

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

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
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Expressed in Saudi Riyals

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INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION

We have audited the financial statements of Buruj Cooperative Insurance Company – a Saudi Joint Stock Company (“the Company”), which comprise the statement of financial position as at 31 December 2023, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting 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 (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (referred to as “IFRS as endorsed in Kingdom of Saudi Arabia”).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the 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) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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. For each matter below, a description of how our audit addressed the matter is provided in that context:

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of estimates of present value of cash flows and risk adjustment for non-financial risk - insurance contract liabilities, net</i>	
<p>As at 31 December 2023, estimate of present value of cash flows and risk adjustment for non-financial risk under PAA amounts to SR 156.84 million and SR 6 million (2022: SR 155.73 million and SR 4.75 million) respectively as reported in Note 18 to the financial statements, and estimate of present value of cash flows and risk adjustment for non-financial risk under GMM (IDI) amounts to SR 341,886 and SR 166,505 (2022: SR 478,979 and SR 75,596) respectively, as reported in Note 18 to the financial statements.</p> <p>The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • Understood, evaluated and tested key controls around the claims handling and provision setting processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications, experience, and assessed their independence. • Performed substantive tests, on sample basis, on the amounts recorded for claims notified and paid; including comparing the outstanding claims amount to appropriate source documentation to evaluate the valuation of outstanding claim reserves. • Assessed the integrity of data used as inputs into the actuarial valuations, and tested on sample basis, the accuracy of underlying claims data utilised by the management's expert in estimating the present value of the future cash flows and the risk adjustment for non-financial risk by comparing it to the accounting and other records. • Involved our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following:

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY
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KEY AUDIT MATTERS (CONTINUED)

<p>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, together with the related claims handling costs.</p> <p>Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data, which is sensitive to external inputs, such as claims cost inflation and medical trends, as well as the actuarial methodology that is applied and the assumptions on current and future events.</p> <p>Due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts, we have considered this as a key audit matter.</p> <p><i>Refer to notes 2(e) and 3.2 for the critical accounting judgments, estimates and assumptions adopted and accounting policy adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to note 18 for the movement in insurance contract liabilities.</i></p>	<ul style="list-style-type: none"> i. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices and with prior years. We sought sufficient justification for any significant differences; ii. Assessed key actuarial assumptions including claims ratios and expected frequency and severity of claims. We tested these assumptions by comparing them with our expectations based on the Company's historical experience, current trends and our own industry knowledge; and iii. Assessed the appropriateness of the calculation methods and approach along with the assumptions used and sensitivity analysis performed. • Assessed the adequacy and appropriateness of the related disclosures in the financial statements.
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INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

**TO THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

KEY AUDIT MATTERS (CONTINUED)

Adoption of IFRS 17 and IFRS 9	
<p>During the year the Company has adopted IFRS 17 “Insurance Contracts”, as endorsed in the Kingdom of Saudi Arabia (IFRS 17), which replaces IFRS 4 “Insurance Contracts”, as endorsed in the Kingdom of Saudi Arabia (IFRS 4) and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features (“DPF”). The Company has applied the full retrospective approach to each group of insurance contracts.</p> <p>The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to SAR 27.46 million. IFRS 17 introduced new nomenclature for significant insurance-related balances as well as new measurement principles for insurance-related liabilities and insurance revenue recognition.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Company's implementation process for determining the impact of adoption of the standards, including understanding of the changes to the Company's accounting policies, systems, processes and controls. • Evaluated and assessed management’s process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA)/ general measurement model (GMM) under IFRS 17 was appropriate. • Evaluated whether management’s allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses. • Evaluated the risk adjustment for non financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment. • Assessed the adequacy of the transition adjustments impact for IFRS 17 and IFRS 9 on the opening retained earnings as at 1 January 2022.

INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

KEY AUDIT MATTERS (CONTINUED)

Further, during the year the Company also adopted IFRS 9 "Financial Instruments", as endorsed in the Kingdom of Saudi Arabia (IFRS 9) which replaces IAS 39 "Financial Instruments: Recognition and Measurement", as endorsed in the Kingdom of Saudi Arabia (IAS 39). The Company has applied the temporary exemption from IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to SAR 32.66 million. IFRS 9 also required the management to assess its business model with respect to different portfolios of investments that drive the measurement and disclosures of the Company's investments. It also introduced the concept of Expected Credit Loss (ECL) which is a forward-looking estimate of credit losses for the Company's financial assets

Due to first year adoption, which resulted in fundamental changes to classification and measurement of the main transactions and balances of the Company along with significant changes to presentation and disclosures that were required in the financial statements for the year ended 31 December 2023, we have considered this as a key audit matter.

- Evaluated and assessed management's conclusions regarding the Company's business model for different portfolios of investments and the appropriateness of the Company's determination of ECL under IFRS 9.
- Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 and IFRS 9 made in the financial statements.
- Assessed the Company's methods, assumptions and accounting policies adopted under IFRS 17 and IFRS 9, with the assistance of our actuarial and accounting specialists and experts.

<i>Refer to note 2(e) and 3.2 and 3.3 for critical accounting judgements, estimates and assumptions and accounting policies adopted by the Company. The impact of transition is explained in note 3.2 and note 3.3 to the financial statements.</i>	
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OTHER INFORMATION INCLUDED IN THE COMPANY'S 2023 ANNUAL REPORT

Management is responsible for the other information. Other information consists of the information included in the Company's 2023 annual report, other than the financial statements and our auditors' report thereon. The Company's 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as endorsed in Kingdom of Saudi Arabia, the applicable requirements of the Regulations for Companies, and the Company's By-laws, and for such internal control as the management determines 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 management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance i.e., the Audit Committee is responsible for overseeing the Company's financial reporting process.

**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management'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.



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INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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.

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.



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**INDEPENDENT AUDITORS' REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS
(CONTINUED)**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's 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 Crowe Solutions for
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Abdullah Ahmed Balamesh
Certified Public Accountant
Registration No. 345



Date: 17 March 2024
Corresponding to: Ramadan 7, 1445 H



BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
Expressed in Saudi Riyals

	Notes	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
ASSETS				
Cash and cash equivalents	4	98,964,335	255,969,579	237,282,237
Investments	5	276,865,305	187,616,899	192,367,751
Term deposits	6	270,626,665	185,288,375	332,023,678
Statutory deposit	7	29,998,695	29,998,817	29,996,867
Accrued commission income on statutory deposit	7	1,093,595	2,582,066	2,353,079
Insurance contract assets	18	63,445,619	-	-
Reinsurance contract assets	18	38,839,915	29,719,291	27,866,645
Right-of-use assets	8	273,761	1,334,056	5,701,429
Prepaid expenses and other assets	9	51,050,209	47,231,316	20,091,712
Property and equipment, net	10	4,167,861	3,539,910	4,129,551
Accrued income		12,312,210	8,776,537	8,592,050
TOTAL ASSETS		847,638,170	752,056,846	860,404,999
LIABILITIES				
Insurance contract liabilities	18	336,580,449	279,350,116	353,831,840
Reinsurance contract liabilities	18	13,002,583	-	-
Accrued income payable to Insurance Authority	7	1,093,595	2,582,066	2,353,079
Lease Liabilities	8	-	1,092,627	5,196,480
Accrued expenses and other liabilities	11	23,491,027	13,772,899	11,097,029
Provision for end of service benefits	12	7,826,377	8,227,890	12,311,821
Provision for zakat and income tax	15	20,807,684	26,546,977	32,841,217
TOTAL LIABILITIES		402,801,715	331,572,575	417,631,466
EQUITY				
Share capital	20	300,000,000	300,000,000	300,000,000
Statutory reserves	21	55,600,756	51,584,068	51,584,068
Retained earnings		44,215,747	28,148,995	57,149,321
Fair value reserve for investments		41,561,174	37,780,049	35,109,482
Actuarial gain / (loss) on end of service benefits		3,458,778	2,971,159	(1,069,338)
TOTAL EQUITY		444,836,455	420,484,271	442,773,533
TOTAL LIABILITIES AND EQUITY		847,638,170	752,056,846	860,404,999
Commitments and contingencies	16	-	-	-
				
Board Member				
				
Acting Chief Executive Officer				
				
Chief Financial Officer				

The accompanying notes 1 to 28 form part of these financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Saudi Riyals

	Notes	31 December 2023	31 December 2022 (Restated)
REVENUES			
Insurance revenue	17	373,444,279	417,102,909
Insurance service expense	17	(337,187,783)	(442,850,895)
Net expenses from reinsurance contracts held	17	(31,270,774)	(30,779,734)
Insurance service result		4,985,722	(56,527,720)
Fair value change on FVTPL investments	5.1	1,668,040	(8,915,517)
Net gains from sale of investments	5.1	6,884	2,064,469
Interest revenue from financial assets measured at FVTPL	5.1	21,778,994	21,919,809
Dividend from financial assets measured at FVTPL	5.1	5,047,391	2,638,070
Net expected credit loss reversal on financial assets	5.1	114,415	2,069,040
Other investment income	5.1	10,021	25,029
Net investment income		28,625,745	19,800,900
Finance (expense) / income from insurance contracts issued	17	(1,474,382)	4,846,370
Finance income from reinsurance contracts held	17	(148,630)	(321,600)
Net insurance finance (expense) / income		(1,623,012)	4,524,770
Net insurance and investment results		31,988,455	(32,202,050)
Other operating expenses	14	(19,811,023)	(14,798,396)
Other income net		13,402,711	23,124,541
Net profit / (loss) attributed to the shareholders before zakat		25,580,143	(23,875,905)
Provision for zakat & tax	15	(5,496,703)	(5,124,422)
NET PROFIT / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT		20,083,440	(29,000,327)
Earning/(Loss) per share (Basic and diluted)	22	0.67	(0.97)

Zan A. Bary
Board Member

[Signature]
Acting-Chief Executive Officer

[Signature]
Chief Financial Officer

The accompanying notes 1 to 28 form part of these financial statements.

**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

Expressed in Saudi Riyals

	31 December 2023	31 December 2022 (Restated)
NET INCOME / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	20,083,440	(29,000,327)
Items that will not be reclassified to the statement of income in subsequent year		
Actuarial gain on end of service benefits	487,619	4,040,497
Net changes in fair value of investments measured at FVOCI – equity instruments	3,781,125	2,670,567
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	24,352,184	(22,289,263)



Board Member

Acting-Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 28 form part of these financial statements.

BURJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Saudi Riyals

31 December 2023	Share capital	Statutory reserves	Retained earnings	Fair value reserve for investments	Actuarial gain / (loss) on end of service benefits	Foreign currency translation adjustments	Total equity
Balance at the beginning of the year (Restated)	300,000,000	51,584,068	28,148,995	37,780,049	2,971,159	-	420,484,271
Total comprehensive income for the year:							
Net income for the year attributable to the shareholders	-	-	20,083,440	-	-	-	20,083,440
Statutory reserves	-	4,016,688	(4,016,688)	-	-	-	-
Fair value of investments measured at FVOCI – equity instruments	-	-	-	3,781,125	-	-	3,781,125
Actuarial gain / (loss) on retirement benefit schemes	-	-	-	-	487,619	-	487,619
Total comprehensive income for the year attributed to the shareholders	-	4,016,688	16,066,752	3,781,125	487,619	-	24,352,185
Balance at the end of the year	300,000,000	55,600,756	44,215,747	41,561,174	3,458,778	-	444,836,455

31 December 2022

Balance at the beginning of the year as previously reported (Audited)	Share capital	Statutory reserves	Retained earnings	Fair value reserve for investments	Actuarial gain / (loss) on retirement benefit schemes	Foreign currency translation adjustments	Total equity
Balance at the beginning of the year as previously reported (Audited)	300,000,000	51,584,068	83,268,715	3,702,737	(1,069,338)	181,433	437,667,615
Transition adjustment on initial application of IFRS 17, net of Zakat and tax	-	-	(27,458,960)	-	-	-	(27,458,960)
Transition adjustment on initial application of IFRS 09, net of Zakat and tax	-	-	1,254,475	31,406,745	-	-	32,661,220
Transition adjustment on initial application of IFRS 09, net of Zakat and tax for Hajj and umrah	-	-	-	-	-	-	-
Transition adjustment on initial application of IFRS 09, net of Zakat and tax IDI	-	-	(99,328)	-	-	-	(99,328)
Restatement of exchange gain/loss	-	-	2,986	-	-	-	2,986
Balance as at 1 January 2022 (Restated)	300,000,000	51,584,068	57,149,321	35,109,482	(1,069,338)	(181,433)	442,773,533
Net loss for the year attributable to the shareholders	-	-	(29,000,326)	-	-	-	(29,000,326)
Fair value of investments measured at FVOCI – equity instruments	-	-	-	2,670,567	-	-	2,670,567
Actuarial gain / (loss) on retirement benefit schemes	-	-	-	-	4,040,497	-	4,040,497
Total comprehensive income for the year attributed to the shareholders	-	-	(29,000,326)	2,670,567	4,040,497	-	(22,289,262)
Balance at the end of the year (Restated)	300,000,000	51,584,068	28,148,995	37,780,049	2,971,159	-	420,484,271

David Bond
Board Member

[Signature]
Acting-Chief Executive Officer

[Signature]
Chief Financial Officer

The accompanying notes 1 to 38 form part of these financial statements.

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Saudi Riyals

	Notes	31 December 2023	31 December 2022 (Restated)
Cash Flow From Operating Activities			
Gross income / (loss) for the year before zakat and tax		25,580,143	(23,875,905)
Adjustments For Non-Cash Items:			
Depreciation and amortisation of property and equipment	10	1,555,988	1,546,077
Net fair value (gain) / loss on sale of investments at FVTPL	5	(1,668,040)	8,915,517
Interest revenue from financial assets measured at FVTPL		(21,778,994)	(21,919,809)
Dividend from financial assets measured at FVTPL		(5,047,391)	(2,638,070)
Finance charges on lease liabilities	8	7,373	29,459
Other investment income		(10,021)	(25,029)
Gain on disposal of property and equipment		-	418,823
Provision for employee benefits obligation	12	1,188,781	2,588,798
Depreciation of Right-of-use assets	8	1,060,295	1,230,319
Expected credit loss/(gain)		(114,415)	(2,069,040)
		773,719	(35,798,860)
Changes In Operating Assets And Liabilities:			
Prepaid expenses and other assets		(3,818,893)	(27,139,603)
Accrued expenses and other liabilities		9,718,128	2,675,870
Insurance contracts net		(6,215,286)	(74,481,724)
Reinsurance contracts net		3,881,959	(1,852,646)
Cash Generated/(used) from Operating Activities		3,565,907	(136,596,963)
Zakat and income tax paid		(11,235,996)	(11,418,662)
Payment of employee benefits obligation	12	(1,102,675)	(2,632,232)
Net Cash used in Operating Activities		(7,999,045)	(150,647,857)
Cash Flow From Investing Activities			
Additions to property and equipment	10	(2,185,155)	(1,422,069)
Proceeds from disposal fixed assets		1,216	46,810
Additions to investments	5	(89,344,380)	(76,077,516)
Investment income received		23,702,890	25,034,688
Proceeds from sale of investments	5	5,511,562	74,006,921
Additions / (disposal) in term deposits		(85,592,332)	148,742,623
Net Cash (used in) / Generated from Investing Activities		(147,906,199)	170,331,457
Cash Flow From Financing Activities			
Lease liabilities paid	8	(1,100,000)	(996,258)
Net Cash used in Financing Activities		(1,100,000)	(996,258)
Net (decrease) / increase in cash and cash equivalents		(157,005,244)	18,687,342
Cash and cash equivalents at the beginning of the year		255,969,579	237,282,237
Cash And Cash Equivalents At The End Of The year		98,964,335	255,969,579
Supplemental Schedule Of Non-Cash Information			
Foreign currency translation adjustments		-	-


Board Member


Acting-Chief Executive Officer


Chief Financial Officer

The accompanying notes 1 to 28 form part of these financial statements.

**BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**
Expressed in Saudi Riyals

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Buruj Cooperative Insurance Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010280606 dated 10 Safar 1431H, corresponding to 26 January 2010. The registered office address of the Company is P.O. Box 51855, Riyadh 11553, Kingdom of Saudi Arabia. The objective of the Company is to transact cooperative insurance business and related activities in the Kingdom of Saudi Arabia. Its principal lines of business include all classes of general insurance. The Company was listed on the Tadawul (the Saudi Arabian Stock Market) on 15 February 2010.

The Company was licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree numbered 72/M dated 28 Shawal 1429H (corresponding to 29 October 2008), pursuant to Council of Ministers resolution numbered 313 dated 27 Shawal 1429H (corresponding to 28 October 2008). On 10 Muharram 1431H (corresponding to 27 December 2009), the Ministry of Commerce and Industry issued a resolution declaring the incorporation of the Company.

On 15 Jumada Thani 1431H (corresponding to 29 May 2010), the Saudi Central Bank (“SAMA”) issued a formal approval to transact insurance business. The Company launched its insurance operations on 1 July 2010 after receipt of an authorisation from SAMA to commence insurance operations as product approval and related formalities were completed. During the year the Insurance Authority (IA) has been established by royal decree as insurance industry regulator. Previously regulations issued by SAMA will be upheld until IA issued updated regulations.

The Company is required to distribute 10% of the net surplus from insurance operations to policyholders and the remaining 90% to the shareholders of the Company in accordance with the Insurance Law and Implementation Regulations issued by SAMA. Any deficit arising on insurance operations is transferred to the shareholders’ operations in full.

2. BASIS OF PREPERATION

a) Statement Of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed in the Kingdom of Saudi Arabia (KSA) by Saudi Organization for Chartered & Professional Accountants (SOCPA), other standards and pronouncements issued by SOCPA, regulations for Companies and Company's by-Laws. The company adopted IFRS 17 insurance contracts and IFRS 9 financial instruments endorsed in the Kingdom of Saudi Arabia and this resulting to the material accounting policies as described in note 3.

As required by the Saudi Arabian Insurance Regulations (The Implementation Regulations), the Company maintains separate books of accounts for “Insurance Operations” and “Shareholders’ Operations”. Accordingly, assets, liabilities, revenues and expenses attributable to either operation are recorded in the respective accounts. Note 25 to these financial statements provides the statement of financial position, statement of income, statement of comprehensive income and statement of cash flows of the insurance operations and shareholders operations, separately. The accounting policies adopted for the insurance and shareholders’ operations are in accordance with IFRS as endorsed by SOCPA.

The financial statements are prepared under the going concern basis and the historical cost convention, except for the measurement at fair value of certain available for sale investments, investment in associates which is accounted for under the equity method and employees’ end of service benefits at present value.

b) Functional and presentational currency

The functional and presentation currency of the Company is Saudi Arabian Riyals.

c) Fiscal year

The Company follows a fiscal year ending December 31.

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2. BASIS OF PREPARATION (continued)

d) Joint operations "Inherent Defects Insurance" (IDI)

The company accounts for its rights and obligations of the joint operations by recognized its assets, its liabilities, its revenue and its expenses @ 1.28% of company interest in joint operations (IDI) according to the IFRS 11.

e) Critical accounting judgements, estimates and assumptions

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

i) Insurance Contracts

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

The measurement of these insurance contracts also requires significant judgement and estimates. These significant judgement and estimates include Risk Adjustment ("RA") and liability for incurred claims – estimate of future cash flows.

ii) Fair value of financial instruments

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

iii) Expense Attribution

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, such as activity-based costing method. 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 projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation, where applicable. Expenses comprise expenses directly attributable to the groups of contracts, including an allocation of fixed and variable overheads. Claims settlement-related expenses are allocated based on the claims costs.

2. BASIS OF PREPARATION (continued)

iv) Calculation of Expected Credit Losses

Expected credit losses (ECL) utilize model based assumptions to estimate impairment of financial assets and premiums receivable. ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

As for expected credit losses for reinsures and contracts held, the company adopted a specific model for reinsures where by credit losses are estimated based on the credit ratings of reinsures, as published by international rating agencies at the measurement date.

3. MATERIAL ACCOUNTING POLICIES

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

3.1 NEW STANDARDS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

IFRS 17 – Insurance contracts (refer 3.2)

IFRS 9 – Financial instruments (refer 3.3)

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8.

These amendments had not any material impact on the financial statements of the Company.

New accounting standards, amendments and IFRS interpretations that are not yet effective:

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January, 2024 and earlier application is permitted; however, the Company has not early adopted them in preparing these Financial Statements. These amendments are not expected to have material impact in the Company's Financial Statements.

- Amendments to IAS 1 'Presentation of Financial Statements' – Non-current liabilities with covenants and classification of liabilities as current or non-current
- Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions
- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' Supplier Finance Arrangements
- Amendments to IAS 27 – Lack of exchangeability

Following are the new IFRS sustainability disclosure standards effective for annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA.

- IFRS S1, 'General requirements for disclosure of sustainability-related financial information
- IFRS S2, 'Climate-related disclosures'

3.2 IFRS 17 - Insurance Contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, and an explicit risk adjustment for non-financial risk.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. Differences arising from the adoption of IFRS 17 were recognised in retained earnings as of January 1, 2022.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA) other than the "Inherent Defects Insurance" (IDI) joint operations business explained in note 2(b) and in company financial statements company accounts for its rights and obligations of the joint operations by recognized its assets, its liabilities, its revenue and its expenses @ 1.28% of company interest in joint operations (IDI) according to FRS 11. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

(a) Initial and subsequent measurement

For groups of issued contracts, a group should be recognized at the earliest of the following:

- Beginning of the coverage period;
- Date when the first payment from a policyholder becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Reinsurance contracts held by an entity are recognized on the earlier of:

- Beginning of the coverage period of the group of reinsurance contracts held; and
 - Date the entity recognizes an onerous group of underlying insurance contracts provided the reinsurance contract was in force on or before that date.
- Regardless of the first point above, the recognition of proportional reinsurance contracts held shall be delayed until the recognition of the first underlying contract issued under that reinsurance contract.

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

3. MATERIAL ACCOUNTING POLICIES (continued)
3.2 IFRS 17 - Insurance Contracts (continued)

(b) Liability for Remaining Coverage “LRC”

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- Increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
- Decreased for insurance acquisition cash flows paid in the period;
- Decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
- Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.

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

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.

The company holds quota share reinsurance contract that provide coverage on the insurance contracts for claims incurred during an accident year and are accounted for under the PAA since the company does not expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage under general measurement model.

(c) Liability for Incurred Claims “LIC”

For contracts measured under the PAA, the LIC is measured similarly to the LIC’s measurement under the GMM.

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

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

The main assumption underlying these techniques is that the company’s past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim (severity) and average number of claims (frequency) based on the observed development of earlier years and expected loss ratios. Historical claims development is analyzed by accident year, geographical area, as well as claim type. Loss ratio is the ratio of total claims incurred to total premiums earned for the portfolio.

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

The company has elected not to adjust the LRC for the effect of time value of money, as it expects the time between providing each part of the coverage and the related premium due date to be one year or less. Likewise, the company has decided not to discount the LIC for the time value of money as most of the claims incurred are expected to be settled within a 12-month period. An insignificant portion of the LIC is expected to be carried over beyond 12months, with an immaterial impact on LIC and statement of income. The company will regularly monitor the time it takes in settling claims from the date they are incurred. The company has elected the accounting policy choice to present entire insurance finance income or expense for the period in the statement of income.

(d) Contract boundary

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

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when the company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio and pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the company, such as insurance and financial risks, are considered; other risks, such as lapse or surrender and expense risk, are not included. Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary.

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

3. MATERIAL ACCOUNTING POLICIES (continued)
3.2 IFRS 17 - Insurance Contracts (continued)

(e) Insurance acquisition costs

Insurance acquisition cash flows are the costs that are directly associated with selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to a portfolio of insurance contracts. Acquisition costs fall under the insurance service expense. The company amortizes the insurance acquisition costs over the contract period.

(f) Directly attributable expenses

Directly attributable expenses are the costs that can be fully or partially attributed to the fulfillment of the groups of insurance contracts. The company allocates the attributable costs based on a number of drivers. Attributable costs fall under the insurance service expense. While the non-attributable costs are reported under other operating expenses.

(g) Other operating expenses

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

The company holds quota share reinsurance contract that provide coverage on the insurance contracts for claims incurred during an accident year and are accounted for under the PAA since the company does not expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage under general measurement model.

(h) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. The impact of seasonality is not considered material in relation to recording the insurance revenue.

Insurance revenue is adjusted to allow for policyholders' default on future premiums. The default probability is derived from the expected loss model prescribed under IFRS 9.

(i) Insurance service expenses

Insurance service expenses include the following:

- Incurred claims for the period.
- Other incurred directly attributable expenses.
- Insurance acquisition cash flows amortization.
- Changes that relate to past service – changes in the FCF relating to the LIC.
- Changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses.

(j) Onerous contract

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. A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. As a result, a liability for the net outflow is recognized as a loss component within the liability for remaining coverage and a loss is recognized immediately in the statement of income in insurance service expense. The loss component is then amortized to the statement of income over the coverage period to offset incurred claims in insurance service expense. The loss component is measured on a gross basis but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

k) Transition to IFRS 17

The adoption of IFRS 17 will have a material impact on the accounting and reporting of financial figures of insurance and reinsurance contracts due to the change in recognition, measurement and presentation methodology as detailed in these interim financial statements. Below is a summary of the impact on assets and liabilities:

	1-Jan-2022 SR
Drivers of Changes in	
ECL Impact on Premium Receivables under LFRC	2,456,697
Loss Component, net of contribution deficiency reserve	(32,264,081)
Additional DAC related to Insurance Contract Liability	1,431,481
Discounting Impact on LIC	2,210,334
Risk adjustments, net	(4,141,766)
NPR Impact on Claims Reinsurance Receivables under AIC	3,236,433
Discounting Impact on AIC	(388,162)
Other Differences	104
Total Impact	<u>(27,458,960)</u>

In the statement of financial position, deferred acquisition costs and premiums receivable will no longer be presented separately as they are part of liability for remaining coverage. Similarly, receivables from reinsurers and deferred reinsurance commissions will be part of reinsurance assets. This will lead to the reduction of assets and liabilities previously presented.

3. MATERIAL ACCOUNTING POLICIES (continued)

3.3 IFRS 9 - Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement as of January 1, 2023. Consequently, the Company applied IFRS 9 retrospectively. Differences arising from the adoption of IFRS 9 were recognised in retained earnings as of January 1, 2022. The nature of the changes in accounting policies can be summarised, as follows:

(a) 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, available for sale, held-to-maturity, and loans and receivables, 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 income/loss for valuation and on derecognition;
- Debt instruments at amortised cost; and
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition.

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. There is no impact expected on financial liabilities as a result of transition to IFRS 9.

(b) 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 material 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 expected to occur within 12 months of balance sheet date. Both lifetime ECLs and 12-month ECLs will be calculated on an individual basis depending on the nature of the underlying portfolio of financial instruments.

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

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 probability of default.

IFRS 9 impairment applies to financial instruments that are not measured at Fair Value through the statement of income. Equity instruments measured at fair value through other comprehensive income are also excluded from the purview of impairment.

(c) Credit impaired financial asset

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

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

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.3 IFRS 9 - Financial Instruments (continued)

d) Transition to IFRS 9

The changes to the impairment calculation methodology adopted based on IFRS 9 resulted in changes to the valuation and carrying amounts of investments were market value is not applied. Additionally, the investment in Najm Company for Insurance Services, which was previously valued at cost of SR 1.9 million was independently valued as of year-end 2021 (SR 37.0 million), and again as of year-end 2022 (SR 39.7 million). The carrying amount of Najm (initially held at cost of SR 1.9 million) was adjusted retroactively retrospectively to coincide with the adoption of IFRS 9.

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

	IAS 39 31-Dec-2021		IFRS 9 1-Jan-2022	
	Measurement category	SR	Measurement category	SR
Cash and cash equivalents	Amortised cost	237,886,895	Amortised cost	237,206,233
Time Deposits	Amortised cost	333,742,623	Amortised cost	331,997,996
Mutual Funds	Available for sale (AFS)	65,827,812	Fair Value through profit and loss (FVTPL) (Mandatory)	65,827,812
Quoted equity shares	AFS	12,702,270	Fair Value through profit and loss (FVTPL) (Mandatory)	12,702,270
Un-Quoted Local equity shares	AFS	1,923,078	FVTOCI	1,923,078
Quoted Fixed Income Securities	AFS	71,226,988	Fair Value through profit and loss (FVTPL) (Mandatory)	71,226,988
Sukuks	Held to Maturity (HTM)	5,000,000	Amortized cost	4,980,161
Statutory Deposit	Amortised cost	30,000,000	Amortised cost	29,996,869
Total		758,309,666		755,861,407

The financial assets which have been meet the criteria of held to collect business model are measured through profit and loss. There are no changes in the classification of financial liabilities in the transition from IAS 39 to IFRS 9.

Below is a summary of the overall impact for IFRS 9

	1-Jan-2022 SR
Classification of financial assets Fair value reserves transferred to P&L (PH & SH)	3,702,737
ECL Impairment effect on Cash & Cash Equivalent – Retained Earnings Impact	(680,662)
ECL Impairment effect on Time Deposit – Retained Earnings Impact	(1,744,628)
ECL Impairment effect on Sukuk – Retained Earnings Impact	(19,839)
ECL Impairment effect on Statutory Deposit – Retained Earnings Impact	(3,133)
Najm Valuation Impact on Fair Value Reserve Through OCI	35,109,482
Reversal of opening through OCI	(3,702,737)
Total Impact for IFRS 9	32,661,220

Transition Impact of the adoption IFRS 17 and IFRS 9

The overall impact on the Company's equity as a result of the adoption of IFRS 17 and IFRS 9 is as follows:

	1-Jan-2022 SR
Transition To	
IFRS 17	(27,458,960)
IFRS 9	32,661,220
Total Impact	5,202,260

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3. MATERIAL ACCOUNTING POLICIES (continued)

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

As stated in note 2, these financial statements are prepared in accordance with the requirements of IFRS as endorsed in the Kingdom of Saudi Arabia. The company has adopted IFRS 17 and IFRS 9 from its effective date i.e. 1 January 2023.

In preparing its opening IFRS 17 and IFRS 9 statement of financial position, the company has adjusted amounts reported previously in financial statements under IFRS 4 and IAS 39. Presentation changes in the statement of financial position are introduced by IFRS 17. The previously reported line items: premiums receivable - net, deferred policy acquisition costs, insurance operations' surplus payable, unearned premiums, outstanding claims, claims incurred but not reported, premium deficiency reserve, claims handling reserve are presented together by portfolio on a single line called insurance contract liabilities. The previously reported line items: reinsurers' share of unearned premiums, reinsurers' share of outstanding claims, reinsurers' share of claims incurred but not reported, reinsurers' balances payable are presented together by portfolio on a single line called reinsurance contract assets or liabilities. The transition is as following:

	Reconciliation of statement of financial position as at 1st January 2022.					1st January 2022 Post Adoption of IFRS17 & IFRS9
	IFRS17		IFRS9			
	Reclassification	Remeasurement	Reclassification	Remeasurement		
ASSETS						
Cash and cash equivalents	237,886,895	-	-	-	(604,658)	237,282,237
Time deposits	333,742,623	-	-	-	(1,718,945)	332,023,678
Premiums and reinsurers' receivable, net	39,887,814	(39,887,814)	-	-	-	-
Reinsurers' share of unearned premiums	12,536,185	(12,536,185)	-	-	-	-
Reinsurers' share of outstanding claims	10,362,152	(10,362,152)	-	-	-	-
Reinsurers' share of claims incurred but not reported	4,587,389	(4,587,389)	-	-	-	-
Deferred policy acquisition costs	8,640,690	(8,640,690)	-	-	-	-
Investments	156,680,148	-	-	597,960	35,089,643	192,367,751
Accrued income	-	-	-	8,592,050	-	8,592,050
Insurance contract assets	-	-	-	-	-	-
Reinsurance contract assets	-	27,847,685	18,960	-	-	27,866,645
Prepaid expenses and other assets	42,846,385	(14,165,690)	3,067	(8,592,050)	-	20,091,712
Right-of-use assets	5,701,429	-	-	-	-	5,701,429
Property, equipment and intangible assets, net	4,129,551	-	-	-	-	4,129,551
Investment in associate	597,960	-	-	(597,960)	-	-
Statutory deposit	30,000,000	-	-	-	(3,133)	29,996,867
Accrued income on statutory deposits	2,353,079	-	-	-	-	2,353,079
TOTAL ASSETS	889,952,300	(62,332,235)	22,027	-	32,762,907	860,404,999
LIABILITIES						
Policyholders and accounts payables	39,815,353	(39,815,353)	-	-	-	-
Reinsurers' balances payable	10,408,950	(10,408,950)	-	-	-	-
Accrued expenses and other liabilities	23,470,413	(12,421,327)	47,943	-	-	11,097,029
Lease liabilities	5,196,480	-	-	-	-	5,196,480
Unearned premiums	181,232,083	(181,232,083)	-	-	-	-
Unearned reinsurance commission	1,758,780	(1,758,780)	-	-	-	-
Outstanding claims	83,717,517	(83,717,517)	-	-	-	-
Claims incurred but not reported	27,395,774	(27,395,774)	-	-	-	-
Insurance Contract Liabilities	-	326,200,767	27,631,073	-	-	353,831,840
Premium deficiency reserve	26,312,790	(26,312,790)	-	-	-	-
Other technical reserves	5,470,428	(5,470,428)	-	-	-	-
End-of-service benefits	12,311,821	-	-	-	-	12,311,821
Zakat payable	32,841,217	-	-	-	-	32,841,217
Accrued income on statutory deposits	2,353,079	-	-	-	-	2,353,079
TOTAL LIABILITIES	452,284,685	(62,332,235)	27,679,016	-	-	417,631,466
INSURANCE OPERATIONS' SURPLUS	(3,705,910)	-	-	3,705,910	-	-
Fair value reserve on available for sale investments	21,649	-	-	(21,649)	-	-
Foreign currency translation adjustments	(1,069,338)	1,069,338	-	-	-	-
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS	447,531,086	(61,262,897)	27,679,016	3,684,261	-	417,631,466
EQUITY						
Share capital	300,000,000	-	-	-	-	300,000,000
Statutory reserve	51,584,068	-	-	-	-	51,584,068
Retained earnings	83,268,715	-	(27,656,989)	3,884,170	(2,346,575)	57,149,321
Foreign currency translation adjustments	159,784	-	-	(159,784)	-	-
Accumulated actuarial loss on end-of-service benefits	-	(1,069,338)	-	-	-	(1,069,338)
Fair value reserve on available for sale investments	7,408,647	-	-	(7,408,647)	35,109,482	35,109,482
TOTAL SHAREHOLDERS' EQUITY	442,421,214	(1,069,338)	(27,656,989)	(3,684,261)	32,762,907	442,773,533
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	889,952,300	(62,332,235)	22,027	-	32,762,907	860,404,999

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

Reconciliation of statement of financial position as at 31 December 2022.					
2022 Pre-Adoption IFRS17 & IFRS9	IFRS17		IFRS9		2022 Post Adoption of IFRS17 & IFRS9
	Reclassification	Remeasurement	Reclassification	Remeasurement	
ASSETS					
Cash and cash equivalents	254,910,052	-	-	1,059,527	255,969,579
Time deposits	185,000,000	-	-	288,375	185,288,375
Premiums and reinsurers' receivable, net	85,177,647	(85,177,647)	-	-	-
Reinsurers' share of unearned premiums	12,935,386	(12,935,386)	-	-	-
Reinsurers' share of outstanding claims	16,099,413	(16,099,413)	-	-	-
Reinsurers' share of claims incurred but not reported	2,059,565	(2,059,565)	-	-	-
Deferred policy acquisition costs	7,881,002	(7,881,002)	-	-	-
Investments	148,702,279	-	1,134,571	37,780,049	187,616,899
Accrued income	-	-	8,776,537	-	8,776,537
Insurance contract assets	-	-	-	-	-
Reinsurance contract assets	-	27,151,632	2,567,660	-	29,719,292
Prepaid expenses and other assets	42,458,590	13,411,931	137,331	(8,776,537)	47,231,315
Right-of-use assets	1,334,056	-	-	-	1,334,056
Property, equipment and intangible assets, net	3,539,910	-	-	-	3,539,910
Investment in associate	1,134,571	-	(1,134,571)	-	-
Statutory deposit	30,000,000	-	-	(1,183)	29,998,817
Accrued income on statutory deposits	2,582,066	-	-	-	2,582,066
TOTAL ASSETS	793,814,537	(83,589,450)	2,704,991	39,126,768	752,056,846
LIABILITIES					
Policyholders and accounts payables	45,357,217	(45,357,217)	-	-	-
Reinsurers' balances payable	14,995,195	(14,995,195)	-	-	-
Accrued expenses and other liabilities	22,557,827	(9,245,847)	460,919	-	13,772,899
Lease liabilities	1,092,627	-	-	-	1,092,627
Unearned premiums	134,444,830	(134,444,830)	-	-	-
Unearned reinsurance commission	2,024,836	(2,024,836)	-	-	-
Outstanding claims	76,956,277	(76,956,277)	-	-	-
Claims incurred but not reported	41,364,069	(41,364,069)	-	-	-
Insurance Contract Liabilities	-	262,939,245	16,410,871	-	279,350,116
Premium deficiency reserve	17,502,915	(17,502,915)	-	-	-
Other technical reserves	4,637,509	(4,637,509)	-	-	-
End-of-service benefits	8,227,890	-	-	-	8,227,890
Zakat payable	28,072,830	-	(1,525,853)	-	26,546,977
Accrued income on statutory deposits	2,582,066	-	-	-	2,582,066
TOTAL LIABILITIES	399,816,088	(83,589,450)	15,345,937	-	331,572,575
INSURANCE OPERATIONS' SURPLUS					
Fair value reserve on available for sale investments	(3,752,134)	-	-	3,752,134	-
Foreign currency translation adjustments	2,971,159	(2,971,159)	-	-	-
TOTAL LIABILITIES & INSURANCE OPERATIONS' SURPLUS	399,035,113	(86,560,609)	15,345,937	3,752,134	331,572,575
EQUITY					
Share capital	300,000,000	-	-	-	300,000,000
Statutory reserve	51,584,068	-	-	-	51,584,068
Retained earnings	43,975,609	-	(12,640,946)	(4,532,387)	28,148,995
Foreign currency translation adjustments	(350,885)	-	-	350,885	-
Accumulated actuarial loss on end-of-service benefits	-	2,971,159	-	-	2,971,159
Fair value reserve on available for sale investments	(429,368)	-	-	429,368	37,780,049
TOTAL SHAREHOLDERS' EQUITY	394,779,424	2,971,159	(12,640,946)	(3,752,134)	420,484,271
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	793,814,537	(83,589,450)	2,704,991	39,126,768	752,056,846

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.4 EXPLANATION TO TRANSITION TO IFRS 17, IFRS 9 AND OTHER CHANGES (continued)

Statement of Income reconciliation for the year 31 December 2022.					
2022 Pre-Adoption IFRS17 & IFRS9	IFRS17		IFRS9		2022 Post Adoption of IFRS17 & IFRS9
	Reclassification	Remeasurement	Reclassification	Remeasurement	
REVENUES					
Gross written premiums	368,839,351	(368,839,351)	-	-	-
Reinsurance premiums ceded	(38,506,784)	38,506,784	-	-	-
Excess of loss premiums	(7,976,597)	7,976,597	-	-	-
Net premiums written	322,355,970	(322,355,970)	-	-	-
Changes in unearned premiums, net	47,186,454	(47,186,454)	-	-	-
Net premiums earned	369,542,424	(369,542,424)	-	-	-
Reinsurance commissions earned	6,256,912	(6,256,912)	-	-	-
Policy fees	276,634	(276,634)	-	-	-
Other underwriting income	22,139,130	(22,139,130)	-	-	-
TOTAL REVENUES	398,215,100	(398,215,100)	-	-	-
Insurance revenue	-	415,985,852	1,117,057	-	417,102,909
Insurance service expense	-	(457,631,347)	14,780,452	-	(442,850,895)
Net expenses from reinsurance contracts held	-	(30,835,803)	56,069	-	(30,779,734)
Net insurance service result	-	(72,481,299)	15,953,579	-	(56,527,720)
UNDERWRITING COSTS					
Gross claims paid	(342,938,008)	342,938,008	-	-	-
Reinsurers' share of claims paid	6,555,489	(6,555,489)	-	-	-
Net claims paid	(336,382,519)	336,382,519	-	-	-
Changes in outstanding claims, net	12,498,501	(12,498,501)	-	-	-
Changes in claims incurred but not reported, net	(16,496,119)	16,496,119	-	-	-
Net claims incurred	(340,380,137)	340,380,137	-	-	-
Changes in premium deficiency reserve	8,809,875	(8,809,875)	-	-	-
Changes in other technical reserves	832,917	(832,917)	-	-	-
Policy acquisition costs	(21,735,942)	21,735,942	-	-	-
Inspection and supervision fees	(2,581,536)	2,581,536	-	-	-
Third party administrator fees	(4,659,775)	4,659,775	-	-	-
Other underwriting expenses	(30,351,079)	30,351,079	-	-	-
TOTAL UNDERWRITING COSTS	(390,065,677)	390,065,677	-	-	-
NET UNDERWRITING SURPLUS	8,149,423	(8,149,423)	-	-	-
OTHER OPERATING (EXPENSES)					
(Allowance) / reversal of doubtful debts provision	(2,622,584)	2,622,584	-	-	-
General and administrative expenses	(66,303,097)	66,303,097	-	-	-
Investment income	26,622,348	-	(8,931,877)	41,389	17,731,860
Impairment of available for sale investments	(1,031,278)	-	1,031,278	2,069,040	2,069,040
Share of profit/(loss) of associate	536,611	-	(536,611)	-	-
Net of investment income	(42,798,000)	68,925,681	-	(8,437,210)	19,800,900
Other income	2,005,745	(2,005,745)	-	-	-
Finance expense from insurance contracts issued	-	-	4,846,370	-	4,846,370
Finance income from reinsurance contracts held	-	-	(321,600)	-	(321,600)
Net insurance finance expense	-	-	4,524,770	-	4,524,770
Net insurance and investment results	(40,792,255)	(5,561,363)	20,478,349	(8,437,210)	(32,202,050)
Other operating expenses	-	(14,798,396)	-	-	(14,798,396)
Other income / (expense) net	-	23,124,541	-	-	23,124,541
Total other expense and other income	-	8,326,145	-	-	8,326,145
TOTAL OTHER OPERATING EXPENSES, NET	(40,792,255)	2,764,782	20,478,349	(8,437,210)	(23,875,905)
Total (loss)/income before surplus attribution and zakat	(32,642,832)	(5,384,641)	20,478,349	(8,437,210)	(23,875,905)
Surplus attributed to the insurance operations	-	-	-	-	-
(Loss)/income attributed to the shareholders before zakat	(32,642,832)	(5,384,641)	20,478,349	(8,437,210)	(23,875,905)
Zakat charge	(6,650,274)	-	1,525,852	-	(5,124,422)
Net (loss)/income attributed to the shareholders after zakat	(39,293,106)	(5,384,641)	22,004,201	(8,437,210)	(29,000,327)

3. MATERIAL ACCOUNTING POLICIES (continued)

3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and term deposits that have original maturity periods not exceeding three months from the date of acquisition.

3.6 Fixtures, furniture and equipment

Fixtures, furniture and equipment are initially recorded in the statement of financial position at cost. Subsequent measurement is carried out at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

3.7 Accrued and other liabilities

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

3.8 Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation amount.

3.9 Provision for end-of-service benefits

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

3.10 Leases Right-of-use Assets

The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The company applies the cost model, and measure right of use asset at cost;

- less any accumulated amortization and any accumulated impairment losses; and
- adjusted for any re-measurement of the lease liability for lease modifications.

3.11 Leases Liabilities

On initial recognition, the lease liability is the present value of all remaining payments to the lessor, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

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4.CASH AND CASH EQUIVALENTS

	31 December 2023		
	<i>Insurance operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash in hand and in Banks	29,585,237	4,835,267	34,420,504
Short term deposits	34,996,914	29,556,292	64,553,206
Impact of Expected Credit Loss	(2,764)	(6,611)	(9,375)
Ending balance	64,579,387	34,384,948	98,964,335
	31 December 2022		
	(Restated)		
	<i>Insurance operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash in hand and in Banks	200,516,144	35,093,550	235,609,694
Short term deposits	-	20,701,497	20,701,497
Impact of Expected Credit Loss	(7,691)	(333,921)	(341,612)
Ending balance	200,508,453	55,461,126	255,969,579
	01 January 2022		
	(Restated)		
	<i>Insurance operations</i>	<i>Shareholders' Operations</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash in hand and in Banks	170,789,069	66,232,040	237,021,109
Short term deposits	941,790	-	941,790
Impact of Expected Credit Loss	(21,781)	(658,881)	(680,662)
Ending balance	171,709,078	65,573,159	237,282,237

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5. INVESTMENTS

Investments comprise of the following:

	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
	SR			SR			SR		
Investments in Quoted fixed income securities at FVTPL	-	61,654,331	61,654,331	-	65,459,680	65,459,680	-	76,226,988	76,226,988
Investments in Unquoted Equity carried at Fair value at OCI	-	43,484,252	43,484,252	-	39,703,127	39,703,127	-	37,012,721	37,012,721
Investments in associate	-	896,293	896,293	-	1,134,571	1,134,571	-	597,960	597,960
Investments in Equity carried at FVTPL	-	14,167,626	14,167,626	-	12,528,405	12,528,405	-	12,702,270	12,702,270
Investments in Funds carried at FVTPL	51,588,818	105,073,985	156,662,803	24,998,366	43,792,750	68,791,116	25,044,590	40,783,222	65,827,812
Total	51,588,818	225,276,487	276,865,305	24,998,366	162,618,533	187,616,899	25,044,590	167,323,161	192,367,751

- The movement in investments is as follows:

	Insurance operations		
	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
	SR		
Beginning balance	24,998,366	25,044,590	52,732,939
Additions	25,000,000	34,021,648	62,793,195
Disposals	-	(34,700,822)	(97,909,152)
	49,998,366	24,365,416	17,616,982
Changes in fair value FVTPL	1,605,110	654,599	7,405,959
Change in fair value FVTOCI	-	-	-
Foreign currency translation adjustments	(14,658)	(21,649)	21,649
Movement in allowance for expected credit losses	-	-	-
Ending balance	51,588,818	24,998,366	25,044,590

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5. INVESTMENTS (continued)

	Shareholders' operations		
	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
	SR	SR	SR
Beginning balance	161,483,962	166,725,201	199,708,514
Additions	64,344,380	39,390,770	7,511,929
Disposals	(5,511,562)	(39,306,099)	(78,006,493)
Impairments	-	(1,031,278)	(1,218,783)
	220,316,780	165,778,594	127,995,167
Changes in fair value FVTPL	62,930	(6,474,369)	3,689,336
Change in fair value FVTOCI	3,781,125	2,690,406	35,089,643
Foreign currency translation	219,359	(510,669)	(48,945)
Ending balance	224,380,194	161,483,962	166,725,201
Movement in investments in			
Beginning balance	1,134,571	597,960	700,618
Share of profit /(loss)	(238,278)	536,611	(102,658)
Ending balance	896,293	1,134,571	597,960
Total Ending balance	225,276,487	162,618,533	167,323,161

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 materially different from their carrying amounts included in the financial information.

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.

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5. INVESTMENTS (continued)

Fair value

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

31 December 2023	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
- Equities	26,441,976	-	43,484,252	69,926,228
- Fixed income securities	61,654,331	-	-	61,654,331
- Units in investment and real estate	-	144,388,453	-	144,388,453
Total	<u>88,096,307</u>	<u>144,388,453</u>	<u>43,484,252</u>	<u>275,969,012</u>

31 December 2022 (Restated)	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
- Equities	12,528,405	-	39,703,127	52,231,532
- Fixed income securities	65,459,680	-	-	65,459,680
- Units in investment and real estate	-	68,791,116	-	68,791,116
Total	<u>77,988,085</u>	<u>68,791,116</u>	<u>39,703,127</u>	<u>186,482,328</u>

1 January 2022 (Restated)	Fair value			
	Level 1	Level 2	Level 3	Total
	SR			
- Equities	12,702,270	-	37,012,721	49,714,991
- Fixed income securities	76,226,988	-	-	76,226,988
- Units in investment and real estate	-	65,827,812	-	65,827,812
Total	<u>88,929,258</u>	<u>65,827,812</u>	<u>37,012,721</u>	<u>191,769,791</u>

5.1 Details of investment income for the year as following:

	31 December 2023		
	Insurance operations	Shareholders' operations	Total
Fair value change on FVTPL	1,605,110	62,930	1,668,040
Net gains from sale of investments	-	6,884	6,884
Interest revenue from financial assets	11,741,764	10,037,230	21,778,994
Dividend from financial assets	507,203	4,540,188	5,047,391
Net expected credit loss reversal on	(21,429)	135,844	114,415
Other investment income	28,941	(18,920)	10,021
Total	<u>13,861,589</u>	<u>14,764,156</u>	<u>28,625,745</u>

	31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total
Fair value change on FVTPL	(46,224)	(8,869,293)	(8,915,517)
Net gains from sale of investments	700,823	1,363,646	2,064,469
Interest revenue from financial assets	9,547,471	12,372,338	21,919,809
Dividend from financial assets	-	2,638,070	2,638,070
Net expected credit loss reversal on	76,650	1,992,390	2,069,040
Other investment income / (loss)	(913)	25,942	25,029
Total	<u>10,277,807</u>	<u>9,523,093</u>	<u>19,800,900</u>

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6. TERM DEPOSITS

Time deposits are placed with local banks and financial institutions with an original maturity of more than three months from the date of acquisition and earned special commission income at an average rate of 5.57% per annum (2022: 5.65% 2021: 4.09%). The movement in time deposits are as:

	31 December 2023		
	Insurance operations	Shareholders' operations	Total
Beginning balance	90,306,871	94,981,504	185,288,375
Additions	170,880,707	100,000,000	270,880,707
Disposals	(90,306,871)	(94,981,504)	(185,288,375)
Allowance for expected credit losses	(44,201)	(209,841)	(254,042)
Ending balance	170,836,506	99,790,159	270,626,665
	31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total
Beginning balance	125,063,542	206,960,136	332,023,678
Additions	90,324,721	95,000,000	185,324,721
Disposals	(125,063,542)	(206,960,136)	(332,023,678)
Allowance for expected credit losses	(17,850)	(18,496)	(36,346)
Ending balance	90,306,871	94,981,504	185,288,375
	1 January 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total
Beginning balance	274,302,128	14,505,930	288,808,058
Additions	98,453,816	208,549,557	307,003,373
Disposals	(247,611,909)	(14,431,216)	(262,043,125)
Allowance for expected credit losses	(80,493)	(1,664,135)	(1,744,628)
Ending balance	125,063,542	206,960,136	332,023,678

6.1 Movement in allowance for expected credit losses for the year is as follows:

	31 December 2023		
	Insurance operations	Shareholders' operations	Total
Beginning balance	17,850	18,496	36,346
Allowance for expected credit losses made for the year	26,351	191,345	217,696
Ending balance	44,201	209,841	254,042
	31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total
Beginning balance	80,493	1,664,135	1,744,628
Allowance for expected credit losses reversed made for the year	(62,643)	(1,645,639)	(1,708,282)
Ending balance	17,850	18,496	36,346

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7. STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company which is maintained with local bank designated by IA in accordance with the Cooperative Insurance Companies Control Law for insurance companies. This statutory deposit cannot be withdrawn without the consent of IA.

Accrued income on the statutory deposit amounting to SAR: 1,093,595 (2022: 2,582,066, 2021: SR 2,353,079) has been presented in the statement of financial position.

8. RIGHT OF USE ASSETS AND LEASE LIABILITIES

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
	SR	SR	SR
Cost			
As at 1 January	2,740,619	9,468,149	7,946,701
Additions	-	-	2,740,619
Deletions	-	(6,727,530)	(1,219,171)
As at 31 December	2,740,619	2,740,619	9,468,149
Accumulated Depreciation			
As at 1 January	1,406,563	3,766,720	3,377,274
Charge	1,060,295	1,230,319	1,608,617
Disposals	-	(3,590,476)	(1,219,171)
As at 31 December	2,466,858	1,406,563	3,766,720
Carrying Value as at 31 December	273,761	1,334,056	5,701,429
Lease liabilities as at year end are as follows:			
Non-current portion of lease liability	-	-	2,956,727
Current portion of lease liability	-	1,092,627	2,239,753
	-	1,092,627	5,196,480

The total interest expense on lease liabilities recognized during the year ended 31 December 2023 is SAR 7,373 (2022: 29,459, 2021: 115,453).

9. PREPAID EXPENSES AND OTHER ASSETS

	31 December 2023		
	Insurance operations	Shareholders' operations	Total
	SR	SR	SR
VAT receivable	27,676,871	-	27,676,871
Receivable against Co. insurer Pools	17,010,072	-	17,010,072
Prepaid expenses	927,821	121,634	1,049,455
Others	5,313,811	-	5,313,811
Ending balance	50,928,575	121,634	51,050,209
	31 December 2022		
	Insurance operations	Shareholders' operations	Total
	SR	SR	SR
VAT receivable	24,116,884	-	24,116,884
Receivable against Co. insurer Pools	16,329,150	-	16,329,150
Prepaid expenses	607,646	96,143	703,789
Others	6,081,493	-	6,081,493
Ending balance	47,135,173	96,143	47,231,316
	1 January 2022		
	Insurance SR	Shareholders' SR	Total SR
VAT receivable	17,116,163	-	17,116,163
Receivable against Co. insurer Pools	-	-	-
Prepaid expenses	203,568	-	203,568
Others	2,164,836	607,145	2,771,981
Ending balance	19,484,567	607,145	20,091,712

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10.PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS, NET

The estimated useful lives of property, equipment and intangible assets for the calculation of depreciation are as follows:

Leasehold improvements	6-7 years	Furniture, fixtures and office equipment	6-10 years
Computer equipment and intangibles	4 years	Motor vehicles	4 years

	31 December 2023				
	Leasehold improvements	Furniture, fixtures and office equipment	Computer equipment and intangibles	Motor vehicles	Total
	SAR	SAR	SAR	SAR	SAR
Cost:					
Beginning balance	787,966	2,199,920	13,145,649	44,001	16,177,536
Additions	212,640	108,602	1,863,913	-	2,185,155
Disposals	-	-	(3,599)	-	(3,599)
Closing balance	1,000,606	2,308,522	15,005,963	44,001	18,359,092
Accumulated depreciation:					
Beginning balance	483,425	1,040,857	11,069,347	43,997	12,637,626
Charge for the year	75,496	242,795	1,237,697	-	1,555,988
Disposals	-	-	(2,383)	-	(2,383)
Closing balance	558,921	1,283,652	12,304,661	43,997	14,191,231
Net book value	441,685	1,024,870	2,701,302	4	4,167,861

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10.PROPERTY, EQUIPMENT AND INTANGILBLE ASSETS, NET (continued)

The estimated useful lives of property, equipment and intangible assets for the calculation of depreciation are as follows:

Leasehold improvements	6-7 years	Furniture, fixtures and office equipment	6-10 years
Computer equipment and intangibles	4 years	Motor vehicles	4 years

	31 December 2022				
	Leasehold improvements	Furniture, fixtures and office equipment	Computer equipment and intangibles	Motor vehicles	Total
	SAR	SAR	SAR	SAR	SAR
Cost:					
Beginning balance	2,660,432	3,837,361	12,157,714	44,001	18,699,508
Additions	161,639	21,750	1,238,680	-	1,422,069
Disposals	(2,034,105)	(1,659,191)	(250,745)	-	(3,944,041)
Closing balance	787,966	2,199,920	13,145,649	44,001	16,177,536
Accumulated depreciation:					
Beginning balance	2,255,299	2,052,795	10,217,866	43,997	14,569,957
Charge for the year	110,114	349,403	1,086,560	-	1,546,077
Disposals	(1,881,988)	(1,361,341)	(235,079)	-	(3,478,408)
Closing balance	483,425	1,040,857	11,069,347	43,997	12,637,626
Net book value:	304,541	1,159,063	2,076,302	4	3,539,910

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11.ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2023		
	Insurance operations	Shareholders' operations	Total
	SR	SR	SR
Board of directors and committee's payable	-	2,205,990	2,205,990
Employees' related accruals and payables	335,091	-	335,091
Payable to brokers and agents	1,411,953	-	1,411,953
Others	19,537,993	-	19,537,993
Ending balance	21,285,037	2,205,990	23,491,027

	31 December 2022		
	Insurance operations	Shareholders' operations	Total
	SR	SR	SR
Board of directors and committee's payable	-	2,300,423	2,300,423
Employees' related accruals and payables	524,307	-	524,307
Payable to brokers and agents	1,480,744	-	1,480,744
Others	9,467,425	-	9,467,425
Ending balance	11,472,476	2,300,423	13,772,899

	1 January 2022		
	Insurance operations	Shareholders' operations	Total
	SR	SR	SR
Board of directors and committee's payable	-	2,550,350	2,550,350
Employees' related accruals and payables	406,812	-	406,812
Payable to brokers and agents	1,400,688	-	1,400,688
Others	6,739,179	-	6,739,179
Ending balance	8,546,679	2,550,350	11,097,029

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12.END OF SERVICE BENEFITS

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

	31 December 2023	31 December 2022 (Restated)
	SR	SR
Amount recognised in the statement of financial position		
<i>Present value of end of service benefits</i>	<u>7,826,377</u>	<u>8,227,890</u>
Net liability at end of the year	<u>7,826,377</u>	<u>8,227,890</u>
Benefit expense (recognised in statement of income)		
Current service costs	1,010,325	2,219,444
Commission rate costs	<u>178,456</u>	<u>369,354</u>
Benefit expense (recognised in profit or loss)	<u>1,188,781</u>	<u>2,588,798</u>
Reconciliation of present value of end of service benefits		
End of service benefits at beginning of the year	8,227,890	12,311,821
Current service costs	1,010,325	2,219,444
Commission rate costs	178,456	369,354
Actuarial gain/(loss) from experience adjustments	(487,619)	(4,040,497)
Benefits paid during the year	<u>(1,102,675)</u>	<u>(2,632,232)</u>
Present value of end of service benefits at end of the year	<u>7,826,377</u>	<u>8,227,890</u>
Reconciliation of net liability in the statement of financial position		
Opening balance	8,227,890	12,311,821
Charge to statement of income	1,188,781	2,588,798
Charge to statement of other comprehensive income	(487,619)	(4,040,497)
Payment of benefits during the year	<u>(1,102,675)</u>	<u>(2,632,232)</u>
Closing balance	<u>7,826,377</u>	<u>8,227,890</u>
Principal actuarial assumption		
Valuation discount rate	4.75%	4.75%
Expected rate of increase in salary level across different age bands	4.80%	5.00%

12.1 The impact of changes in sensitivities on present value of end of service benefits liability is as follows:

	End of service benefits liability	
	31 December 2023	31 December 2022 (Restated)
	SR	SR
Central Assumptions	7,826,377	8,227,890
Valuation discount rate		
-Increase by 0.50%	7,552,010	7,902,685
-Decrease by 0.50%	8,128,990	8,578,365
Expected rate of increase in salary level across different age bands		
-Increase by 0.50%	8,138,997	8,596,172
-Decrease by 0.50%	7,521,538	7,883,099

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13. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties represent the main shareholders, board members, and senior management employees of the company, the companies in which they are their main owners, and any other companies that are subject to their control or are jointly controlled or have effective control over them. Pricing policies and terms of these transactions are approved by the company's management and the Board of Directors. Details of major related party transactions and their balances are as follows:

Related party	Nature of transactions	31 December 2023	31 December 2022 (Restated)
		SR	SR
Major Shareholders	Insurance premium written	12,432,555	13,075,211
	Claims paid	(2,152,876)	(2,084,264)
	Reinsurance premium ceded	-	(357,347)
Board of Directors and committees' members	Remuneration fees, allowances and other expense	(2,166,000)	(1,870,806)
	Insurance premium written	21,056,764	19,637,440
	Claims paid	(13,185,129)	(2,084,264)
	Insurance brokerage contracts	(3,747,419)	(2,008,388)

The above transactions with the related parties resulted in the following balances:

Nature of balances	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)	
	SR	SR	SR	
Major Shareholders	Insurance premium written receivable	7,320,151	9,259,420	5,712,102
	Reinsurance premium ceded payable	-	(1,330,678)	(4,094,797)
Board of Directors and committees' members	Remuneration fees, allowances and other expense payable	(2,205,990)	(1,757,690)	(2,091,840)
	Insurance premium written receivable	4,674,929	5,527,970	4,900,875
	Insurance brokerage contracts	(2,506,858)	(2,219,320)	(1,549,720)
Associate	General and administrative expenses payable	-	-	510,973

Compensation of key management personnel

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

	31 December 2023	31 December 2022 (Restated)
Short-term benefits	3,971,954	4,154,418
End of service benefit	61,807	174,795
	<u>4,033,761</u>	<u>4,329,213</u>

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14.GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' Operations	Total	Insurance operations	Shareholders' Operations	Total
	SR			SR		
Employees' salaries and all staff related costs	40,569,115	-	40,569,115	41,864,308	-	41,864,308
Office rent	1,536,813	-	1,536,813	3,103,702	-	3,103,702
Legal and professional fees	4,993,603	-	4,993,603	3,575,746	-	3,575,746
Utilities and telecommunications	1,394,228	-	1,394,228	2,196,187	-	2,196,187
Information technology expenses	3,003,070	-	3,003,070	2,574,264	-	2,574,264
Depreciation of property, equipment, ROU and intangible assets	2,616,283	-	2,616,283	1,546,077	-	1,546,077
Stationery and office supplies	698,540	-	698,540	364,393	-	364,393
Withholding taxes	305,556	-	305,556	405,884	-	405,884
Board of Directors and committees remuneration fees and expenses	-	2,166,000	2,166,000	-	1,870,806	1,870,806
Listing fees	-	357,972	357,972	-	376,821	376,821
Others	12,993,815	434,917	13,428,732	8,083,619	341,290	8,424,909
	68,111,023	2,958,889	71,069,912	63,714,180	2,588,917	66,303,097

14.1 G&A EXPENSE ALLOCATION

	31 December 2023	31 December 2022 (Restated)
G&A Allocated to LFRC	20,023,984	29,905,216
G&A Allocated to LIC	31,234,905	21,599,485
Unallocated G&A	19,811,023	14,798,396
Total	71,069,912	66,303,097

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15. PROVISION FOR ZAKAT AND INCOME TAX

Zakat charge for the period

The zakat provision consists of the zakat charged during the year amount of SR 5,496,703 (2022: SAR 5,124,422). The zakat provision is calculated on the 100% capital.

Status of assessment

The Company has filed zakat returns with the General Authority of Zakat and Tax (“ZATCA”) for the years from 2010 to 2022.

On review of the zakat returns by the ZATCA for the years 2010 to 2012, ZATCA issued assessments and the company objected to it, the final decisions have been issued for the objection cases resulting credit amounts in the company’s interest with SR 64,738 , 340,868 and 325,000 respectively. The company submitted a letter to refund and still under review.

On review of the zakat returns by the ZATCA for the years 2015 to 2018, ZATCA issued assessments and the company objected to it, the liability decreased to SR 13,288,746 after the decision of the Resolution Committee for tax violations and disputes. The company raised an appeal to the Appellate Committee and still under review.

On review of the withholding tax returns by the ZATCA for the years 2014 to 2018, ZATCA issued assessments and the company objected to it, the company paid the assessments amount and cancelled penalties according ZATCA initiatives. The Resolution Committee for tax violations and disputes rejected the case. The company raised an appeal to the Appellate Committee and still under review. The final decisions were issued for both cases, the liability decreased to 12,814,271. The company in process to settle the liability with GAZT.

On review of the zakat returns by the ZATCA for the years 2019 to 2020, ZATCA issued assessments and the company objected to it, the liability decreased to SR 4,146,940 after the decision of the Resolution Committee for tax violations and disputes. The company raised an appeal to the Appellate Committee and the final decision resulted in rejecting the case. The company in procedure to do settlement for the dues.

On review of the value added tax returns by the ZATCA for the years 2018 to 2019, ZATCA issued assessments and the company objected to it, the company paid the assessments amount and cancelled penalties according ZATCA initiatives. The Resolution Committee for tax violations and disputes rejected the case. The company raised an appeal to the Appellate Committee and still under review. The final decisions were issued and rejected the objection, no liability is pending for the cases.

16. COMMITMENTS AND CONTINGENCIES

Litigations and lawsuits

The company operates in the insurance business and is vulnerable to lawsuits during its normal business cycle.

While it is impractical to predict or know the final outcome of all lawsuits, management believes that these lawsuits (including the cases) will not have any material impact on the company's results or its financial position.

The company does not have any material lawsuit on the date of preparing the financial statements.

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17. OPERATING SEGMENTS

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

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed income statement. 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 December 31, 2022, with the exception of the impact of adopting IFRS 17 as previously discussed.

Segment assets do not include property and equipment, prepaid expenses and other assets, investments, time deposits, cash and cash equivalents, amounts due from a related party, statutory deposit, and investment returns from the statutory deposit, and thus they are included in the unallocated assets.

Segments' liabilities do not include end-of-service benefits provision, payables and accrued expenses and other liabilities, other provisions, surplus payable distributions, actuarial loss for specific benefit plans, accrued zakat and income tax, and due statutory deposit investment returns and thus they are included in the unallocated liabilities.

General and administrative expenses, commission income were allocated as per IFRS 17 requirements.

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17. OPERATING SEGMENTS (continued)
Statement of Financial Position

	31 December 2023			
	Motor	Medical	Property & Casualty	Total
Assets				
Insurance contract assets	18,818,678	12,377,231	32,249,710	63,445,619
Reinsurance contract assets	4,057,672	3,406,992	31,375,251	38,839,915
Unallocated Assets	-	-	-	745,352,636
Total	22,876,350	15,784,223	63,624,961	847,638,170
Liabilities				
Insurance contract Liabilities	221,368,663	44,647,153	70,564,633	336,580,449
Reinsurance contract Liabilities	2,260,234	379,077	10,363,272	13,002,583
Unallocated Liabilities	-	-	-	53,218,683
Total	223,628,897	45,026,230	80,927,905	402,801,715
	31 December 2022 (Restated)			
	Motor	Medical	Property & Casualty	Total
Assets				
Insurance contract assets	-	-	-	-
Reinsurance contract assets	2,650,666	4,098,058	22,970,567	29,719,291
Unallocated Assets	-	-	-	722,337,555
Total	2,650,666	4,098,058	22,970,567	752,056,846
Liabilities				
Insurance contract Liabilities	204,174,311	50,404,185	24,771,620	279,350,116
Reinsurance contract Liabilities	-	-	-	-
Unallocated Liabilities	-	-	-	52,222,459
Total	204,174,311	50,404,185	24,771,620	331,572,575

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**17. OPERATING SEGMENTS (continued)
Statement of Financial Position**

	1 January 2022			
	Motor	Medical	Property & Casualty	Total
Assets				
Insurance contract assets	-	-	-	-
Reinsurance contract assets	5,750,626	1,248,401	20,867,618	27,866,645
Unallocated Assets	-	-	-	832,538,354
Total	5,750,626	1,248,401	20,867,618	860,404,999
Liabilities				
Insurance contract Liabilities	233,161,229	94,376,676	26,293,935	353,831,840
Reinsurance contract Liabilities	-	-	-	-
Unallocated Liabilities	-	-	-	63,799,626
Total	233,161,229	94,376,676	26,293,935	417,631,466

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17. OPERATING SEGMENTS (continued)
Statement of Income

	31 December 2023			Total
	Motor	Medical	Property & Casualty	
REVENUES				
Insurance revenue	252,805,086	80,380,046	40,259,147	373,444,279
Insurance service expenses	(257,036,679)	(57,525,037)	(22,626,067)	(337,187,783)
Income / (expenses) from reinsurance contracts held	(4,798,855)	(2,664,948)	(23,806,971)	(31,270,774)
Insurance service result	(9,030,448)	20,190,061	(6,173,891)	4,985,722
Fair value change on FVTPL investments	-	-	-	1,668,040
Net gains from sale of investments	-	-	-	6,884
Interest Revenue from financial assets measured at FVTPL	-	-	-	21,778,994
Dividend from financial assets measured at FVTPL	-	-	-	5,047,391
Net (impairment) reversal on financial assets	-	-	-	114,415
Other investment income / (loss)	-	-	-	10,021
Net investment income	-	-	-	28,625,745
Finance income / (expense) from insurance contracts issued	(2,026,736)	(286,054)	838,408	(1,474,382)
Finance (expenses) / income from reinsurance contracts held	49,377	32,342	(230,349)	(148,630)
Insurance finance results	(1,977,359)	(253,712)	608,059	(1,623,012)
Net insurance and investment results				31,988,455
Other operating expenses				(19,811,023)
Other income				13,402,711
Gross Income for the year				25,580,143
Provision for Zakat and Income Tax				(5,496,703)
Income for the year after Zakat and Income Tax				20,083,440

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17. OPERATING SEGMENTS (continued)
Statement of Income

	31 December 2022 (Restated)			
	Motor	Medical	Property & Casualty	Total
REVENUES				
Insurance revenue	263,116,352	105,150,462	48,836,095	417,102,909
Insurance service expenses	(318,564,043)	(96,493,442)	(27,793,410)	(442,850,895)
Income / (expenses) from reinsurance contracts held	(6,219,304)	1,553,202	(26,113,632)	(30,779,734)
Insurance service result	(61,666,995)	10,210,222	(5,070,947)	(56,527,720)
Fair value change on FVTPL investments	-	-	-	(8,915,517)
Net gains from sale of investments	-	-	-	2,064,469
Interest Revenue from financial assets measured at FVTPL	-	-	-	21,919,809
Dividend from financial assets measured at FVTPL	-	-	-	2,638,070
Net (impairment) reversal on financial assets	-	-	-	2,069,040
Other investment income / (loss)	-	-	-	25,029
Net investment income	-	-	-	19,800,900
Finance income / (expense) from insurance contracts issued	611,481	3,312,276	922,613	4,846,370
Finance (expenses) / income from reinsurance contracts held	20,335	(57,743.00)	(284,192)	(321,600)
Insurance finance results	631,816	3,254,533	638,421	4,524,770
Net insurance and investment results				(32,202,050)
Other operating expenses				(14,798,396)
Other income				23,124,541
Gross Income for the year				(23,875,905)
Provision for Zakat and Income Tax				(5,124,422)
Income for the year after Zakat and Income Tax				(29,000,327)

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES

PAA

	31 December 2023				Total
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts - 1 January 2023					
Insurance contract liabilities	73,415,233	43,628,954	155,725,384	4,751,269	277,520,840
Changes in the statement of income and OCI:					
Insurance revenue	373,328,733	-	-	-	373,328,733
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	304,150,865	1,251,368	305,402,233
Insurance acquisition cashflows amortization	67,000,713	-	-	-	67,000,713
Losses and reversals of losses on onerous contracts	-	(36,903,679)	-	-	(36,903,679)
Changes that relate to past service - adjustments to the LIC	-	-	1,531,245	-	1,531,245
Insurance service expenses	67,000,713	(36,903,679)	305,682,110	1,251,368	337,030,512
Insurance service result	306,328,020	36,903,679	(305,682,110)	(1,251,368)	36,298,221
Finance expense from insurance contracts	-	-	(1,469,213)	-	(1,469,213)
Total changes in the statement of income and OCI	306,328,020	36,903,679	(307,151,323)	(1,251,368)	34,829,008
Cashflows					
Premiums received	399,948,370	-	-	-	399,948,370
Claims and other directly attributable expenses paid	-	-	(306,033,775)	-	(306,033,775)
Insurance acquisition cashflows paid	(67,722,325)	-	-	-	(67,722,325)
Total cash inflows / (outflows)	332,226,045	-	(306,033,775)	-	26,192,270
Net closing balance	99,313,258	6,725,275	156,842,932	6,002,637	268,884,102
Insurance contracts Liabilities	161,348,051	6,725,275	158,253,759	6,002,637	332,329,722
Insurance contracts assets	(62,034,793)	-	(1,410,826)	-	(63,445,619)
	99,313,258	6,725,275	156,842,932	6,002,637	268,884,102

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

PAA	31 December 2023				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	
Reinsurance contracts - 1 January 2023					
reinsurance contract assets	(4,084,647)	-	32,804,001	483,102	29,202,456
<i>Changes in the statement of income and OCI:</i>					
Amounts Allocated to Reinsurance	(32,618,409)	-	-	-	(32,618,409)
Incurred Claims Amounts Recoverable from Reinsurance	-	-	1,156,858	113,349	1,270,207
Changes that relate to past service: changes related to AIC	-	-	-	-	-
Losses and reversals of losses on onerous contracts	-	-	-	-	-
Investment component: change in profit commission	-	-	-	-	-
Net expenses from reinsurance contracts	-	-	1,156,858	113,349	1,270,207
Insurance service result	(32,618,409)	-	1,156,858	113,349	(31,348,202)
Finance income from reinsurance contracts		-	(125,211)	-	(125,211)
Total changes in the statement of income and OCI	(32,618,409)	-	1,031,647	113,349	(31,473,413)
<i>Cashflows</i>					
Premiums ceded and acquisition cashflows paid	(30,061,788)	-	1,108,879	-	(28,952,909)
Recoveries from reinsurance	3,722,011	-	(59,508)	-	3,662,503
Total cash inflows / (outflows)	(26,339,777)		1,049,371	-	(25,290,406)
Net closing balance	(10,363,279)	-	32,786,277	596,451	23,019,449
Reinsurance contracts assets	-	-	35,425,581	596,451	36,022,032
Reinsurance contracts Liabilities	(10,363,279)	-	(2,639,305)	-	(13,002,583)
	(10,363,279)	-	32,786,277	596,451	23,019,449

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

GMM (IDI)	31 December 2023				Total
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	LIC excluding risk adjustment	Risk adjustment for non-financial risk	
Net opening balance	1,821,207	-	8,080	-	1,829,287
Insurance revenue					
Expected incurred claims and other service expenses	(115,281)	-	-	-	(115,281)
CSM recognized for service period	(263)	-	-	-	(263)
Total Insurance revenue	(115,544)	-	-	-	(115,544)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	157,256	-	157,256
Experience adjustments	-	-	-	-	-
Insurance service expenses	-	-	157,256	-	157,256
Insurance service result	(115,544)	-	157,256	-	41,712
Finance expense from insurance contracts	5,170	-	-	-	5,170
Total changes in the statement of income and OCI	(110,374)	-	157,256	-	46,882
Cashflows					
Premiums received	2,415,583	-	-	-	2,415,583
Claims and other directly attributable expenses paid	-	-	-	-	-
Insurance acquisition cashflows paid	-	-	(41,026)	-	(41,026)
Total cash inflows / (outflows)	2,415,583	-	(41,026)	-	2,374,556
Net closing balance	4,126,416	-	124,310	-	4,250,726

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

GMM (IDI)

	31 December 2023				Total
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	AIC excluding risk adjustment	Risk adjustment	
Net opening	(516,835)	-	-	-	(516,835)
Changes in the statement of income and OCI:					
Amounts Allocated to Reinsurance and recoveries		-	-	-	-
Expected claim recoverable	(24,551)	-	-	-	(24,551)
Changes in risk adjustment	(0)	-	-	-	(0)
CSM recognized for the service period	385	-	-	-	385
Incurred claims	-	-	(53,254)	-	(53,254)
Experience adjustment	-	-	-	-	-
Net expenses from reinsurance contracts	(24,166)	-	(53,254)	-	(77,420)
Insurance service result	(24,166)	-	(53,254)	-	(77,420)
Finance income from reinsurance contracts	23,418	-	-	-	23,418
Total changes in the statement of income and OCI	(748)	-	(53,254)	-	(54,001)
Cashflows					
Premiums ceded	(2,690,775)	-	-	-	(2,690,775)
Commission and Management fee	443,728	-	-	-	443,728
Total cash inflows / (outflows)	(2,247,047)	-	-	-	(2,247,047)
Net closing balance	(2,764,630)	-	(53,254)	-	(2,817,883)

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

GMM (IDI)	31 December 2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	SAR			
Net opening balance	(478,979)	75,596	2,232,670	1,829,287
Changes in the statement of profit or loss and OCI				
Changes that relate to current service				
CSM recognized for the services provided	(263)	-	-	(263)
Changes in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustments - relating to insurance service expenses	-	-	-	-
Other changes on current services	(115,281)	-	-	(115,281)
Incurring expenses	157,256	-	-	157,256
	41,712	-	-	41,712
Changes that relate to future service				
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that results in onerous contract losses or reversals of such losses	-	-	-	-
Contracts initially recognized in the period	(2,251,424)	-	2,160,515	(90,909)
Experience adjustment - arising from premiums received in the period that relate to future service	-	90,909	-	90,909
	(2,251,424)	90,909	2,160,515	-
Changes that relate to past service				
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	-	-
Experience adjustment - arising from premiums received in the period that relate to past service	-	-	-	-
	-	-	-	-
Insurance service result	(2,209,712)	90,909	2,160,515	41,712
Net finance income/(expense) from insurance contracts	(27,752)	-	32,922	5,170
Total changes in the statement of profit or loss and OCI	(2,237,464)	90,909	2,193,437	46,882
Cash flows				
Premiums received	2,415,583	-	-	2,415,583
Incurring claims paid	-	-	-	-
Insurance acquisition cash flows	(41,026)	-	-	(41,026)
	2,374,557	-	-	2,374,557
Net closing balance	(341,886)	166,505	4,426,107	4,250,726

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

GMM (IDI)	31 December 2023			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	SAR			
Net opening balance	1,199,484	70,304	(1,786,623)	(516,835)
Changes in the statement of profit or loss and OCI				
Changes that relate to current service				
CSM recognized for the services provided	-	-	-	-
Changes in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustments - relating to reinsurance service expenses	(53,254)	-	-	(53,254)
Other changes on current services	(24,551)	(0)	385	(24,166)
	(77,805)	(0)	385	(77,420)
Changes that relate to future service				
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that results in onerous contract losses or reversals of such losses	-	-	-	-
Contracts initially recognized in the period	1,651,566	81,142	(1,732,708)	-
Experience adjustment - arising from premiums received in the period that relate to future service	-	-	-	-
	1,651,566	81,142	(1,732,708)	-
Changes that relate to past service				
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	-	-
Experience adjustment - arising from premiums received in the period that relate to past service	-	-	-	-
	-	-	-	-
Reinsurance service result	1,573,761	81,142	(1,732,323)	(77,420)
Net finance income/(expense) from reinsurance contracts	49,630	-	(26,212)	23,418
Total changes in the statement of profit or loss and OCI	1,623,391	81,142	(1,758,534)	(54,001)
Cash flows				
Ceded premium	(2,690,775)	-	-	(2,690,775)
Commission and management fee	443,728	-	-	443,728
	(2,247,047)	-	-	(2,247,047)
Net closing balance	575,828	151,446	(3,545,158)	(2,817,883)

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

PAA

	31 December 2022				Total
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of FCF	Risk adjustment for non-financial risk	
Insurance contracts - 1 January 2022					
Insurance contract liabilities	149,199,500	58,576,871	141,375,925	4,583,803	353,736,099
Changes in the statement of income and OCI:					
Insurance revenue	417,020,295	-	-	-	417,020,295
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	453,346,791	3,646,263	456,993,054
Insurance acquisition cashflows amortization	73,664,917				73,664,917
Losses and reversals of losses on onerous contracts	-	(14,947,917)	-	-	(14,947,917)
Changes that relate to past service - adjustments to the LIC	-	-	(69,413,659)	(3,478,797)	(72,892,456)
Insurance service expenses	73,664,917	(14,947,917)	383,933,132	167,466	442,817,598
Insurance service result	343,355,378	14,947,917	(383,933,132)	(167,466)	(25,797,303)
Finance expense from insurance contracts	-	-	4,869,421	-	4,869,421
Total changes in the statement of income and OCI	343,355,378	14,947,917	(379,063,711)	(167,466)	(20,927,882)
Cashflows					
Premiums received	338,301,713	-	-	-	338,301,713
Claims and other directly attributable expenses paid	-	-	(364,714,252)	-	(364,714,252)
Insurance acquisition cashflows paid	(70,730,613)	-	-	-	(70,730,613)
Total cash inflows / (outflows)	267,571,100	-	(364,714,252)	-	(97,143,152)
Net closing balance	73,415,222	43,628,954	155,725,384	4,751,269	277,520,829

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

PAA	31 December 2022				
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery component	PVCF, Contracts measured under PAA	Risk adjustment, Contracts measured under PAA	
Reinsurance contracts - 1 January 2022					
reinsurance contract assets	368,454	-	27,014,238	442,037	27,824,729
Changes in the statement of income and OCI:					
Amounts Allocated to Reinsurance	(40,033,569)	-	-	-	(40,033,569)
Incurring Claims Amounts Recoverable from Reinsurance	-	-	16,487,269	401,235	16,888,504
Changes that relate to past service: changes related to AIC	-	-	(7,750,181)	(360,170)	(8,110,351)
Losses and reversals of losses on onerous contracts	-	-	456,512	-	456,512
Investment component: change in profit commission	-	-	-	-	-
Net expenses from reinsurance contracts	-	-	9,193,600	41,065	9,234,665
Insurance service result	(40,033,569)	-	9,193,600	41,065	(30,798,904)
Finance expense from reinsurance contracts	-	-	(325,251)	-	(325,251)
Total changes in the statement of income and OCI	(40,033,569)	-	8,868,349	41,065	(31,124,155)
Cashflows					
Premiums ceded and acquisition cashflows paid	(40,330,266)	-	2,410,739	-	(37,919,527)
Recoveries from reinsurance	4,749,798	-	667,847	-	5,417,645
Total cash inflows / (outflows)	(35,580,468)	-	3,078,586	-	(32,501,882)
Net closing balance	(4,084,647)	-	32,804,001	483,102	29,202,456

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

GMM (IDI)	31 December 2022				Total
	Liability for remaining coverage		Liability for incurred claims		
	Excluding loss component	Loss component	LIC excluding risk adjustment	Risk adjustment for non-financial risk	
Net opening balance	95,741	-	-	-	95,741
Insurance revenue					
Expected incurred claims and other service expenses	(82,614)	-	-	-	(82,614)
CSM recognized for service period	-	-	-	-	-
Total Insurance revenue	(82,614)	-	-	-	(82,614)
Insurance service expenses					
Incurred claims and other directly attributable expenses	-	-	33,298	-	33,298
Experience adjustments	-	-	-	-	-
Insurance service expenses	-	-	33,298	-	33,298
Insurance service result	(82,614)	-	33,298	-	(49,316)
Finance expense from insurance contracts	23,051	-	-	-	23,051
Total changes in the statement of income and OCI	(59,563)	-	33,298	-	(26,265)
Cashflows					
Premiums received	1,785,028	-	-	-	1,785,028
Claims and other directly attributable expenses paid	-	-	-	-	-
Insurance acquisition cashflows paid	-	-	(25,218)	-	(25,218)
Total cash inflows / (outflows)	1,785,028	-	(25,218)	-	1,759,810
Net closing balance	1,821,207	-	8,080	-	1,829,287

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

GMM (IDI)	31 December 2022				Total
	Asset for remaining coverage		Asset for incurred claims		
	Excluding loss component	Loss recovery component	AIC excluding risk adjustment	Risk adjustment	
Net opening	(41,916)	-	-	-	(41,916)
Changes in the statement of income and OCI:					
Amounts Allocated to Reinsurance and recoveries		-	-	-	-
Expected claim recoverable	19,170	-	-	-	19,170
Changes in risk adjustment	-	-	-	-	-
CSM recognized for the service period	-	-	-	-	-
Incurred claims	-	-	-	-	-
Experience adjustment	-	-	-	-	-
Net expenses from reinsurance contracts	19,170	-	-	-	19,170
Insurance service result	19,170	-	-	-	19,170
Finance income from reinsurance contracts	3,651	-	-	-	3,651
Total changes in the statement of income and OCI	22,821	-	-	-	22,821
Cashflows					
Premiums ceded	(586,085)	-	-	-	(586,085)
Commission and Management fee	88,345	-	-	-	88,345
Total cash inflows / (outflows)	(497,740)	-	-	-	(497,740)
Net closing balance	(516,835)	-	-	-	(516,835)

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**18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)
GMM (IDI)**

	31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	SAR			
Net opening balance	(30,759)	17	126,483	95,741
Changes in the statement of profit or loss and OCI				
Changes that relate to current service				
CSM recognized for the services provided	-	-	-	-
Changes in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustments - relating to insurance service expenses	-	-	-	-
Other changes on current services	(82,614)	-	-	(82,614)
Incurred expenses	33,298	-	-	33,298
	(49,316)	-	-	(49,316)
Changes that relate to future service				
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that results in onerous contract losses or reversals of such losses	-	-	-	-
Contracts initially recognized in the period	(2,154,801)	-	2,079,222	(75,580)
Experience adjustment - arising from premiums received in the period that relate to future service	-	75,580	-	75,580
	(2,154,801)	75,580	2,079,222	-
Changes that relate to past service				
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	-	-
Experience adjustment - arising from premiums received in the period that relate to past service	-	-	-	-
Insurance service result	(2,204,117)	75,580	2,079,222	(49,316)
Net finance (expense) / income from insurance contracts	(3,914)	-	26,965	23,051
Total changes in the statement of profit or loss and OCI	(2,208,031)	75,580	2,106,186	(26,265)
Cash flows				
Premiums received	1,785,028	-	-	1,785,028
Incurred claims paid	-	-	-	-
Insurance acquisition cash flows	(25,218)	-	-	(25,218)
	1,759,810	-	-	1,759,810
Net closing balance	(478,979)	75,596	2,232,670	1,829,287

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18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

GMM (IDI)

	31 December 2022			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	SAR			
Net opening balance	52,088	12	(94,016)	(41,916)
Changes in the statement of profit or loss and OCI				
Changes that relate to current service				
CSM recognized for the services provided	-	-	-	-
Changes in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustments - relating to reinsurance service expenses	-	-	-	-
Other changes on current services	19,170	(0)	-	19,170
	19,170	(0)	-	19,170
Changes that relate to future service				
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that results in onerous contract losses or reversals of such losses	-	-	-	-
Contracts initially recognized in the period	1,600,203	70,292	(1,670,495)	-
Experience adjustment - arising from premiums received in the period that relate to future service	-	-	-	-
	1,600,203	70,292	(1,670,495)	-
Changes that relate to past service				
Changes that relate to past service - changes in the FCF relating to the LIC	-	-	-	-
Experience adjustment - arising from premiums received in the period that relate to past service	-	-	-	-
	-	-	-	-
Reinsurance service result	1,619,373	70,292	(1,670,495)	19,170
Net finance income/(expense) from reinsurance contracts	25,763	-	(22,112)	3,651
Total changes in the statement of profit or loss and OCI	1,645,136	70,292	(1,692,607)	22,821
Cash flows				
Ceded premium	(586,085)	-	-	(586,085)
Commission and management fee	88,345	-	-	88,345
	(497,740)	-	-	(497,740)
Net closing balance	1,199,484	70,304	(1,786,623)	(516,835)

18.INSURANCE AND REINSURANCE CONTRACTS ASSETS AND LIABILITIES (continued)

18.1 CLAIMS DEVELOPMENT TABLE

Claims triangulation analysis by accident year

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. In setting claims provisions the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Gross Accident year	31 December 2023						Total
	31 December 2018 and earlier	31 December 2019	31 December 2020	31 December 2021	31 December 2022	31 December 2023	
Estimate of cumulative claims:							
At the end of accident year	268,242,289	275,257,990	171,071,337	150,480,073	403,197,571	259,680,235	259,680,235
One year later	225,865,951	246,666,160	142,956,617	135,709,539	402,421,659	-	402,421,659
Two years later	218,815,831	245,330,619	135,803,152	138,425,103	-	-	138,425,103
Three years later	211,563,337	235,666,067	138,522,533	-	-	-	138,522,533
Four years later	204,057,080	236,490,288	-	-	-	-	236,490,288
Five years later	1,395,801,140	-	-	-	-	-	1,395,801,140
Current estimate of cumulative claims incurred	1,395,801,140	236,490,288	138,522,533	138,425,103	402,421,659	259,680,235	2,571,340,958
Cumulative payments to date	(1,389,237,246)	(233,750,867)	(130,881,309)	(129,658,647)	(381,875,543)	(193,318,987)	(2,458,722,599)
Total cumulative gross claim reserves recognized in statement of financial position	6,563,894	2,739,421	7,641,224	8,766,456	20,546,116	66,361,248	112,618,359
NET (after considering effect of reinsurance)							
Gross Accident year	31 December 2023						Total
	31 December 2018 and earlier	31 December 2019	31 December 2020	31 December 2021	31 December 2022	31 December 2023	
Estimate of cumulative claims:							
At the end of accident year	249,529,105	254,264,989	161,565,269	141,916,147	383,867,681	252,825,333	252,825,333
One year later	215,187,713	229,192,038	137,999,442	132,499,428	389,821,675	-	389,821,675
Two years later	208,641,058	228,189,732	131,553,627	134,737,970	-	-	134,737,970
Three years later	202,825,216	219,716,582	134,294,383	-	-	-	134,294,383
Four years later	195,857,437	220,787,291	-	-	-	-	220,787,291
Five years later	1,240,693,886	-	-	-	-	-	1,240,693,886
Current estimate of cumulative claims incurred	1,240,693,886	220,787,291	134,294,383	134,737,970	389,821,675	252,825,333	2,373,160,538
Cumulative payments to date	(1,235,849,875)	(218,050,136)	(127,053,356)	(126,724,973)	(375,960,877)	(191,619,555)	(2,275,258,772)
Total cumulative net claim reserves recognized in statement of financial position	4,844,011	2,737,155	7,241,027	8,012,997	13,860,798	61,205,778	97,901,766
Gross							
Accident year	31 December 2022						Total
	31 December 2017 and earlier	31 December 2018	31 December 2019	31 December 2020	31 December 2021	31 December 2022	
Estimate of cumulative claims:							
At the end of accident year	323,484,785	268,242,289	275,257,990	171,071,337	150,480,073	403,197,571	403,197,571
One year later	282,270,228	225,865,951	246,666,160	142,956,617	135,709,539	-	135,709,539
Two years later	260,400,803	218,815,831	245,330,619	135,803,152	-	-	135,803,152
Three years later	256,138,211	211,563,337	235,666,067	-	-	-	235,666,067
Four years later	246,575,427	204,057,080	-	-	-	-	204,057,080
Five years later	1,189,584,135	-	-	-	-	-	1,189,584,135
Current estimate of cumulative claims incurred	1,189,584,135	204,057,080	235,666,067	135,803,152	135,709,539	403,197,571	2,304,017,544
Cumulative payments to date	(1,184,127,974)	(201,916,426)	(232,356,111)	(129,522,765)	(127,420,699)	(310,353,223)	(2,185,697,198)
Total cumulative gross claim reserves recognized in statement of financial position	5,456,161	2,140,654	3,309,956	6,280,387	8,288,840	92,844,348	118,320,346
NET (after considering effect of reinsurance)							
Accident year	31 December 2022						Total
	31 December 2017 and earlier	31 December 2018	31 December 2019	31 December 2020	31 December 2021	31 December 2022	
Estimate of cumulative claims:							
At the end of accident year	294,398,521	249,529,105	254,264,989	161,565,269	141,916,147	383,867,681	383,867,681
One year later	256,929,714	215,187,713	229,192,038	137,999,442	132,499,428	-	132,499,428
Two years later	244,422,302	208,641,058	228,189,732	131,553,627	-	-	131,553,627
Three years later	240,304,346	202,825,216	219,716,582	-	-	-	219,716,582
Four years later	232,374,963	195,857,437	-	-	-	-	195,857,437
Five years later	1,043,854,740	-	-	-	-	-	1,043,854,740
Current estimate of cumulative claims incurred	1,043,854,740	195,857,437	219,716,582	131,553,627	132,499,428	383,867,681	2,107,349,495
Cumulative payments to date	(1,040,261,704)	(193,740,847)	(216,655,379)	(125,700,015)	(124,487,027)	(306,343,155)	(2,007,188,126)
Total cumulative net claim reserves recognized in statement of financial position	3,593,036	2,116,590	3,061,203	5,853,612	8,012,401	77,524,526	100,161,369

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Expressed in Saudi Riyals

19. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it is able to continue as going concern and comply with the regulator's capital requirements of the market in which the Company operates while maximizing the return to stakeholders through the optimization of equity balance. The capital structure of the Company consists of equity attributable to equity holders comprising paid share capital and reserves. The operations of the Company are subject to local regulatory requirements in the Kingdom of Saudi Arabia. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions e.g., capital adequacy to minimize the risk of default and insolvency on the part of the insurance companies and to enable them to meet unforeseen liabilities as these arise. In order to maintain or adjust the capital structure, the Company may issue right shares. As per guidelines laid out by Insurance Authority (IA) in Article 66 table 3 and 4 of the Implementing Insurance Regulations detailing the solvency margin required to be maintained, the Company maintains solvency margin equivalent to the highest of the three methods as per IA Implementing Regulations.

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

20. SHARE CAPITAL

The authorized, issued and paid-up share capital of the Company is SAR 300 million divided into 30 million shares of SAR 10 each (2022: SAR 300 million, 2021: SAR 300 million).

The shareholders of the Company are subject 100% to Zakat.

21. STATUTORY RESERVE

In accordance with the Company's By-laws and in compliance with Article 70 (2) of the Insurance Implementing Regulations of IA, the Company allocates 20% of net shareholders' income each year to the statutory reserve until this reserve equals to 100% of the paid capital. The statutory reserve is not available for distribution to shareholders until liquidation of the Company.

22. EARNINGS PER SHARE

Basic and diluted earnings / (loss) per share for the year 2023 and 2022 have been calculated by dividing the net (loss)/ income for the period attributable to shareholders' by the weighted average number of ordinary shares issued and outstanding shares (30 million shares) at the year end as:

	31 December 2023	31 December 2022 (Restated)
	SR	SR
Net profit / (loss) attributable to shareholders after zakat	20,083,440	(29,000,327)
Weighted average number of ordinary shares	30,000,000	30,000,000
Basic and diluted earning per share	0.67	(0.97)

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23.RISK MANAGEMENT

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

a).INSURANCE RISK

The company provides short-term health insurance contracts in Saudi Arabia. Accordingly, the main insurance risk within the company is that there are no sufficient reserves available to cover the liabilities associated with the insurance contracts issued. Actual claims may differ from the estimated ultimate claims. The company seeks to manage this as follows:

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

- through close monitoring of the claims' trend and payments' pattern to ensure that sufficient reserves are available to cover claim liabilities. The company also has an external actuary to perform quarterly independent reviews of the reserves adequacy. Estimate of present value of cash flows and risk adjustment for non-financial risk, which are key components of the company's insurance contract liabilities are estimated amounts of the outstanding claims, incurred but not reported claims ("IBNR"), claims handling provisions and risk adjustment for non-financial risk. These reserves do not represent exact calculations but rather expectations based on historical claims' trend (frequency and severity), payments' pattern, medical inflation, members' behavior, seasonality and other factors. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance contracts that it issues.
- The company has a large insurance portfolio resulting in stable claims development patterns which relatively reduces the risk of fluctuations in the estimated ultimate claims. The short-tailed nature of the business is associated with higher consistency of the reserve estimates.
- The company continually reviews the adequacy of claims reserves by conducting back-testing analysis, assessing the sufficiency of data, monitoring claims backlogs and settlement patterns. In addition, the external actuary runs independent valuation models after due reconciliation with financial statements to validate reserve adequacy.

Reinsurance:

- The company has a reinsurance arrangement to reduce its exposure through transfer of risk. During the years ended 31 December 2023 and 2022, the company had quota share reinsurance arrangement for certain company of contracts to reduce its exposure through partial transfer of insurance risk. The reinsurance premium ceded represents a minimal margin of the overall gross premium written. Reinsurance premium ceded reached 1.05% of gross premium written (2022: 0.68%).
- The reinsurers selected met SAMA's minimum acceptable rating of BBB from a reputable credit agency.
- Reinsurance ceded business does not relieve the company from its obligations to policyholders and as a result the company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Pricing

- The pricing team follows the company's underwriting guidelines (approved by the Board of Directors) in setting premiums taking into consideration credible claims experiences for both new business and renewals or medical declarations.

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23.RISK MANAGEMENT (continued)

sensitivity analysis:

The company believes that the claim liabilities under insurance contracts outstanding at year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

	31 December 2023	31 December 2022 (Restated)
Impact on equity, insurance contract liabilities and profit or loss due to change in claims ratio		
5% Increase	(16,761,385)	(18,571,188)
5% Decrease	16,761,385	18,571,188
Impact on equity, insurance contract liabilities and profit or loss due to change in risk adjustment for non-financial risk		
5% Increase	(68,236)	(10,427)
5% Decrease	68,236	10,427
Impact on equity, insurance contract liabilities and profit or loss due to change in direct expense ratio – loss component		
5% Increase	(1,845,184)	(747,396)
5% Decrease	1,845,184	747,396

b).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 recognized, creditworthy 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 on-going basis in order to reduce the Company's exposure to bad debts.
- The Company deals with only those reinsurers who have a credit rating of not less than BBB. These credit ratings are monitored on a yearly basis.
- 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 investment portfolio is managed by the management in accordance with the investment policy established by the investment committee.
- The Company, with respect to credit risk arising from other financial assets, is restricted to commercial banks and financial institutions having strong financial positions and credit ratings.

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

	31 December 2023	31 December 2022 (Restated)
Cash and cash equivalents	98,964,335	255,969,579
Investments	276,865,305	187,616,899
Term deposits	270,626,665	185,288,375
Statutory deposit	29,998,695	29,998,817
Accrued commission income on statutory deposit	1,093,595	2,582,066
Insurance contract assets	63,445,619	-
Reinsurance contract assets	38,839,915	29,719,291
Prepaid expenses and other assets	51,050,209	47,231,316
Accrued income	12,312,210	8,776,537
	843,196,548	747,182,880

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23.RISK MANAGEMENT (continued)

e).LIQUIDITY RISK

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

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

	2023		
	Up to one year	More than one year	Total
Insurance contract liabilities	336,580,449	-	336,580,449
Reinsurance contract liabilities	13,002,583	-	13,002,583
Accrued income payable to Insurance	1,093,595	-	1,093,595
Lease Liabilities	-	-	-
Accrued expenses and other liabilities	23,491,027	-	23,491,027
	374,167,654	-	374,167,654
	<hr/> 2022 <hr/>		
Insurance contract liabilities	279,350,116	-	279,350,116
Reinsurance contract liabilities	-	-	-
Accrued income payable to Insurance	2,582,066	-	2,582,066
Lease Liabilities	1,092,627	-	1,092,627
Accrued expenses and other liabilities	13,772,899	-	13,772,899
	296,797,708	-	296,797,708

d).CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company's transactions are principally in Saudi Arabian Riyals and US Dollars. Management monitors the fluctuations in currency exchange rates and acts accordingly and believes that the foreign currency risk is not significant.

e).MARKET PRICE RISK

Market price risk is the risk that the fair value of future cash flows of a financial instrument 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 its issuer, or factors affecting all similar financial instruments traded in the market.

The Company has investments in quoted 'sukuks', fixed rate bonds and locally quoted equities and investment funds (see note 5), which have been classified under 'FVTPL' investments. The Company limits its market price risks by closely monitoring developments in markets in which such investments are quoted. A 5% change in the market price of these quoted investments, with all other variables held constant, would change the income and consequently 'shareholders' equity (for investments held under shareholders' operations) by SAR 4.44 million (2022: SAR 3.84 million).

BURUJ COOPERATIVE INSURANCE COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
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24. PREMIUMS WRITTEN AND CEDED BY TYPE OF CUSTOMERS

31 December 2023

	Medical	Motors	Property & Casualty	Total
	SR			
Individual clients	33,125,703	189,146,782	2,150,323	224,422,808
Very small size entities	62,148,699	19,593,691	1,062,534	82,804,924
Small size Entities	2,105,402	18,157,551	10,746,155	31,009,108
Medium size entities	96,405	18,747,546	9,900,166	28,744,117
Large size entities	5,116	35,876,509	19,938,137	55,819,762
Total	97,481,325	281,522,079	43,797,315	422,800,719

31 December 2022 (Restated)

	Medical	Motors	Property & Casualty	Total
	SR			
Individual clients	3,714,713	170,476,829	268,173	174,459,715
Very small size entities	71,900,990	4,568,793	1,406,277	77,876,060
Small size Entities	771,344	15,094,197	8,400,676	24,266,217
Medium size entities	2,042	7,883,926	11,982,872	19,868,840
Large size entities	27,993	43,212,400	29,128,126	72,368,519
Total	76,417,082	241,236,145	51,186,124	368,839,351

31 December 2023

	Medical	Motors	Property & Casualty	Total
	SR			
Gross written premiums	97,481,325	281,522,079	43,797,315	422,800,719
Reinsurance premiums ceded				
- Foreign	(2,852,551)	(4,923,535)	(25,605,501)	(33,381,587)
- Local	(713,140)	(1,230,882)	(5,826,057)	(7,770,079)
Net premiums written	93,915,634	275,367,662	12,365,757	381,649,053

31 December 2022 (Restated)

	Medical	Motors	Property & Casualty	Total
	SR			
Gross written premiums	76,417,082	241,236,145	51,186,124	368,839,351
Reinsurance premiums ceded				
- Foreign	(3,717,121)	(1,265,241)	(36,133,305)	(41,115,667)
- Local	383,963	(418,838)	(5,332,839)	(5,367,714)
Net premiums written	73,083,924	239,552,066	9,719,980	322,355,970

BURUJ COOPERATIVE INSURANCE COMPANY
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

Expressed in Saudi Riyals

25. SUPPLEMENTARY INFORMATION

	31 December 2023			31 December 2022		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
ASSETS						
Cash and cash equivalents	64,579,387	34,384,948	98,964,335	200,508,453	55,461,126	255,969,579
Investments	51,588,818	225,276,487	276,865,305	24,998,366	162,618,533	187,616,899
Term deposits	170,836,506	99,790,159	270,626,665	90,306,871	94,981,504	185,288,375
Statutory deposit	-	29,998,695	29,998,695	-	29,998,817	29,998,817
Accrued commission income on statutory deposit	-	1,093,595	1,093,595	-	2,582,066	2,582,066
Insurance contract assets	63,445,619	-	63,445,619	-	-	-
Reinsurance contract assets	38,839,915	-	38,839,915	29,719,291	-	29,719,291
Right-of-use assets	273,761	-	273,761	1,334,056	-	1,334,056
Prepaid expenses and other assets	50,928,575	121,634	51,050,209	47,135,172	96,143	47,231,315
Property and equipment, net	4,167,861	-	4,167,861	3,539,910	-	3,539,910
Accrued income	5,461,805	6,850,405	12,312,210	3,745,170	5,031,367	8,776,537
TOTAL ASSETS	450,122,247	397,515,923	847,638,170	401,287,289	350,769,557	752,056,846
LIABILITIES						
Insurance contract liabilities	336,580,449	-	336,580,449	279,350,116	-	279,350,116
Reinsurance contract liabilities	13,002,583	-	13,002,583	-	-	-
Accrued income payable to Insurance Authority	-	1,093,595	1,093,595	-	2,582,066	2,582,066
Lease Liabilities	-	-	-	1,092,627	-	1,092,627
Accrued expenses and other liabilities	21,285,037	2,205,990	23,491,027	11,472,476	2,300,423	13,772,899
Provision for end-of-service benefits	7,826,377	-	7,826,377	8,227,890	-	8,227,890
Provision for zakat and income tax	-	20,807,684	20,807,684	-	26,546,977	26,546,977
TOTAL LIABILITIES	378,694,446	24,107,269	402,801,715	300,143,109	31,429,466	331,572,575
EQUITY						
Share capital	-	300,000,000	300,000,000	-	300,000,000	300,000,000
Fair value reserve for investments	-	41,561,174	41,561,174	-	37,780,049	37,780,049
Statutory reserves	-	55,600,756	55,600,756	-	51,584,068	51,584,068
Actuarial gain / (loss) on retirement benefit schemes	3,458,778	-	3,458,778	2,971,159	-	2,971,159
Retained earnings	-	44,215,747	44,215,747	-	28,148,995	28,148,995
TOTAL EQUITY	3,458,778	441,377,677	444,836,455	2,971,159	417,513,112	420,484,271
TOTAL LIABILITIES AND EQUITY	382,153,223	465,484,946	847,638,170	303,114,268	448,942,578	752,056,846

BURUJ COOPERATIVE INSURANCE COMPANY
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STATEMENT OF INCOME
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25. SUPPLEMENTARY INFORMATION

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
REVENUES						
Insurance revenue	373,444,279	-	373,444,279	417,102,909	-	417,102,909
Insurance service expense	(337,187,783)	-	(337,187,783)	(442,850,895)	-	(442,850,895)
Net expenses from reinsurance contracts held	(31,270,774)	-	(31,270,774)	(30,779,734)	-	(30,779,734)
Insurance service result	4,985,722	-	4,985,722	(56,527,720)	-	(56,527,720)
Fair value change on FVTPL investments	1,605,110	62,930	1,668,040	(46,224)	(8,869,293)	(8,915,517)
Net gains from sale of investments	-	6,884	6,884	700,823	1,363,646	2,064,469
Interest revenue from financial assets measured at FVTPL	11,741,764	10,037,230	21,778,994	9,547,471	12,372,338	21,919,809
Dividend from financial assets measured at FVTPL	507,202	4,540,189	5,047,391	-	2,638,070	2,638,070
Net expected credit loss reversal on financial assets	(21,429)	135,844	114,415	76,650	1,992,390	2,069,040
Other investment income / (loss)	28,941	(18,920)	10,021	(913)	25,942	25,029
Net investment income	13,861,588	14,764,157	28,625,745	10,277,807	9,523,093	19,800,900
Finance expense from insurance contracts issued	(1,474,382)	-	(1,474,382)	4,846,370	-	4,846,370
Finance income from reinsurance contracts held	(148,630)	-	(148,630)	(321,600)	-	(321,600)
Net insurance finance expense	(1,623,012)	-	(1,623,012)	4,524,770	-	4,524,770
Net insurance and investment results	17,224,298	14,764,157	31,988,455	(41,725,143)	9,523,093	(32,202,050)
Other operating expenses	(16,852,134)	(2,958,889)	(19,811,023)	(12,209,479)	(2,588,917)	(14,798,396)
Other income / (expense) net	13,402,711	-	13,402,711	23,124,541	-	23,124,541
Net profit / (loss) attributed to the shareholders before zakat	13,774,875	11,805,268	25,580,143	(30,810,081)	6,934,176	(23,875,905)
Provision for zakat & tax	-	(5,496,703)	(5,496,703)	-	(5,124,422)	(5,124,422)
NET PROFIT / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT	13,774,875	6,308,565	20,083,440	(30,810,081)	1,809,754	(29,000,327)

**BURUJ COOPERATIVE INSURANCE COMPANY
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STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

Expressed in Saudi Riyals

25. SUPPLEMENTARY INFORMATION (continued)

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
NET INCOME / (LOSS) ATTRIBUTED TO THE SHAREHOLDERS AFTER ZAKAT AND INCOME TAX	13,774,875	6,308,565	20,083,440	(30,810,081)	1,809,754	(29,000,327)
Items that will not be reclassified to the statement of income in subsequent year						
Actuarial gains/(losses) on defined benefit obligation	487,619	-	487,619	4,040,497	-	4,040,497
Net changes in fair value of investments measured at FVOCI – equity instruments	-	3,781,125	3,781,125	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	14,262,494	10,089,690	24,352,184	(26,769,584)	1,809,754	(24,959,830)

BURUJ COOPERATIVE INSURANCE COMPANY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
Expressed in Saudi Riyals

25. SUPPLEMENTARY INFORMATION (continued)

	31 December 2023			31 December 2022 (Restated)		
	Insurance operations	Shareholders' operations	Total	Insurance operations	Shareholders' operations	Total
Cash Flow From Operating Activities						
Gross income / (loss) for the year before zakat and tax	13,774,875	11,805,268	25,580,143	(30,810,081)	6,934,176	(23,875,905)
Adjustments For Non-Cash Items:						
Depreciation and amortisation of property and equipment	1,555,988	-	1,555,988	1,546,077	-	1,546,077
Net fair value gain / (loss) on sale of investments at FVTPL	(1,605,110)	(62,930)	(1,668,040)	46,224	8,869,293	8,915,517
Interest revenue from financial assets measured at FVTPL	(11,741,764)	(10,037,230)	(21,778,994)	(9,547,471)	(12,372,338)	(21,919,809)
Dividend from financial assets measured at FVTPL	(507,202)	(4,540,189)	(5,047,391)	-	(2,638,070)	(2,638,070)
Finance charges on lease liabilities	7,373	-	7,373	29,459	-	29,459
Other investment income	(28,941)	18,920	(10,021)	913	(25,942)	(25,029)
Gain on disposal of property and equipment	-	-	-	418,823	-	418,823
Provision for employee benefits obligation	1,188,781	-	1,188,781	2,588,798	-	2,588,798
Depreciation of Right-of-use assets	1,060,295	-	1,060,295	1,230,319	-	1,230,319
Expected credit loss/(gain)	21,429	(135,844)	(114,415)	(76,650)	(1,992,390)	(2,069,040)
	3,725,724	(2,952,005)	773,719	(34,573,589)	(1,225,271)	(35,798,860)
Changes In Operating Assets And Liabilities:						
Prepaid expenses and other assets	(3,793,402)	(25,491)	(3,818,893)	(27,650,605)	511,002	(27,139,603)
Accrued expenses and other liabilities	9,812,561	(94,433)	9,718,128	2,925,797	(249,927)	2,675,870
Insurance contracts net	(6,215,286)	-	(6,215,286)	(74,481,724)	-	(74,481,724)
Reinsurance contracts net	3,881,959	-	3,881,959	(1,852,646)	-	(1,852,646)
Cash Generated/(used) from Operating Activities	7,411,555	(3,071,929)	4,339,626	(135,632,767)	(964,196)	(136,596,963)
Zakat and income tax paid	-	(11,235,996)	(11,235,996)	-	(11,418,662)	(11,418,662)
Payment of employee benefits obligation	(1,102,675)	-	(1,102,675)	(2,632,232)	-	(2,632,232)
Net Cash Generated/(used in) Operating Activities	6,308,880	(14,307,925)	(7,999,045)	(138,264,999)	(12,382,858)	(150,647,857)
Cash Flow From Investing Activities						
Additions to property and equipment	(2,185,155)	-	(2,185,155)	(1,422,069)	-	(1,422,069)
Proceeds from disposal fixed assets	1,216	-	1,216	46,810	-	46,810
Additions to investments	(25,000,000)	(64,344,380)	(89,344,380)	(36,686,746)	(39,390,770)	(76,077,516)
Investment income received	12,230,707	11,472,183	23,702,890	11,516,178	13,518,511	25,034,689
Proceeds from sale of investments	-	5,511,562	5,511,562	34,700,822	39,306,099	74,006,921
Additions / (disposal) in term deposits	(80,783,677)	(4,808,655)	(85,592,332)	35,099,856	113,642,767	148,742,623
Net Cash (used in) / generated from Investing Activities	(95,736,910)	(52,169,290)	(147,906,199)	43,254,851	127,076,607	170,331,457
Cash Flow From Financing Activities						
Lease liabilities paid	(1,100,000)	-	(1,100,000)	(996,258)	-	(996,258)
Due to shareholders' operations	(45,401,037)	45,401,037	-	124,805,782	(124,805,782)	-
Net Cash used in Financing Activities	(46,501,037)	45,401,037	(1,100,000)	123,809,524	(124,805,782)	(996,258)
Net (decrease) / increase in cash and cash equivalents	(135,929,066)	(21,076,178)	(157,005,244)	28,799,376	(10,112,033)	18,687,342
Cash and cash equivalents at the beginning of the year	200,508,453	55,461,126	255,969,579	171,709,078	65,573,159	237,282,237
Cash And Cash Equivalents At The End Of The year	64,579,387	34,384,948	98,964,335	200,508,453	55,461,126	255,969,579
Supplemental Schedule Of Non-Cash Information						
Foreign currency translation adjustments	-	-	-	-	-	-

BURUJ COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
Expressed in Saudi Riyals

26.COMPARATIVE FIGURES

In addition to change in presentation requirements as per IFRS 17 and IFRS 9, which resulted in the restatement of prior period financial statements, certain prior period figures which have not been impacted by the transition have been reclassified to conform to the current period presentation.

27.EVENTS AFTER THE REPORTING DATE

There are no subsequent events to the year ended 31 December 2023.

28.APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements have been approved by the Board of Directors on 04 March 2024 corresponding to 23 Shaban, 1445.