held	19	**734**	(307)
Net insurance finance (costs) / income		**(1,994)**	367
Net insurance and investment result		**76,719**	(4,166)
Other income		**1,222**	2,394
Other operating expenses	21	**(22,639)**	(34,094)
Profit / (loss) for the year attributable to the shareholders before zakat		**55,302**	(35,866)
Zakat expense	22	**(4,000)**	(3,000)
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		**51,302**	(38,866)
Basic and diluted earnings / (losses) per share (expressed in Saudi Riyals per share)	23	**3.25**	(2.55)

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	Year ended 31 December 2023	2022 (Restated – Notes 3 and 5)
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		**51,302**	(38,866)
Other comprehensive income			
Items that will not be reclassified to statement of income in subsequent years			
Net changes in fair value of investment measured at FVOCI – equity instruments	8	**3,760**	2,670
Remeasurement loss on employee benefit obligations	15	**(693)**	(389)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS		**54,369**	(36,585)

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Chief Financial Officer	Chief Executive Officer	Chairman

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated losses	Fair value reserve for investments	Remeasurement reserve of employee benefit obligations	Total
Balance at 31 December 2022 (Restated – Notes 3 and 5)		**100,000**	**-**	**(76,783)**	**37,780**	**(141)**	**60,856**
Total comprehensive income / (loss) for the year:							
Net profit for the year attributable to the shareholders		-	-	51,302	-	-	51,302
Net changes in fair value of investment measured at FVOCI		-	-	-	3,760	-	3,760
Remeasurement loss on employee benefit obligations		-	-	-	-	(693)	(693)
Total comprehensive income / (loss) for the year attributable to the shareholders		**-**	**-**	**51,302**	**3,760**	**(693)**	**54,369**
Transaction with owners of the Company:							
Increase in share capital		100,000	-	-	-	-	100,000
Transaction costs		-	-	(10,246)	-	-	(10,246)
Balance at 31 December 2023		**200,000**	**-**	**(35,727)**	**41,540**	**(834)**	**204,979**

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	Share capital	Statutory reserve	Accumulated losses	Fair value reserve for investments	Remeasurement reserve of employee benefit obligations	Total
Balance at 31 December 2021, as previously presented		250,000	5,003	(158,767)	-	248	96,484
Impact of adopting IFRS 17	5	-	-	(33,795)	-	-	(33,795)
Impact of adopting IFRS 9	5	-	-	(358)	35,110	-	34,752
Balance at 1 January 2022 (Restated – Notes 3 and 5)		250,000	5,003	(192,920)	35,110	248	97,441
Transfer of statutory reserve		-	(5,003)	5,003	-	-	-
Reduction in share capital		(150,000)	-	150,000	-	-	-
Total comprehensive (loss) / income for the year - (Restated – Notes 3 and 5):							
Net loss for the year attributable to the shareholders		-	-	(38,866)	-	-	(38,866)
Net changes in fair value of investment measured at FVOCI		-	-	-	2,670	-	2,670
Remeasurement loss on employee benefit obligations		-	-	-	-	(389)	(389)
Total comprehensive (loss) / income for the year attributable to the shareholders - (Restated – Notes 3 and 5)		-	-	(38,866)	2,670	(389)	(36,585)
Balance at 31 December 2022 (Restated – Notes 3 and 5)		100,000	-	(76,783)	37,780	(141)	60,856

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated - Notes 3 and 5)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) for the year attributable to the shareholders before zakat		**55,302**	(35,866)
Adjustments for non-cash items:			
Depreciation of property and equipment	12	**1,958**	2,682
Amortization of intangible assets		**348**	252
Depreciation of right-of-use assets	11	**4,318**	1,756
Finance costs on lease liabilities	11	**955**	2,128
Net impairment losses / (reversal) on financial assets		**165**	(317)
Unrealized (gain) / loss on financial assets measured at FVTPL	8	**(5,292)**	1,172
Realized gain on financial assets measured at FVTPL		**(253)**	(7,192)
Commission income from financial assets measured at amortised cost	8	**(1,724)**	(1,864)
Provision for employees benefit obligations	15	**2,161**	1,699
Gain on remeasurement of lease liabilities		**-**	86
		57,938	(35,464)
Changes in operating assets and liabilities:			
Prepaid expenses and other assets	9	**(6,521)**	(11,649)
Changes in reinsurance contract assets	10	**12,698**	(11,681)
Accrued expenses and other liabilities	14	**4,805**	(3,165)
Changes in insurance contract liabilities	10	**(16,302)**	134,689
Changes in reinsurance contract liabilities	10	**3,185**	-
Cash generated from operations		**55,803**	72,730
Employee benefit obligations paid	15	**(853)**	(3,267)
Zakat paid	22	**(1,187)**	-
Net cash generated from operating activities		**53,763**	69,463
CASH FLOWS FROM INVESTING ACTIVITIES			
Term deposits		**149,871**	(142,587)
Payments for purchases of financial assets at FVTPL	8	**(40,091)**	(90,030)
Proceeds from sale of investments held at FVTPL	8	**21,304**	176,675
Proceeds from maturity of financial assets held at amoritsed cost		**10,000**	4,983
Commission income received from financial assets at amortised cost		**2,845**	1,864
Payments for purchases of property and equipment	12	**(2,275)**	(3,729)
Payments for purchases of intangible assets		**(190)**	(855)
Net cash generated from / (used in) investing activities		**141,464**	(53,679)

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SALAMA COOPERATIVE INSURANCE COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023
(All amounts expressed in Saudi Riyals unless '000 otherwise stated)

	Note	31 December 2023	31 December 2022 (Restated – Notes 3 and 5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	11	**(3,706)**	(2,907)
Finance costs paid on lease liabilities	11	**(955)**	(2,128)
Issue of right shares	16	**100,000**	-
Transaction costs on the issue of right shares		**(10,246)**	-
Net cash generated from / (used in) financing activities		**85,093**	(5,035)
Net increase in cash and cash equivalents		**280,320**	10,749
Cash and cash equivalents at the beginning of the year	6	**134,765**	124,016
Cash and cash equivalents at end of the year	6	**415,085**	134,765
Supplemental schedule of non-cash information			
Net changes in fair value of investment measured at FVOCI	8	**3,760**	2,670
Transfer from capital work in progress	12	**1,445**	-

The accompanying notes from 1 to 34 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

1. General information - legal status and principal activities

(a) General information

Salama Cooperative Insurance Company ("the Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 1121K dated 29 Rabi Al-Thani 1428H (corresponding to 16 May 2007). The Company is registered in Jeddah under Commercial Registration No. 4030169661 dated 6 Jamad Al-Awwal I428H (corresponding to 23 May 2007).

The registered office address of the Company is:

Salama Tower;
Al Madinah Road
P.O. Box 4020
Jeddah 21491
Kingdom of Saudi Arabia.

The objective of the Company is to transact cooperative insurance operations and related activities in accordance with the Law on Supervision of Cooperative Insurance Companies in the Kingdom of Saudi Arabia and its implementing regulations. From 23 November 2023 the Insurance Authority (IA) became the authorized regulator of the insurance industry in Saudi Arabia, however, laws and regulations issued previously by SAMA related to the insurance sector will remain in effect until further instructions are issued by the IA. The Company was listed on the Saudi Stock Exchange on 23 May 2007. The Company started its operations on 1 January 2008. The Company is fully owned by the general public and Saudi shareholders.

The new Companies Law issued through Royal Decree M/132 on 01/12/1443H (corresponding to 30 September 2022) (hereinafter referred as "the New Law") came into force on 26/06/1444 H (corresponding to 19 January 2023) as well as the amended implementing regulations issued by the Capital Market Authority (CMA) based on the New Law. For certain provisions of the New Law and the amended CMA implementing regulations, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Law and will amend its By-laws with the amendments in the provisions required to align with the provisions of the New Law and the amended CMA implementing regulations, and with any other amendments that may take advantage of the New Law and the amended CMA implementing regulations. Consequently, the Company shall present the amended By-laws, within the timeframe allowed, to the shareholders in its Extraordinary General Assembly meeting for their ratification.

(b) Going concern assessment

The Company has accumulated losses of Saudi Riyals 35.7 million as of 31 December 2023 (31 December 2022: accumulated losses of Saudi Riyals 76.8 million). Further, the Company's solvency margin of 32.8% as at 31 December 2023 (31 December 2022: negative 45.16%) remains below the minimum solvency requirements as mandated by Saudi Central Bank ("SAMA").

Under Article 68 2(c) of the Implementing Regulations of the Cooperative Insurance Companies Control Law (the "Regulations"), when the solvency margin falls between 25% and 50% of the required margin, the Company shall restore its solvency margin to the required level. If the required solvency margin is not restored to its appropriate level for two consecutive quarters, the Company will be required by SAMA to immediately take all or any of the measures including increasing the Company's capital, adjusting insurance premiums, reducing costs, stopping underwriting business, assets liquidation or any other measures deemed appropriate by the Company and approved by SAMA. The Company received correspondence from SAMA requiring the Company to submit its rectification measures according to Article 68 of the Regulations. In response to SAMA's correspondence, the Company submitted its planned rectification measures which included a rights issue of Saudi Riyals 100 million (10 million new shares). The Company successfully completed the rights issue during December 2023 after obtaining the required approvals from the regulators and its shareholders.

1. General information - legal status and principal activities (continued)

(b) *Going concern assessment* (continued)

Management has formulated and implemented various performance improvement measures starting late 2022, as approved by the Company's Board of Directors, which, among others, include better pricing strategies for Motor segments. Such measures have resulted in better results and the Company has earned total profit for the year ended 31 December 2023 of Saudi Riyals 51.3 million (total loss for the year ended 31 December 2022 was Saudi Riyals 38.9 million). Management expects that this will further reflect positively in the operational results and cash flows for 2024 and the years to come. However, management's assessment and realisation of its planned measures and actions outlined in the business plan is dependent on a number of factors, estimates and assumptions including the achievement of the projected improvement in the results of the Motor segment and achieving the desired solvency ratios. Accordingly, these events and conditions including realisation of planned measures and actions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as management believes that the Company will be both, able to continue its operations without significant curtailment and meet its obligations, as they fall due within the next 12 months as reflected in the detailed business plan and projected cash flows for the years from 2024 to 2026. Further, management believes that it will be able to meet the solvency requirements based on the plan outlined above. Management continues to monitor performance indicators of all lines of business and prevailing market conditions and will take the necessary corrective actions and amend its business plan, if necessary.

Subsequent to the year end, the Company's Board of Directors in their meeting held on 18 March 2024 recommended to increase the share capital by offering rights issue amounting to Saudi Riyals 100 million. Refer Note 33 for further details in this regard.

2. Basis of preparation

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by The Saudi Organization for Chartered and Professional Accountants ("SOCPA") (referred to as "IFRS as endorsed KSA"). This is the first full set of the Company's financial statements in which IFRS 17 – Insurance Contracts ("IFRS 17") and IFRS 9 – Financial Instruments ("IFRS 9") as endorsed in Kingdom of Saudi Arabia have been applied and the resultant changes to the significant judgments, estimates and accounting policies are described in Note 3 and Note 5. Comparative information was restated due to the adoption of IFRS 17 and IFRS 9.

As required by the Saudi Arabian Insurance Regulations "SAMA Implementation Regulations", the Company maintains separate books of accounts for Insurance Operations and Shareholders' Operations. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 30 have been provided as supplementary information to comply with requirements of the SAMA Implementing Regulations and is not required by International Financial Reporting Standards (IFRS).

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

In accordance with the requirements of the Regulations issued by SAMA and as per by-laws of the Company, shareholders of the Company are to receive 90% of the annual surplus from insurance operations and the policyholders are to receive the remaining 10%. Any deficit arising from insurance operations is transferred to the shareholders' operations in full.

2. Basis of preparation (continued)

(b) Basis of measurement

The financial statements are prepared under the going concern basis and the historical cost convention, except as described in respective policies in Note 3.

(c) Basis of presentation

The Company's statement of financial position is not presented using a current/non-current classification and is presented in order of liquidity. However, the following balances would generally be classified as current: cash and cash equivalents, term deposits, financial assets at FVTPL, prepaid expenses and other assets, accrued income on statutory deposit, accrued expenses and other liabilities, provision for zakat and accrued income payable to SAMA. The following balances would generally be classified as non-current:, financial assets at FVOCI, financial assets at amortised cost, property and equipment, right-of-use assets, intangible assets and statutory deposit. The balances which are of mixed in nature i.e. include both current and non-current portions include insurance contract liabilities, reinsurance contract assets, employee benefit obligations and lease liabilities.

(d) Functional and presentation currency

The financial statements are expressed in Saudi Arabian Riyals ("Saudi Riyals") which is the functional and presentation currency of the Company. All financial information presented in SAR has been rounded to the nearest thousands, except where otherwise indicated.

(e) Seasonality of operations

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

(f) Changes in products and services

During the year ended 31 December 2023, there were no significant changes in products or services and their terms of the insurance contracts offered by the Company. Refer Note 3 and 5 for details regarding impact of adoption of IFRS 17 - Insurance Contracts ("IFRS 17") and IFRS 9 - Financial Instruments ("IFRS 9").

3. Material accounting policies

The material accounting policies used in the preparation of these financial statements are consistently applied for all years presented. Refer Note 3.1 for details relating to adoption of IFRS 17 and IFRS 9.

3.1 New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies as a result of adopting the following standards:

a) IFRS 17 *Insurance contracts* ("IFRS 17"),

IFRS 17 replaces IFRS 4 'Insurance Contracts' and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF").

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, January 1, 2022, the Company:

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

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

3. Material accounting policies (continued)

3.1 New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Company (Continued)

The new accounting policies and the impact of the adoption of IFRS 17 are disclosed in Notes 3.3 and 5.1, respectively.

b) IFRS 9 Financial Instruments ("IFRS 9").

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and was effective for annual periods beginning on or after January 1, 2018. However, the Company had met the relevant criteria and had applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For transition to IFRS 9, the Company applied a retrospective approach to be in line with transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The new accounting policies and the impact of the adoption of IFRS 9 are disclosed in Notes 3.4 and 5.2, respectively.

A number of other amendments became applicable for the current reporting period i.e. for reporting periods beginning on or after 1 January 2023. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments which are described below:

Interpretation	Description
Amendment to IAS 12 - International tax reform	These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The Company did not identify an impact as a result of these amendments.
Amendment to IAS 12 'Taxation' ("IAS 12") – deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company did not identify an impact as a result of these amendments.
Narrow scope amendments to IAS 1, IFRS Practice Statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Company did not identify an impact as a result of these amendments.

3.2 New standards, amendments and interpretations not yet applied by the Company

Certain new standards and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. Management is in the process of assessing the impact of such new standards and interpretations on its financial statements. The Company intends to adopt these interpretations when they are effective.

Interpretation	Description	Effective date
Amendment to IFRS 16 'Leases' ("IFRS 16") – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	Annual periods beginning on or after 1 January 2024

3. Material accounting policies (continued)

3.2 New standards, amendments and interpretations not yet applied by the Company (continued)

Interpretation	Description	Effective date
Amendment to IAS 7 'Cash flow statements' ("IAS 7") and IFRS 7 'Financial instruments: Disclosures ("IFRS 7") – Supplier finance	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024
Amendments to IAS 21 'Foreign currencies' ("IAS 21") - Lack of Exchangeability	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025.

Impact assessment

The management is in the process of assessing the impact of the amendments on its financial statements, however, no material impact is expected.

3.3 Insurance and reinsurance contracts

i. Classification and summary of measurement models

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. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include medical, motor, liability, engineering, general accident, fire and marine. 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. The Company does not issue any contracts with direct participating features.

In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

None of the insurance contracts issued by the Company contain embedded derivatives, investment components or any other goods and services.

ii. Level of aggregation

The Company identifies portfolios of insurance contracts. Each portfolio comprises contracts that are subject to similar risks and managed together, and is divided into three groups:

- Any contracts that are onerous on initial recognition;
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- Any remaining contracts in the portfolio.

3. **Material accounting policies** (continued)

3.3 **Insurance and reinsurance contracts** (continued)

ii. Level of aggregation (continued)

The portfolios are further divided by year of issue.
Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts’ performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

The Company assumes that no contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.

iii. Recognition

The Company recognises a group of insurance contracts issued 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 becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder.
- For a group of onerous contracts, the date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

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

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

  (i) the beginning of the coverage period of the group of reinsurance contracts and

  (ii) the initial recognition of any underlying contract.
- All other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts;

However, if the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, the reinsurance contract held, in this case, is recognised at the same time as the group of underlying insurance contracts is recognised.

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

iv. Contract boundaries

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

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

iv. Contract boundaries (continued)

A substantive obligation to provide services ends when:

i) The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or

ii) Both of the following criteria are satisfied

- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and
- the pricing of the premiums for coverage up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date and, therefore, may change over time.

v. Measurement

The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin. This is the default model under IFRS 17 to measure insurance contracts. However, the Premium Allocation Approach (PAA), which is a simplified measurement model, is permitted if, and only if, at the inception of the group:

- The entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the general measurement model requirements or
- The coverage period of each contract in the group (including insurance contract services arising from all premiums within the contract boundary determined at that date) is one year or less.

The Company uses the PAA to simplify the measurement of groups of contracts on the following bases:

- Insurance contracts:

The coverage period of medical, motor, property, fire, marine and general accident contracts in the group of contracts is one year or less and are therefore eligible to be measured under the PAA.

PAA eligibility testing has been performed for the engineering and liability group of contracts. The Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA would not differ materially from the measurement that would be produced applying the general measurement 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.

- Reinsurance contracts:

The Company reasonably expects that the resulting measurement under the PAA measurement model would not differ materially from the result of applying the general measurement model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the year before a claim is incurred.

Measurement on initial recognition under PAA:

On initial recognition of each group of insurance contracts that are not onerous, the carrying amount of the liability for remaining coverage ("LRC") is measured at the premiums received on initial recognition less any insurance acquisition cash flows paid.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

On initial recognition of each group of insurance contracts, the Company assesses the time between providing each part of the coverage and the related premium due date. If the period is no more than a year i.e. no significant financing component exists, the Company does not adjust the carrying amount of the LRC and ARC to reflect the time value of money and the effect of financial risk using the discount rates.

Subsequent measurement under PAA:

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and
b. the LIC, comprising the fulfilment cash flows ("FCF") related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:
a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date

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

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
a. increased for ceding premiums paid in the year; and
b. decreased for the expected amounts of ceding premiums recognised as reinsurance expenses for the services received in the year.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. Fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows, and a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation, which are covered in Note 3.4 (ii).

The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims is also adjusted for the time value of money and the effect of financial risk.

Some insurance contracts permit the Company to sell (usually damaged) assets acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included in the estimates of claims liability as it can reasonably be recovered from the disposal of the asset.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

v. Measurement (continued)

Onerous contract assessment:

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in insurance service expense and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows, determined under the GMM, that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage. A loss component will be established for the amount of the loss recognised. Subsequently, the loss component will be remeasured at each reporting date as the difference between the amounts of the fulfilments cash flows determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Non-performance risk (NPR) adjustment:

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

vi. De-recognition and contract modification

The Company derecognises a contract when it is extinguished i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in the estimates of fulfilment cash flows. There were no instances of modification or derecognition identified for the year ended 31 December 2023.

vii. Acquisition & Attributable Cost

Insurance acquisition cash flows are the costs that directly associated with selling and handling acquired businesses. The company considers underwriting, sales, and regulatory levies as acquisition costs. Acquisition costs are not expensed when incurred and are deferred over the life of the insurance contract. While attributable costs are the costs that can fully or partially attributed to the insurance operations. The Company has in place allocation technique to allocate the costs based on direct to indirect costs ratio. Both acquisition and attributable costs fall under the insurance service expense while the non-attributable costs are reported under other operating expenses.

viii. Risk adjustments for non-financial risk

The Company has decided to adopt the Value at risk method on incurred claims for the estimation of risk adjustment. The Company has chosen a confidence level based on the 75th percentile of the distribution of the claim reserves, considering this level is adequate to cover sources of uncertainty about the amount and timing of the cash flows. While for premium risk, Solvency II approach is used to derive the risk with the same percentile as the claim reserves.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

ix. Presentation

Groups of insurance contracts that are assets and those that are liabilities, and groups of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. The Company recognised in the statement of income (a) an insurance service result, comprising insurance revenue and insurance service expenses and net income / (expenses) from reinsurance contract, and (b) insurance finance income or expenses.

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Insurance revenue:

The insurance revenue for each year is the amount of expected premium receipts for providing coverage in the period. The Company allocates the expected premium receipts to each period on the passage of time.

Insurance service expenses:
Insurance service expenses include the following:

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

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time for all groups of contracts except for longer term policies under engineering and liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

Net expenses from reinsurance contracts:

Net expenses from reinsurance contracts comprise reinsurance expenses less amounts recovered from reinsurers. The Company recognises reinsurance expenses as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts except for longer term policies under engineering and liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

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

Umrah and Hajj insurance pool:
The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Hajj / Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Hajj / Umrah. The agreement terms are for 4 years starting from 1 January 2020 and it is renewable for another four years subject to the terms and conditions of the agreement.

This co-insurance arrangement, in which the Company is a participant, is an insurance contract as defined in IFRS 17, and the Company has accordingly applied the recognition and measurement principles of IFRS 17. Given the bespoke nature of the arrangement and given that the rights and obligations from the arrangement are managed and settled on a net basis, the Company has accordingly presented the results from the arrangement on a net basis in insurance service results as a separate line item on the statement of comprehensive income and has provided more details in the notes.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

ix. Presentation (continued)

Insurance finance income and expenses:

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk, and changes therein.

The Company includes all insurance finance income or expenses for the year in profit or loss.

3.3.1 Changes to classification, recognition and measurement

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

- ***Deferral of acquisition costs*** – Under IFRS 17, insurance acquisition cash flows are costs directly attributable to selling or underwriting a portfolio of insurance contracts. The Company has elected to capitalise and amortise these costs over the coverage period based on the passage of time for all groups of contracts except for longer term policies under engineering and liability groups for which amortisation is done based on the expected timing of incurred insurance service expenses.

- ***Discount rate*** – Under IFRS 17, the liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and the duration of each portfolio. The Company has established discount yield curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts. Under IFRS 4, claims liabilities were discounted using a rate that reflected the estimated market yield of the underlying assets backing these claims liabilities at the reporting date. The changes in discounting methodology did not have a significant impact on transition. Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.

- ***Risk Adjustment*** – Under IFRS 17, the liability for incurred claims includes an explicit risk adjustment for non-financial risk ("risk adjustment") which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflected the inherent uncertainty in the net discounted claim liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk. Similar to the risk margin, the risk adjustment includes the benefit of diversification, therefore the two methodologies are fairly aligned. As a result, the changes in methodology did not have a significant impact on transition.
- ***Onerous contracts*** – IFRS 17 requires the identification of groups of onerous contracts at a more granular level than the liability adequacy test performed under IFRS 4. For onerous contracts, the loss component based on projected profitability is recognized immediately in Net income, resulting in earlier recognition compared to IFRS 4. Onerous contracts did not have a significant impact on transition to IFRS 17.

3.3.2 Changes to presentation and disclosure

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

- 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; and
- Portfolios of reinsurance contracts held that are liabilities.

3. Material accounting policies (continued)

3.3 Insurance and reinsurance contracts (continued)

3.3.2 Changes to presentation and disclosure (continued)

Line items under IFRS 17	Line items under IFRS 4, now combined under one line item under IFRS 17
Insurance contract liabilities	Unearned premium and Premium deficiency reserve Premium receivables Deferred acquisition costs Policyholders’ claims payable Najm, Manafeth, SAMA fee within prepaid expenses and other assets Survey fee, actuarial fee and Elm fee payable within accrued expenses and other liabilities Outstanding claims Claims incurred but not reported Due to agents, brokers and third-party administrator Surplus distribution payable
Reinsurance contract assets	Reinsurer’s share of unearned premiums Minimum deposit premium (XOL) within prepaid expenses and other assets Unearned reinsurance commission Reinsurance premium payable Payable to reinsurers within due to reinsurers, agents, brokers and third-party administrator Reinsurer’s share of outstanding claims Reinsurer’s share of claims incurred but not reported XOL reinstatement payable, within accrued expenses and other liabilities Due from reinsurers and VAT on reinsurance commission

Statements of income

The line item descriptions in the statement of income have been changed significantly compared to presentation in the latest annual financial statements.

Insurance revenue under IFRS 17 includes gross written premium, gross movement in unearned premiums and estimates for expected premium receipts.

Insurance service expense under IFRS 17 includes gross claims paid, changes in outstanding claims, changes in incurred but not reported claims, changes in loss component, policy acquisition costs, attributable expenses and the impact of release in the risk adjustment. The changes in premium deficiency reserve is eliminated and instead changes in loss component is taken.

Net income / (expenses) from reinsurance contracts held under IFRS 17 includes reinsurance premium ceded, changes in reinsurer’s share of unearned premiums, reinsurance commission earned, reinsurance share of paid claims, reinsurance share of outstanding claims, reinsurance share of changes in claims incurred but not reported, change in reinsurance accrual reserve, expected credit losses on reinsurance receivables and the impact of loss adjustment the risk adjustment for non-financial risk.

Insurance service results are presented without the impact of discount unwinding and changes in discount rates which are shown separately under net insurance financial result.

Share of surplus from insurance pool (Umrah & Hajj scheme) is presented on a net basis within the total insurance service results after the insurance service result from the Company's directly written business.

IFRS 17 resulted in presentation changes to IFRS 4’s underwriting expenses, claims handling expenses, policy acquisition costs and general and administrative expenses since such expenses are classified either as ‘Incurred claims and other directly attributable expenses’ within insurance service expense or as other operating expenses when they are not directly attributable to insurance contracts. As a result, a portion of expenses classified as general and administrative expenses under IFRS 4 are now presented as other operating expenses under IFRS 17.

The following previously reported line items are no longer disclosed: gross premiums written, net earned premiums, net claims incurred, and underwriting expenses.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities

i. Initial recognition of financial assets

At initial recognition, the Company measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments measured at FVOCI.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective profit method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, contributions or discounts and fees and points paid or received that are integral to the effective profit rate, such as origination fees.

Commission income is recognised using the effective profit rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, profit income is recognised by applying the effective interest rate to the net carrying value of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, commission income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii. Classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI)
- Held at amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Classification and subsequent measurement of debt instruments depend on:

(i) the Company's business model for managing the financial assets; and
(ii) the contractual cash flow characteristics of the financial assets.

3. Material accounting policies (continued)

3.4. Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Business model:

The business model reflects how the Company manages the assets in order to generate cash flows. 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, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Company as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and profit:

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and profit. In making this assessment, the Company considers whether the contractual cash flows are consistent with the financing agreement i.e. profit includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Company exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and profit income on the principal outstanding and so may qualify for amortised cost measurement. In making the assessment the Company considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage. Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Profit income from these financial assets is included in 'Commission income' using the effective profit method.

Fair value through other comprehensive income ("FVOCI"):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and profit, and that are not designated at FVTPL, are designated as FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, special commission income and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Profit income from these financial assets is included in 'Commission income' using the effective profit method. Currently no debt instrument is classified as FVOCI.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL presented in profit or loss in the year in which it arises. Currently investment in mutual funds and Sukuk which failed SPPI assessment are classified as FVTPL.

The Company reclassifies debt investments 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 not expected to be frequent and no such instances have occurred during the year ended 31 December 2023.

Equity instruments:

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Company classifies all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, transaction costs are made part of the cost at initial recognition and subsequent fair value gains and losses (unrealized) are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. The Company has designated its investment in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company, as FVOCI.

Dividends, when representing a return on such investments, continue to be recognized in the statement of income as 'Dividend income' when the Company's right to receive payments is established. Currently all equity securities are designated as FVOCI.

Any gain or loss on the disposal of equity classified as FVOCI will be non- recycling i.e. on disposal, fair value movement residing in OCI will be moved directly from OCI to retained earnings.

iii. Impairment of financial assets

The Company assesses on a forward-looking basis the ECL associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The measurement of ECL reflects:

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

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

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

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

iii. Impairment of financial assets (continued)

Stage 2 ("Under-performing") includes financial assets that have had a significant increase in credit risk since initial recognition, but do not have objective evidence of impairment. A significant increase in credit risk is presumed if a receivable is more than 30 days past due. For these financial assets, lifetime ECL are recognised, but financial income is still calculated on the gross carrying amount of the asset. Lifetime ECL is the ECL that results from all possible default events over the maximum contractual period during which the Company is exposed to credit risk. ECL is the weighted average credit losses, with the respective risks of a default occurring as the weights.

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

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

Financial assets are written-off only when there is no reasonable expectation of recovery.

Where financial assets are written-off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Recoveries made, after write-off, are recognized in profit or loss.

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

iv. Derecognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income.

v. Classification and subsequent measurement of financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective profit method.

vi. Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of income.

3. Material accounting policies (continued)

3.4 Financial assets and liabilities (continued)

3.4.1 Changes to classification and measurement

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

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition; and
- Debt instruments at amortised cost.

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognised in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:
- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in Other Comprehensive Income (OCI);
- The remaining amount of the change in the fair value is presented in the statement of income.

The Company has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of 1 January 2022. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

3.4.2 Changes to the impairment calculation

Under IFRS 9, the Expected Credit Loss ("ECL") allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime expected credit losses represent ECL that would result from all possible default events over the expected life of the financial asset whereas 12 month expected credit losses are those life expected credit losses expected to occur within 12 months of statement of financial position date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

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

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

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

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

Forward looking estimate: While estimating the ECL, the Company will review macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company will analyze the relationship between key economic trends with the estimate of PD.

IFRS 9 impairment applies to financial instruments that are not measured at fair value through profit or loss (FVTPL). Equity instruments measured at FVOCI are also excluded from the purview of impairment.

Financial assets that are subject to impairment consist of investment portfolio and cash and cash equivalents.

3. Material accounting policies (continued)

3.5 Commission, dividend income and other income

Commission income on term deposits is recognised on a time proportion basis using the effective interest rate method and are disclosed under ‘Investment and commission income’ in statement of income. Dividend income is recognised when the right to receive a dividend is established and is included under realised gain on FVTPL investments in the statement of income. Income from Umrah product medical, general and accident insurance fund, is recognised as other income on the basis of quarterly financial statements released by their Fund Manager i.e. The Company for Cooperative Insurance.

3.6 Dividend distribution

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

3.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments, if any, with less than three months maturity from the date of acquisition.

3.8 Term deposits

Short-term deposits are placed with local banks and financial institutions with an original maturity of more than three months but less than or equal to twelve months from the date of placement.

Long-term deposit represents deposit with maturity of more than one year from the date of placement and is placed with a financial institution carrying commission income.

3.9 Operating segments

A segment is a distinguishable component of the Company that is engaged in providing products or services (an operating segment), which is subject to risk and rewards that are different from those of other segments. For management purposes, the Company is organized into business units based on their products and services and has the following major reportable segments:

- Medical provides compensation to policyholders for expenses incurred in treatment of a disease, illness or injury.
- Motor provides coverage against losses and liability related to motor vehicles.
- Other includes property, marine, engineering, accident and liability.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

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

3.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial year in which they are incurred.

3. Material accounting policies (continued)

3.10 Property and equipment (continued)

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in the statement of income.

3.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized, and the related expenditure is reflected in the statement of income in the period in which the expenditure is incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Further, capital work in progress is not amortized.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized. Intangible assets with indefinite useful lives are tested for impairment annually at the cash generating unit ("CGU") level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Any impairment loss is recognised immediately in the statement of income.

The amortization method, useful life and residual value are reviewed at each reporting date and the changes are adjusted, if appropriate.

3.12 Leases

Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the RoU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

Lease liabilities include the net present value of the following lease payments:

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

3. Material accounting policies (continued)

3.12 Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related RoU asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

Right-of-use assets (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets.

3.13 Provisions and other liabilities

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

3.14 Employee benefit obligations

The Company operates a single post-employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plan is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognised immediately in the statement of income and while unwinding of the liability at discount rates used are recorded in the statement of income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the statement of comprehensive income.

3. Material accounting policies (continued)

3.14 Employee benefit obligations (continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in the statement of comprehensive income and transferred to retained earnings in the statement of changes in equity in the year in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognised immediately in statement of income as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

3.15 Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is computed on the Saudi shareholders' share of equity or net profit using the basis defined under the Zakat regulations. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined. Zakat expense is charged to the statement of income. Zakat is not accounted for as income tax and as such no deferred tax is calculated relating to zakat.

3.16 Impairment of non-financial assets

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

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

3.17 Statutory reserve

In accordance with the Company's by-laws, the Company shall allocate 20% of its net income from shareholders operations each year to the statutory reserve until it has built up a reserve equal to the share capital. The reserve is not available for distribution.

3.18 Fair values

The fair value of financial assets is based on quoted prices for marketable securities or estimated fair values. The fair value of commission-bearing items is estimated based on discounted cash flow using commission for items with similar terms and risk characteristics.

For financial assets where there is no active market, fair value is determined by reference to the market value of a similar financial assets or where the fair values cannot be derived from active market, they are determined using a variety of valuation techniques. The inputs of this models are taken from observable market where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

4. Critical accounting judgments, estimates and assumptions

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

4. Critical accounting judgments, estimates and assumptions (continued)

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

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

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

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

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

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis. The Company has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups. The Company performs regular expense studies to determine the extent to which fixed and variable overheads are directly attributable to fulfil the insurance contracts.

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

ii. *Discounting methodology*

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

The bottom-up approach was used to derive the discount rate. Under this approach, the USD based risk free discount rates were used as a starting point for preparing the yield curve given that SAR is pegged with USD. The Company then further added a KSA country risk premium to make the yield curve appropriate for application. The Company has used the USD volatility adjustment for Solvency II as a proxy for illiquidity premium. The Company is currently discounting liability for incurred claims for all groups of insurance contracts.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

4. Critical accounting judgments, estimates and assumptions (continued)

ii. *Discounting methodology* (continued)

The yield curves that were used to discount the estimates of future cash flows that do not vary based on the returns of the underlying items are as follows:

2023 **Insurance contracts issued and reinsurance contracts held**	**Currency**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**
Medical	SAR	**6.23%**	**5.09%**	**4.99%**	**5.09%**	**4.91%**
Motor – Comprehensive	SAR	**6.23%**	**5.09%**	**4.99%**	**5.09%**	**4.91%**
Motor – TPL	SAR	**6.23%**	**5.09%**	**4.99%**	**5.09%**	**4.91%**
Accident & liability	SAR	**6.23%**	**5.09%**	**4.99%**	**5.09%**	**4.91%**
Engineering	SAR	**6.23%**	**5.09%**	**4.99%**	**5.09%**	**4.91%**
Property	SAR	**6.23%**	**5.09%**	**4.99%**	**5.09%**	**4.91%**
Marine	SAR	**6.23%**	**5.09%**	**4.99%**	**5.09%**	**4.91%**

2022 **Insurance contracts issued and reinsurance contracts held**	**Currency**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**
Medical	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Motor – Comprehensive	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Motor – TPL	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Accident & liability	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Engineering	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Property	SAR	5.75%	4.57%	4.40%	4.48%	4.26%
Marine	SAR	5.75%	4.57%	4.40%	4.48%	4.26%

iii. *Risk adjustment for non-financial risks*

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

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

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

iv. Onerosity determination

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

4. Critical accounting judgments, estimates and assumptions (continued)

iv. Onerosity determination (continued)

The Company has established a process for the underwriting team to capture onerous, potentially onerous and profitable contracts by assessing the profitability of the different portfolios at the start of the underwriting year. The profitability of each portfolio shall be assessed separately. Refer Note 3.3.1 for further details in this regard.

v. Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and to make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 25 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

vi. Estimates for expected premium receipts

The Company has developed a methodology for expected premium receipts based on provision matrix approach. Such balances have been reclassified to insurance contract liabilities in line with the requirements of IFRS 17. To measure the estimates, such balances have been grouped based on shared credit risk characteristics for respective policyholder base portfolio and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, affecting the ability of the customers to settle the receivables. The Company has identified the Gross domestic product of the country in which it operates to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

vii. Presentation of the Umrah and Hajj insurance pool

IFRS 17 does not have specific requirements on the presentation of assigning insurance income and expenses, and insurance assets and liabilities when an insurance contract is issued by more than one entity. Accordingly, the Company applied the requirements in IAS 8 in developing a policy for the presentation of the arrangement in which it is a co-insurer (refer to note 3.3 ix). The Company analysed the contractual terms of the arrangement policy and concluded that given the nature and substance of the arrangement, it is appropriate to present the results within net insurance results as a separate line item in the statement of comprehensive income, with details provided in the notes. The Company believes this is appropriate as management has no ability to change the pricing or control the expenditure and as such do not think it is appropriate to include the results within revenue and expenses that are controllable by the Company. The current presentation of the arrangement is similar where an entity is acting as an agent, where the principle is as there is no control net presentation is more appropriate and disclosure is provided in the notes. Management believes the presentation and disclosure reflects the substance of the arrangement.

viii. Right of use assets and lease liabilities

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

5. Impact of adoption of new accounting standards

5.1 IFRS 17

On transition to IFRS 17, the Company has applied the full retrospective approach to all insurance contracts issued and reinsurance contracts held. Therefore, on transition date, 1 January 2022, the Company:

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

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

5. Impact of adoption of new accounting standards (continued)

5.1 IFRS 17 (continued)

The impact of transition to IFRS 17 on total equity is, as follows:

	1 January 2023	1 January 2022
(Reduction) / increase in the Company's total equity		
Change in measurement of reinsurance contract assets	**4,873**	4,908
Change in measurement of insurance contract liabilities	**(19,524)**	(38,703)
Impact of adoption of IFRS 17 on total equity	**(14,651)**	(33,795)
Increase / (reduction) in the Company's total assets impacting total equity		
Risk adjustment	**1,913**	2,661
Discounting	**(864)**	(221)
Loss component recovery	**2,125**	786
Estimates for expected recoveries from reinsurer	**1,699**	1,682
Impact of adoption of IFRS 17 on total assets impacting total equity	**4,873**	4,908
(Increase) / reduction in the Company's total liabilities impacting total equity		
Loss component on onerous contracts	**(17,790)**	(26,334)
Risk adjustment	**(5,902)**	(6,150)
Discounting	**2,544**	1,504
Estimates for expected premium receipts	**1,624**	(7,461)
Re-measurement adjustments	**-**	(262)
Impact of adoption of IFRS 17 on total liabilities impacting total equity	**(19,524)**	(38,703)

The impact on the net loss for the year ended 31 December 2022 attributable to the shareholders, arising from risk adjustment, discounting, loss component adjustment and expected premium receipts, in line with the requirements of IFRS 17, are as follows:

	For the year ended 31 December 2022
Net loss after zakat as previously reported	**(58,327)**
Impact on the Company's net loss	
Loss component	8,544
Risk adjustment	281
Discounting, net	406
Reinsurers' share of loss component	1,339
Estimates for expected premium receipts	9,085
Estimates for expected recoveries from reinsurer	17
Other LIC adjustment	(528)
Impact of adoption of IFRS 17	**19,144**
Impact of adoption of IFRS 9	**317**
Adjusted loss after zakat - restated	**38,866**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

5. Impact of adoption of new accounting standards (continued)

5.2 IFRS 9

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied using a full retrospective approach. The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designated financial assets as measured at FVTPL. This category includes financial assets that were previously designated as fair value through statement of income (FVSI);
- the sukuks having a fixed term maturities were reclassified into amortised cost which were previously classified at held to maturity; and
- the designation of certain investments in equity instruments not held for trading as FVOCI.

A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of the date of application i.e. 1 January 2023 and 2022 is, as follows:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39	New carrying value under IFRS 9	Impact of ECL	Impact of change in classification
Financial assets			**As at 1 January 2023**			
Cash and cash equivalents	Amortised cost	Amortised cost	134,765	134,765	-	-
Term deposit	Amortised cost	Amortised cost	239,076	239,043	(33)	-
Investments						
- Mutual funds	FVSI	FVTPL	20,755	20,755	-	-
- Ordinary shares	AFS	FVOCI	1,923	39,703	-	37,780
- Sukuk	Held to maturity at amortised cost	Amortised cost	60,000	61,464	(8)	1,472
Statutory deposit	Amortised cost	Amortised cost	37,500	37,500	-	-
Accrued commission income on statutory deposit	Amortised cost	Amortised cost	4,913	4,913	-	-
Other receivables	Advance to staff, deposits and other receivables	Amortised cost	6,073	4,601	-	(1,472)
			505,005	542,744	(41)	37,780

	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39	New carrying value under IFRS 9	Impact of ECL	Impact of change in classification
			As at 1 January 2022			
Financial assets						
Cash and cash equivalents	Amortised cost	Amortised cost	124,016	124,016	-	-
Term deposit	Amortised cost	Amortised cost	97,000	96,825	(175)	-
Investments						
- Mutual funds	FVSI	FVTPL	69,163	68,996	(167)	-
- Ordinary shares	AFS	FVOCI	1,923	37,028	(5)	35,110
- Ordinary shares	FVSI	FVTPL	32,384	32,384	-	-
- Sukuks	Held to maturity at amortised cost	Amortised cost	64,983	65,766	(11)	794
Statutory deposit	Amortised cost	Amortised cost	37,500	37,500	-	-
Accrued commission income on statutory deposit	Amortised cost	Amortised cost	3,887	3,887	-	-
Other receivables	Advance to staff, deposits and other receivables	Amortised cost	8,907	8,113	-	(794)
			439,763	474,515	(358)	35,110

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

5. Impact of adoption of new accounting standards (continued)

5.2 IFRS 9 (continued)

Most of the financial assets that were classified as loan and receivables and held to maturity under IAS 39 continues to be measured at amortised costs under IFRS 9 since these form part of business model hold to collect contractual cash flows which are SPPI. A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The entity is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. For such portfolios, the collection of contractual cash flows is only incidental to achieving the business model's objective. Consequently, such portfolios of financial assets must be measured at fair value through profit or loss. Accordingly, financial assets at fair value through statement of income continue to be measured at fair value through profit or loss and as such there was no impact on transition.

The impact on opening fair value reserve and opening accumulated losses, as at 1 January 2023 and 2022, is as follows:

	Impact on opening accumulated losses	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
Revaluation of Najm investments (Refer Note 8)	-	37,780
Net ECL allowance on financial assets	(41)	-
Impact of initial application of IFRS 9 as at 1 January 2023	(41)	37,780

	Impact on opening accumulated losses	Impact on opening fair value reserve
Adjustment to opening fair value reserve under IFRS 9		
Revaluation of Najm investments (Refer Note 8)	-	35,110
Net ECL allowance on financial assets	(358)	-
Impact of initial application of IFRS 9 as at 1 January 2022	(358)	35,110

The impact on the net loss and other comprehensive income for the year ended 31 December 2022 upon adoption of IFRS 9, is as follows:

For the year ended 31 December 2022:

	Impact on net profit	Impact on other comprehensive income
Revaluation of Najm investments	-	2,670
Net ECL allowance on financial assets	317	-
Impact of initial application of IFRS 9 for the year ended 31 December 2022	317	2,670

Furthermore, the classification of financial liabilities has changed from 'Other financial liabilities at amortised cost' as per IAS 39 to 'amortised cost' as per IFRS 9, with no corresponding change in carrying value of such financial liabilities.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

5. Impact of adoption of new accounting standards (continued)

5.3 Overall impact on transition to IFRS 17 and IFRS 9

	1 January 2023	1 January 2022
(Decrease) / increase in total equity on transition to:		
- IFRS 17 (see note 5.1)	(14,651)	(33,795)
- IFRS 9 (see note 5.2)	37,739	34,752
Total impact on transition to IFRS 17 and IFRS 9	23,088	957

	Impact on net profit	Impact on other comprehensive income
Increase on transition to:		
- IFRS 17 (see note 5.1)	19,144	-
- IFRS 9 (see note 5.2)	317	2,670
Impact of adoption of IFRS 17 and IFRS 9 for year ended 31 December 2022	19,461	2,670

6. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 December 2023	31 December 2022 (Restated)
Bank balances	**199,925**	134,765
Deposits with original maturity of less than 3 months	**215,276**	-
Cash in hand	**4**	-
Expected credit loss	**(120)**	-
	415,085	134,765

Cash at banks is placed with counterparties with sound credit ratings. As at 31 December 2023, deposits were placed with the local bank with original maturity of less than three months from the date of placement and earned commission income ranges from 6.25% to 7%.

The gross carrying amount of cash and cash equivalents represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on cash and cash equivalents is as follows:

	31 December 2023	31 December 2022 (Restated)
Balance at beginning of the year	**-**	-
ECL allowance recognised in statement of income during the year	**120**	-
Balance at end of the year	**120**	-

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

7. Term deposits

	31 December 2023	**31 December 2022 (Restated)**
Term deposits	**88,700**	239,076
Accrued commission income	**386**	-
Expected credit loss	**(79)**	(33)
Balance at end of the year	**89,007**	239,043

The term deposits represent deposits held with the local commercial banks and earn commission at market rates. These term deposits are denominated in Saudi Arabian Riyals and have an original maturity of more than three-months and less than twelve-months. As of 31 December 2023, the deposit yield commission rate of 6.50% (31 December 2022: ranges from 0.95% to 4.2%).

The gross carrying amount of term deposits represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on term deposits is as follows:

	31 December 2023	**31 December 2022 (Restated)**
Balance at beginning of the year	**33**	175
ECL allowance / (reversal) recognised in statement of income during the year	**46**	(142)
Balance at end of the year	**79**	33

8. Investments

(a) Investments are classified as follows:

	Note	**31 December 2023**	**31 December 2022 (Restated)**
Financial assets at fair value through profit or loss	8.1	**45,087**	20,755
Financial assets at amortised cost	8.2	**50,343**	61,464
Financial assets at fair value through other comprehensive income	8.3	**43,463**	39,703
		138,893	121,922

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

8. **Investments** (continued)

8.1 **Financial assets at fair value through profit or loss ("FVTPL")** (continued)

FVTPL includes investments managed by a fund manager under the discretionary portfolio of investments where all such investments are carried at fair value as provided by the Fund managers. The fund manager keep such investments in various equity and real estate funds.

Movement in investment in discretionary portfolio is as follows:

	31 December 2023	**31 December 2022 (Restated)**
Balance at beginning of the year	**20,755**	101,380
Additions during the year	**40,091**	90,030
Disposal during the year	**(21,304)**	(176,675)
Changes in fair value of investments	**5,545**	6,020
Balance at end of the year	**45,087**	20,755

8.2 **Financial assets at amortised cost**

	31 December 2023	**31 December 2022 (Restated)**
Sukuk	**50,000**	60,000
Commission accrued	**350**	1,472
Gross amount - total	**50,350**	61,472
Expected credit loss	**(7)**	(8)
Net amount – total	**50,343**	61,464

These represent 500,000 Sukuks at a face value of SAR 100 per Sukuk with a coupon rate of 2.80% per annum. These Sukuks have a maturity duration 10 years commencing from 18 March 2021.

The gross carrying amount of financial assets measured at amortised cost represents the Company's maximum exposure to credit risk on these financial assets which are categorised under investment grade and Stage 1. Investment grade includes those financial assets having credit exposure equivalent to Standard and Poor's rating of AAA to BBB, whereas non-investment grade represents un-rated exposures. The Company's exposures to credit risk are not collateralized.

Movement in allowance for expected credit losses on investments measured at amortised cost is as follows:

	31 December 2023	**31 December 2022 (Restated)**
Balance at beginning of the year	**8**	10
ECL allowance reversal recognised in statement of income during the year	**(1)**	(2)
Balance at end of the year	**7**	8

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

8. Investments (continued)

8.3 Financial assets at fair value through other comprehensive income ("FVOCI")

	31 December 2023	31 December 2022 (Restated)
Balance at beginning of the year	**39,703**	37,033
Changes in fair value of investments	**3,760**	2,670
Balance at end of the year	**43,463**	39,703

This above represents the Company's 3.45% (31 December 2022: 3.45%) holding in Najm for Insurance Services Company, a Saudi Closed Joint Stock Company. These shares are un-quoted and are carried at fair value. The Company has determined the fair value of its investment in Najm, which was previously carried at initial cost of Saudi Riyals 1.9 million until 31 December 2022, to be SAR 39.7 million at as 31 December 2022 and SAR 43.5 million as at 31 December 2023. Accordingly, the required adjustments to bring the carrying value of such investment to its fair value, in accordance with the requirements of IFRS 9, have been recorded in the opening equity as of 1 January 2022 and 31 December 2022. Refer to Note 25 for details relating to fair valuation techniques and a sensitivity analysis in relation to the significant assumptions.

9. Prepaid expenses and other assets

	31 December 2023	31 December 2022 (Restated)
Co-insurance income receivable	**12,997**	13,732
Advance to suppliers	**12,769**	7,962
Prepayments	**2,189**	1,247
Discount volume incentives receivable	**2,065**	1,995
Deposits	**1,894**	300
Advance to staff	**1,616**	1,693
Other receivables	**3,000**	3,080
	36,530	30,009

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts

10.1 Composition of the statement of financial position

An analysis of the amounts presented on the statement of financial position for insurance contracts and reinsurance contracts has been included in the table below:

31 December 2023	**Medical**	**Motor-Comprehensive**	**Motor-TPL**	**Accident & Liability**	**Engineering**	**Property**	**Marine**	**Total**
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	**(71,859)**	**(37,475)**	**(352,845)**	**(13,382)**	**(7,434)**	**(7,413)**	**(17,708)**	**(508,116)**
	(71,859)	**(37,475)**	**(352,845)**	**(13,382)**	**(7,434)**	**(7,413)**	**(17,708)**	**(508,116)**
Reinsurance contracts								
Reinsurance contract assets	-	**2,706**	**31,639**	**1,542**	**5,002**	**5,235**	**16,207**	**62,331**
Reinsurance contract liabilities	**(3,185)**	-	-	-	-	-	-	**(3,185)**
	(3,185)	**2,706**	**31,639**	**1,542**	**5,002**	**5,235**	**16,207**	**59,146**

31 December 2022 – (Restated)	**Medical**	**Motor-Comprehensive**	**Motor-TPL**	**Accident & Liability**	**Engineering**	**Property**	**Marine**	**Total**
Insurance contracts								
Insurance contract assets	-	-	-	-	-	-	-	-
Insurance contract liabilities	(73,224)	(68,710)	(333,208)	(7,130)	(3,026)	(21,259)	(17,861)	(524,418)
	(73,224)	(68,710)	(333,208)	(7,130)	(3,026)	(21,259)	(17,861)	(524,418)
Reinsurance contracts								
Reinsurance contract assets	4,588	6,279	26,093	314	2,155	18,853	16,747	75,029
Reinsurance contract liabilities	-	-	-	-	-	-	-	-
	4,588	6,279	26,093	314	2,155	18,853	16,747	75,029

(All amounts expressed in Saudi Riyals ’000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims

10.2.1 Insurance contracts (all portfolios)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	**347,074**	**21,624**	**149,818**	**5,902**	**524,418**
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	**347,074**	**21,624**	**149,818**	**5,902**	**524,418**
Insurance revenue	**(802,288)**	-	-	-	**(802,288)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses*	-	-	**622,575**	**1,010**	**623,585**
Reversal of losses on onerous contracts	-	**(18,711)**	-	-	**(18,711)**
Changes that relate to past service	-	-	**(8,092)**	**(2,995)**	**(11,087)**
Insurance acquisition cashflows amortisation	**130,179**	-	-	-	**130,179**
Insurance service expenses	**130,179**	**(18,711)**	**614,483**	**(1,985)**	**723,966**
Finance cost from insurance contracts	-	-	**2,382**	**346**	**2,728**
Total changes in the statement of income	**(672,109)**	**(18,711)**	**616,865**	**(1,639)**	**(75,594)**
Transfer from LRC to LIC	**(22,545)**	-	**22,545**	-	-
Cashflows					
Premiums received	**792,194**	-	-	-	**792,194**
Claims and other incurred insurance service expenses	-	-	**(614,917)**	-	**(614,917)**
Insurance acquisition cashflows paid	**(117,985)**	-	-	-	**(117,985)**
Total cash inflows / (outflows)	**674,209**	-	**(614,917)**	-	**59,292**
Insurance contracts					
Insurance contract liabilities – closing	**326,629**	**2,913**	**174,311**	**4,263**	**508,116**
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	**326,629**	**2,913**	**174,311**	**4,263**	**508,116**

*This includes surplus distribution of SAR 3.9 million for the year ended 31 December 2023 (Also see Note 30).

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (all portfolios) (continued)

	As at 31 December 2022 – Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	170,321	33,816	179,442	6,150	389,729
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	170,321	33,816	179,442	6,150	389,729
Insurance revenue	(598,351)	-	-	-	(598,351)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	673,031	2,757	675,788
Reversal of losses on onerous contracts	-	(12,192)	-	-	(12,192)
Changes that relate to past service	-	-	(129,653)	(3,089)	(132,742)
Insurance acquisition cashflows amortisation	98,145	-	-	-	98,145
Insurance service expenses	98,145	(12,192)	543,378	(332)	628,999
Finance income / (expense) from insurance contracts	-	-	(758)	84	(674)
Total changes in the statement of income	(500,206)	(12,192)	542,620	(248)	29,974
Transfer from LRC to LIC	25,989	-	(25,989)	-	-
Cashflows					
Premiums received	757,813	-	-	-	757,813
Claims and other incurred insurance service expenses	-	-	(546,255)	-	(546,255)
Insurance acquisition cashflows paid	(106,843)	-	-	-	(106,843)
Total cash inflows / (outflows)	650,970	-	(546,255)	-	104,715
Insurance contracts					
Insurance contract liabilities – closing	347,074	21,624	149,818	5,902	524,418
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	347,074	21,624	149,818	5,902	524,418

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Medical)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	**55,149**	**374**	**17,640**	**61**	**73,224**
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	**55,149**	**374**	**17,640**	**61**	**73,224**
Insurance revenue	**(149,084)**	-	-	-	**(149,084)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	**85,336**	**14**	**85,350**
Onerous contracts recognized	-	**518**	-	-	**518**
Changes that relate to past service	-	-	**(3,808)**	**(49)**	**(3,857)**
Insurance acquisition cashflows amortisation	**31,170**	-	-	-	**31,170**
Insurance service expenses	**31,170**	**518**	**81,528**	**(35)**	**113,181**
Finance costs from insurance contracts	-	-	**266**	**3**	**269**
Total changes in the statement of income	**(117,914)**	**518**	**81,794**	**(32)**	**(35,634)**
Transfer from LRC to LIC	**(4,013)**	-	**4,013**	-	-
Cashflows					
Premiums received	**142,308**	-	-	-	**142,308**
Claims and other incurred insurance service expenses	-	-	**(81,126)**	-	**(81,126)**
Insurance acquisition cashflows paid	**(26,913)**	-	-	-	**(26,913)**
Total cash inflows (outflows)	**115,395**	-	**(81,126)**	-	**34,269**
Insurance contracts					
Insurance contract liabilities – closing	**48,617**	**892**	**22,321**	**29**	**71,859**
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	**48,617**	**892**	**22,321**	**29**	**71,859**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Medical) (continued)

	As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	39,348	-	25,850	101	65,299
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	39,348	-	25,850	101	65,299
Insurance revenue	(114,828)	-	-	-	(114,828)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	83,928	46	83,974
Onerous contracts recognized	-	374	-	-	374
Changes that relate to past service	-	-	(19,577)	(87)	(19,664)
Insurance acquisition cashflows amortisation	21,769	-	-	-	21,769
Insurance service expenses	21,769	374	64,351	(41)	86,453
Finance (income) / cost from insurance contracts	-	-	(97)	1	(96)
Total changes in the statement of income	(93,059)	374	64,254	(40)	(28,471)
Transfer from LRC to LIC	4,013	-	(4,013)	-	-
Cashflows					
Premiums received	127,118	-	-	-	127,118
Claims and other incurred insurance service	-	-	(68,451)	-	(68,451)
Insurance acquisition cashflows paid	(22,271)	-	-	-	(22,271)
Total cash inflows / (outflows)	104,847	-	(68,451)	-	36,396
Insurance contracts					
Insurance contract liabilities – closing	55,149	374	17,640	61	73,224
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	55,149	374	17,640	61	73,224

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Motor-Comprehensive)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	36,088	7,261	24,312	1,049	68,710
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	36,088	7,261	24,312	1,049	68,710
Insurance revenue	(70,972)	-	-	-	(70,972)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	79,263	40	79,303
Reversal of losses on onerous contracts	-	(5,312)	-	-	(5,312)
Changes that relate to past service	-	-	(2,280)	(875)	(3,155)
Insurance acquisition cashflows amortisation	15,133	-	-	-	15,133
Insurance service expenses	15,133	(5,312)	76,983	(835)	85,969
Finance costs from insurance contracts	-	-	264	62	326
Total changes in the statement of income	(55,839)	(5,312)	77,247	(773)	15323
Transfer from LRC to LIC	887	-	(887)	-	-
Cashflows					
Premiums received	52,050	-	-	-	52,050
Claims and other incurred insurance service expenses	-	-	(87,152)	-	(87,152)
Insurance acquisition cashflows paid	(11,456)	-	-	-	(11,456)
Total cash inflows / (outflows)	40,594	-	(87,152)	-	(46,558)
Insurance contracts					
Insurance contract liabilities – closing	21,730	1,949	13,520	276	37,475
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	21,730	1,949	13,520	276	37,475

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Motor- Comprehensive) (continued)

	As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	28,207	4,125	28,784	1,340	62,456
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	28,207	4,125	28,784	1,340	62,456
Insurance revenue	(77,547)	-	-	-	(77,547)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	112,293	434	112,727
Onerous contracts recognized	-	3,136	-	-	3,136
Changes that relate to past service	-	-	(25,211)	(743)	(25,954)
Insurance acquisition cashflows amortisation	16,423	-	-	-	16,423
Insurance service expenses	16,423	3,136	87,082	(309)	106,332
Finance (income) / cost from insurance contracts	-	-	(8)	18	10
Total changes in the statement of income	(61,124)	3,136	87,074	(291)	28,795
Transfer from LRC to LIC	2,464	-	(2,464)	-	-
Cashflows					
Premiums received	81,926	-	-	-	81,926
Claims and other incurred insurance service expenses	-	-	(89,082)	-	(89,082)
Insurance acquisition cashflows paid	(15,385)	-	-	-	(15,385)
Total cash inflows / (outflows)	66,541	-	(89,082)	-	(22,541)
Insurance contracts					
Insurance contract liabilities – closing	36,088	7,261	24,312	1,049	68,710
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	36,088	7,261	24,312	1,049	68,710

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Motor-TPL)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	**243,891**	**13,989**	**71,725**	**3,603**	**333,208**
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	**243,891**	**13,989**	**71,725**	**3,603**	**333,208**
Insurance revenue	**(546,452)**	-	-	-	**(546,452)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	**451,698**	**941**	**452,639**
Reversal of losses on onerous contracts	-	**(13,917)**	-	-	**(13,917)**
Changes that relate to past service	-	-	**(2,636)**	**(1,210)**	**(3,846)**
Insurance acquisition cashflows amortisation	**75,212**	-	-	-	**75,212**
Insurance service expenses	**75,212**	**(13,917)**	**449,062**	**(269)**	**510,088**
Finance costs from insurance contracts	-	-	**1,288**	**212**	**1,500**
Total changes in the statement of income	**(471,240)**	**(13,917)**	**450,350**	**(57)**	**(34,864)**
Transfer from LRC to LIC	**(19,434)**	-	**19,434**	-	-
Cashflows					
Premiums received	**550,760**	-	-	-	**550,760**
Claims and other incurred insurance service expenses	-	-	**(426,533)**	-	**(426,533)**
Insurance acquisition cashflows paid	**(69,726)**	-	-	-	**(69,726)**
Total cash inflows / (outflows)	**481,034**	-	**(426,533)**	-	**54,501**
Insurance contracts					
Insurance contract liabilities – closing	**234,251**	**72**	**114,976**	**3,546**	**352,845**
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	**234,251**	**72**	**114,976**	**3,546**	**352,845**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Motor-TPL) continued)

	As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	85,592	28,370	75,229	2,734	191,925
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	85,592	28,370	75,229	2,734	191,925
Insurance revenue	(375,476)	-	-	-	(375,476)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	452,655	2,093	454,748
Reversal of losses on onerous contracts	-	(14,381)	-	-	(14,381)
Changes that relate to past service	-	-	(58,085)	(1,261)	(59,346)
Insurance acquisition cashflows amortisation	45,469	-	-	-	45,469
Insurance service expenses	45,469	(14,381)	394,570	832	426,490
Finance (income) / cost from insurance contracts	-	-	(366)	37	(329)
Total changes in the statement of income	(330,007)	(14,381)	394,204	869	50,685
Transfer from LRC to LIC	19,434	-	(19,434)	-	-
Cashflows					
Premiums received	534,660	-	-	-	534,660
Claims and other incurred insurance service expenses	-	-	(378,274)	-	(378,274)
Insurance acquisition cashflows paid	(65,788)	-	-	-	(65,788)
Total cash inflows / (outflows)	468,872	-	(378,274)	-	90,598
Insurance contracts					
Insurance contract liabilities – closing	243,891	13,989	71,725	3,603	333,208
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	243,891	13,989	71,725	3,603	333,208

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Accident & liability)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	4,760	-	2,307	63	7,130
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	**4,760**	**-**	**2,307**	**63**	**7,130**
Insurance revenue	**(12,998)**	**-**	**-**	**-**	**(12,998)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	2,577	6	2,583
Changes that relate to past service	-	-	1,105	(14)	1,091
Insurance acquisition cashflows amortisation	3,289	-	-	-	3,289
Insurance service expenses	**3,289**	**-**	**3,682**	**(8)**	**6,963**
Finance costs from insurance contracts	-	-	83	2	85
Total changes in the statement of income	**(9,709)**	**-**	**3,765**	**(6)**	**(5,950)**
Cashflows					
Premiums received	18,541	-	-	-	18,541
Claims and other incurred insurance service expenses	-	-	(2,418)	-	(2,418)
Insurance acquisition cashflows paid	(3,921)	-	-	-	(3,921)
Total cash inflows / (outflows)	**14,620**	**-**	**(2,418)**	**-**	**12,202**
Insurance contracts					
Insurance contract liabilities – closing	9,671	-	3,654	57	13,382
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	**9,671**	**-**	**3,654**	**57**	**13,382**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Accident & liability) continued)

	As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	9,005	1,295	10,685	401	21,386
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	9,005	1,295	10,685	401	21,386
Insurance revenue	(11,547)	-	-	-	(11,547)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	4,681	24	4,705
Reversal of losses on onerous contracts	-	(1,295)	-	-	(1,295)
Changes that relate to past service	-	-	(6,552)	(367)	(6,919)
Insurance acquisition cashflows amortisation	1,711	-	-	-	1,711
Insurance service expenses	1,711	(1,295)	(1,871)	(343)	(1,798)
Finance cost from insurance contracts	-	-	4	5	9
Total changes in the statement of income	(9,836)	(1,295)	(1,867)	(338)	(13,336)
Cashflows					
Premiums received	6,539	-	-	-	6,539
Claims and other incurred insurance service expenses	-	-	(6,511)	-	(6,511)
Insurance acquisition cashflows paid	(948)	-	-	-	(948)
Total cash inflows / (outflows)	5,591	-	(6,511)	-	(920)
Insurance contracts					
Insurance contract liabilities – closing	4,760	-	2,307	63	7,130
Insurance contract assets – closing	-	-	-	-	
Closing balance – net	4,760	-	2,307	63	7,130

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Engineering)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	**1,835**	**-**	**1,154**	**37**	**3,026**
Insurance contract assets – opening	**-**	**-**	**-**	**-**	**-**
Opening balance – net	**1,835**	**-**	**1,154**	**37**	**3,026**
Insurance revenue	**(5,513)**	**-**	**-**	**-**	**(5,513)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	**-**	**-**	**1,139**	**10**	**1,149**
Changes that relate to past service	**-**	**-**	**(314)**	**(27)**	**(341)**
Insurance acquisition cashflows amortisation	**1,456**	**-**	**-**	**-**	**1,456**
Insurance service expenses	**1,456**	**-**	**825**	**(17)**	**2,264**
Finance costs from insurance contracts	**-**	**-**	**23**	**2**	**25**
Total changes in the statement of income	**(4,057)**	**-**	**848**	**(15)**	**(3,224)**
Cashflows					
Premiums received	**10,001**	**-**	**-**	**-**	**10,001**
Claims and other incurred insurance service expenses	**-**	**-**	**(485)**	**-**	**(485)**
Insurance acquisition cashflows paid	**(1,884)**	**-**	**-**	**-**	**(1,884)**
Total cash inflows / (outflows)	**8,117**	**-**	**(485)**	**-**	**7,632**
Insurance contracts					
Insurance contract liabilities – closing	**5,895**	**-**	**1,517**	**22**	**7,434**
Insurance contract assets – closing	**-**	**-**	**-**	**-**	**-**
Closing balance – net	**5,895**	**-**	**1,517**	**22**	**7,434**

(All amounts expressed in Saudi Riyals ’000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Engineering) (continued)

	As at 31 December 2022 - Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	1,756	-	1,976	63	3,795
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	1,756	-	1,976	63	3,795
Insurance revenue	(3,078)	-	-	-	(3,078)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	723	(6)	717
Changes that relate to past service	-	-	(1,235)	(22)	(1,257)
Insurance acquisition cashflows amortisation	507	-	-	-	507
Insurance service expenses	507	-	(512)	(28)	(33)
Finance (income) / cost from insurance contracts	-	-	(7)	2	(5)
Total changes in the statement of income	(2,571)	-	(519)	(26)	(3,116)
Cashflows					
Premiums received	3,066	-	-	-	3,066
Claims and other incurred insurance service expenses	-	-	(303)	-	(303)
Insurance acquisition cashflows paid	(416)	-	-	-	(416)
Total cash inflows / (outflows)	2,650	-	(303)	-	2,347
Insurance contracts					
Insurance contract liabilities – closing	1,835	-	1,154	37	3,026
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	1,835	-	1,154	37	3,026

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Property)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	4,680	-	16,106	473	21,259
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	4,680	-	16,106	473	21,259
Insurance revenue	(14,451)	-	-	-	(14,451)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	1,670	(3)	1,667
Changes that relate to past service	-	-	22	(477)	(455)
Insurance acquisition cashflows amortisation	3,272	-	-	-	3,272
Insurance service expenses	3,272	-	1,692	(480)	4,484
Finance costs from insurance contracts	-	-	300	28	328
Total changes in the statement of income	(11,179)	-	1,992	(452)	(9,639)
Cashflows					
Premiums received	15,429	-	-	-	15,429
Claims and other incurred insurance service expenses	-	-	(16,263)	-	(16,263)
Insurance acquisition cashflows paid	(3,373)	-	-	-	(3,373)
Total cash inflows / (outflows)	12,056	-	(16,263)	-	(4,207)
Insurance contracts					
Insurance contract liabilities – closing	5,557	-	1,835	21	7,413
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	5,557	-	1,835	21	7,413

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Property) (continued)

	As at 31 December 2022 – Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	5,933	-	9,784	290	16,007
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	5,933	-	9,784	290	16,007
Insurance revenue	(13,848)	-	-	-	(13,848)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	17,349	139	17,488
Changes that relate to past service	-	-	(16,386)	40	(16,346)
Insurance acquisition cashflows amortisation	11,829	-	-	-	11,829
Insurance service expenses	11,829	-	963	179	12,971
Finance costs from insurance contracts	-	-	(243)	4	(239)
Total changes in the statement of income	(2,019)	-	720	183	(1,116)
Cashflows					
Premiums received	2,479	-	-	-	2,479
Claims and other incurred insurance service expenses	-	-	5,602	-	5,602
Insurance acquisition cashflows paid	(1,713)	-	-	-	(1,713)
Total cash inflows / (outflows)	766	-	5,602	-	6,368
Insurance contracts					
Insurance contract liabilities – closing	4,680	-	16,106	473	21,259
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	4,680	-	16,106	473	21,259

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Marine)

	As at 31 December 2023				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	**671**	**-**	**16,574**	**616**	**17,861**
Insurance contract assets – opening	**-**	**-**	**-**	**-**	**-**
Opening balance – net	**671**	**-**	**16,574**	**616**	**17,861**
Insurance revenue	**(2,818)**	**-**	**-**	**-**	**(2,818)**
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	**-**	**-**	**892**	**2**	**894**
Changes that relate to past service	**-**	**-**	**(181)**	**(343)**	**(524)**
Insurance acquisition cashflows amortisation	**648**	**-**	**-**	**-**	**648**
Insurance service expenses	**648**	**-**	**711**	**(341)**	**1,018**
Finance costs from insurance contracts	**-**	**-**	**158**	**37**	**195**
Total changes in the statement of income	**(2,170)**	**-**	**869**	**(304)**	**(1,605)**
Transfer from LRC to LIC	**15**	**-**	**(15)**	**-**	**-**
Cashflows					
Premiums received	**3,104**	**-**	**-**	**-**	**3,104**
Claims and other incurred insurance service expenses	**-**	**-**	**(940)**	**-**	**(940)**
Insurance acquisition cashflows paid	**(712)**	**-**	**-**	**-**	**(712)**
Total cash inflows / (outflows)	**2,392**	**-**	**(940)**	**-**	**1,452**
Insurance contracts					
Insurance contract liabilities – closing	**908**	**-**	**16,488**	**312**	**17,708**
Insurance contract assets – closing	**-**	**-**	**-**	**-**	**-**
Closing balance – net	**908**	**-**	**16,488**	**312**	**17,708**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.1 Insurance contracts (Marine) (continued)

	As at 31 December 2022 – Restated				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk Adjustment for non-financial risk	
Insurance contracts					
Insurance contract liabilities – opening	481	26	27,134	1,221	28,862
Insurance contract assets – opening	-	-	-	-	-
Opening balance – net	481	26	27,134	1,221	28,862
Insurance revenue	(2,026)	-	-	-	(2,026)
Insurance service expenses					
Incurred claims and other incurred insurance service expenses	-	-	1,402	27	1,429
Reversal of losses on onerous contracts	-	(26)	-	-	(26)
Changes that relate to past service	-	-	(2,607)	(649)	(3,256)
Insurance acquisition cashflows amortisation	436	-	-	-	436
Insurance service expenses	436	(26)	(1,205)	(622)	(1,417)
Finance (income) / costs from insurance contracts	-	-	(41)	17	(24)
Total changes in the statement of income	(1,590)	(26)	(1,246)	(605)	(3,467)
Transfer from LRC to LIC	78	-	(78)	-	-
Cashflows					
Premiums received	2,024	-	-	-	2,024
Claims and other incurred insurance service expenses	-	-	(9,236)	-	(9,236)
Insurance acquisition cashflows paid	(322)	-	-	-	(322)
Total cash inflows / (outflows)	1,702	-	(9,236)	-	(7,534)
Insurance contracts					
Insurance contract liabilities – closing	671	-	16,574	616	17,861
Insurance contract assets – closing	-	-	-	-	-
Closing balance – net	671	-	16,574	616	17,861

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (all portfolios)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(26,636)	(2,125)	(44,356)	(1,912)	(75,029)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	**(26,636)**	**(2,125)**	**(44,356)**	**(1,912)**	**(75,029)**
Allocation of reinsurance premium	90,827	-	-	-	90,827
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(56,043)	(98)	(56,141)
Loss-recovery on onerous underlying contracts	-	1,923	-	-	1,923
Changes that relate to past service	-	-	2,491	1,185	3,676
Amounts recoverable from reinsurers – net	-	1,923	(53,552)	1,087	(50,542)
Finance income from reinsurance contracts	-	-	(623)	(111)	(734)
Total changes in the statement of income	90,827	1,923	(54,175)	976	39,551
Transfer from ARC to AIC	1,804	-	(1,804)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(104,572)	-	-	-	(104,572)
Fixed commission received	13,137	-	-	-	13,137
Recoveries from reinsurance	-	-	67,767	-	67,767
Total cash inflows / (outflows)	(91,435)	-	67,767	-	(23,668)
Reinsurance contracts					
Reinsurance contract assets – closing	(29,380)	(202)	(31,813)	(936)	(62,331)
Reinsurance contract liabilities – closing	3,940	-	(755)	-	3,185
Closing balance – net	**(25,440)**	**(202)**	**(32,568)**	**(936)**	**(59,146)**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (all portfolios) (continued)

	As at 31 December 2022 - Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding Loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(20,220)	(1,569)	(39,679)	(1,880)	(63,348)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(20,220)	(1,569)	(39,679)	(1,880)	(63,348)
Allocation of reinsurance premium	64,556	-	-	-	64,556
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(78,803)	(531)	(79,334)
Onerous contracts recognised	-	(556)	-	-	(556)
Changes that relate to past service	-	-	22,168	524	22,692
Amounts recoverable from reinsurers - net	-	(556)	(56,635)	(7)	(57,198)
Finance costs / (income) from reinsurance contracts	-	-	332	(25)	307
Total changes in the statement of income	64,556	(556)	(56,303)	(32)	7,665
Transfer from ARC to AIC	(1,806)	-	1,806	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(76,670)	-	-	-	(76,670)
Fixed commission received	7,504	-	-	-	7,504
Recoveries from reinsurance	-	-	49,820	-	49,820
Total cash inflows / (outflows)	(69,166)	-	49,820	-	(19,346)
Reinsurance contracts					
Reinsurance contract assets – closing	(26,636)	(2,125)	(44,356)	(1,912)	(75,029)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(26,636)	(2,125)	(44,356)	(1,912)	(75,029)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Medical)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-nancial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(1,071)	-	(3,516)	-	(4,587)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(1,071)	-	(3,516)	-	(4,587)
Allocation of reinsurance premium	5,728	-	-	-	5,728
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(3,016)	-	(3,016)
Changes that relate to past service	-	-	(145)	-	(145)
Amounts recoverable from reinsurers – net	-	-	(3,161)	-	(3,161)
Finance income from reinsurance contracts	-	-	(25)	-	(25)
Total changes in the statement of income	5,728	-	(3,186)	-	2,542
Transfer from ARC to AIC	136	-	(136)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(853)	-	-	-	(853)
Recoveries from reinsurance	-	-	6,083	-	6,083
Total cash inflows / (outflows)	(853)	-	6,083	-	5,230
Reinsurance contracts					
Reinsurance contract assets – closing	-	-	-	-	-
Reinsurance contract liabilities – closing	3,940	-	(755)	-	3,185
Closing balance – net	3,940	-	(755)	-	3,185

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Medical) (continued)

	As at 31 December 2022 - Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding Loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	-	-	(911)	-	(911)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	-	-	(911)	-	(911)
Allocation of reinsurance premium	7,132	-	-	-	7,132
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(4,002)	-	(4,002)
Changes that relate to past service	-	-	211	-	211
Amounts recoverable from reinsurers - net	-	-	(3,791)	-	(3,791)
Finance costs from reinsurance contracts	-	-	11	-	11
Total changes in the statement of income	7,132	-	(3,780)	-	3,352
Transfer from ARC to AIC	(136)	-	136	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(8,068)	-	-	-	(8,068)
Recoveries from reinsurance	-	-	1,039	-	1,039
Total cash (outflows) / inflows	(8,068)	-	1,039	-	(7,029)
Reinsurance contracts					
Reinsurance contract assets – closing	(1,072)	-	(3,516)	-	(4,588)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(1,072)	-	(3,516)	-	(4,588)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Motor - Comprehensive)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-nancial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	**(3,101)**	**(726)**	**(2,362)**	**(90)**	**(6,279)**
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	**(3,101)**	**(726)**	**(2,362)**	**(90)**	**(6,279)**
Allocation of reinsurance premium	**9,890**	-	-	-	**9,890**
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	**(6,002)**	**(9)**	**(6,011)**
Loss-recovery on onerous underlying contracts	-	**531**	-	-	**531**
Changes that relate to past service	-	-	**396**	**69**	**465**
Amounts recoverable from reinsurers – net	-	**531**	**(5,606)**	**60**	**(5,015)**
Finance income from reinsurance contracts	-	-	**(27)**	**(5)**	**(32)**
Total changes in the statement of income	**9,890**	**531**	**(5,633)**	**55**	**4,843**
Transfer from ARC to AIC	**398**	-	**(398)**	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	**(8,196)**	-	-	-	**(8,196)**
Fixed commission received	**381**	-	-	-	**381**
Recoveries from reinsurance	-	-	**6,545**	-	**6,545**
Total cash (outflows) / inflows	**(7,815)**	-	**6,545**	-	**(1,270)**
Reinsurance contracts					
Reinsurance contract assets – closing	**(628)**	**(195)**	**(1,848)**	**(35)**	**(2,706)**
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	**(628)**	**(195)**	**(1,848)**	**(35)**	**(2,706)**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Motor- Comprehensive) (continued)

	As at 31 December 2022 - Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding Loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(2,615)	(208)	(2,135)	(89)	(5,047)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(2,615)	(208)	(2,135)	(89)	(5,047)
Allocation of reinsurance premium	7,015	-	-	-	7,015
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(9,294)	(41)	(9,335)
Onerous contracts recognised	-	(518)	-	-	(518)
Changes that relate to past service	-	-	2,019	41	2,060
Amounts recoverable from reinsurers - net	-	(518)	(7,275)	-	(7,793)
Finance costs / (income) from reinsurance contracts	-	-	3	(1)	2
Total changes in the statement of income	7,015	(518)	(7,272)	(1)	(776)
Transfer from ARC to AIC	(398)	-	398	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(7,658)	-	-	-	(7,658)
Fixed commission received	555	-	-	-	555
Recoveries from reinsurance	-	-	6,647	-	6,647
Total cash (outflows) / inflows	(7,103)	-	6,647	-	(456)
Reinsurance contracts					
Reinsurance contract assets – closing	(3,101)	(726)	(2,362)	(90)	(6,279)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(3,101)	(726)	(2,362)	(90)	(6,279)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Motor-TPL)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	**(17,221)**	**(1,399)**	**(7,247)**	**(226)**	**(26,093)**
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	**(17,221)**	**(1,399)**	**(7,247)**	**(226)**	**(26,093)**
Allocation of reinsurance premium	**57,732**	-	-	-	**57,732**
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	**(45,052)**	**(65)**	**(45,117)**
Loss-recovery on onerous underlying contracts	-	**1,392**	-	-	**1,392**
Changes that relate to past service	-	-	**1,363**	**47**	**1,410**
Amounts recoverable from reinsurers – net	-	**1,392**	**(43,689)**	**(18)**	**(42,315)**
Finance income from reinsurance contracts	-	-	**(138)**	**(13)**	**(151)**
Total changes in the statement of income	**57,732**	**1,392**	**(43,827)**	**(31)**	**15,266**
Transfer from ARC to AIC	**1,261**	-	**(1,261)**	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	**(65,897)**	-	-	-	**(65,897)**
Fixed commission received	**5,204**	-	-	-	**5,204**
Recoveries from reinsurance	-	-	**39,881**	-	**39,881**
Total cash (outflows) / inflows	**(60,693)**	-	**39,881**	-	**(20,812)**
Reinsurance contracts					
Reinsurance contract assets – closing	**(18,921)**	**(7)**	**(12,454)**	**(257)**	**(31,639)**
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	**(18,921)**	**(7)**	**(12,454)**	**(257)**	**(31,639)**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Motor-TPL) (continued)

	As at 31 December 2022 – Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-nancial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(11,605)	(1,152)	(7,575)	(152)	(20,484)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(11,605)	(1,152)	(7,575)	(152)	(20,484)
Allocation of reinsurance premium	36,378	-	-	-	36,378
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(42,012)	(121)	(42,133)
Onerous contracts recognised	-	(247)	-	-	(247)
Changes that relate to past service	-	-	4,787	49	4,836
Amounts recoverable from reinsurers – net	-	(247)	(37,225)	(72)	(37,544)
Finance costs / (income) from reinsurance contracts	-	-	49	(2)	47
Total changes in the statement of income	36,378	(247)	(37,176)	(74)	(1,119)
Transfer from ARC to AIC	(1,261)	-	1,261	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(43,526)	-	-	-	(43,526)
Fixed commission received	2,793	-	-	-	2,793
Recoveries from reinsurance	-	-	36,243	-	36,243
Total cash (outflows) / inflows	(40,733)	-	36,243	-	(4,490)
Reinsurance contracts					
Reinsurance contract assets – closing	(17,221)	(1,399)	(7,247)	(226)	(26,093)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(17,221)	(1,399)	(7,247)	(226)	(26,093)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Accident & liability)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	**71**	**-**	**(375)**	**(10)**	**(314)**
Reinsurance contract liabilities – opening	**-**	**-**	**-**	**-**	**-**
Opening balance – net	**71**	**-**	**(375)**	**(10)**	**(314)**
Allocation of reinsurance premium	**2,930**	**-**	**-**	**-**	**2,930**
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	**-**	**-**	**(75)**	**(1)**	**(76)**
Changes that relate to past service	**-**	**-**	**368**	**10**	**378**
Amounts recoverable from reinsurers – net	**-**	**-**	**293**	**9**	**302**
Finance income from reinsurance contracts	**-**	**-**	**(14)**	**-**	**(14)**
Total changes in the statement of income	**2,930**	**-**	**279**	**9**	**3,218**
Transfer from ARC to AIC	**-**	**-**	**-**	**-**	**-**
Cashflows					
Premiums ceded and acquisition cashflows paid	**(5,571)**	**-**	**-**	**-**	**(5,571)**
Fixed commission received	**1,102**	**-**	**-**	**-**	**1,102**
Recoveries from reinsurance	**-**	**-**	**23**	**-**	**23**
Total cash (outflows) / inflows	**(4,469)**	**-**	**23**	**-**	**(4,446)**
Reinsurance contracts					
Reinsurance contract assets – closing	**(1,468)**	**-**	**(73)**	**(1)**	**(1,542)**
Reinsurance contract liabilities – closing	**-**	**-**	**-**	**-**	**-**
Closing balance – net	**(1,468)**	**-**	**(73)**	**(1)**	**(1,542)**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Accident & liability) (continued)

	As at 31 December 2022 – Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(970)	(186)	(430)	(14)	(1,600)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(970)	(186)	(430)	(14)	(1,600)
Allocation of reinsurance premium	1,734	-	-	-	1,734
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(609)	(2)	(611)
Loss-recovery on onerous underlying contracts	-	186	-	-	186
Changes that relate to past service	-	-	201	6	207
Amounts recoverable from reinsurers – net	-	186	(408)	4	(218)
Finance costs from reinsurance contracts	-	-	13	-	13
Total changes in the statement of income	1,734	186	(395)	4	1,529
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(723)	-	-	-	(723)
Fixed commission received	30	-	-	-	30
Recoveries from reinsurance	-	-	450	-	450
Total cash (outflows) / inflows	(693)	-	450	-	(243)
Reinsurance contracts					
Reinsurance contract assets – closing	71	-	(375)	(10)	(314)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	71	-	(375)	(10)	(314)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Engineering)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(1,304)	-	(807)	(44)	(2,155)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(1,304)	-	(807)	(44)	(2,155)
Allocation of reinsurance premium	2,974	-	-	-	2,974
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(530)	(10)	(540)
Changes that relate to past service	-	-	287	35	322
Amounts recoverable from reinsurers – net	-	-	(243)	25	(218)
Finance income from reinsurance contracts	-	-	(16)	(2)	(18)
Total changes in the statement of income	2,974	-	(259)	23	2,738
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(7,896)	-	-	-	(7,896)
Fixed commission received	2,310	-	-	-	2,310
Recoveries from reinsurance	-	-	1	-	1
Total cash (outflows) / inflows	(5,586)	-	1	-	(5,585)
Reinsurance contracts					
Reinsurance contract assets – closing	(3,916)	-	(1,065)	(21)	(5,002)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(3,916)	-	(1,065)	(21)	(5,002)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Engineering) (continued)

	As at 31 December 2022 – Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(990)	-	(1,344)	(55)	(2,389)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(990)	-	(1,344)	(55)	(2,389)
Allocation of reinsurance premium	1,837	-	-	-	1,837
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(506)	-	(506)
Changes that relate to past service	-	-	969	12	981
Amounts recoverable from reinsurers – net	-	-	463	12	475
Finance costs / (income) from reinsurance contracts	-	-	3	(1)	2
Total changes in the statement of income	1,837	-	466	11	2,314
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(2,849)	-	-	-	(2,849)
Fixed commission received	698	-	-	-	698
Recoveries from reinsurance	-	-	71	-	71
Total cash (outflows) / inflows	(2,151)	-	71	-	(2,080)
Reinsurance contracts					
Reinsurance contract assets – closing	(1,304)	-	(807)	(44)	(2,155)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(1,304)	-	(807)	(44)	(2,155)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Property)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(3,604)	-	(14,561)	(688)	(18,853)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(3,604)	-	(14,561)	(688)	(18,853)
Allocation of reinsurance premium	10,157	-	-	-	10,157
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(811)	(7)	(818)
Changes that relate to past service	-	-	(158)	712	554
Amounts recoverable from reinsurers – net	-	-	(969)	705	(264)
Finance income from reinsurance contracts	-	-	(271)	(41)	(312)
Total changes in the statement of income	10,157	-	(1,240)	664	9,581
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(14,015)	-	-	-	(14,015)
Fixed commission received	3,448	-	-	-	3,448
Recoveries from reinsurance	-	-	14,604	-	14,604
Total cash (outflows) / inflows	(10,567)	-	14,604	-	4,037
Reinsurance contracts					
Reinsurance contract assets – closing	(4,014)	-	(1,197)	(24)	(5,235)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(4,014)	-	(1,197)	(24)	(5,235)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Property) (continued)

	As at 31 December 2022 – Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(3,803)	-	(6,758)	(238)	(10,799)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(3,803)	-	(6,758)	(238)	(10,799)
Allocation of reinsurance premium	9,074	-	-	-	9,074
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(17,735)	(330)	(18,065)
Changes that relate to past service	-	-	8,379	(117)	8,262
Amounts recoverable from reinsurers – net	-	-	(9,356)	(447)	(9,803)
Finance costs / (income) from reinsurance contracts	-	-	222	(3)	219
Total changes in the statement of income	9,074	-	(9,134)	(450)	(510)
Transfer from ARC to AIC	-	-	-	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(11,636)	-	-	-	(11,636)
Fixed commission received	2,761	-	-	-	2,761
Recoveries from reinsurance	-	-	1,331	-	1,331
Total cash (outflows) / inflows	(8,875)	-	1,331	-	(7,544)
Reinsurance contracts					
Reinsurance contract assets – closing	(3,604)	-	(14,561)	(688)	(18,853)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(3,604)	-	(14,561)	(688)	(18,853)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Marine)

	As at 31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(405)	-	(15,488)	(854)	(16,747)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(405)	-	(15,488)	(854)	(16,747)
Allocation of reinsurance premium	1,416	-	-	-	1,416
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(557)	(6)	(563)
Changes that relate to past service	-	-	380	312	692
Amounts recoverable from reinsurers – net	-	-	(177)	306	129
Finance income from reinsurance contracts	-	-	(132)	(50)	(182)
Total changes in the statement of income	1,416	-	(309)	256	1,363
Transfer from ARC to AIC	9	-	(9)	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(2,145)	-	-	-	(2,145)
Fixed commission received	692	-	-	-	692
Recoveries from reinsurance	-	-	630	-	630
Total cash (outflows) / inflows	(1,453)	-	630	-	(823)
Reinsurance contracts					
Reinsurance contract assets – closing	(433)	-	(15,176)	(598)	(16,207)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(433)	-	(15,176)	(598)	(16,207)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

10. Insurance and reinsurance contracts (continued)

10.2 Analysis by remaining coverage and incurred claims (continued)

10.2.2 Reinsurance contracts held (Marine) (continued)

	As at 31 December 2022 – Restated				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Reinsurance contracts					
Reinsurance contract assets – opening	(237)	(23)	(20,526)	(1,332)	(22,118)
Reinsurance contract liabilities – opening	-	-	-	-	-
Opening balance – net	(237)	(23)	(20,526)	(1,332)	(22,118)
Allocation of reinsurance premium	1,386	-	-	-	1,386
Amounts recoverable from reinsurers					
Claims recovered and other directly attributable expenses	-	-	(4,645)	(37)	(4,682)
Loss-recovery on onerous underlying contracts	-	23	-	-	23
Changes that relate to past service	-	-	5,602	533	6,135
Amounts recoverable from reinsurers – net	-	23	957	496	1,476
Finance costs / (income) from reinsurance contracts	-	-	31	(18)	13
Total changes in the statement of income	1,386	23	988	478	2,875
Transfer from ARC to AIC	(11)	-	11	-	-
Cashflows					
Premiums ceded and acquisition cashflows paid	(2,210)	-	-	-	(2,210)
Fixed commission received	667	-	-	-	667
Recoveries from reinsurance	-	-	4,039	-	4,039
Total cash (outflows) / inflows	(1,543)	-	4,039	-	2,496
Reinsurance contracts					
Reinsurance contract assets – closing	(405)	-	(15,488)	(854)	(16,747)
Reinsurance contract liabilities – closing	-	-	-	-	-
Closing balance – net	(405)	-	(15,488)	(854)	(16,747)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

11. Right-of- use assets and lease liabilities

a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

Right-of-use assets – net

	31 December 2023	31 December 2022
1 January 2023	**17,454**	18,231
Additions during the year	**4,984**	1,720
Depreciation during the year	**(4,318)**	(1,756)
Termination during the year	**-**	(741)
31 December 2023	**18,120**	17,454

Lease liabilities

Commitments in relation to lease obligations are payable as follows:

	31 December 2023	31 December 2022
Within one year	**4,479**	4,701
Later than one year but not later than five years	**15,671**	12,443
Later than five years	**2,045**	4,963
	22,195	22,107
Future finance costs	**(2,424)**	(3,614)
Lease liabilities	**19,771**	18,493

Movement in lease liabilities is as follows:

	31 December 2023	31 December 2022
January 1	**18,493**	20,335
Addition during the year	**4,984**	1,720
Finance costs	**955**	2,128
Termination during the year	**-**	(655)
Payment during the year	**(4,661)**	(5,035)
31 December	**19,771**	18,493

b) Amounts recognised in the statement of income

Total finance costs recognised in the statement of income pertaining to lease liabilities amounted to Saudi Riyals 0.96 million for the year ended 31 December 2023.

c) Details for leasing activities of the Company

The Company leases office premises and various point-of-sale stores across the Kingdom of Saudi Arabia. Rental contracts are typically made for a period of 1 months to 12 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

12. Property and equipment

	Furniture and fixtures	Computers & equipment	Motor Vehicles	Capital work in progress	Total
Cost:					
1 January	**19,334**	**17,316**	**96**	**2,114**	**38,860**
Additions	**809**	**1,466**	**-**	**-**	**2,275**
Transfer	**-**	**1,445**	**-**	**(1,445)**	**-**
At 31 December	**20,143**	**20,227**	**96**	**669**	**41,135**
Accumulated depreciation:					
1 January	**17,320**	**16,290**	**96**	**-**	**33,706**
Charge for the year	**1,488**	**470**	**-**	**-**	**1,958**
31 December	**18,808**	**16,760**	**96**	**-**	**35,664**
Net book value:					
31 December 2023	**1,335**	**3,467**	**-**	**669**	**5,471**

	Furniture and fixtures	Computer & equipment	Motor Vehicles	Capital work in progress	Total
Cost:					
1 January	18,477	16,558	96	-	35,131
Additions	857	758	-	2,114	3,729
At 31 December	19,334	17,316	96	2,114	38,860
Accumulated depreciation:					
1 January	15,338	15,606	80	-	31,024
Charge for the year	1,982	684	16	-	2,682
31 December	17,320	16,290	96	-	33,706
Net book value:					
31 December 2022	2,014	1,026	-	2,114	5,154

The cost of other items of property and equipment is depreciated on the straight-line method to allocate the cost over estimated useful lives, as follows:

	Years
Furniture and fixtures	5
Computer & equipment	3
Motor vehicles	5

(All amounts expressed in Saudi Riyals ’000 unless otherwise stated)

13. Statutory deposit

In accordance with Article 58 of the Insurance Implementing Regulations of SAMA, the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank. Accrued income on this deposit is payable to Insurance Authority (IA) amounting to SAR 2.4 million (31 December 2022: SAR 2.4 million) and this deposit can be withdrawn only with the consent of IA.

In accordance with the instruction received from SAMA vide their circular dated 1 March 2016, the Company has disclosed the interest due on the statutory deposit as at 31 December 2023 as an asset and a liability in these financial statements. In accordance with the request received from SAMA on 30 August 2023 the Company has released the accrued income on statutory deposit to SAMA up to 31 December 2022 amounting to Saudi Riyals 4.9 million. The statutory deposit is shown on the statement of financial position net of impairment allowance. During the year, the Insurance Authority has been established by a royal decree as the insurance regulator. Previously issued regulations by SAMA will be upheld until the Insurance Authority issues updated regulations. Therefore, the accrued income liability is payable to the Insurance Authority.

14. Accrued and other liabilities

	31 December 2023	31 December 2022 (Restated)
Due to government entities	**11,938**	2,770
Suppliers and other creditors	**9,356**	14,921
Accrued expenses	**1,537**	397
Other payables	**2,759**	2,697
	25,590	20,785

15. Employee benefit obligations

15.1 General description of the plan

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. Employees’ end-of-service benefit plans are unfunded plans and the benefit payment obligation are met when they fall due upon termination of employment.

15.2 Movement of defined benefit obligations is as follows:

	31 December 2023	31 December 2022
1 January	**6,716**	7,895
Current service cost	**1,829**	1,486
Finance costs	**332**	213
Payments	**(853)**	(3,267)
Remeasurement	**693**	389
31 December	**8,717**	6,716

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

15 Employee benefit obligations (continued)

15.2 Movement of defined benefit obligations is as follows: (continued)

a. Amounts recognised in the statements of income and comprehensive income

The amounts recognised in the statements of income and comprehensive income related to employee benefit obligations are as follows:

	2023	2022
Current service result	**1,829**	1,486
Interest expense	**332**	213
Total amount recognised in the statement of income	**2,161**	1,699
Remeasurement	**693**	389
Total amount recognised in the statement of comprehensive income	**2,854**	2,088

15.3 Principal actuarial assumptions

The following range of significant actuarial assumptions was used by the Company for the valuation of employee defined benefit obligations:

	2023	2022
Discount rate	**5%**	5.15%
Salary growth rate	**5%**	3%

15.4 Sensitivity analysis for actuarial assumptions

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

	2023	2022
Discount rate		
- Increase by 1%	**(732)**	(612)
- Decrease by 1%	**844**	713
Salary growth rate		
- Increase by 1%	**835**	758
- Decrease by 1%	**(739)**	(659)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the benefit obligations.

The weighted average duration of the defined benefit obligation is 10.8 years (2022: 11 years). The expected maturity analysis of undiscounted employee benefit obligations is as follows:

15.5 Expected maturity analysis

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
31 December 2023	**887**	**985**	**3,733**	**32,773**	**38,378**
31 December 2022	476	422	1,281	9,864	12,043

16. Share capital

During the year ended 31 December 2023, the Company completed its right issue of Saudi Riyals 100 million consisting of 10 million new shares of Saudi Riyals 10 each. Accordingly, the authorized, issued and paid-up capital of the Company was Saudi Riyals 200 million at 31 December 2023 (31 December 2022: Saudi Riyals 100 million) consisting of 20 million shares (31 December 2022: 10 million shares) of Saudi Riyals 10 each.

The Company incurred transaction costs of Saudi Riyals 10.2 million on the right issue of shares which has been accounted for as a deduction from equity in accordance with the requirements of IFRS as endorsed by SOCPA.

On 16 August 2022, the shareholders of the Company in an extra-ordinary general meeting approved the decrease in accumulated losses by netting-off with the share capital of Saudi Riyals 150 million and utilize the entire balance of Saudi Riyals 5 million from the statutory reserve. Accordingly, the accumulated losses, share capital and statutory reserve have been reduced by Saudi Riyals 155 million, Saudi Riyals 150 million and Saudi Riyals 5 million respectively. The capital reduction was through reduction of 3 shares for every 5 shares held by the shareholder. The purpose of capital reduction was to restructure the capital position of the Company in line with the Companies Law. There was no impact of capital reduction on the Company's financial obligations.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

17. Insurance service results

An analysis of insurance revenue, insurance expenses and net income / (expenses) from reinsurance contracts held by portfolio of contracts for the years ended 31 December 2023 and 31 December 2022 is included in following tables respectively. Additional information on amounts recognized in statement of income is included in the insurance and reinsurance contract balances reconciliation.

For the year ended 31 December 2023:

	Medical	Motor-Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Insurance revenue from contracts measured under PAA	149,084	70,972	546,452	12,998	5,513	14,451	2,818	802,288
Insurance revenue	**149,084**	**70,972**	**546,452**	**12,998**	**5,513**	**14,451**	**2,818**	**802,288**
Incurred claims and other incurred insurance service expenses*	(85,350)	(79,303)	(452,639)	(2,583)	(1,149)	(1,667)	(894)	(623,585)
Changes that relate to past service - adjustments to the LIC	3,857	3,155	3,846	-	-	-	-	10,858
(Loss) / reversal of losses on onerous contracts	(518)	5,312	13,917	(1,091)	341	455	524	18,940
Insurance acquisition cash flows amortisation	(31,170)	(15,132)	(75,212)	(3,289)	(1,456)	(3,272)	(648)	(130,179)
Total insurance service expenses	**(113,181)**	**(85,968)**	**(510,088)**	**(6,963)**	**(2,264)**	**(4,484)**	**(1,018)**	**(723,966)**

*This includes surplus distribution of SAR 3.9 million for the year ended 31 December 2023 (Also see note 30).

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

17. Insurance service results (continued)

For the year ended 31 December 2023: (continued)

	Medical	Motor-Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Allocation of reinsurance premium paid - contracts measured under the PAA								
Premium ceded on reinsurance contracts held	(5,728)	(10,280)	(61,031)	(3,555)	(4,174)	(13,231)	(2,033)	(100,032)
Commission earned on reinsurance contracts held	-	391	3,298	625	1,200	3,074	617	9,205
	(5,728)	(9,889)	(57,733)	(2,930)	(2,974)	(10,157)	(1,416)	(90,827)
Amounts recoverable from reinsurers								
Claims recovered	3,016	6,011	45,117	76	540	818	563	56,141
Losses on onerous contracts and reversal of the losses	-	(531)	(1,392)	-	-	-	-	(1,923)
Changes to amounts recoverable for incurred claims	145	(465)	(1,410)	(378)	(322)	(554)	(692)	(3,676)
Amounts recoverable from reinsurers – net	3,161	5,015	42,315	(302)	218	264	(129)	50,542
Net expenses from reinsurance contracts	(2,567)	(4,874)	(15,418)	(3,232)	(2,756)	(9,893)	(1,545)	(40,285)
Insurance service result from Company's directly written business	33,336	(19,870)	20,946	2,803	493	74	255	38,037
Share of surplus from insurance pool	-	-	-	-	-	-	-	13,166
Total insurance service result	33,336	(19,870)	20,946	2,803	493	74	255	51,203

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

17. Insurance service results (continued)

For the year ended 31 December 2022:

	Medical	**Motor-Comprehensive**	**Motor-TPL**	**Accident & Liability**	**Engineering**	**Property**	**Marine**	**Total**
31 December 2022								
Insurance revenue from contracts measured under PAA	114,828	77,547	375,476	11,548	3,078	13,848	2,026	598,351
Insurance revenue	114,828	77,547	375,476	11,548	3,078	13,848	2,026	598,351
Incurred claims and other incurred service expenses	(83,974)	(112,727)	(454,748)	(4,705)	(717)	(17,488)	(1,429)	(675,788)
Changes that relate to past service	19,664	25,954	59,346	6,919	1,257	16,346	3,256	132,742
(Losses) / reversal of losses on onerous contracts	(374)	(3,136)	14,381	1,295	-	-	26	12,192
Insurance acquisition cash flows amortisation	(21,769)	(16,423)	(45,469)	(1,710)	(507)	(11,829)	(436)	(98,143)
Total insurance service expenses	(86,453)	(106,332)	(426,490)	1,799	33	(12,971)	1,417	(628,997)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

17. Insurance service results (continued)

For the year ended 31 December 2022: (continued)

	Medical	Motor-Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
Allocation of reinsurance premium paid - contracts measured under the PAA								
Premium ceded on reinsurance contracts held	(7,132)	(7,835)	(40,209)	(2,049)	(2,545)	(12,174)	(1,892)	(73,836)
Commission earned on reinsurance contracts held	-	820	3,831	315	708	3,100	506	9,280
	(7,132)	(7,015)	(36,378)	(1,734)	(1,837)	(9,074)	(1,386)	(64,556)
Amounts recoverable from reinsurers								
Claims recovered	4,002	9,335	42,133	611	506	18,065	4,682	79,334
Losses on onerous contracts and reversal of the losses	-	518	247	(186)	-	-	(23)	556
Changes to amounts recoverable for incurred claims	(211)	(2,060)	(4,836)	(207)	(981)	(8,262)	(6,135)	(22,692)
Amounts recoverable from reinsurers – net	3,791	7,793	37,544	218	(475)	9,803	(1,476)	57,198
Net (expenses) / income from reinsurance contracts	(3,341)	778	1,166	(1,516)	(2,312)	729	(2,862)	(7,358)
Insurance service result from Company's directly written business	25,034	(28,007)	(49,848)	11,831	799	1,606	581	(38,004)
Share of surplus from insurance pool	-	-	-	-	-	-	-	14,223
Total insurance service result	25,034	(28,007)	(49,848)	11,831	799	1,606	581	(23,781)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

18. Investment income

	31 December 2023	31 December 2022 (Restated)
Commission income from financial assets not measured at FVTPL		
Term deposits	**20,406**	11,047
Sukuks	**1,724**	1,864
	22,130	12,911
Net gains on investments measured at FVTPL	**5,545**	6,020
Total investment income	**27,675**	18,931

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

19. Insurance finance costs - net

An analysis of the net insurance finance income / (costs) by portfolio of contracts for years ended 31 December 2023 and 31 December 2022 respectively is presented below:

For the year ended 31 December 2023:

	Medical	Motor-Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
31 December 2023								
Finance costs from insurance contracts issued								
Interest accreted	(269)	(326)	(1,500)	(85)	(25)	(328)	(195)	(2,728)
Finance costs from insurance contracts issued	(269)	(326)	(1,500)	(85)	(25)	(328)	(195)	(2,728)
Finance income from reinsurance contracts held								
Interest accreted	25	32	151	14	18	312	182	734
Finance income from reinsurance contracts held	25	32	151	14	18	312	182	734
Finance costs – net	(244)	(294)	(1,349)	(71)	(7)	(16)	(13)	(1,994)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

19. Insurance finance costs – net (continued)

For the year ended 31 December 2022:

	Medical	Motor-Comprehensive	Motor-TPL	Accident & Liability	Engineering	Property	Marine	Total
31 December 2022								
Finance costs from insurance contracts issued								
Interest accreted	96	(10)	329	(9)	5	239	24	674
Net finance income / (costs) from insurance contracts issued	96	(10)	329	(9)	5	239	24	674
Finance income from reinsurance contracts held								
Interest accreted	(11)	(2)	(47)	(13)	(2)	(219)	(13)	(307)
Net finance costs from reinsurance contracts held	(11)	(2)	(47)	(13)	(2)	(219)	(13)	(307)
Finance income / (costs) - net	85	(12)	282	(22)	3	20	11	367

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

20. Share of surplus from insurance pools

	31 December 2023	31 December 2022 (Restated)
Share of surplus from Umrah and Hajj scheme (Note 20.1)	**13,166**	14,223

20.1 Share of surplus from Umrah and Hajj scheme

This represents the Company's share in the surplus for general accident product arising from the Umrah & Haj scheme. The Company with twenty-seven other insurance companies operating in the Kingdom of Saudi Arabia, entered into an agreement with CCI effective from 1 January 2020. The compulsory Umrah product is offered by the ministry and approved by SAMA for insurance of pilgrims coming from outside of the Kingdom of Saudi Arabia except for citizens of the Gulf Cooperation Council countries. This covers general accidents and health benefits of the pilgrims entering the Kingdom of Saudi Arabia to perform Umrah. The agreement terms are for 4 years starting from 1 January 2020 and it is renewable for another four years subject to the terms and conditions of the agreement. There is no renewal to the agreement in 2024 as the aforementioned arrangement has been discontinued. The Company's share of income in the Umrah and Hajj scheme is derived from insurance revenues of SAR 34.9 million (2022: SAR 31.3 million) and net expenses of SAR 21.7 million (2022: SAR 17.1 million).

21. Other operating expenses

	31 December 2023	31 December 2022 (Restated)
Salaries and benefits	**43,199**	40,005
Bank charges	**11,311**	11,813
Communication expenses	**2,132**	2,034
Depreciation and amortisation	**2,305**	2,934
Depreciation on right-of-use assets	**4,318**	1,756
Information technology	**4,964**	4,420
Audit and professional fee (Note 21.1)	**8,242**	4,259
Repair and maintenance	**2,067**	1,037
Others	**6,103**	7,446
	84,641	75,704

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

21. Other operating expenses (continued)

Allocation of expenses is as follows:

	31 December 2023	31 December 2022 (Restated)
Policy acquisition cost*	**28,064**	21,273
Other attributable expenses*	**33,938**	20,337
Other operating expenses**	**22,639**	34,094
	84,641	75,704

*Reported part of insurance service expense
** Other operating expenses include non-attributable expenses which are administrative expenses and are not linked to insurance contracts.

21.1 Auditors' remuneration for the statutory audit and review of the Company's financial statements for the year ended 31 December 2023 amounts to SAR 2.4 million (2022: SAR 0.9 million). Fee for other statutory and related services provided by the auditors to the Company amounts to SAR 0.7 million (2022: SAR 0.5 million).

22. Zakat

Significant components of zakat base of the Company attributable to the Saudi shareholders, which are subject to adjustment under zakat and income tax regulations, are shareholders' equity at the beginning of the year, adjusted net income and certain other items. Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Saudi Arabia are subject to different interpretations, and the assessments to be raised by the Zakat, Tax and Customs Authority ("ZATCA") could be different from the declaration filed by the Company.

a. The Zakat charge for the year is calculated based on the following:

	31 December 2023	31 December 2022
Equity at beginning of year	**60,997**	97,191
Provisions and adjustments, at beginning of year	**102,181**	110,545
Net book value of long-term assets	**(129,862)**	(129,082)
	33,316	78,654
Adjusted net profit / (loss) for the year	**62,893**	(28,314)
Zakat base	**96,209**	50,340

Movement in zakat provision is as follows:

	31 December 2023	31 December 2022
Opening balance	**30,629**	27,629
Provided during the year	**4,000**	3,000
Payments during the year	**(1,187)**	-
Closing balance	**33,442**	30,629

Zakat is payable at 2.578% of the approximate zakat base (excluding adjusted net profit for the year) and 2.5% of adjusted net profit for the year attributable to Saudi shareholders.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

22. Zakat (continued)

b. Status of zakat assessments

The Company submitted the Zakat declarations for the year ended 31 December 2022 and obtained the necessary Zakat certificate.

The ZATCA has issued an assessment for the year 2014, which has requested an additional Zakat liability amounting to Saudi Riyals 1.2 million. The assessment was objected, and the objection was rejected by ZATCA. The case was escalated to the Preliminary Committee of the Tax Committees and the final decision regarding the Zakat liability was announced and the management has paid the liability during the year.

The ZATCA raised an assessment for the years from 2015 to 2018, which has requested an additional Zakat liability amounting to Saudi Riyals 14.1 million. The management believes that the provision maintained is adequate to cover any unfavourable outcome.

During 2021, the Company received zakat assessments for the year 2019 and 2020 where ZATCA has asked additional liability of Saudi Riyals 11.4 million. The Company objected and later reduced to Saudi Riyals 9.1 million. The Company made a payment of Saudi Riyals 2.3 million in order to object according to the zakat regulation. The objection has been referred to the General Secretariat of the Tax Committees and the case is still under discussion.

During 2023, the Company has received an initial assessment for the year 2021 and 2022 where ZATCA has asked additional Zakat liability of Saudi Riyals 2.4 million and Saudi Riyals 2.1 million respectively. The Company is in the process to fulfill the data requirements from ZATCA pertaining to the year 2021 and 2022. The Company has sufficient provision to cover the additional Zakat liabilities.

23. Basic and diluted earnings / (losses) per share

Basic and diluted earnings / (losses) per share for the year ended 31 December 2023 and 2022 are calculated by dividing net profit / loss for the year attributable to the shareholders by the weighted average number of outstanding shares at the reporting date.

The weighted average number of shares has been retrospectively adjusted for the prior period to reflect the bonus element of the right issue as required by IAS 33, 'Earnings per share' as follows:

	31 December 2023	**31 December 2022 (Restated)**
Issued ordinary shares at 31 December	**10,000**	10,000
Rights issue adjustment	**5,785**	5,266
Weighted average number of ordinary shares	**15,785**	15,266
Net profit / (loss) for the year attributable to the shareholders	**51,302**	(38,866)
Weighted average number of ordinary shares for basic and diluted income per share	**15,785**	15,266
Basic and diluted earnings per share	**3.25**	(2.55)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

24. 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 (affiliated entities). 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 year and the related balances:

	Nature of transactions	Transactions for the year ended	
		31 December 2023	**31 December 2022**
Entities controlled, jointly controlled, or significantly influenced by member of board of directors			
Al Mamoon Insurance Brokers	Commissions incurred	**311**	771
Ittihad Insurance Brokers	Commissions incurred	**375**	8
Najm for Insurance Services*	Najm fees	**34,934**	-

* No transactions are disclosed for the comparative period as these are from the date of appointment of related director i.e. May 2023.

Related parties' balances

	31 December 2023	31 December 2022
Payable to the related parties		
Al Mamoon Insurance Brokers	**441**	884
Ittihad Insurance Brokers	**-**	36
Najm for Insurance Services	**3,510**	-
	3,951	920

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company. The transactions with related parties are carried out at commercial terms and conditions. Compensation to key management personnel is based on employment terms and as per the by-laws of the Company.

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

	31 December 2023	31 December 2022
Salaries and benefits	**4,423**	4,698
Employee benefit obligations	**266**	243
	4,689	4,941
Remuneration to those charged with governance – Board of Directors	**1,032**	204
Remuneration to those charged with governance – Board Committees	**242**	239

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

25. Fair value of financial instruments

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

a) Determination of fair value and fair value hierarchy

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

Level 1 - quoted prices in active markets for the same or identical instrument that an entity can access at the measurement date;

Level 2 - quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 - valuation techniques for which any significant input is not based on observable market data. The Company ascertains the Level 3 fair values based on a valuation technique which is primarily derived by net assets value of the respective investee at the year end.

b) Carrying amounts and fair value

The following table shows the carrying amount and fair values of financial assets, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial asset and liabilities not measured at fair value if the carrying amount is a reasonable approximation to fair value, as these are either short-term in nature or carry interest rates which are based on prevalent market interest rates.

	31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	**43,463**	**43,463**
Financial assets measured at fair value				
Discretionary portfolio	**24,392**	-	**20,695**	**45,087**
Total investments	**24,392**	-	**64,158**	**88,550**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

25. Fair value of financial instruments (continued)

	31 December 2022 – Restated			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment measured at fair value through other comprehensive income (FVOCI)				
Equity	-	-	39,703	39,703
Financial assets measured at fair value				
Discretionary portfolio	-	-	20,755	20,755
Total investments	-	-	60,458	60,458

Specific valuation techniques used by management's independent experts to value financial instruments in Level 3 i.e. Najm investments, are as follows:

- **Discounted cashflows ("DCF") method:** The DCF valuation to discount the future operating cash flows of the Company to their present value using a weighted average cost of capital as the discount rate ("WACC"). The value derived from such an analysis results into a value for the enterprise (the "Enterprise Value"). This value includes the equity value of the company in addition to its net debt position. In order to arrive to an equity value of a company (the "Equity Value"), all outstanding financial debt and debt-like items, adjusted for excess cash and other liquid financial assets such as Murabahas and other investments, are subtracted from the Enterprise Value; and

- **Market multiples method:** The acquisition multiples of comparable private precedent transactions were assessed to indicate the value of the Company based on similar private transactions that have occurred during the previous period and covering full economic cycle. The Company has relied on local multiples valuation consisting of companies operating with a similar business model.

A weight of 60% and 40% are then applied to the fair values determined under both methods, to arrive at the equity valuation of najm and the Company then accounts for its share in equity of Najm i.e. 3.45%.

Cash and cash equivalents, deposits, statutory deposit, accrued commission income on statutory deposits and the financial liabilities except employee benefit obligations are measured at amortized cost.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Additionally, there were no changes in the valuation techniques. Furthermore, there were no transfers into and out of level 3 measurements.

***(c)* Reconciliation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy**

	31 December 2023	**31 December 2022 (Restated)**
Balance at the beginning of the year	**39,703**	37,028
Fair value gain	**3,760**	2,675
Balance at the end of the year	**43,463**	39,703

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

25. Fair value of financial instruments (continued)

d) **The below table shows significant unobservable inputs used in the valuation of level 3 investments and their respective sensitivities.**

	Fair value		**Unobservable inputs**		**Range of inputs**		**Relationship of Unobservable input to Fair value**
	31 December 2023	**31 December 2022 - Restated**	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**	
Unquoted equity investment in Najm	**43,463**	39,703	Earnings growth factor	Earnings growth factor	6.9%	13.7%	Reducing the Earnings growth factor to 5%, would decrease the fair value by Saudi Riyals 0.8 million. (2022: Reducing the Earnings growth factor to 10%, would decrease the fair value by Saudi Riyals 1.2 million)
			WACC	WACC	16.5%	16.0%	Increasing the WACC by 100 basis points, would decrease the fair value by Saudi Riyals 1.2 million. (2022: Saudi Riyals 1.1 million)
			Terminal value growth rate	Terminal value growth rate	1.5%	1.5%	Reducing the terminal value growth rate to 0.5%, would decrease the fair value by Saudi Riyals 0.7 million. (2022: Saudi Riyals 0.7 million)

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

e) **Valuation process**

The finance department of the Company performs the valuations of level 3 fair values required for financial reporting purposes. This team reports directly to the Chief Financial Officer (CFO), Investment Committee and the Audit Committee. Discussions of valuation processes and results are held between the CFO, AC, Investment Committee and the Finance team regularly. The main level 3 inputs used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Terminal value growth rate is derived from publicly available databases.
- Earnings growth factors for unlisted equity securities are estimated based on such Company's own historical results.

26. Risk management

Risk governance

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

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

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

Audit committee and internal audit department:
The internal audit department performs risk assessments with senior management annually. The internal audit department examines both adequacy of procedures and the Company's compliance with the procedures through regular audits. Audit findings and recommendations are reported directly to the Audit Committee.

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

Risk management committee:
The Board of Directors of the Company has constituted a Risk Management Committee, which oversees the risk management function of the Company and report to Board on a periodic basis. This committee operates under framework established by the Board of Directors.

The primary objective of the Company's risk and financial management framework is to protect the Company from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

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

26.1 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. For longer tail claims that take some years to settle, there is also inflation risk. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, structured claims management, quarterly review of reserves as well as the use of reinsurance arrangements.

Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

26. Risk management (continued)

26.1 Insurance risk (continued)

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like natural disasters, flood, environmental and economical, atmospheric disturbances, concentration of risks, civil riots etc. The Company manages this risk through the measures described above. The company has limited its risk by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage). The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The Board of Directors may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

(b) Concentration of insurance risk

The Company monitors concentration of insurance risks primarily by class of business. The major concentration lies in medical and motor segments.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For flood or earthquake risk, a complete city is classified as a single location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

Since the Company operates primarily in Saudi Arabia, hence, all the insurance risks relate to policies written in Saudi Arabia.

(c) Reinsurance Risk

In order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes.

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

Reinsurers are selected using the following parameters and guidelines set by the Company's Board of Directors. The criteria may be summarized as follows:

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.1 Insurance risk (continued)

(c) Reinsurance Risk (continued)

- Minimum acceptable credit rating by recognized rating agencies (e.g. S&P) that is not lower than BBB or equivalent;
- Reputation of particular reinsurance companies; and
- Existing or past business relationship with the reinsurer.

Furthermore, the financial strength and managerial and technical expertise as well as historical performance of the reinsurers, wherever applicable, are thoroughly reviewed by the Company and agreed to pre-set requirements of the Company's Board of Directors and Reinsurance Committee before approving them for reinsurance business. As at 31 December 2023 and 31 December 2022 there is no significant concentration of reinsurance balances.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of insurance contract liabilities reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

There is no single counterparty exposure that exceeds 10% of total reinsurance assets at the reporting date.

The nature of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous year.

The following tables show the concentration of net insurance contract liabilities by type of contract:

	31 December 2023			31 December 2022		
	Insurance contracts issued	Reinsurance contracts held	Net	Insurance contracts issued	Reinsurance contracts held	Net
Medical	**71,859**	**(3,185)**	**75,044**	73,224	4,588	68,636
Motor-Comprehensive	**37,475**	**2,706**	**34,769**	68,710	6,279	62,431
Motor-TPL	**352,845**	**31,639**	**321,206**	333,208	26,093	307,115
Accident & liability	**13,382**	**1,542**	**11,840**	7,130	314	6,816
Engineering	**7,434**	**5,002**	**2,432**	3,026	2,155	871
Property	**7,413**	**5,235**	**2,178**	21,259	18,853	2,406
Marine	**17,708**	**16,207**	**1,501**	17,861	16,747	1,114
Total	**508,116**	**59,146**	**448,970**	524,418	75,029	449,389

(d) Sensitivities on major assumptions considered while applying IFRS 17

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before zakat and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous year. The impact of sensitivities to changes in discount rates is minimal therefore not presented.

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 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.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.1 Insurance risk (continued)

(d) Sensitivities on major assumptions considered while applying IFRS 17 (continued)

	31 December 2023	31 December 2022
Liability for incurred claims		
Estimates of present value of FCF	**174,311**	149,818
Risk adjustment for non-financial risk	**4,263**	5,902
Asset for incurred claims		
Estimates of present value of FCF	**(32,568)**	(44,356)
Risk adjustment for non-financial risk	**(936)**	(1,912)

Following are the sensitivities derived for the portfolios computed under PAA approach after risk mitigation by reinsurance contracts held:

	31 December 2023	31 December 2022
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	**(8,715)**	(7,491)
Unpaid claims and expenses decrease by 5%	**8,715**	7,491
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	**(284)**	(393)
5 percentiles decrease in the confidence level	**284**	393

Following are the sensitivities derived for the portfolios computed under PAA approach for the reinsurance contracts held:

	31 December 2023	31 December 2022
Change in estimates of present value of FCF		
Unpaid claims and expenses increase by 5%	**1,628**	2,218
Unpaid claims and expenses decrease by 5%	**(1,628)**	(2,218)
Change in risk adjustment for non-financial risk		
5 percentiles increase in the confidence level	**62**	128
5 percentiles decrease in the confidence level	**(62)**	(128)

The following shows the impact of a reasonable possible change in direct expense ratio on the loss component as at the reporting date.

	31 December 2023	31 December 2022
Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component*		
Increase by 2%	**(700)**	(4,497)
Decrease by 2%	**700**	4,497

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

(e) Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.1 Insurance risk (continued)

(e) Claims development table (continued)

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

2023 **Accident year**	**2019 & earlier**	**2020**	**2021**	**2022**	**2023**	**Total**
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	473,593	329,956	402,855	542,183	547,471	2,296,058
1 year later	446,386	310,956	379,739	537,198	-	1,674,279
2 years later	437,879	300,133	382,379	-	-	1,120,391
3 years later	437,185	304,718	-	-	-	741,903
4 years later	2,245,949	-	-	-	-	2,245,949
Gross estimates of the undiscounted amount of the claims	2,245,949	304,718	382,379	537,198	547,471	4,017,715
Cumulative gross claims and other incurred insurance service expenses paid	2,229,255	303,325	379,405	524,532	437,913	3,874,430
Gross undiscounted liabilities for incurred claims	16,694	1,393	2,974	12,666	109,558	143,285
Gross undiscounted liabilities for other incurred insurance service expenses						16,828
Effect of surplus distribution payable						19,264
Total Gross undiscounted liabilities for other incurred insurance service expenses						179,377
Effect of discounting						(5,066)
Gross discounted liabilities for incurred claims excluding risk adjustment (Note 10.2.1)						174,311
Effect of the risk adjustment margin for non-financial risk (Note 10.2.1)						4,263
Gross liabilities for incurred claims						178,574
Undiscounted liabilities for incurred claims, net of reinsurance:						
At end of accident year	471,238	293,858	366,040	479,683	498,123	2,108,942
1 year later	423,365	283,762	347,120	473,278	-	1,527,525
2 years later	415,390	277,996	347,841	-	-	1,041,227
3 years later	414,819	281,346	-	-	-	696,165
4 years later	2,185,854	-	-	-	-	2,185,854
Net estimates of the undiscounted amount of the claims	2,185,854	281,346	347,841	473,278	498,123	3,786,442
Cumulative net claims and other directly attributable expenses paid	2,184,313	280,450	345,631	463,040	398,802	3,672,236
Net undiscounted liabilities for incurred claims	1,541	896	2,210	10,238	99,321	114,206
Net undiscounted liabilities for other incurred insurance service expenses						12,645
Effect of surplus distribution payable						19,264
Effect of discounting						(4,372)
Net discounted liabilities for incurred claims excluding risk adjustment						141,743
Effect of the risk adjustment margin for non-financial risk						3,327
Net liabilities for incurred claims						145,070

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.1 Insurance risk (continued)

(e) Claims development table (continued)

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Gross liabilities for incurred claims	174,311	4,263	178,574
Amounts recoverable from reinsurers	(32,568)	(936)	(33,504)
Net liabilities for incurred claims	141,743	3,327	145,070

2022 **Accident year**	**2018 & earlier**	**2019**	**2020**	**2021**	**2022**	**Total**
Undiscounted liabilities for incurred claims, gross of reinsurance:						
At end of accident year	611,585	473,593	329,956	402,855	542,183	2,360,172
1 year later	590,694	446,386	310,956	379,739	-	1,727,775
2 years later	587,015	437,879	300,133	-	-	1,325,027
3 years later	587,202	437,185	-	-	-	1,024,387
4 years later	1,800,597	-	-	-	-	1,800,597
Gross estimates of the undiscounted amount of the claims	1,800,597	437,185	300,133	379,739	542,183	3,459,837
Cumulative gross claims and other incurred insurance service expenses paid	1,784,561	436,674	298,293	371,184	420,780	3,311,492
Gross undiscounted liabilities for incurred claims	16,036	511	1,840	8,555	121,403	148,345
Gross undiscounted liabilities for other incurred insurance service expenses						(11,409)
Effect of surplus distribution payable						15,409
Total Gross undiscounted liabilities for other incurred insurance service expenses						152,345
Effect of discounting						(2,527)
Gross discounted liabilities for incurred claims excluding risk adjustment						149,818
Effect of the risk adjustment margin for non-financial risk						5,902
Gross liabilities for incurred claims						155,720
Undiscounted liabilities for incurred claims, net of reinsurance:						
At end of accident year	599,160	471,238	293,858	366,040	479,683	2,209,979
1 year later	577,802	423,365	283,762	347,120	-	1,632,049
2 years later	574,780	415,390	277,996	-	-	1,268,166
3 years later	569,284	414,819	-	-	-	984,103
4 years later	1,765,801	-	-	-	-	1,765,801
Net estimates of the undiscounted amount of the claims	1,765,801	414,819	277,996	347,120	479,683	3,285,419
Cumulative net claims and other directly attributable expenses paid	1,765,066	414,681	276,721	340,015	383,060	3,179,543
Net undiscounted liabilities for incurred claims	735	138	1,275	7,105	96,623	105,876
Net undiscounted liabilities for other incurred insurance service expenses						(14,135)
Effect of surplus distribution payable						15,409
Effect of discounting						(1,688)
Net discounted liabilities for incurred claims excluding risk adjustment						105,462
Effect of the risk adjustment margin for non-financial risk						3,990
Net liabilities for incurred claims						109,452

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.1 Insurance risk (continued)

(e) Claims development table (continued)

The reconciliation of the net liabilities for incurred claims with the aggregate carrying amounts of the groups of insurance contracts and reinsurance contracts is presented below:

	Estimates of present value of FCF	Risk adjustment for non-financial risk	Total
Gross liabilities for incurred claims	149,818	5,902	155,720
Amounts recoverable from reinsurers	(44,356)	(1,912)	(46,268)
Net liabilities for incurred claims	105,462	3,990	109,452

26.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market commission rates (commission rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.

- The Company stipulates diversification benchmarks by type of instrument and geographical area.

The Board of Directors of the Company ensure that the overall market risk exposure is maintained at prudent levels and is consistent with the available capital. While the Board of Directors gives a strategic direction and goals, risk management function related to market risk is mainly the responsibility of Investment Committee team. The team prepares forecasts showing the effects of various possible changes in market conditions related to risk exposures. This risk is being mitigated through the proper selection of securities. Company maintains diversified portfolio and performs regular monitoring of developments in related markets. In addition, the key factors that affect stock and sukuk market movements are monitored, including analysis of the operational and financial performance of investees.

Market risk comprises of three types of risk: currency risk, commission rate risk and other price risk.

a) Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management assesses that there is minimal risk of significant losses due to exchange rate fluctuations and, consequently, the Company does not hedge its foreign currency exposure. The Company has transactions in Saudi Riyals and US Dollars which are pegged and hence there is no currency risk exposure to the Company.

b) Commission rate risk
Commission rate risk is the risk that the value of future cash flows of a financial instrument will change because of change in market commission rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value commission rate risk.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.2 Market risk (continued)

There is no direct contractual relationship between financial assets and insurance and reinsurance contracts. However, the Company's interest rate risk policy requires it to manage the extent of net commission rate risk by maintaining an appropriate mix of fixed and variable rate instruments to support the insurance contract liabilities. The Company has no significant concentration of interest rate risk.

The Company is exposed to commission rate risk through its debt instruments held, deposits and in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred.

The Company's exposure to commission rate risk sensitive instruments are, as follows:

	2023	**2022 – Restated**
Insurance contract liabilities, net	**508,116**	524,418
Reinsurance contract assets, net	**62,331**	75,029
Debt instruments at amortized cost	**354,506**	300,507

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit/(loss) before zakat and impact on equity. The correlation of variables will have a significant effect in determining the ultimate impact of commission rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

	Changes in commission rate	**31 December 2023**	31 December 2022
Insurance contract liabilities, net	**+/-2%**	**10,162**	10,488
Reinsurance contract assets, net	**+/-2%**	**1,183**	1,501
Debt instruments at amortized cost	**+/-2%**	**7,090**	6,010

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.2 Market risk (continued)

c) Other price risk

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

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk. The Company's investments amounting to SAR 45.1 million (31 December 2022: SAR 20.8 million) are susceptible to market price risk arising from uncertainty about the future value of invested securities. The Company limits this nature of market risk by diversifying its invested portfolio and by actively monitoring the developments in markets.

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

	Fair value change	**Effect on Company's profit**
31 December 2023	**+ / - 10%**	**+ / - 4,509**
31 December 2022	+ / - 10%	+ / - 2,076

The sensitivity analysis presented is based upon the portfolio position as at 31 December 2023 and 2022. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Company's assets of future movements in the value of investments held by the Company. The method used for deriving sensitivity information and significant variables has not changed from the previous year.

26.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial instruments held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the statement of financial position.

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

The Company only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The Company seeks to limit credit risk with respect to agents and brokers by setting credit limits for individual agents and brokers and monitoring outstanding receivables.

The Company's investment portfolio is managed by the investment committee in accordance with the investment policy established by the investment committee, which is approved by the Board of Directors.

The Company's other financial assets are held with commercial banks and financial institutions with strong financial positions and credit ratings. The Company's policy is to invest in high-quality, liquid (that is, investment-grade) financial instruments. The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with either investment grade or satisfactory non-investment grade credit rating.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.3 Credit risk (continued)

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

	31 December 2023	**31 December 2022 (Restated)**
Cash and cash equivalents	**415,085**	134,765
Term deposits	**89,007**	239,043
Reinsurance contract assets	**62,331**	75,029
Investments	**138,893**	121,922
Statutory deposit	**37,500**	37,500
Accrued commission income on statutory deposit	**2,449**	4,913
Staff receivables	**1,616**	1,693
	746,881	614,865

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the management's best estimate. Investment grade is considered to be the highest possible rating. Assets falling outside the range of investment grade are classified as non-investment grade satisfactory or past due but not impaired.

		Non-investment grade			
31 December 2023	**Investment grade**	**Satisfactory**	**Past due but not impaired**	**Past due and impaired**	**Total**
Cash and cash equivalents	**415,085**	-	-	-	**415,085**
Term deposits	**89,007**	-	-	-	**89,007**
Reinsurance contract assets	-	**59,025**	**1,284**	**2,022**	**62,331**
Investments	**138,893**	-	-	-	**138,893**
Statutory deposit	**37,500**	-	-	-	**37,500**
Accrued commission income on statutory deposit	**2,449**	-	-	-	**2,449**
Staff receivables	-	**1,616**	-	-	**1,616**
31 December 2023	**682,934**	**60,641**	**1,284**	**2,022**	**746,881**

		Non-investment grade			
31 December 2022 – (Restated)	Investment grade	Satisfactory	Past due but not impaired	Past due and impaired	Total
Cash and cash equivalents	134,765	-	-	-	134,765
Term deposits	239,043	-	-	-	239,043
Reinsurance contract assets	-	118,341	1,571	2,010	121,922
Investments	75,029	-	-	-	75,029
Statutory deposit	37,500	-	-	-	37,500
Accrued commission income on statutory deposit	4,913	-	-	-	4,913
Staff receivables	-	1,693	-	-	1,693
31 December 2022	491,250	120,034	1,571	2,010	614,865

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.3 Credit risk (continued)

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. All of the Company's underwriting activities are carried out in Saudi Arabia. The Company's portfolio of financial instruments is broadly diversified, and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

26.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet obligations and commitments associated with financial liabilities. The Company has a proper cash management system, where daily cash collections and payments are strictly monitored and reconciled on regular basis. The Company manages liquidity risk by maintaining maturities of financial assets and financial liabilities and investing in liquid financial assets. Further, the Company manages liquidity risk as follows:

- The Company's liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess-of-loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

The table below summarizes the maturities of the Company's undiscounted contractual obligations relating to financial assets and liabilities as at 31 December 2023 and 2022.

Financial assets	**Less than 12 months**	**More than 12 months**	**Total**
Financial assets at fair value through profit or loss ("FVTPL")	**45,087**	**-**	**45,087**
Financial assets at fair value through other comprehensive income ("FVOCI")	**-**	**43,463**	**43,463**
Financial assets at amortised cost	**-**	**50,343**	**50,343**
Statutory deposit	**-**	**37,500**	**37,500**
Accrued commission income on statutory deposit	**2,449**	**-**	**2,449**
Term deposits	**89,007**	**-**	**89,007**
Cash and cash equivalents	**415,085**	**-**	**415,085**
31 December 2023	**551,628**	**131,306**	**682,934**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.4 Liquidity risk

Financial liabilities	**Less than 12 months**	**More than 12 months**	**Total**
Accrued expenses and other liabilities	**25,590**	**-**	**25,590**
Accrued commission income on statutory deposit	**2,449**	**-**	**2,449**
31 December 2023	**28,039**	**-**	**28,039**

Financial assets	Less than 12 months	More than 12 months	Total
Financial assets at fair value through profit or loss ("FVTPL")	20,755	-	20,755
Financial assets at fair value through other comprehensive income ("FVOCI")	-	39,703	39,703
Financial assets at amortised cost	-	61,464	61,464
Statutory deposit	-	37,500	37,500
Accrued income on statutory deposit	4,913	-	4,913
Term deposits	239,043	-	239,043
Cash and cash equivalents	134,765	-	134,765
31 December 2022 – (Restated)	399,476	138,667	538,143

Financial liabilities	**Less than 12 months**	**More than 12 months**	**Total**
Accrued expenses and other liabilities	20,785	-	20,785
Accrued commission income on statutory deposit	4,913	-	4,913
31 December 2022 - (Restated)	25,698	-	25,698

Insurance contracts issued	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Above 5 years**
Medical	**22,528**	**558**	**2**	**-**	**-**	**-**
Motor Comprehensive	**12,202**	**799**	**244**	**(38)**	**(9)**	**-**
Motor TPL	**91,879**	**17,673**	**6,016**	**2,321**	**750**	**-**
Accident & Liability	**1,208**	**932**	**1,024**	**599**	**255**	**-**
Engineering	**1,429**	**125**	**11**	**-**	**-**	**-**
Property	**1,204**	**857**	**95**	**40**	**-**	**-**
Marine	**16,628**	**45**	**-**	**-**	**-**	**-**
31 December 2023	**147,078**	**20,989**	**7,392**	**2,922**	**996**	**-**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

26. Risk management (continued)

26.4 Liquidity risk (continued)

Reinsurance contracts held	**Up to 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Above 5 years**
Medical	**755**	-	-	-	-	-
Motor Comprehensive	**1,713**	**138**	**36**	**(4)**	**(1)**	-
Motor TPL	**9,860**	**1,628**	**623**	**447**	**301**	-
Accident & Liability	**22**	**17**	**19**	**11**	**5**	-
Engineering	**972**	**113**	**10**	-	-	-
Property	**695**	**514**	**29**	**22**	-	-
Marine	**15,301**	**34**	-	-	-	-
31 December 2023	**29,318**	**2,444**	**717**	**476**	**305**	-

Insurance contracts issued	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Medical	17,542	444	12	-	-	-
Motor Comprehensive	25,875	(448)	(677)	(342)	(107)	-
Motor TPL	67,941	7,799	696	(1,748)	(1,841)	-
Accident & Liability	791	670	496	509	18	-
Engineering	1,065	103	13	-	-	-
Property	14,240	-	2,531	16	-	-
Marine	16,657	90	-	-	-	-
31 December 2022	144,111	8,658	3,071	(1,565)	(1,930)	-

Reinsurance contracts held	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Above 5 years
Medical	1,529	39	1	-	-	-
Motor Comprehensive	2,516	(2)	(84)	(41)	(11)	-
Motor TPL	8,578	814	453	(106)	(402)	-
Accident & Liability	130	110	81	83	3	-
Engineering	767	59	5	-	-	-
Property	12,697	-	2,307	14	-	-
Marine	15,587	68	-	-	-	-
31 December 2022	41,804	1,088	2,763	(50)	(410)	-

To manage the liquidity risk arising from financial liabilities mentioned above, the Company holds liquid assets comprising cash and cash equivalents and investment securities. These assets can be readily sold to meet liquidity requirements.

The assets with maturity less than one year are expected to realize as follows:

- Fair value through profit or loss investments includes investments in mutual funds and Murabaha placements and are held for cash management purposes and expected to be matured/ settled within 12 months from the balance sheet date.
- Term deposits classified as includes deposits placed with high credit rating financial institutions with maturity of less than twelve months from the date of placement.
- Cash and bank balances are available on demand.
- Reinsurers contract assets mainly pertain to property and casualty segment and are generally realized within 6 to 9 months based on settlement of claims.

The liabilities with maturity less than one year are expected to settle as follows:

- Reinsurers contract liabilities are settled on a periodic basis as per terms of reinsurance agreements.

26. Risk management (continued)

26.4 Liquidity risk (continued)

- Majority of insurance contract liabilities are expected to be settled within 12 months in accordance with statutory timelines for payment. Property and casualty policies due to the inherent nature are generally settled within 12 months from the date of receipt of loss adjustor report.
- Accrued expenses and other liabilities are expected to settle within a year of 12 months from the year end date except for end of services benefits.

27 Capital management

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

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

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

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

- Minimum capital requirement
- Premium solvency margin; or
- Claims solvency margin

The equity as at 31 December 2023 consists of paid-up share capital of SAR 200 million, accumulated losses of SAR 35.7 million, fair value revaluation reserve of SAR 37.8 million and remeasurement reserve of employee benefit obligations of (0.8) million (31 December 2022: paid-up share capital of SAR 100 million, accumulated losses of SAR 76.8 million, fair value revaluation reserve of SAR 37.8 million and remeasurement reserve of employee benefit obligations of (0.1) million), in the statement of financial position.

The amendment made to the Co-operative Insurance Companies Law in accordance with the Royal Decree (M/12) dated 23/1/1443H (corresponding to 01/09/2021) requires the minimum capital of insurance companies to be SAR 300 million by December 15, 2024.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

28. Gross written premium

Details relating to gross written premium are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

For the year ended 31 December 2023

Breakdown of GWP	Medical	Motor	Others	Total
Retail	**-**	**544,912**	**3,151**	**548,063**
Very small	**104,801**	**3,502**	**1,922**	**110,225**
Small	**7,891**	**22,181**	**7,964**	**38,036**
Medium	**5,639**	**23,104**	**17,600**	**46,343**
Corporate	**22,322**	**7,324**	**16,657**	**46,303**
Total	**140,653**	**601,023**	**47,294**	**788,970**

For the year ended 31 December 2022

Breakdown of GWP	Medical	Motor	Others	Total
Retail	-	571,506	879	572,385
Very small	111,168	3,008	1,450	115,626
Small	9,623	11,581	5,619	26,823
Medium	7,459	22,070	10,605	40,134
Corporate	14,325	15,905	6,910	37,140
Total	142,575	624,070	25,463	792,108

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

29. Net written premium

Details relating to net written premium are disclosed below to comply with the requirements of SAMA and are not calculated as per the requirements of IFRS 17.

For the year ended 31 December 2023

Item	Medical	Motor	Others	Total
Gross written premium	**140,653**	**601,023**	**47,294**	**788,970**
Reinsurance premium ceded – globally (including excess of loss)	**(5,728)**	**(67,248)**	**(26,003)**	**(98,979)**
Reinsurance premium ceded – locally (including excess of loss)	**-**	**(10,032)**	**(4,184)**	**(14,216)**
Net written premium - total	**134,925**	**523,743**	**17,107**	**675,775**

For the year ended 31 December 2022

	Medical	Motor	Others	Total
Gross written premium	142,575	624,070	25,463	792,108
Reinsurance premium ceded – globally (including excess of loss)	(5,222)	(64,674)	(14,034)	(83,930)
Reinsurance premium ceded – locally (including excess of loss)	(1,910)	(594)	(3,724)	(6,228)
Net written premium – total	135,443	558,802	7,705	701,950

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

30. Supplementary information

As required by the SAMA Implementing Regulations, the statement of financial position, statement of income and statement of cash flows are separately disclosed for both insurance operations and shareholders' operations as follows:

a) STATEMENT OF FINANCIAL POSITION

	31 December 2023			31 December 2022 (Restated)			1 January 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS									
Cash and cash equivalents	**324,082**	**91,003**	**415,085**	134,733	32	134,765	123,527	489	124,016
Term deposits	**-**	**89,007**	**89,007**	239,043	-	239,043	96,825	-	96,825
Investments:						-			-
Financial assets at fair value through profit or loss ("FVTPL")	**29,337**	**15,750**	**45,087**	5,049	15,706	20,755	43,015	58,365	101,380
Financial assets at fair value through other comprehensive income ("FVOCI")	**-**	**43,463**	**43,463**	-	39,703	39,703	-	37,028	37,028
Financial assets at amortised cost	**-**	**50,343**	**50,343**	-	61,464	61,464	10,000	55,766	65,766
Prepaid expenses and other assets	**33,900**	**2,630**	**36,530**	29,537	472	30,009	18,338	22	18,360
Reinsurance contract assets	**62,331**	**-**	**62,331**	75,029	-	75,029	63,348	-	63,348
Right-of-use assets	**18,120**	**-**	**18,120**	17,454	-	17,454	18,231	-	18,231
Property and equipment	**5,471**	**-**	**5,471**	5,154	-	5,154	4,107	-	4,107
Intangible assets	**863**	**-**	**863**	1,021	-	1,021	418	-	418
Statutory deposit	**-**	**37,500**	**37,500**	-	37,500	37,500	-	37,500	37,500
Accrued commission income on statutory deposit	**-**	**2,449**	**2,449**	-	4,913	4,913	-	3,887	3,887
Due from shareholders' operations	**87,861**	**-**	**87,861**	52,130	-	52,130	64,351	-	64,351
TOTAL ASSETS	**561,965**	**332,145**	**894,110**	559,150	159,790	718,940	442,160	193,057	635,217
Less: Inter-operations eliminations	**(87,861)**	**-**	**(87,861)**	(52,130)	-	(52,130)	(64,351)	-	(64,351)
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION	**474,104**	**332,145**	**806,249**	507,020	159,790	666,810	377,809	193,057	570,866

(continued)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

30. Supplementary information

a) STATEMENT OF FINANCIAL POSITION (continued)

	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
LIABILITIES									
Insurance contract liabilities	**508,116**	**-**	**508,116**	524,418	-	524,418	389,729	-	389,729
Reinsurance contract liabilities	**3,185**	**-**	**3,185**	-	-	-	-	-	-
Accrued expenses and other liabilities	**23,011**	**2,579**	**25,590**	20,785	-	20,785	23,950	-	23,950
Lease liabilities	**19,771**	**-**	**19,771**	18,493	-	18,493	20,335	-	20,335
Employee benefit obligations	**8,717**	**-**	**8,717**	6,716	-	6,716	7,895	-	7,895
Provision for zakat	**-**	**33,442**	**33,442**	-	30,629	30,629	-	27,629	27,629
Accrued commission income on statutory deposit	**-**	**2,449**	**2,449**	-	4,913	4,913	-	3,887	3,887
Due to insurance operations	**-**	**87,861**	**87,861**	-	52,130	52,130	-	64,351	64,351
TOTAL LIABILITIES	**562,800**	**126,331**	**689,131**	570,412	87,672	658,084	441,909	95,867	537,776
Less: Inter-operations eliminations	**-**	**(87,861)**	**(87,861)**	-	(52,130)	(52,130)	-	(64,351)	(64,351)
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION	**562,800**	**38,470**	**601,270**	570,412	35,542	605,954	441,909	31,516	473,425
EQUITY									
Share capital	**-**	**200,000**	**200,000**	-	100,000	100,000	-	250,000	250,000
Statutory reserve	**-**	**-**	**-**	-	-	-	-	5,003	5,003
Accumulated losses	**-**	**(35,727)**	**(35,727)**	-	(76,783)	(76,783)	-	(192,920)	(192,920)
Fair value reserve for investment	**-**	**41,540**	**41,540**	-	37,780	37,780	-	35,110	35,110
Remeasurement reserve of employee benefit obligations	**(834)**	**-**	**(834)**	(141)	-	(141)	248	-	248
TOTAL EQUITY	**(834)**	**205,813**	**204,979**	(141)	60,997	60,856	248	97,193	97,441
TOTAL LIABILITIES AND EQUITY	**561,966**	**244,283**	**806,249**	570,271	96,539	666,810	442,157	128,709	570,866

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

30. Supplementary information (continued)

a) STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER

	2023			2022 – (Restated)		
	Insurance operations	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
REVENUES						
Insurance revenue	**802,288**	**-**	**802,288**	598,351	-	598,351
Insurance service expense	**(723,966)**	**-**	**(723,966)**	(628,997)	-	(628,997)
Net expenses from reinsurance contracts	**(40,285)**	**-**	**(40,285)**	(7,358)	-	(7,358)
Insurance service result from Company's directly written business	**38,037**	**-**	**38,037**	(38,004)	-	(38,004)
Share of surplus from insurance pools	**13,166**	**-**	**13,166**	14,223	-	14,223
Total insurance service result	**51,203**	**-**	**51,203**	(23,781)	-	(23,781)
Commission income from financial assets not measured at FVTPL	**18,845**	**3,285**	**22,130**	11,374	1,537	12,911
Net income on financial assets measured at FVTPL	**5,375**	**170**	**5,545**	4,999	1,021	6,020
Net (impairment losses) / reversal of impairment losses on financial assets	**(83)**	**(82)**	**(165)**	171	146	317
Net investment income	**24,137**	**3,373**	**27,510**	16,544	2,704	19,248
Finance (costs) / income from insurance contracts issued	**(2,728)**	**-**	**(2,728)**	674	-	674
Finance income / (costs) from reinsurance contracts held	**734**	**-**	**734**	(307)	-	(307)
Net insurance finance (costs) / income	**(1,994)**	**-**	**(1,994)**	367	-	367
Net insurance and investment result	**73,346**	**3,373**	**76,719**	(6,870)	2,704	(4,166)
Other income	**1,222**	**-**	**1,222**	2,394	-	2,394
Other operating expenses	**(22,263)**	**(376)**	**(22,639)**	(34,094)	-	(34,094)
Net surplus from Operations	**52,305**	**2,997**	**55,302**	(38,570)	2,704	(35,866)
Surplus transfer to shareholders	**(52,305)**	**52,305**	**-**	-	-	-
	-	**55,302**	**55,302**	(38,570)	2,704	(35,866)
Zakat expense	**-**	**(4,000)**	**(4,000)**	-	(3,000)	(3,000)
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	**-**	**51,302**	**51,302**	(38,570)	(296)	(38,866)
Earnings / (loss) per share (basic and diluted) (expressed in Saudi Riyals per share)	**-**	**3.25**	**-**	-	(2.55)	-

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

30. Supplementary information (continued)

c) STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2023			2022 – (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	**51,302**	**51,302**	-	(38,866)	(38,866)
Other comprehensive income						
Items that will not be reclassified to statement of income in subsequent years						
Net changes in fair value of investment measured at FVOCI – equity instruments	-	**3,760**	**3,760**	-	2,670	2,670
Remeasurement loss on employee benefit obligations	-	**(693)**	**(693)**	-	(389)	(389)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS	-	**54,369**	**54,369**	-	(36,585)	(36,585)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

30. Supplementary information (continued)

d) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

	2023			2022 – (Restated)		
CASH FLOWS FROM OPERATING ACTIVITIES	**Insurance operations**	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
Profit / (loss) for the year attributable to the shareholders before zakat	**52,305**	**2,997**	**55,302**	(38,570)	2,704	(35,866)
Adjustments for non-cash items:						
Depreciation of property and equipment	**1,958**	**-**	**1,958**	2,682	-	2,682
Amortisation of intangible assets	**348**	**-**	**348**	252	-	252
Depreciation for right-of-use assets	**4,318**	**-**	**4,318**	1,756	-	1,756
Finance costs on lease liabilities	**955**	**-**	**955**	2,128	-	2,128
Net impairment losses / (reversal of impairment losses) on financial assets	**83**	**82**	**165**	(171)	(146)	(317)
Unrealized (gain) / loss on financial assets measured at FVTPL	**(5,247)**	**(45)**	**(5,292)**	71	1,101	1,172
Realized gain on financial assets measured at FVTPL	**(128)**	**(125)**	**(253)**	(5,070)	(2,122)	(7,192)
Commission income from financial assets measured at amortised cost	**(324)**	**(1,400)**	**(1,724)**	(327)	(1,537)	(1,864)
Provision for employees benefit obligations	**2,161**		**2,161**	1,699	-	1,699
Gain on remeasurement of lease liabilities	**-**	**-**	**-**	86	-	86
	56,429	**1,509**	**57,938**	(35,464)	-	(35,464)
Changes in operating assets and liabilities:						
Prepaid expenses and other assets	**(4,363)**	**(2,158)**	**(6,521)**	(11,199)	(450)	(11,649)
Changes in reinsurance contract assets	**12,698**	**-**	**12,698**	(11,681)	-	(11,681)
Accrued expenses and other liabilities	**2,226**	**2,579**	**4,805**	(3,165)	-	(3,165)
Changes in insurance contract liabilities	**(16,302)**	**-**	**(16,302)**	134,689	-	134,689
Changes in reinsurance contract liabilities	**3,185**	**-**	**3,185**	-	-	-
Due (from) / to insurance operations	**(76,999)**	**76,999**	**-**	50,791	(50,791)	-
	(23,126)	**78,929**	**55,803**	123,971	(51,241)	72,730
Employee benefit obligations paid	**(853)**	**-**	**(853)**	(3,267)	-	(3,267)
Zakat paid	**-**	**(1,187)**	**(1,187)**	-	-	-
Net cash (used in) / generated from operating activities	**(23,979)**	**77,742**	**53,763**	120,704	(51,241)	69,463

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

30. Supplementary information (continued)

d) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER (continued)

	2023			2022 - (Restated)		
CASH FLOWS FROM INVESTING ACTIVITIES	**Insurance operations**	**Shareholders' operations**	**Total**	**Insurance operations**	**Shareholders' operations**	**Total**
Term deposits	**239,043**	**(89,172)**	**149,871**	(142,587)	-	(142,587)
Payments for purchases of financial assets at FVTPL	**(40,091)**	**-**	**(40,091)**	(89,573)	(457)	(90,030)
Proceeds from sale of investments held at FVTPL	**21,178**	**126**	**21,304**	131,954	44,721	176,675
Proceeds from maturity of financial assets held at amoritsed cost	**-**	**10,000**	**10,000**	-	4,983	4,983
Commission income received from financial assets at amortised cost	**324**	**2,521**	**2,845**	327	1,537	1,864
Payments for purchases of property and equipment	**(2,275)**	**-**	**(2,275)**	(3,729)	-	(3,729)
Payments for purchases of intangible assets	**(190)**	**-**	**(190)**	(855)	-	(855)
Net cash generated from / (used in) investing activities	**217,989**	**(76,525)**	**141,464**	(104,463)	50,784	(53,679)
CASH FLOWS FROM FINANCING ACTIVITIES						
Principal elements of lease payments	**(3,706)**	**-**	**(3,706)**	(2,907)	-	(2,907)
Finance costs paid on lease liabilities	**(955)**	**-**	**(955)**	(2,128)	-	(2,128)
Issue of right shares	**-**	**100,000**	**100,000**	-	-	-
Transaction costs on the issue of right shares	**-**	**(10,246)**	**(10,246)**	-	-	-
Net cash (used in) / generated from financing activities	**(4,661)**	**89,754**	**85,093**	(5,035)	-	(5,035)
Net increase in cash and cash equivalents	**189,349**	**90,971**	**280,320**	11,206	(457)	10,749
Cash and cash equivalents at the beginning of the year	**134,733**	**32**	**134,765**	123,527	489	124,016
Cash and cash equivalents at end of the year	**324,082**	**91,003**	**415,085**	134,733	32	134,765

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

30. Supplementary information (continued)

e) Surplus distribution

As required by the Implementing Regulations and the by-laws of the Company, surplus arising from the Insurance Operations is distributed as follows:

Transfer to Shareholders' operations	90%
Transfer to Policyholders payable	10%
	100%

In case of deficit arising from insurance operations, the entire deficit is allocated and transferred to shareholders' operations.

The surplus payables to policyholders for the year 31 December 2023 amounts to Saudi Riyals 19.3 million (2022: Saudi Riyals 15.4 million) This has been allocated as follow:

	31 December 2023	31 December 2022
Medical	**3,683**	2,957
Motor Comprehensive	**2,341**	1,997
Motor TPL	**12,281**	9,670
Accident & liability	**362**	297
Engineering	**105**	79
Property	**426**	357
Marine	**66**	52
Total	**19,264**	15,409

31. Operating segments

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (CODM) 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 CODM is measured in a manner consistent with that in the statement of income. Segment assets and liabilities comprise operating assets and liabilities. There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2022.

Segment assets do not include cash and cash equivalents, term deposits, investments, prepaid expenses and other assets, property and equipment, intangible assets, statutory deposit and accrued commission income on statutory deposit. Accordingly, these are included in unallocated assets.

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

31. Operating segments (continued)

Segment liabilities do not include accrued expenses and other liabilities, provision for zakat, lease liabilities, employee benefit obligations and accrued commission income on statutory deposit. Accordingly, these are included in unallocated liabilities.

These unallocated assets and liabilities are not reported to CODM under related segments and are monitored on a centralized basis. For management reporting purposes, the Company is organised into business units on the basis of products and services offered by the Company.

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 December 2023 and 31 December 2022, its total revenues, expenses, and net income for the years then ended, are as follows:

For the year ended 31 December 2023	**Medical**	**Motor**	**Others**	**Total**
Insurance revenue	**149,084**	**617,424**	**35,780**	**802,288**
Insurance service expenses	**(113,181)**	**(596,056)**	**(14,729)**	**(723,966)**
Net expenses from reinsurance contracts	**(2,567)**	**(20,291)**	**(17,427)**	**(40,285)**
Insurance service result from Company's directly written business	**33,336**	**1,077**	**3,624**	**38,037**
Share of surplus from insurance pool	**-**	**-**	**-**	**13,166**
Total insurance service result	**33,336**	**1,077**	**3,624**	**51,203**
Commission income from financial assets not measured at FVTPL				**22,130**
Net gains on financial assets measured at FVTPL				**5,545**
Net reversal of impairment losses on financial assets				**(165)**
Net investment income				**27,510**
Net finance costs from insurance contracts	**(269)**	**(1,826)**	**(633)**	**(2,728)**
Net finance income from reinsurance contracts	**25**	**183**	**526**	**734**
Net insurance finance costs	**(244)**	**(1,643)**	**(107)**	**(1,994)**
Net insurance and investment result	**33,092**	**(566)**	**3,517**	**76,719**
Other income				**1,222**
Other operating expenses				**(22,639)**
Profit for the year attributable to the shareholders before zakat				**55,302**
Zakat expense				**(4,000)**
Net profit for the year attributable to the shareholders				**51,302**

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

31. Operating segments (continued)

For the year ended 31 December 2022	**Medical**	**Motor**	**Others**	**Total**
Insurance revenue	114,828	453,023	30,500	598,351
Insurance service expenses	(86,453)	(532,822)	(9,722)	(628,997)
Net expenses from reinsurance contracts	(3,341)	1,944	(5,961)	(7,358)
Insurance service result from Company's directly written business	25,034	(77,855)	14,817	(38,004)
Share of surplus from insurance pool	-	-	-	14,223
Total insurance service result	25,034	(77,855)	14,817	(23,781)
Commission income from financial assets not measured at FVTPL				12,911
Net gains on financial assets measured at FVTPL				6,020
Net impairment losses on financial assets				317
Net investment income				19,248
Net finance income / (costs) from insurance contracts	95	3,396	(2,817)	674
Net finance costs from reinsurance contracts	(11)	(49)	(247)	(307)
Net insurance finance income / (costs)	84	3,347	(3,064)	367
Net insurance and investment result				(4,166)
Other income				2,394
Other operating expenses				(34,094)
Loss for the year attributable to the shareholders before zakat				(35,866)
Zakat expense				(3,000)
Loss for the year attributable to the shareholders				(38,866)

(All amounts expressed in Saudi Riyals '000 unless otherwise stated)

31. Operating segments (continued)

	Medical	**Motor**	**Others**	**Total**
Assets				
Reinsurance contract assets	**-**	**34,345**	**27,986**	**62,331**
Unallocated assets	-	-	-	**743,918**
Total assets				**806,249**
Liabilities				
Insurance contract liabilities	**71,859**	**390,320**	**45,937**	**508,116**
Reinsurance contract liabilities	**3,185**	-	-	**3,185**
Unallocated liabilities	-	-	-	**89,969**
Total liabilities				**601,270**

	Medical	**Motor**	**Others**	**Total**
Assets				
Reinsurance contract assets	4,588	32,372	38,069	75,029
Unallocated assets	-	-	-	591,781
Total assets				666,810
Liabilities				
Insurance contract liabilities	73,224	401,918	49,276	524,418
Reinsurance contract liabilities	-	-	-	-
Unallocated liabilities	-	-	-	81,536
Total liabilities				605,954

32. Commitments and contingencies

1. The Company, in common with significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these cases will have a material impact on the Company's financial performance.

2. The Company's bankers have given guarantees to non-government customers amounting to Saudi Riyals 2.2 million (2022: Saudi Riyals 0.7 million) in respect of motor insurance and to Zakat, Tax and Customs Authority amounting to Saudi Riyals 9.5 million (2022: Saudi Riyals 9.5 million) in respect of zakat assessments for years 2008 to 2012. During 2022, the Company has settled the liability from 2008 to 2012 and requested ZATCA to release the bank guarantee amounting to Saudi Riyals 9.5 million.

3. See Note 22 for contingencies pertaining to zakat and income tax assessments.

4. 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. The Company, based on in-house legal advice, does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

33. Subsequent events

Subsequent to the year end, the Company's Board of Directors in their meeting held on 18 March 2024 recommended to increase the share capital by offering rights issue amounting to Saudi Riyals 100 million. Such rights issue is subject to obtaining relevant approval from Insurance Authority, the Capital Market Authority and other regulatory authorities in addition to the approval of the Company's shareholders in the Extraordinary General Assembly of the Company.

34. Approval of the financial statements

These financial statements have been approved by the Board of Directors on 10 March 2024 corresponding to .29 Shaaban 1445H