GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)

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

GULF INSURANCE GROUP
(A SAUDI JOINT STOCK COMPANY)

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

Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
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Independent Auditors' Report
To the shareholders of Gulf Insurance Group (A Saudi Joint Stock Company)

Opinion

We have audited the financial statements of Gulf Insurance Group - a Saudi Joint Stock Company (the "Company") which comprise the statement of financial position as at 31 December 2023, and the 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 policies.

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 the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia (the "Code") that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of estimates of present value of cashflows and risk adjustment for non-financial risk - insurance contract liabilities	
As at 31 December 2023, estimate of present value of cash flows and risk adjustment for non-financial risk amounted to Saudi Riyals 1,038 million and Saudi Riyals 259 million (31 December 2022: Saudi Riyals 859 million and Saudi Riyals 244 million), respectively, as reported in Note 6 to the financial statements. The estimation of the liability for incurred claims involves a significant degree of judgement. This entails estimating the present value of future cash flows and the risk adjustment for non-financial risk. The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows and reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts. The present value of future cash flows is based on the best estimate of the ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with the related claims handling costs. Accordingly, this complexity arises from calculating the actuarial best estimate and the margin using historical data which is sensitive to external inputs as well as the actuarial methodology that is applied and the assumptions on current and future events. We considered this as key audit matter due to the inherent estimation uncertainty and subjectivity involved in the assessment of valuation of the liability for incurred claims arising from insurance contracts and the materially of the amounts involved. *Refer to Notes 2(b) and 3.1 for the accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company, involved in the initial recognition and subsequent measurement of insurance contract liabilities. Also, refer to Note 6 for the movement in insurance contract liabilities.*	Our procedures included, among others, the following: • Understood and tested key controls around the claims handling processes. • Evaluated the competence, capabilities and objectivity of the management's expert based on their professional qualifications and experience. • Tested, on sample basis, 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 cashflows and the risk adjustment for non-financial risk by comparing it to the accounting and other records. • Involved our internal actuarial specialists to assess the Company's methods and assumptions and evaluate the Company's actuarial practices and provisions established including the actuarial report issued by management's expert, by performing the following: i. Evaluated whether the Company's actuarial methodologies were consistent with generally accepted actuarial practices;

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
	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.
Adoption of IFRS 17 and IFRS 9	
During 2023, 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 discretionary participation features ("DPF"). The Company has applied the full retrospective approach to each group of insurance contracts. The adoption of IFRS 17 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to Saudi Riyals 15.7 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.	Our procedures included, among others, the following: • Obtained an understanding of 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 management's process to identify insurance contracts, to determine the appropriate grouping for such contracts and to determine whether the use of the premium allocation approach (PAA) under IFRS 17 was appropriate. Evaluated whether management's allocation of expenses under IFRS 17 was appropriate and tested, on a sample basis, such expenses.

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 had availed the temporary exemption from adoption of IFRS 9 for annual periods before 1 January 2023. For the transition to IFRS 9, the Company applied a retrospective approach to be in line with the transition option adopted under IFRS 17 while applying the relevant practical expedients under IFRS 9. The adoption of IFRS 9 resulted in a transition adjustment to the Company's equity as at 1 January 2022 amounting to Saudi Riyals 13.6 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. We considered this as a key audit matter 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. *Refer to Note 3.1 and 3.2 for accounting policy and significant accounting judgements, estimates and assumptions adopted by the Company. The impact of transition is explained in Note 4 to the financial statements.*	• Evaluated the risk adjustment for non-financial risk under IFRS 17 and tested, on a sample basis, the underlying data supporting the adjustment. • Evaluated management's conclusions regarding the Company's business model for different portfolios of investments and the appropriateness of the Company's determination of ECL under IFRS 9. • Assessed the adequacy of the transition adjustments impact for both IFRS 17 and IFRS 9 on the opening retained earnings as at 1 January 2022. • Assessed the appropriateness of the transition and accounting policies disclosures in relation to IFRS 17 and IFRS 9 made in the financial statements. • Assessed the Company's methods, assumptions and accounting policies adopted under IFRS 17 and IFRS 9, with the assistance of our experts.

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.

Independent Auditors' Report
To the shareholders of Gulf Insurance Group (A Saudi Joint Stock Company) (continued)

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

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 are responsible for overseeing the Company's financial reporting process.

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

As part of an audit in accordance with 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.

- 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.

Independent Auditors' Report
To the shareholders of Gulf Insurance Group (A Saudi Joint Stock Company) (continued)

Auditors' responsibilities for the audit of the financial statements (continued)
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

for Ernst & Young Professional Services

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

for RSM Allied Accountants Professional Services

Mohammed Farhan Bin Nader
Certified Public Accountant
Licence No. 435

16 Sha'ban 1445H
26 February 2023
Riyadh

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CR.1010383821
شركة إرنست ويونغ للخدمات المهنية
(مهنية ذات مسؤولية محدودة)
Ernst & Young Professional Services
(Professional LLC)

C.R. 4030228773

STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	**31 December 2023**	31 December 2022 (Restated*)	1 January 2022 (Restated*)
Assets				
Cash and cash equivalents	5	**228,791**	334,586	89,521
Short-term deposits	9	**317,419**	439,269	644,816
Reinsurance contract assets	6,7	**349,722**	168,299	282,293
Investments	8,16	**1,616,750**	1,314,317	1,339,117
Prepaid expenses and other receivables	10	**54,701**	34,671	30,592
Deferred tax assets	19	**7,364**	3,766	-
Long-term deposits	9	**213,653**	119,996	215,719
Right-of-use assets	11	**31,338**	17,838	20,479
Furniture and equipment	12.a	**8,945**	15,219	19,518
Intangible assets	12.b	**26,680**	32,014	12,247
Goodwill	28	**50,000**	50,000	50,000
Statutory deposit	26	**52,500**	50,000	50,000
Accrued income on statutory deposit		**2,595**	7,357	6,281
Total assets		**2,960,458**	2,587,332	2,760,583
Liabilities and equity				
Liabilities				
Accrued expenses and other liabilities	13	**109,469**	91,777	103,121
Insurance contract liabilities	6	**1,636,307**	1,439,123	1,489,258
Reinsurance contract liabilities	6,7	**324**	1,839	-
Lease liabilities	11	**30,092**	16,940	19,407
Due to related parties	18	**4,903**	435	2,353
Employee benefit obligations	14	**27,375**	24,952	31,633
Zakat and income tax	19	**84,553**	65,875	61,548
Accrued income payable on statutory deposit		**2,595**	7,357	6,281
Total liabilities		**1,895,618**	1,648,298	1,713,601
Equity				
Share capital	24	**525,000**	500,000	500,000
Statutory reserve	25	**145,567**	119,862	104,702
Performance share reserve		**-**	-	2,514
Retained earnings		**400,592**	347,868	390,131
Fair value reserve on investments		**(6,319)**	(28,696)	49,635
Total equity		**1,064,840**	939,034	1,046,982
Total liabilities and equity		**2,960,458**	2,587,332	2,760,583

*Comparative information has been restated (refer Note 4)

The accompanying notes are an integral part of these financial statements.

Yousef S Abalkhail Chairman	Khalid Al Shuwaier Chief Executive Officer	Babar Ali Khan Chief Financial Officer

STATEMENT OF INCOME

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended 31 December 2023	2022 (Restated *)
Insurance revenue	6	**1,564,749**	1,480,637
Insurance service expenses	6,20	**(1,560,242)**	(1,358,329)
Insurance service results before reinsurance contracts held		**4,507**	122,308
Net income (expense) from reinsurance contracts held	21	**105,840**	(139,511)
Insurance service results		**110,347**	(17,203)
Finance (expense) income from insurance contracts issued	6	**(49,533)**	5,233
Finance income (expense) from reinsurance contracts held	7	**10,248**	(2,880)
Net insurance financial results		**(39,285)**	2,353
Investment income	22	**95,640**	63,417
Non-attributable expenses	23	**(35,606)**	(21,542)
Other income		**24,271**	6,397
Total income for the year before zakat and income tax		**155,367**	33,422
Zakat expense	19	**(23,555)**	(16,820)
Income tax expense	19	**(6,884)**	(4,455)
Deferred tax credit	19	**3,598**	3,766
Total income for the year attributable to the shareholders		**128,526**	15,913
Earnings per share (in Saudi Riyals per share)			
Basic and diluted earnings per share	31	**2.45**	0.30

*Comparative information has been restated (refer Note 4)

The accompanying notes from are an integral part of these financial statements.

Yousef S Abalkhail Chairman	Khalid Al Shuwaier Chief Executive Officer	Babar Ali Khan Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the year ended 31 December **2023**	2022 (Restated *)
Total income for the year attributable to the shareholders		**128,526**	15,913
Other comprehensive income (loss):			
Items that will not be reclassified to statement of income in subsequent periods:			
Re-measurement (loss) gain on employee benefit obligations		**(97)**	4,470
Items that may be reclassified to statement of income in subsequent periods:			
Net change in the fair value of financial assets measured at fair value through other comprehensive income	8	**22,377**	(78,331)
Total other comprehensive income (loss)		**22,280**	(73,861)
Total comprehensive income (loss) for the year		**150,806**	(57,948)

*Comparative information has been restated (refer Note 4)

The accompanying notes are an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman	Chief Executive Officer	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Fair value reserve on investments	Total
Balance as at 1 January 2023 (Restated *)		**500,000**	**119,862**	**347,868**	**(28,696)**	**939,034**
Total comprehensive income for the year:						
Total income for the year attributable to the shareholders		**-**	**-**	**128,526**	**-**	**128,526**
Re-measurement loss on employee benefit obligations		**-**	**-**	**(97)**	**-**	**(97)**
Net change in the fair value of financial assets measured at fair value through other comprehensive income		**-**	**-**	**-**	**22,377**	**22,377**
Total comprehensive income for the year		**-**	**-**	**128,429**	**22,377**	**150,806**
Transfer to statutory reserve		**-**	**25,705**	**(25,705)**	**-**	**-**
Dividends	32	**-**	**-**	**(25,000)**	**-**	**(25,000)**
Bonus shares issued	24	**25,000**	**-**	**(25,000)**	**-**	**-**
Balance as at 31 December 2023		**525,000**	**145,567**	**400,592**	**(6,319)**	**1,064,840**

*Comparative information has been restated (refer Note 4)

The accompanying notes from are an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman	Chief Executive Officer	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY (continued)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	Performance share reserve	Retained earnings	Fair value reserve on investments	Total
Balance as at 31 December 2021 as previously reported		500,000	104,702	2,514	360,863	27,940	996,019
Transition impact IFRS 17 * net of surplus, zakat and tax	4	-	-	-	15,681	-	15,681
Transition impact IFRS 9 * net of surplus, zakat and tax	4	-	-	-	13,587	21,695	35,282
Balance as at 1 January 2022 (restated)		500,000	104,702	2,514	390,131	49,635	1,046,982
Total income for the year attributable to the shareholders		-	-	-	15,913	-	15,913
Re-measurement gain on employee benefit obligations		-	-	-	4,470	-	4,470
Net change in the fair value of financial assets measured at fair value through other comprehensive income		-	-	-	-	(78,331)	(78,331)
Total comprehensive income (loss) for the year		-	-	-	20,383	(78,331)	(57,948)
Performance share reserve – settlement		-	-	(2,514)	2,514	-	-
Transfer to statutory reserves		-	15,160	-	(15,160)	-	-
Dividends	32	-	-	-	(50,000)	-	(50,000)
Balance as at 31 December 2022		500,000	119,862	-	347,868	(28,696)	939,034

*Comparative information has been restated (refer Note 4)

The accompanying notes are an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman	Chief Executive Officer	Chief Financial Officer

STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For year ended 31 December 2023	2022 (Restated *)
Cash flows from operating activities	**Note**		
Total income before zakat and income tax		**155,367**	33,422
Adjustments for non-cash items:			
Depreciation of furniture and equipment	12.a	**8,273**	6,294
Depreciation of right-of-use assets	11	**3,268**	2,641
Amortization of intangible assets	12.b	**11,585**	3,463
Interest on leases		**977**	717
Accretion of discount on financial assets at FVOCI	8	**(2,155)**	(1,781)
Unrealized (gain)/loss on financial assets at FVTPL	8	**(7,067)**	3,879
Loss on sale of financial assets at FVOCI	8	**1,139**	110
Amortization of premium on financial assets at FVOCI	8	**985**	1,700
Amortization of premium on financial assets at amortised cost	8	**5**	28
Reversal of impairment loss on financial assets at amortised cost	8	**(54)**	(28)
Impairment loss on financial assets at FVOCI	8	**189**	17
Net finance expense /(income)		**39,285**	(2,353)
Employee benefit obligations		**4,282**	(218)
Changes in operating assets and liabilities:			
Reinsurance contract assets		**(171,175)**	112,953
Insurance contract liabilities		**146,136**	(44,902)
Prepaid expenses and other receivables		**(20,030)**	(4,079)
Accrued income on statutory deposit		**4,762**	(1,076)
Accrued expenses and other liabilities		**17,692**	(11,344)
Due to related parties		**4,468**	(1,918)
Accrued income payable on statutory deposit		**(4,762)**	1,076
Employee benefit obligations paid		**(1,956)**	(1,993)
Zakat and income tax paid		**(11,761)**	(16,948)
Interest paid		**(977)**	(717)
Net cash generated from operating activities		**178,476**	78,943

(Continued)

*Comparative information has been restated (refer Note 4)

The accompanying notes are an integral part of these financial statements.

Yousef S Abalkhail	Khalid Al Shuwaier	Babar Ali Khan
Chairman	Chief Executive Officer	Chief Financial Officer

STATEMENT OF CASH FLOWS (continued)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For year ended 31 December 2023	2022 (Restated *)
Cash flows from investing activities			
(Additions)/withdrawals in short-term deposits, net		**121,850**	205,547
Purchases of investments	8	**(599,385)**	(240,703)
Proceeds from Sale of investments	8	**326,287**	183,247
(Additions)/proceeds from disposals of long-term deposits		**(93,657)**	95,723
Payments for purchases of furniture and equipment	12	**(1,999)**	(1,995)
Additions to intangible assets	13	**(6,251)**	(23,230)
Net cash (used in) generated from investing activities		**(253,155)**	218,589
Cash flows from financing activities			
Lease payments		**(3,616)**	(2,467)
Dividend payment	32	**(25,000)**	(50,000)
Statutory deposits	26	**(2,500)**	-
Net cash used in financing activities		**(31,116)**	(52,467)
Net change in cash and cash equivalents		**(105,795)**	245,065
Cash and cash equivalents, beginning of the year		**334,586**	89,521
Cash and cash equivalents, end of the year	5	**228,791**	334,586
Supplemental non-cash information:			
Changes in fair value of financial assets at FVOCI	8	**22,377**	(78,331)
Addition/modification of right-of-use asset	11	**(16,768)**	-

*Comparative information has been restated (refer Note 4)

The accompanying notes from are an integral part of these financial statements.

Yousef S Abalkhail Chairman	Khalid Al Shuwaier Chief Executive Officer	Babar Ali Khan Chief Financial Officer

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

1 General

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

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

The Company announced on 25 April 2023 in respect of the notification by its shareholder, GIG Gulf (an entity registered in Bahrain) of the potential change in the shareholding of its parent company GIG Kuwait (an entity registered in Kuwait). Following receipt of the relevant regulatory approvals, and pursuant to an agreement entered into on 19 April 2023, Kuwait Projects Company (Holding) K.S.C.P. ("KIPCO") completed a sale of 46.32% of shares in GIG Kuwait to Fairfax Barbados (International) Corp. ("Fairfax Barbados"), an entity that is part of a group of companies of which the ultimate parent is Fairfax Financial Holdings Limited (the "Fairfax Group"), on 26 December 2023. Fairfax Group now owns 90.01% of GIG Kuwait, which in turn owns 99% of GIG Gulf. GIG Gulf owns 50% of the Company.

The accompanying financial statements include the accounts of the Company and its following branches:

CR	Registration date	Location
4030209279	16 Rabi Al Awwal 1432H (18 February 2011)	Jeddah
2051044972	16 Rabi Al Awwal 1432H (18 February 2011)	Al-Khobar
1010383602	8 Ramadan 1435H (5 June 2014)	Riyadh
1010383603	8 Ramadan 1434H (16 July 2013)	Riyadh
1010383604	8 Ramadan 1434H (16 July 2013)	Riyadh
1010431704	3 Jumada II 1436H (23 March 2015)	Riyadh
2051050069	24 Shawwal 1433H (11 September 2012)	Al-Khobar
2051059616	17 Safar 1436H (9 December 2014)	Al-Khobar
2051059617	17 Safar 1436H (9 December 2014)	Al-Khobar
2050104123	17 Safar 1436H (9 December 2014)	Dammam
2050105348	18 Jumada II 1436H (7 April 2015)	Dammam
2050091126	20 Jumada 'II 1434H (30 April 2013)	Dammam
2055024388	29 Dhul-Qa'dah 1436H (13 September 2015)	Al-Jubail
4030233610	24 Shawwal 1433H (11 September 2012)	Jeddah
4030233628	24 Shawwal 1433H (11 September 2012)	Jeddah
4030287622	30 Rabi Al Thani 1437H (9 February 2016)	Jeddah

2 Basis of preparation

(a) Basis of presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") ("IFRS that are endorsed in the Kingdom of Saudi Arabia") and in compliance with Regulations for Companies in the Kingdom of Saudi Arabia and By-Laws of the Company.

This is the first set of the Company's annual financial statements in which IFRS 17 'Insurance Contracts' and IFRS 9 "Financial Instruments" as endorsed in the Kingdom of Saudi Arabia have been applied and the resultant changes to the material accounting policies are described in note 3.

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

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

The statement of financial position, statements of income, comprehensive income and cash flows of the insurance operations and shareholders operations which are presented in Note 30 of the financial statements have been provided as supplementary financial information to comply with the requirements of the Insurance Implementing Regulations (the "implementing regulations"). The implementing regulations requires the clear segregation of the assets, liabilities, income and expenses of the insurance operations and the shareholders operations. Accordingly, the statements of financial position, statements of income, comprehensive income and cash flows prepared for the insurance operations and shareholders operations as referred to above, reflect only the assets, liabilities, income, expenses and comprehensive gains or losses of the respective operations. (Note: Description for supplementary note).

(b) Critical accounting judgments, estimates and assumptions

(1) Unit of account

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

- the determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by IFRS 17; and
- judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.

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

2 Basis of preparation (continued)

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

(2) Discount rates

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

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

Judgement is involved in assessing the most appropriate method to estimate the risk adjustment for non-financial risk and also to choose the most appropriate confidence level to which the risk adjustment for non-financial risk should correspond.

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion.

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

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

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

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

(5) Liability for incurred claims

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

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims.

2. Basis of preparation (continued)

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

(5) Liability for incurred claims (continued)

that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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

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

(6) Recognition of deferred tax assets

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither the accounting nor taxable profit or loss and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; these reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(7) Impairment of non-financial assets and CGUs Containing Goodwill

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than insurance and reinsurance contract assets, investment property, intangible assets, deferred tax assets and employee benefit assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

2. Basis of preparation (continued)

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

(7) Impairment of Non-Financial Assets and Cash Generating Unit (CGUs) Containing Goodwill (continued)

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in Statement of Income. Impairment losses recognized for a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

(8) 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.

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

Functional and presentation currency

The Company's books of account are maintained in Saudi Arabian Riyals ("SAR", "SR" or "Saudi Riyals"), which is also the functional and presentation currency of the Company. Transactions denominated in foreign currencies are translated into Saudi Riyals at rates prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Saudi Riyals at rates prevailing on the reporting date. All differences are taken to the statement of income. Foreign exchange differences are not significant and have not been disclosed separately.

3 Material accounting policies

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

3 Material accounting policies (continued)

3.1 IFRS 17

IFRS 17 replaces IFRS 4 Insurance Contracts and is effective for annual periods beginning on or after 1 January 2023, with early adoption permitted. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The Company has applied the full retrospective approach to each group of 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. Cash flows from insurance contracts are split into Liability for Incurred Claims ("LIC") and Liability for Remaining Coverage ("LRC").

Contracts within/outside the scope of IFRS 17:

- A contract is an insurance contract that falls under the scope of IFRS17 if it transfers significant insurance risk or it is an investment contract with Discretionary Participation Features ("DPF"). IFRS17 identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder), by agreeing to compensate the policyholder if a specified uncertain future event (the insured event), adversely affects the policyholder.

- A reinsurance contract held is defined as an insurance contract issued by one entity (the reinsurer), to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts). Even if a reinsurance contract does not expose the issuer to the possibility of a significant loss, that contract is deemed to transfer significant insurance risk if it transfers to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts.

Combination/Unbundling of Contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:
- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components - i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer distinct goods or non-insurance services to policyholders and accounts for them as separate contracts with customers (i.e., not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

Level of Aggregation

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

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

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group.

3 Material accounting policies (continued)

Each group of insurance contracts is further divided by year of issue. The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not reassessed subsequently.

Each group of reinsurance contracts comprises a single contract.

Measurement – Overview

The coverage period of all the portfolios (primary and reinsurance) are assumed to be one year or less hence automatically qualifies for Premium Allocation Approach (PAA) except for Commercial Engineering-Construction, Commercial Liability and Personal Health for which PAA eligibility testing was performed. Based on the results no material difference observed in the measurement of liability for remaining coverage between PAA and General Model, therefore, these qualify for PAA.

Reinsurance contracts: the coverage period of the reinsurance contracts is one year or less hence all such contracts qualify for PAA.

Discounting methodology
The company used current rates to discount LIC while computing transition impact.

Risk Adjustment (RA) methodology, including correlations, and Confidence level selected

Risk adjustments for non-financial risk are generally determined by considering the expected cash flows arising from insurance contracts in each segment, consistent with the way that non-financial risk is managed and are allocated to groups of contracts using methods that are systematic and rational. They are determined separately from estimates of the present value of future cash flows using the confidence level technique.

Applying Mac method, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 90th percentile (the target confidence level) over the expected present value of the future cash flows.

Onerosity determination

Under the PAA, the Company shall assume no contracts in the portfolio are onerous at initial recognition unless “facts and circumstances” indicate otherwise. The Company has performed the assessment of onerous contracts on an annual and underwriting year basis, in conjunction with updated information on product profitability. Furthermore, the assessment is re-assessed if ‘facts and circumstances’ indicate that there are significant changes in the facts and circumstances as compared to initial assessment.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of LRC. The fulfilment cash flows are adjusted for the time value of money and the effect of financial risk (using current estimates) if the liability for incurred claims (LIC) is also adjusted for the time value of money and the effect of financial risk (see below). Loss component is calculated based on expected combined ratio (including risk adjustment) for the unexpired coverage period.

The Company recognises LIC of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows are discounted (at current rates). The cashflows used for LRC and LIC computations are excluding VAT.

Length of Cohorts

Under the guidance of the IFRS 17 entities shall not include contracts issued more than one year apart in the same group in reference to grouping annual/semi-annual/quarterly/monthly cohorts of new business, since it determines a corresponding time limit.

3 Material accounting policies (continued)

Length of Cohorts (continued)

Which enables the option to further divide the groups into smaller groups based on smaller cohorts. However, having smaller cohorts would result in multiple groups and would result in increased measurement requirements. The Company has decided the length of cohort to be on an annual basis.

Use of OCI for Insurance Finance Income and Expense (IFIE)

In reference to the presentation in statement of income – IFIE, the Company has decided that the entire insurance finance income or expense (if any) for the period will be presented in the statement of income.

Unwinding of Discount on Risk Adjustment

In reference to the presentation in statement of income - Disaggregation of risk adjustment, the Company has decided that the entire risk adjustment (if any) will be presented in the insurance service results.

Expense Attribution

Expenses are attributed to each portfolio and cohorts using pre-defined parameters based on the nature of expenses.

Presentation and Disclosure

Presentation

IFRS 17 introduces a new way of presenting income and expenses relating to insurance contracts that moves away from a premium-based presentation approach for the Statement of Income. It also introduces changes in the way insurance contract-related account balances are presented in the Statement of Financial Position.

In addition, IFRS 17 requires more granular and detailed disclosures to provide information on the composition and movements of the amounts recognized in the financial statements that arise from insurance contracts in the form of various roll-forward tables and reconciliation tables. Quantitative and qualitative information are also required to be disclosed relating to the significant judgements made when applying IFRS 17 and on the nature and extent of the risks that arise from insurance contracts. The Company's policy guidelines, related to financial statements and disclosures preparation process are as follows:

Statements of Income and other Comprehensive Income

The Company is required to disaggregate the amounts recognized in the Statement of Income into insurance revenue, insurance service expenses and insurance finance income or expense. A mandatory subtotal called insurance service result includes insurance revenue and insurance service expenses to also include results from reinsurance contracts for which there is an option in the standard to present reinsurance cessions and recoveries separately or present them net as a single line item. The Company has opted to present reinsurance net results as one line item in the statement of income.

Furthermore, the insurance finance income and expenses related to insurance contracts issued and reinsurance contracts held shall be presented separately.

- *Insurance Revenue*
  For PAA, the insurance revenue for the year is the amount of expected premium receipts allocated to the year, excluding any investment component. The allocation of insurance revenue for the period under PAA will be performed based on the passage of time.

- *Insurance Service Expenses*
  The Company's insurance service expenses will comprise the following items:
  (a) Incurred claims and other directly attributable expenses;
  (b) Amortization of insurance acquisition cash flows;
  (c) Changes that relate to past service i.e., changes in fulfilment cash flows relating to the LIC; and
  (d) Changes that relate to future service, i.e., losses on onerous groups of contracts and reversals of such losses.

3 Summary of Material accounting policies (continued)

Presentation and Disclosure (continued)

Presentation (continued)

Changes that relate to past service refers to changes in fulfilment cash flows relating to the LIC. Any development to the incurred claims, including changes in expected cash flows as well as RA, will be reported in the insurance service expenses.

- *Insurance Finance Income and Expenses (IFIE)*
  In applying the PAA, an entity shall measure the LIC for the group of insurance contracts at the fulfilment cash flows relating to incurred claims.

  For the presentation purposes, the Company has opted to include all insurance finance income or expenses for the period in the statement of income. Furthermore, the Company is required to present the IFIE related to insurance contracts issued and reinsurance contracts held on the face of Statement of Income

Statement of Financial Position

The Company will present the following line items separately in the statement of financial position as required by IFRS 17:

- *Insurance contracts that are assets;*
- *Insurance contracts that are liabilities;*
- *Reinsurance contracts held that are assets; and*
- *Reinsurance contracts held that are liabilities separately*

The carrying amount of an insurance contract asset/liability is the sum of the LRC and the LIC, comprising the fulfilment cash flows related to past service allocated to the portfolio of contracts at that date. Portfolios of reinsurance contracts held that are either assets or liabilities, comprise LRC and LIC that correspond to the ceded business.

Disclosures

IFRS 17 required extensive new disclosures about amounts recognized in the financial statements, including detailed reconciliations of contracts, effects of newly recognized contracts and information on the expected CSM emergence pattern, as well as disclosures about significant judgements made when applying IFRS 17. There will also be expanded disclosures about the nature and extent of risk from insurance contracts, reinsurance contracts and investment contracts with DPF, disclosures will generally be made at a more granular level than under IFRS 4, providing more transparent information for assessing the effects of contracts on the financial statements. As all of the Company's portfolios are eligible under PAA, most of the disclosures are not applicable. Below are key new disclosures required under IFRS 17:

(i) Reconciliation for changes in LRC, LIC, and Loss Components. The Company shall disclose reconciliations from the opening to the closing balances separately for each of:

- The net liabilities (or assets) for the remaining coverage component, excluding any loss component.
- Any loss component
- The liabilities for incurred claims. For insurance contracts to which the PAA has been applied, an entity shall disclose separate reconciliations for:
  -The estimates of the present value of the future cash flows; and
  -The risk adjustment for non-financial risk

(ii) Analysis of Insurance Revenue

The Company shall be presenting a disclosure for the reconciliation of insurance service revenues for the contracts measured under PAA and not measured under PAA if any.

Considering, all of the Company's portfolios fall under PAA, the disclosure would only include contracts under PAA element.

3 Summary of Material accounting policies (continued)

Presentation and Disclosure (continued)

Disclosures (continued)

(iii) Effect of new business on the financial statement for Insurance Contracts and for Reinsurance Held
For insurance contracts other than those to which the premium allocation approach has been applied, an entity shall disclose the effect on the statement of financial position separately for insurance contracts issued and reinsurance contracts held that are initially recognized in the period, showing their effect at initial recognition on:

- The estimates of the present value of future cash outflows, showing separately the amount of the insurance acquisition cash flows;
- The estimates of the present value of future cash inflows;
- The risk adjustment for non-financial risk; and
- The contractual service margins

Considering, all of company's contracts fall under PAA, the disclosure would not be needed as this disclosure requirement is not applicable to insurance contracts measured under the PAA.

3.2 IFRS 9 – Financial Instruments

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

- Financial assets - Classification
- Financial assets - Impairment
- Financial liabilities
- Transition

Financial assets – Classification

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

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

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

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

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

Equity Instruments
On initial recognition, for an equity investment that is not held for trading, the Company may irrecoverably elect to present subsequent changes in fair value in OCI. Such changes in fair value cannot be re-cycled to Statement of Income. This election is made on an instrument-by- instrument basis.

3 Material accounting policies (continued)

IFRS 9 – Financial Instruments (continued)

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

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

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

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

Designation at fair value through profit or loss
At initial recognition, the Company may designate certain financial assets at FVTPL. The designated financial assets (if any) are required to be managed, evaluated, and reported internally on a fair value basis.

Financial assets – Impairment

Overview of Expected Credit Loss ('ECL') principles

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

No impairment loss will be recognized on equity instruments. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss); unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

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

3 Material accounting policies (continued)

IFRS 9 – Financial Instruments (continued)

The Company will measure loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

Staging of financial assets

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

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

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

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

Credit impaired financial asset
At each reporting date, the Company will assess whether financial assets carried at amortized cost and fair value through other comprehensive income (FVOCI) 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.

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

For the investment portfolio, a generalized approach is used, where assets are classified under 3 different stages: Stage 1, Stage 2, and Stage 3 where 12-month ECL is computed for Stage 1 and lifetime ECL for Stage 2 and Stage 3. For other receivable portfolio, a simplified approach is used, for which staging is not required. For all contracts, lifetime ECL is computed.

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 market observable information or historical experience of loss and recovery rates for similar financial instruments and other relevant industry data.

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

3 Material accounting policies (continued)

IFRS 9 – Financial Instruments (continued)

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

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

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

-

Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.
- Impairment losses are recognized in the statement of income and changes between the amortized cost of the assets and their fair value are recognized in OCI.

Financial liabilities

IFRS 9 largely retains the requirements in IAS 39 for the classification and measurement of financial liabilities. However, under IAS 39 all fair value changes of financial liabilities designated as at FVTPL are recognized in the statement of income, whereas under IFRS 9 these fair value changes will generally be presented as follows:

- The amount of the change in the fair value that is attributable to changes in the credit risk of the liability will be presented in OCI.
- The remaining amount of the change in the fair value will be presented in the statement of income.

3.3 Segment reporting

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incur expenses and about which discrete financial statements is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

As instructed by Insurance Authority, the Company has segments classification of: Motor, Property and Casualty, Health and Protection.

Segment assets do not include cash and cash equivalents, short-term deposits, long-term deposits, statutory deposit, investments, reinsurance contract assets, prepaid expenses and other receivable, due from shareholders' / insurance operations, right-of-use asset, furniture and equipment, goodwill, intangible assets and accrued income on statutory deposit.

Segment liabilities do not include accrued expenses and other liabilities, surplus distribution payable, insurance and reinsurance contract liabilities, lease liability, due to a related party, employee benefit obligations, zakat and income tax, due to shareholders' / insurance operations and accrued income payable to Insurance Authority.

3 Material accounting policies (continued)

3.3 Segment reporting (continued)

Operating segments do not include shareholders' operations.

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

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

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

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

3.4 Cash and cash equivalents

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

3.5 Short-term and long-term deposits

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

3.6 Furniture and equipment

Furniture and equipment are initially recorded at cost and are subsequently stated at cost less accumulated depreciation and any impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

The assets' useful lives are reviewed at the end of each reporting date and adjusted, if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of income under other income.

Assets in the course of construction or development are capitalized in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in furniture and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work-in-progress comprises its purchase price, construction / development costs and any other directly attributable costs to the construction or acquisition of an item of capital work-in-progress intended by management. Capital work-in-progress is not depreciated.

3 Material accounting policies (continued)

3.6 Furniture and equipment (continued)

3.7 Intangible assets

a) Goodwill

Goodwill represents excess of the fair value of the purchase consideration payable, as per IA’s instructions, over the net identifiable assets acquired from Gulf Insurance Group. The recoverability of goodwill is tested at each reporting date for impairment or more frequently when changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in statement of income as the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount for goodwill is the value in use.

b) Other intangible assets

Other intangible assets, including software, are measured at cost less accumulated amortization and impairment losses. Those with a finite useful life are amortized over their estimated useful life in accordance with the pattern of expected consumption of economic benefits using straight-line method. Estimated useful life of software is 4 years. Intangible assets with an infinite useful life are not subject to amortization but are tested for impairment at each statement of financial position date or more often if there is an indication of impairment. Intangible assets with a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Capital work in progress includes software under development which is under development and not yet ready for use.

3.8 Leases

Lease liabilities

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

To determine the incremental borrowing rate, the Company:

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

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

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

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

3 Material accounting policies (continued)

3.8 Leases (continued)

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

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

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

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

Right-of-use assets (ROU)

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

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 “Provisions, contingent liabilities and contingent assets”. The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are depreciated over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Company expects to exercise a purchase option, the related RoU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 ‘Impairment of Assets’ to determine whether a RoU asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the RoU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the profit or loss.

3.9 Provisions, accrued expenses and other liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

3 Material accounting policies (continued)

3.10 Employee benefit obligations

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

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

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

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

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

3.11 Zakat and income tax

a) Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax, and Customs Authority ("ZATCA"). Zakat is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional zakat, if any, is accounted for when determined to be required for payment.

Amounts accrued for zakat expense in one year may have to be adjusted in a subsequent year if the estimate of the annual charge changes. Additional current income tax, if any, is accounted for when determined to be required for payment.

b) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, and is charged to the statement of income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Additional current income tax, if any, is accounted for when determined to be required for payment.

c) Deferred tax

Deferred income tax is recognised using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, and for the carry forward losses in the financial statements, if any. The amount of deferred tax recognised is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the tax credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

3 Material accounting policies (continued)

3.11 Zakat and income tax (continued)
c) Deferred tax (continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

(c) Commission, dividend income and other income

Commission income on short-term deposits, long-term deposits, statutory deposit, investments, investments held at fair value through other comprehensive income FVOCI) and investment at amortized cost is recognized on a time proportion basis using the effective interest rate method. Dividend income is recognized when the right to receive a dividend is established. Income from Al Manafeth third party liability insurance fund and Haj and Umrah fund are recognized as other income on the basis of quarterly financial statements released by the Fund Manager.

3.12 Trade date accounting

All regular way purchases and sales of financial assets are recognized / derecognized on the trade date (i.e. the date that the Company commits to purchase or sell the assets). Regular way purchases or sales of financial assets are transactions that require settlement of assets within the time frame generally established by regulation or convention in the marketplace.

3.13 Seasonality of operations

There are no seasonal changes that affect insurance operations.

3.13 Going concern

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

3 Material accounting policies (continued)

3.14 Impairment of Goodwill

The Company tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Goodwill is initially measured at cost being the excess of the net fair value of the identifiable assets and liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment for goodwill is determined by assessing the recoverable amount of the cash generating unit (or a group of cash generating units) to which the goodwill is related. When the recoverable amount of the cash-generating unit (or a group of cash generating units) is less than the carrying amount of the cash generating unit (or a group of cash generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The recoverable amount is the greater of its value in use or fair value less cost to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

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

4 Transition

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.

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

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

4.1.1 IFRS 17 Insurance Contracts

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

Significant Judgements and Accounting Policy Choices

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

4.1.1.1 Changes to classification and measurement:

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

The key principles of IFRS 17 are that the Company:

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

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the General Model (GM) in IFRS 17.

4 Transition (continued)

4.1.1.1 Changes to classification and measurement: (continued)

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

- The liability for remaining coverage (LRC) reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for incurred claims (LIC) (previously outstanding claims and incurred-but-not-reported (IBNR) reserves) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the reinsurance asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company has determined that all of its insurance contracts qualify for the simplified approach. As a result, the Company has established its policy choice to account for its insurance contracts under the PAA.

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

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

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

4.1.1.2 Changes to presentation and disclosure

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

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

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

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

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

<u>Previously reported under IFRS 4:</u>

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

4.1.1.2 Changes to presentation and disclosure (continued)

IFRS 17 requires separate presentation of:

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

On transition date, 1 January 2022, the Company:

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

	31 December 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Re-measurement	Re-classification	Re-measurement	
Assets						
Cash and cash equivalents	334,592	-	-	-	(6)	334,586
Short term deposits	439,321	-	-	-	(52)	439,269
Reinsurance contract assets	-	95,404	72,895	-	-	168,299
Premiums and reinsurers' balances receivable	296,321	(296,321)	-	-	-	-
Reinsurers' share of unearned premiums	31,224	(31,224)	-	-	-	-
Deferred policy acquisition costs	60,620	(60,620)	-	-	-	-
Reinsurers' share of outstanding claims	115,442	(115,442)	-	-	-	-
Reinsurers' share of Incurred but not reported claims	27,992	(27,992)	-	-	-	-
Prepaid expenses and other receivable	34,676	-	-	-	(5)	34,671
Deferred tax assets	3,766	-	-	-	-	3,766
Investments	1,274,668	-	-	-	39,649	1,314,317
Long term deposits	120,000	-	-		(4)	119,996
Statutory deposit	50,000	-	-	-	-	50,000
Accrued income on statutory deposit	7,357	-	-	-	-	7,357
Furniture and equipment	15,219	-	-	-	-	15,219
Right of use assets	17,838	-	-	-	-	17,838
Intangible assets	32,014	-	-	-	-	32,014
Goodwill	50,000	-	-		-	50,000
Total assets	2,911,050	(436,195)	72,895	-	39,582	2,587,332

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

	31 December 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Reclassificatio	Re measuremen	Re-classification	Re-measurement	
Liabilities and equity						
Liabilities						
Accrued expenses and other liabilities	167,356	(75,579)	-	-	-	91,777
Surplus distribution payable	29,219	(31,079)	1,860	-	-	-
Reinsurers' balances payable	74,649	(74,649)	-	-	-	-
Advance premiums	37,445	(37,445)	-	-	-	-
Unearned premiums	599,955	(599,955)	-	-	-	-
Unearned reinsurance commission	4,605	(4,605)	-	-	-	-
Outstanding claims	476,563	(476,563)	-	-	-	-
Claims incurred but not reported and other reserves	477,164	(477,164)	-	-	-	-
Insurance contract liabilities	-	1,340,844	98,279	-	-	1,439,123
Reinsurance contract liabilities	-	-	1,839	-	-	1,839
Lease liabilities	16,940	-	-	-	-	16,940
Due to related parties	435	-	-	-	-	435
Employee benefit obligations	24,952	-	-	-	-	24,952
Zakat and income tax	63,133	-	2,742	-	-	65,875
Accrued commission payable	7,357	-	-	-	-	7,357
Total liabilities	1,979,773	(436,195)	104,720	-	-	1,648,298
Equity						
Share capital	500,000	-	-	-	-	500,000
Statutory reserve	119,862	-	-	-	-	119,862
Remeasurement gain loss	4,470	(4,470)	-	-	-	-
Retained earnings	374,019	4,470	(31,825)	-	1,204	347,868
Fair value reserve on investments	(67,074)	-	-	-	38,378	(28,696)
Total equity	931,277	-	(31,825)	-	39,582	939,034
Total liabilities and equity	2,911,050	(436,195)	72,895	-	39,582	2,587,332

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

	1 January 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Re-measurement	Re-classification	Re-measurement	
Assets						
Cash and cash equivalents	89,521	-	-	-	-	89,521
Short term deposits	644,821	-	-	-	(5)	644,816
Reinsurance contract assets	-	128,966	153,327	-	-	282,293
Premiums and reinsurers' balances receivable	299,811	(299,811)	-	-	-	-
Reinsurers' share of unearned premiums	26,333	(26,333)	-	-	-	-
Deferred policy acquisition costs	49,307	(49,307)	-	-	-	-
Reinsurers' share of outstanding claims	120,273	(120,273)	-	-	-	-
Reinsurers' share of Incurred but not reported claims	54,747	(54,747)	-	-	-	-
Prepaid expenses and other receival	29,855	-	737	-	-	30,592
Investments	1,302,155	-	-	1,673	35,289	1,339,117
Long term deposits	215,721	-	-	-	(2)	215,719
Statutory deposit	50,000	-	-	-	-	50,000
Accrued income on statutory deposit	6,281	-	-	-	-	6,281
Furniture and equipment	19,518	-	-	-	-	19,518
Right of use assets	20,479	-	-	-	-	20,479
Intangible assets	12,247	-	-	-	-	12,247
Goodwill	50,000	-	-	-	-	50,000
Total assets	2,991,069	(421,505)	154,064	1,673	35,282	2,760,583

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

	1 January 2022					
	Pre-adoption of IFRS 17 & IFRS 9	IFRS 17		IFRS 9		Post-adoption of IFRS 17 & IFRS 9
		Reclassification	Re-measurement	Re-classification	Re-measurement	
Liabilities and equity						
Liabilities						
Accrued expenses and other liabilities	201,467	(98,346)	-	-	-	103,121
Surplus distribution payable	33,976	(35,836)	1,860	-	-	-
Reinsurers' balances payable	68,929	(68,929)	-	-	-	-
Advance premiums	30,055	(30,055)	-	-	-	-
Unearned premiums	517,829	(517,829)	-	-	-	-
Unearned reinsurance commission	3,458	(3,458)	-	-	-	-
Outstanding claims	366,614	(366,614)	-	-	-	-
Claims incurred but not reported and other reserves	654,242	(654,242)	-	-	-	-
Insurance contract liabilities	-	1,353,804	135,454	-	-	1,489,258
Reinsurance contract liabilities	-	-	-	-	-	-
Lease liabilities	19,407	-	-	-	-	19,407
Payable to a related party	2,353	-	-	-	-	2,353
Employee benefit obligations	31,633	-	-	-	-	31,633
Zakat and income tax	58,806	-	1,069	1,673	-	61,548
Accrued commission payable to SAMA	6,281	-	-	-	-	6,281
Total liabilities	1,995,050	(421,505)	138,383	1,673	-	1,713,601
Equity						
Share capital	500,000	-	-	-	-	500,000
Statutory reserve	104,702	-	-	-	-	104,702
Performance share reserve	2,514	-	-	-	-	2,514
Retained earnings	360,863	-	15,681	-	13,587	390,131
Fair value reserve on investments	27,940	-	-	-	21,695	49,635
Total equity	996,019	-	15,681	-	35,282	1,046,982
Total liabilities and equity	2,991,069	(421,505)	154,064	1,673	35,282	2,760,583

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

4.1.1.3 Transition (continued)

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

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

Drivers of Changes in Equity	**Impact on equity on transition to IFRS 17 on 1 January 2022**	**Impact on equity on adopting IFRS 17 on 31 December 2022**
Reserves over best estimate – Primary insurance contracts	(361,903)	(60,787)
Reserves over best estimate – Reinsurance contracts	69,695	12,564
Additional technical reserves	(69,787)	(69,787)
Premium deficiency reserve	(12,280)	(12,280)
Loss component impact	108,527	59,548
Risk adjustment – Primary insurance contracts	458,508	243,676
Risk adjustment – Reinsurance contracts	(181,740)	(68,730)
Unearned acquisition expenses (non-commission)	(19,411)	(36,264)
Discounting impact	(11,491)	(37,036)
Others	1,288	921
Total transition impact	***Increase by 18,594***	***Decrease by 31,825***
Impact of surplus, zakat and tax	***(2,913)***	-
Total transition impact after surplus, zakat and tax	***Increase by 15,681***	***Decrease by 31,825***

4.1.1.4 Financial Instruments

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

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

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

4.1.1.4.1 Changes to classification and measurement

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

4 Transition (continued)

4.1.1.4 Financial Instruments (continued)

4.1.1.4.1 Changes to classification and measurement (continued)

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

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

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

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

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)
The Company assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

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

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

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

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

4 Transition (continued)

4.1.1.4 Financial Instruments (continued)

4.1.1.4.1 Changes to classification and measurement (continued)

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

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

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

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

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

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

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

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

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

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

4.1.1.4 Financial Instruments (continued)

4.1.1.4.1 Changes to classification and measurement (continued)

Measurement categories of financial assets and liabilities (continued)
Changes in fair values and dividends are recorded in statement of income according to the terms of the contract, or when the right to payment has been established.

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

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

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

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

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

4.1.1.4.3 Transition impact

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

Drivers of Changes in Equity	**Impact on equity on transition to IFRS 9 on 1 January 2022**	**Impact on equity on adopting the IFRS 9 on 31 December 2022**
Impairment of financial assets	Decrease by 66	Decrease by 122
Reclassification of financial asset	Increase by 35,348	Increase by 39,460
Total impact	Increase by 35,282	Increase by 39,582

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

4.1.1.4 Financial Instruments (continued)

4.1.1.4.3 Transition impact (continued)

Reclassification impact on the statement of financial position on adoption of IFRS 9

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

As at 1 January 2022	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Financial Assets:				
Cash and cash equivalents	Loans and receivables	Debt instrument at amortised cost	89,521	89,521
Term deposits	Loans and receivables	Debt instrument at amortised cost	910,542	910,535
Debt securities (passed SPPI test)	Available for sale	FVOCI	1,060,988	1,060,988
Debt securities (failed SPPI test)	Available for sale	FVTPL	3,823	3,823
Held to maturity	Investments held to maturity	Debt instrument at amortised cost	138,773	138,701
Equity investments-quoted	Available for sale	FVTPL	98,571	98,571
Equity investments-unquoted	Cost	FVOCI	-	37,034

As at 31 December 2022	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	New carrying amount under IFRS 9
Financial Assets:				
Cash and bank balances	Loans and receivables	Debt instrument at amortised cost	334,592	334,586
Term deposits	Loans and receivables	Debt instrument at amortised cost	609,321	609,265
Debt securities (passed SPPI test)	Available for sale	FVOCI	1,073,658	1,073,658
Held to maturity	Investments held to maturity	Debt instrument at amortised cost	138,755	138,701
Equity investments-quoted	Available for sale	FVTPL	62,255	62,255
Equity investments-unquoted	Cost	FVOCI	-	39,703

4 Transition (continued)

4.1.1.5 Changes in accounting policies for insurance contracts issued and reinsurance contracts held

4.1.1.5.1 Classification

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

<u>The Company issues the following products</u>

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

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

4.1.1.5.2 Separating components from insurance and reinsurance contracts

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

4.1.1.5.3 Level of Aggregation

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

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

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

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

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

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

4 Transition (continued)

4.1.1.5 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

4.1.1.5.4 Recognition

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

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

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

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

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

4.1.1.5.5 Contract boundary

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

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

Or both of the following criteria are satisfied:

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

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

4 Transition (continued)

4.1.1.5 Changes in accounting policies for insurance contracts issued and reinsurance contracts held (continued)

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

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

4 Transition (continued)

4.1.1.6 Insurance contracts initial and subsequent measurement

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

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

- The coverage period of each contract in the Company is one year or less, including insurance contract services arising from all premiums within the contract boundary. Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the Company containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

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

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

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

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

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

4 Transition (continued)

4.1.1.6 Insurance contracts initial and subsequent measurement (continued)

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

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

Subsequent measurement

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

4.1.1.7 Insurance contracts modification and derecognition

The Company derecognises insurance contracts when:

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

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

4.1.1.8 Insurance acquisition cashflows

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

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

Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
- to that group; and
- to group that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.

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

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

4 Transition (continued)

4.1.1.8 Insurance acquisition cashflows (continued)

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

4.1.1.9 Discount rates

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

4.1.1.10 Risk adjustment

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

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

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

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

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

4.1.1.11 Insurance revenue

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

4.1.1.12 Insurance finance income and expense

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

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

4.1.1.13 Net income or expense from reinsurance contract held

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

4 Transition (continued)

4.1.1.14 Financial assets

4.1.1.14.1 Initial recognition

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

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

4.1.1.14.2 Classification and subsequent measurement

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

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

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

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

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

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

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

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interestrate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4 Transition (continued)

4.1.1.14 Financial assets (continued)

4.1.1.14.2 Classification and subsequent measurement (continued)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

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

Financial assets – Subsequent measurement and gains and losses

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

4 Transition (continued)

4.1.1.14 Financial assets (continued)

4.1.1.14.2 Classification and subsequent measurement (continued)

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

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

4.1.1.14.3 Derecognition

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

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

3.1.1.14.4 Impairment of financial assets

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

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

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

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

4 Transition (continued)

4.1.1.14 Financial assets (continued)

4.1.1.14.4 Impairment of financial assets (continued)

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

4.1.1.14 Calculation of ECL

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

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

5 Cash and cash equivalents

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

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Cash and bank balances	**164,270**	137,857	86,719
Deposits maturing within 3 months from the placement date	**64,521**	196,729	2,802
	228,791	334,586	89,521

As at 31 December 2023, deposits were placed with local banks with maturities of less than three months from the date of placement and carried at 5.7% to 6.1% (31 December 2022: 4.90% to 5.75%, 31 December 2021: 0.50% to 1.00%) per annum.

Allowance for impairment on cash and cash equivalent is SR 2 thousand (31 December 2022: SR 3 thousand).

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

6 Insurance and reinsurance contracts

	Valuation Approach	31 December 2023		31 December 2022		1 January 2022	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Insurance contract assets and liabilities							
Motor 6.1	PAA	-	657,266	-	731,280	-	692,916
Property & Causality 6.2	PAA	-	644,137	-	358,268	-	500,531
Health 6.3	PAA	-	312,056	-	311,133	-	277,856
Protection 6.4	PAA	-	22,848	-	38,442	-	17,955
Total insurance contract liabilities		-	1,636,307	-	1,439,123	-	1,489,258
Reinsurance contract assets and liabilities							
Motor 7.1	PAA	2,412	-	3,425	-	7,698	-
Property & Causality 7.2	PAA	337,033	-	162,219	-	235,607	-
Health 7.3	PAA	8,768	-	2,275	-	6,184	-
Protection 7.4	PAA	1,509	324	380	1,839	32,804	-
Total reinsurance contract assets and liabilities		349,722	324	168,299	1,839	282,293	-

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

6 Insurance and reinsurance contracts

6.1 Insurance contract liabilities (continued)

6.1.1 Analysis of insurance contract liabilities for contracts measured under PAA

	As of 31 December 2023					As of 31 December 2022				
	Liabilities for remaining coverage (LRC)		**Liabilities for incurred claims (LIC)**			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening liabilities	276,846	59,547	859,060	243,670	1,439,123	218,597	108,527	703,627	458,507	1,489,258
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	276,846	59,547	859,060	243,670	1,439,123	218,597	108,527	703,627	458,507	1,489,258
Changes in the statement of income					-					-
Insurance revenue	(1,564,749)	-	-	-	(1,564,749)	(1,480,637)	-	-	-	(1,480,637)
Insurance service expenses:										
Incurred claims and other directly attributable expenses	-	-	1,388,755	148,875	1,537,630	-	-	1,531,747	145,770	1,677,517
Changes that relate to liabilities for incurred claims	-	-	(74,635)	(148,162)	(222,797)	-	-	(151,003)	(359,792)	(510,795)
Reversal of losses on onerous contracts	-	(16,940)	-	-	(16,940)	-	(48,980)	-	-	(48,980)
Insurance acquisition cost incurred	262,349	-	-	-	262,349	240,587	-	-	-	240,587
Insurance service expenses	262,349	(16,940)	1,314,120	713	1,560,242	240,587	(48,980)	1,380,744	(214,022)	1,358,329
Insurance service result	(1,302,400)	(16,940)	1,314,120	713	(4,507)	(1,240,050)	(48,980)	1,380,744	(214,022)	(122,308)
Finance expense/(income) from insurance contracts	-	-	34,487	15,046	49,533	-	-	(4,418)	(815)	(5,233)
Total changes in Income statement	(1,302,400)	(16,940)	1,348,607	15,759	45,026	(1,240,050)	(48,980)	1,376,326	(214,837)	(127,541)
Cash flows:					-					-
Premiums received	1,586,793	-	-	-	1,586,793	1,546,576	-	-	-	1,546,576
Claims and other directly attributable expenses paid	-	-	(1,169,406)	-	(1,169,406)	-	-	(1,220,893)	-	(1,220,893)
Insurance acquisition cash flows	(265,229)	-	-	-	(265,229)	(248,277)	-	-	-	(248,277)
Total cash flows net	1,321,564	-	(1,169,406)	-	152,158	1,298,299	-	(1,220,893)	-	77,406
Net closing balance					-					-
Closing liabilities	296,010	42,607	1,038,261	259,429	1,636,307	276,846	59,547	859,060	243,670	1,439,123
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	296,010	42,607	1,038,261	259,429	1,636,307	276,846	59,547	859,060	243,670	1,439,123

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

6 Insurance and reinsurance contracts

6.1 Insurance contract liabilities (continued)

6.1.2 Analysis of insurance contract assets and liabilities for contracts measured under PAA – Motor

	As of 31 December 2023					As of 31 December 2022				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening liabilities	241,541	29,981	382,581	77,177	731,280	188,079	58,958	320,611	125,268	692,916
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	241,541	29,981	382,581	77,177	731,280	188,079	58,958	320,611	125,268	692,916
Changes in the statement of income										
Insurance revenue	(714,431)	-	-	-	(714,431)	(720,482)	-	-	-	(720,482)
Insurance service expenses:										
Incurred claims and other directly attributable expenses	-	-	602,859	25,955	628,814	-	-	850,499	24,054	874,553
Changes that relate to liabilities for incurred claims	-	-	(56,720)	(50,962)	(107,682)	-	-	(20,219)	(71,272)	(91,491)
Reversal of losses on onerous contracts	-	(16,056)	-	-	(16,056)	-	(28,977)	-	-	(28,977)
Insurance acquisition cost incurred	124,114	-	-	-	124,114	121,542	-	-	-	121,542
Insurance service expenses	124,114	(16,056)	546,139	(25,007)	629,190	121,542	(28,977)	830,280	(47,218)	875,627
Insurance service result	(590,317)	(16,056)	546,139	(25,007)	(85,241)	(598,940)	(28,977)	830,280	(47,218)	155,145
Finance expense/(income) from insurance contracts	-	-	16,068	4,761	20,829	-	-	(3,133)	(873)	(4,006)
Total changes in Income statement	(590,317)	(16,056)	562,207	(20,246)	(64,412)	(598,940)	(28,977)	827,147	(48,091)	151,139
Cash flows:										
Premiums received	648,739	-	-	-	648,739	781,292	-	-	-	781,292
Claims and other directly attributable expenses paid	-	-	(544,904)	-	(544,904)	-	-	(765,177)	-	(765,177)
Insurance acquisition cash flows	(113,437)	-	-	-	(113,437)	(128,890)	-	-	-	(128,890)
Total cash flows net	535,302	-	(544,904)	-	(9,602)	652,402	-	(765,177)	-	(112,775)
Net closing balance										
Closing liabilities	186,526	13,925	399,884	56,931	657,266	241,541	29,981	382,581	77,177	731,280
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	186,526	13,925	399,884	56,931	657,266	241,541	29,981	382,581	77,177	731,280

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

6 Insurance and reinsurance contracts

6.1 Insurance contract liabilities (continued)

6.1.3 Analysis of insurance contract assets and liabilities for contracts measured under PAA – Property and casualty

	As of 31 December 2023					As of 31 December 2022				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening liabilities	(1,831)	-	245,513	114,586	358,268	(389)	-	220,255	280,665	500,531
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(1,831)	-	245,513	114,586	358,268	(389)	-	220,255	280,665	500,531
Changes in the statement of income							-			
Insurance revenue	(357,698)	-	-	-	(357,698)	(288,861)	-	-	-	(288,861)
Insurance service expenses:										
Incurred claims and other directly attributable expenses	-	-	349,032	102,604	451,636	-	-	222,908	75,577	298,485
Changes that relate to liabilities for incurred claims	-	-	22,004	(47,062)	(25,058)	-	-	(93,672)	(241,580)	(335,252)
Insurance acquisition cost incurred	63,249	-	-	-	63,249	55,105	-	-	-	55,105
Insurance service expenses	63,249	-	371,036	55,542	489,827	55,105	-	129,236	(166,003)	18,338
Insurance service result	(294,449)	-	371,036	55,542	132,129	(233,756)	-	129,236	(166,003)	(270,523)
Net finance expense/(income) from insurance contracts	-	-	10,296	7,028	17,324	-	-	(852)	(76)	(928)
Total changes in Income statement	(294,449)	-	381,332	62,570	149,453	(233,756)	-	128,384	(166,079)	(271,451)
Cash flows										
Premiums received	392,214	-	-	-	392,214	278,740	-	-	-	278,740
Claims and other directly attributable expenses paid	-	-	(184,227)	-	(184,227)	-	-	(103,126)	-	(103,126)
Insurance acquisition cash flows	(71,571)	-	-	-	(71,571)	(46,426)	-	-	-	(46,426)
Total cash flows net	320,643	-	(184,227)	-	136,416	232,314	-	(103,126)	-	129,188
Net closing balance										
Closing liabilities	24,363	-	442,618	177,156	644,137	(1,831)	-	245,513	114,586	358,268
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	24,363	-	442,618	177,156	644,137	(1,831)	-	245,513	114,586	358,268

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

6 Insurance and reinsurance contracts

6.1 Insurance contract liabilities (continued)

6.1.4 Analysis of insurance contract assets and liabilities for contracts measured under PAA – Health

	As of 31 December 2023					As of 31 December 2022				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC		Liabilities for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening liabilities	43,195	29,566	198,411	39,961	311,133	39,569	49,569	145,470	43,248	277,856
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	43,195	29,566	198,411	39,961	311,133	39,569	49,569	145,470	43,248	277,856
Changes in the statement of income										
Insurance revenue	(422,934)	-	-	-	(422,934)	(404,748)	-	-	-	(404,748)
Insurance service expenses:										
Incurred claims and other directly attributable expenses	-	-	380,510	16,603	397,113	-	-	409,442	34,471	443,913
Changes that relate to liabilities for incurred claims	-	-	(33,939)	(38,265)	(72,204)	-	-	(31,036)	(37,767)	(68,803)
Reversal of losses on onerous contracts	-	(884)	-	-	(884)	-	(20,003)	-	-	(20,003)
Insurance acquisition cost incurred	64,411	-	-	-	64,411	53,765	-	-	-	53,765
Insurance service expenses	64,411	(884)	346,571	(21,662)	388,436	53,765	(20,003)	378,406	(3,296)	408,872
Insurance service result	(358,523)	(884)	346,571	(21,662)	(34,498)	(350,983)	(20,003)	378,406	(3,296)	4,124
Net finance expense/(income) from insurance contracts	-	-	7,013	2,513	9,526	-	-	(532)	9	(523)
Total changes in Income statement	(358,523)	(884)	353,584	(19,149)	(24,972)	(350,983)	(20,003)	377,874	(3,287)	3,601
Cash flows										
Premiums received	471,555	-	-	-	471,555	415,195	-	-	-	415,195
Claims and other directly attributable expenses paid	-	-	(376,543)	-	(376,543)	-	-	(324,933)	-	(324,933)
Insurance acquisition cash flows	(69,117)	-	-	-	(69,117)	(60,586)	-	-	-	(60,586)
Total cash flows net	402,438	-	(376,543)	-	25,895	354,609	-	(324,933)	-	29,676
Net closing balance										
Closing liabilities	87,110	28,682	175,452	20,812	312,056	43,195	29,566	198,411	39,961	311,133
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	87,110	28,682	175,452	20,812	312,056	43,195	29,566	198,411	39,961	311,133

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

6 Insurance and reinsurance contracts

6.1 Insurance contract liabilities (continued)

6.1.5 Analysis of insurance contract assets and liabilities for contracts measured under PAA – Protection

	As of 31 December 2023					As of 31 December 2022				
	Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)			Liabilities for remaining coverage (LRC)		Liabilities for incurred claims (LIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening liabilities	(6,059)	-	32,555	11,946	38,442	(8,662)	-	17,291	9,326	17,955
Opening assets	-	-	-	-	-	-	-	-	-	-
Net opening balance	(6,059)	-	32,555	11,946	38,442	(8,662)	-	17,291	9,326	17,955
Changes in the statement of income										
Insurance revenue	(69,686)	-	-	-	(69,686)	(66,546)	-	-	-	(66,546)
Insurance service expenses:										
Incurred claims and other directly attributable expenses	-	-	56,354	3,713	60,067	-	-	48,898	11,668	60,566
Changes that relate to liabilities for incurred claims	-	-	(5,980)	(11,873)	(17,853)	-	-	(6,076)	(9,173)	(15,249)
Insurance acquisition cost incurred	10,575	-	-	-	10,575	10,175	-	-	-	10,175
Insurance service expenses	10,575	-	50,374	(8,160)	52,789	10,175	-	42,822	2,495	55,492
Insurance service result	(59,111)	-	50,374	(8,160)	(16,897)	(56,371)	-	42,822	2,495	(11,054)
Net finance expense/(income) from insurance contracts	-	-	1,110	744	1,854	-	-	99	125	224
Total changes in Income statement	(59,111)	-	51,484	(7,416)	(15,043)	(56,371)	-	42,921	2,620	(10,830)
Cash flows										
Premiums received	74,285	-	-	-	74,285	71,349	-	-	-	71,349
Claims and other directly attributable expenses paid	-	-	(63,732)	-	(63,732)	-	-	(27,657)	-	(27,657)
Insurance acquisition cash flows	(11,104)	-	-	-	(11,104)	(12,375)	-	-	-	(12,375)
Total cash flows net	63,181	-	(63,732)	-	(551)	58,974	-	(27,657)	-	31,317
Net closing balance										
Closing liabilities	(1,989)	-	20,307	4,530	22,848	(6,059)	-	32,555	11,946	38,442
Closing assets	-	-	-	-	-	-	-	-	-	-
Net closing balance	(1,989)	-	20,307	4,530	22,848	(6,059)	-	32,555	11,946	38,442

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7 Reinsurance contract assets / liabilities

7.1 Analysis of reinsurance contract assets and liabilities for contracts measured under PAA

	As of 31 December 2023					As of 31 December 2022				
	Assets for remaining coverage (ARC)		Assets for incurred claims (AIC)			Assets for remaining Coverage (ARC)		Assets for incurred claims (AIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening liabilities	(16,823)	-	10,514	4,470	(1,839)	-	-	-	-	-
Opening assets	(31,233)	-	135,277	64,255	168,299	(46,752)	-	147,305	181,740	282,293
Net opening balance	(48,056)	-	145,791	68,725	166,460	(46,752)	-	147,305	181,740	282,293
Reinsurance expenses	(178,809)	-	-	-	(178,809)	(118,242)	-	-	-	(118,242)
Claim and other Incurred directly attributable expenses										
Claim recovered and other directly attributable expenses	-	-	209,936	62,796	272,732	-	-	180,190	49,675	229,865
Changes that relate to past service	-	-	31,477	(19,560)	11,917	-	-	(89,951)	(161,183)	(251,134)
Net income / expense from reinsurance contracts held	(178,809)	-	241,413	43,236	105,840	(118,242)	-	90,239	(111,508)	(139,511)
Finance from reinsurance contracts held	-	-	6,203	4,045	10,248	-	-	(1,373)	(1,507)	(2,880)
Total changes in Income statement	(178,809)	-	247,616	47,281	116,088	(118,242)	-	88,866	(113,015)	(142,391)
Cash flows										
Premiums ceded	175,910	-	-	-	175,910	116,938	-	-	-	116,938
Recoveries from reinsurance	-	-	(109,060)	-	(109,060)	-	-	(90,380)	-	(90,380)
Total cash flows net	175,910	-	(109,060)	-	66,850	116,938	-	(90,380)	-	26,558
Net closing balance										
Closing liabilities	(353)	-	19	10	(324)	(16,823)	-	10,514	4,470	(1,839)
Closing assets	(50,602)	-	284,328	115,996	349,722	(31,233)	-	135,277	64,255	168,299
Net closing balance	(50,955)	-	284,347	116,006	349,398	(48,056)	-	145,791	68,725	166,460

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7 Reinsurance contract assets / liabilities (continued)

7.2 Analysis of insurance contract assets and liabilities for contracts measured under PAA – Motor

	As of 31 December 2023					As of 31 December 2022				
	Assets for remaining coverage (ARC)		**Assets for incurred claims (AIC)**			Assets for remaining coverage (ARC)		Assets for incurred claims (AIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
Opening liabilities	-	-	-	-	-	-	-	-	-	-
Opening assets	17	-	3,023	385	3,425	470	-	5,960	1,268	7,698
Net opening balance	17	-	3,023	385	3,425	470	-	5,960	1,268	7,698
Reinsurance expenses	(1,016)	-	-	-	(1,016)	666	-	-	-	666
Claim and other Incurred directly attributable expenses										
Claim recovered and other directly attributable expenses	-	-	142	51	193	-	-	(1,197)	-	(1,197)
Changes that relate to past service	-	-	5,611	477	6,088	-	-	1,385	(855)	530
Net income / expense from reinsurance contracts held	(1,016)	-	5,753	528	5,265	666	-	188	(855)	(1)
Finance from reinsurance contracts held	-	-	168	41	209	-	-	(149)	(28)	(177)
Total changes in Income statement	(1,016)	-	5,921	569	5,474	666	-	39	(883)	(178)
Cash flows										
Premiums ceded	(1,141)	-	-	-	(1,141)	(1,119)				(1,119)
Recoveries from reinsurance	-	-	(5,346)	-	(5,346)	-	-	(2,976)	-	(2,976)
Total cash flows net	(1,141)	-	(5,346)	-	(6,487)	(1,119)	-	(2,976)	-	(4,095)
Net closing balance										
Closing liabilities	-	-	-	-	-	-	-	-	-	-
Closing assets	(2,140)	-	3,598	954	2,412	17	-	3,023	385	3,425
Net closing balance	(2,140)	-	3,598	954	2,412	17	-	3,023	385	3,425

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7 Reinsurance contract assets / liabilities (continued)

7.3. Analysis of insurance contract assets and liabilities for contracts measured under PAA – Property and casualty

	As of 31 December 2023					As of 31 December 2022				
	Assets for remaining coverage (ARC)		**Assets for incurred claims (AIC)**			Assets for remaining coverage (ARC)		Assets for incurred claims (AIC)		
	Excluding loss component	Loss component	**Estimates of the** present value of future cash flows	Risk adjustment	Total	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
Opening liabilities	-	-	-	-	-	-	-	-	-	-
Opening assets	(21,234)	-	121,908	61,545	162,219	(27,966)	-	102,962	160,611	235,607
Net opening balance	(21,234)	-	121,908	61,545	162,219	(27,966)	-	102,962	160,611	235,607
Reinsurance expenses	(164,217)	-	-	-	(164,217)	(97,003)	-	-	-	(97,003)
Claim and other Incurred directly attributable expenses										
Claim recovered and other directly attributable expenses	-	-	196,944	62,099	259,043	-	-	129,086	45,559	174,645
Changes that relate to past service	-	-	28,665	(14,438)	14,227	-	-	(61,805)	(143,193)	(204,998)
Net income / expense from reinsurance contracts held	(164,217)	-	225,609	47,661	109,053	(97,003)	-	67,281	(97,634)	(127,356)
Finance from reinsurance contracts held	-	-	5,237	3,598	8,835	-	-	(966)	(1,432)	(2,398)
Total changes in Income statement	(164,217)	-	230,846	51,259	117,888	(97,003)	-	66,315	(99,066)	(129,754)
Cash flows										
Premiums ceded	141,934				141,934	103,735				103,735
Recoveries from reinsurance	-	-	(85,008)	-	(85,008)	-	-	(47,369)	-	(47,369)
Total cash flows net	141,934	-	(85,008)	-	56,926	103,735	-	(47,369)	-	56,366
Net closing balance										
Closing liabilities	-	-	-	-	-	-	-	-	-	-
Closing assets	(43,517)	-	267,746	112,804	337,033	(21,234)	-	121,908	61,545	162,219
Net closing balance	(43,517)	-	267,746	112,804	337,033	(21,234)	-	121,908	61,545	162,219

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7 Reinsurance contract assets / liabilities (continued)

7.4 Analysis of insurance contract assets and liabilities for contracts measured under PAA – Health

	As of 31 December 2023					As of 31 December 2022				
	Assets for remaining coverage (ARC)		**Assets for incurred claims (AIC)**			Assets for remaining coverage (ARC)		Assets for incurred claims (AIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	**Excluding loss component**	**Loss component**	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
Opening liabilities	-	-	-	-	-	-	-	-	-	-
Opening assets	(9,638)	-	9,833	2,080	2,275	(6,047)	-	9,349	2,882	6,184
Net opening balance	(9,638)	-	9,833	2,080	2,275	(6,047)	-	9,349	2,882	6,184
Reinsurance expenses	(11,026)	-	-	-	(11,026)	(13,777)	-	-	-	(13,777)
Claim and other Incurred directly attributable expenses										
Claim recovered and other directly attributable expenses	-	-	12,435	596	13,031	-	-	24,405	1,642	26,047
Changes that relate to past service	-	-	3,659	(1,406)	2,253	-	-	(6,062)	(2,438)	(8,500)
Net income / expense from reinsurance contracts held	(11,026)	-	16,094	(810)	4,258	(13,777)	-	18,343	(796)	3,770
Finance from reinsurance contracts held			383	127	510			(68)	(6)	(74)
Total changes in Income statement	(11,026)	-	16,477	(683)	4,768	(13,777)	-	18,275	(802)	3,696
Cash flows										
Premiums ceded	16,880				16,880	10,186				10,186
Recoveries from reinsurance	-	-	(15,155)	-	(15,155)	-	-	(17,791)	-	(17,791)
Total cash flows net	16,880	-	(15,155)	-	1,725	10,186	-	(17,791)	-	(7,605)
Closing liabilities	-	-	-	-	-	-	-	-	-	-
Closing assets	(3,784)	-	11,155	1,397	8,768	(9,638)	-	9,833	2,080	2,275
Net closing balance	(3,784)	-	11,155	1,397	8,768	(9,638)	-	9,833	2,080	2,275

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

7 Reinsurance contract assets / liabilities (continued)

7.5 Analysis of insurance contract assets and liabilities for contracts measured under PAA – Protection

	As of 31 December 2023					As of 31 December 2022				
	Assets for remaining coverage (ARC)		Assets for incurred claims (AIC)			Assets for remaining coverage (ARC)		Assets for incurred claims (AIC)		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening liabilities	(16,823)	-	10,514	4,470	(1,839)	-	-	-	-	-
Opening assets	(378)	-	513	245	380	(13,209)	-	29,034	16,979	32,804
Net opening balance	(17,201)	-	11,027	4,715	(1,459)	(13,209)	-	29,034	16,979	32,804
Reinsurance expenses	(2,550)	-	-	-	(2,550)	(8,128)	-	-	-	(8,128)
Claim and other Incurred directly attributable expenses										
Claim recovered and other directly attributable expenses	-	-	415	50	465	-	-	27,896	2,474	30,370
Changes that relate to past service	-	-	(6,458)	(4,193)	(10,651)	-	-	(23,469)	(14,697)	(38,166)
Net income / expense from reinsurance contracts held	(2,550)	-	(6,043)	(4,143)	(12,736)	(8,128)	-	4,427	(12,223)	(15,924)
Finance from reinsurance contracts held	-	-	415	279	694	-	-	(190)	(41)	(231)
Total changes in Income statement	(2,550)	-	(5,628)	(3,864)	(12,042)	(8,128)	-	4,237	(12,264)	(16,155)
Cash flows										
Premiums ceded	18,237	-	-	-	18,237	4,136	-	-	-	4,136
Recoveries from reinsurance	-	-	(3,551)	-	(3,551)	-	-	(22,244)	-	(22,244)
Total cash flows net	18,237	-	(3,551)	-	14,686	4,136	-	(22,244)	-	(18,108)
Closing liabilities	(353)	-	19	10	(324)	(16,823)	-	10,514	4,470	(1,839)
Closing assets	(1,161)	-	1,829	841	1,509	(378)	-	513	245	380
Net closing balance	(1,514)	-	1,848	851	1,185	(17,201)	-	11,027	4,715	(1,459)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

8 Investments

Investments comprise 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
Financial assets at FVOCI	**764,824**	**778,537**	**1,543,361**	653,543	459,818	1,113,361	665,774	436,071	1,101,845
Financial assets at FVTPL	**15,402**	**57,987**	**73,389**	15,354	46,901	62,255	23,301	75,270	98,571
Financial assets at amortised cost	-	-	-	78,727	59,974	138,701	78,727	59,974	138,701
Total	**780,226**	**836,524**	**1,616,750**	747,624	566,693	1,314,317	767,802	571,315	1,339,117

Investment securities are classified as follows:

i) Financial assets at FVOCI

	Domestic			**International**			**Total**		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Insurance operations									
Government bonds	**555,072**	467,836	480,457	**127,774**	96,978	97,366	**682,846**	564,814	577,823
Other bonds / sukuks	**38,783**	47,199	38,123	**43,195**	41,530	49,828	**81,978**	88,729	87,951
Total	**593,855**	515,035	**518,580**	**170,969**	138,508	147,194	**764,824**	653,543	665,774
Shareholders' operations									
Government bonds	**669,479**	369,812	361,127	**29,664**	18,393	10,108	**699,143**	388,205	371,235
Other bonds / sukuks	**28,857**	21,269	26,730	**10,834**	10,641	802	**39,691**	31,910	27,532
Equities	**39,703**	39,703	37,304	**-**	-	-	**39,703**	39,703	37,304
Total	**738,039**	430,784	425,161	**40,498**	29,034	10,910	**778,537**	459,818	436,071

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

8 Investments (continued)

Movement in financial assets at FVOCI:

	Insurance operations	**Shareholders' operations**	**Total**
As at 1 January 2023 (Restated)	**653,543**	**459,818**	**1,113,361**
Purchases	**231,132**	**364,186**	**595,318**
Disposals	**(138,683)**	**(48,854)**	**(187,537)**
Loss on sale of investment	**(557)**	**(582)**	**(1,139)**
Accretion of discount	**1,649**	**506**	**2,155**
Amortization of premium	**(985)**	**-**	**(985)**
Allowance for impairment	**(43)**	**(146)**	**(189)**
Changes in fair value	**18,768**	**3,609**	**22,377**
As at 31 December 2023	**764,824**	**778,537**	**1,543,361**

	Insurance operations	Shareholders' operations	Total
As of 1 January 2022 (Restated)	665,774	436,071	1,101,845
Purchases	142,571	94,195	236,766
Disposals	(105,189)	(41,684)	(146,873)
Loss on sale of investment	(105)	(5)	(110)
Accretion of discount	1,214	567	1,781
Amortization of premium	(816)	(884)	(1,700)
Allowance for impairment	(11)	(6)	(17)
Changes in fair value	(49,895)	(28,436)	(78,331)
As at 31 December 2022 (Restated)	653,543	459,818	1,113,361

Movement in loss allowance for FVOCI investments for the year is as follows:

	Insurance Operations	**Shareholders' operations**	**Total**
As at 1 January 2023 (Restated)	**423**	**218**	**641**
Charge for the year	**43**	**146**	**189**
As at 31 December 2023	**466**	**364**	**830**

	Insurance Operations	Shareholders' Operations	Total
As at 1 January 2022 (Restated)	412	212	624
Charge for the year	11	6	17
As at 31 December 2022 (Restated)	423	218	641

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

8 Investments (continued)

FVTP investments comprise the following:

	Insurance Operations	**Shareholders' operations**	**Total**
Listed equities	**13,357**	**51,802**	**65,159**
Mutual funds	**2,045**	**6,185**	**8,230**
As at 31 December 2023	**15,402**	**57,987**	**73,289**

	Insurance Operations	Shareholders' operations	Total
Listed equities	-	41,240	41,240
Mutual funds	15,354	5,661	21,015
As at 31 December 2022 (Restated)	15,354	46,901	62,255

Movement in financial assets at FVTPL:

	Insurance Operations	**Shareholders' operations**	**Total**
As at 1 January 2023 (Restated)	**15,354**	**46,901**	**62,255**
Purchases	**-**	**4,067**	**4,067**
Changes in fair value	**48**	**7,019**	**7,067**
As at 31 December 2023	**15,402**	**57,987**	**73,389**

	Insurance Operations	Shareholders' operations	Total
As of 1 January 2022 (Restated)	23,301	75,270	98,571
Purchases	184	3,753	3,937
Disposals	(7,122)	(29,252)	(36,374)
Changes in fair value	(1,009)	(2,870)	(3,879)
As at 31 December 2022 (Restated)	15,354	46,901	62,255

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

8 Investments (continued)

Movement in financial assets at amortised cost is as follows:

	Insurance operations	**Shareholders' operations**	**Total**
As at 1 January 2023 (Restated)	**78,727**	**59,974**	**138,701**
Matured	**(78,750)**	**(60,000)**	**(138,750)**
Reversal of allowance for impairment	**28**	**26**	**54**
Amortization of premium	**(5)**	**-**	**(5)**
As at 31 December 2023	**-**	**-**	**-**

	Insurance operations	Shareholders' operations	Total
As of 1 January 2022 (Restated)	78,727	59,974	138,701
Allowance for impairment	(28)	-	(28)
Changes in amortization of premium	28	-	28
As at 31 December 2022 (Restated)	78,727	59,974	138,701

Movement in loss allowance for investments at amortized costs for the year is as follows:

	Insurance operations	**Shareholders' operations**	**Total**
As at 1 January 2023 (Restated)	**28**	**26**	**54**
Reversal of impairment for the year	**(28)**	**(26)**	**(54)**
As at 31 December 2023	**-**	**-**	**-**

	Insurance Operations	Shareholders' Operations	Total
As at 1 January 2022 (Restated)	-	26	26
Charge for the year	28	-	28
As at 31 December 2022 (Restated)	28	26	54

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

9 Short-term and long-term deposits

Short-term deposits are placed with local banks with maturity of more than three months but less than or equal to twelve months from the date of placement. These deposits earn financial income at a rate of 4.70% to 6.50% (2022: 3.95% to 6.85%; 2021: 0.90% to 4.0%) per annum. Maturity of short term deposits from the date of these financial statements ranges from 10 January 2024 to 28 November 2024. All deposits are denominated in Saudi Riyals.

Long-term deposits represent deposits in various banks carrying interest income at a rate of 3.45% to 6.40% (2022: 2.65% to 4.02%; 2021: 2.80% to 4.10%) per annum. Maturity of long term deposits from the date of these financial statements ranges from 13 May 2024 to 1 March 2027. All deposits are denominated in Saudi Riyals.

Movement in loss allowance for term deposits for the year is as follows:

	Insurance operations	**Shareholders' operations**	**Total**
As at 1 January 2023 (Restated)	**5**	**4**	**9**
Charge for the year	**-**	**-**	**-**
As at 31 December 2023	**5**	**4**	**9**

	Insurance operations	Shareholders' operations	Total
As at 1 January 2022 (Restated)	5	4	9
Charge for the year	-	-	-
As at 31 December 2022 (Restated)	5	4	9

10 Prepaid expenses and other receivables

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Accrued income	**23,447**	16,309	18,305
Prepaid expenses	**12,394**	9,113	5,016
Receivable from Tawuniya (Manafeth, Umrah, Travel & covid product)	**17,429**	6,621	3,536
Employees' receivable	**937**	492	2,497
Other	**494**	2,136	1,238
	54,701	34,671	30,592

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

11 Right-of-use asset and lease liability

Right-of-use asset – Building	**31 December 2023**	31 December 2022 (Restated)	1 January 2022 (Restated)
Cost			
Balance as at the beginning of the year	**27,086**	27,086	27,086
Addition to/ modification in existing lease	**16,768**	-	-
Balance as at the end of the year	**43,854**	27,086	27,086
Accumulated depreciation			
Balance as at the beginning of the year	**(9,248)**	(6,607)	(3,964)
Charge for the year	**(3,268)**	(2,641)	(2,643)
Balance as at the end of the year	**(12,516)**	(9,248)	(6,607)
Net book value	**31,338**	17,838	20,749

Lease liabilities	**31 December 2023**	31 December 2022 (Restated)	1 January 2022 (Restated)
Movement in lease liabilities			
Balance as at the beginning of the year	**16,940**	19,407	21,781
Addition to/ modification in existing lease	**16,768**	-	-
Finance cost	**977**	717	808
Payments during the year	**(4,593)**	(3,184)	(3,182)
Balance as at the end of the year	**30,092**	16,940	19,407
Lease liability maturities			
Within one year	**4,592**	3,183	3,183
Later than one year but not later than five years	**17,777**	12,732	12,732
Later than five years	**16,000**	3,183	6,366
	38,369	19,098	22,281
Future finance charges	**(8,277)**	(2,158)	(2,874)
Total lease liability	**30,092**	16,940	19,407
Current portion	**4,592**	2,466	2,406
Non-current portion	**25,500**	14,474	17,001
	30,092	16,940	19,407

In June 2019, the Company leased its head office building for a period of 5 years with an extension option for an additional 5 years, on the terms that contract would be renewed as per mutual consent upon completion of first 5 years. Depreciation on right to use asset is charged at 10% on straight line basis. During 2023, existing contract for head office building was modified for 10 additional years.

Effective from 1 January 2023, a new lease agreement for Khobar branch for a term of 5 years was entered. Depreciation on this right of use asset is charged at 20% on straight line basis.

Interest expense on leases amounted to SR 0.9 million for the year ended 31 December 2023 (31 December 2022: SR 0.2 million).

Short-term leases that were expensed year ended 31 December 2023 amounted to SR 2.2 million, respectively (31 December 2022: SR 0.2 million).

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

12 Furniture and equipment and intangible assets

(a) Furniture and equipment

	Furniture and fixtures	**Equipment**	**Total**
2023			
Cost			
1 January	**30,187**	**25,777**	**55,964**
Additions	**519**	**1,480**	**1,999**
31 December	**30,706**	**27,257**	**57,963**
Accumulated depreciation			
1 January	**(19,700)**	**(21,045)**	**(40,745)**
Charge for the year (Note 23)	**(4,998)**	**(3,275)**	**(8,273)**
31 December	**(24,698)**	**(24,320)**	**(49,018)**
Net book value			
31 December	**6,008**	**2,937**	**8,945**

	Furniture and fixtures	Equipment	Total
2022			
Cost			
1 January	29,771	24,198	53,969
Additions	416	1,579	1,995
31 December	30,187	25,777	55,964
Accumulated depreciation			
1 January	(15,992)	(18,459)	(34,451)
Charge for the year (Note 23)	(3,708)	(2,586)	(6,294)
31 December	(19,700)	(21,045)	(40,745)
Net book value			
31 December	10,487	4,732	15,219

Depreciation is charged to the statement of income on a straight-line basis based on the following estimated useful lives for years ended 31 December 2023 and 2022:

	Years
Furniture and fixtures	5
Equipment	3 – 4

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

12 Furniture and equipment and intangible assets (continued)

(b) Intangible assets

	2023			*2022*		
	Computer software	***CWIP***	***Total***	*Computer software*	*CWIP*	*Total*
Cost						
1 January	**58,219**	**9,731**	**67,950**	44,720	-	44,720
Additions	**8,685**	**(2,434)**	**6,251**	13,499	9,731	23,230
31 December	**66,904**	**7,297**	**74,201**	58,219	9,731	67,950
Accumulated amortization						
1 January	**(35,936)**	**-**	**(35,936)**	(32,473)	-	(32,473)
Amortization (Note 23)	**(11,585)**	**-**	**(11,585)**	(3,463)	-	(3,463)
31 December	**(47,521)**	**-**	**(47,521)**	(35,936)	-	(35,936)
Net book Value	**19,383**	**7,297**	**26,680**	22,283	9,731	32,014

Capital work-in-process ("CWIP") represents software and related modules under development.

13 Accrued expenses and other liabilities

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Insurance operations:			
Accrued salaries	**16,972**	12,592	17,130
Regulators' fee	**9,120**	6,129	6,450
Unclaimed cheques	**17,430**	9,067	16,194
Payable to vendors	**573**	12,312	26,018
Advance from customers	**47,894**	37,445	30,055
Others	**16,306**	13,056	6,025
	108,295	90,601	101,872
Shareholders' operations:			
Directors' fees	**1,174**	1,176	1,249
Total	**109,469**	91,777	103,121

14 Employee benefit obligations

14.1 General description of the plan

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

	31 December 2023	31 December 2022
1 January	**24,952**	31,633
Current service cost	**2,975**	(1,214)
Past service cost (Gain)	**(16)**	9
Interest expense	**1,323**	987
Payments	**(1,956)**	(1,993)
Remeasurement gains	**97**	(4,470)
31 December	**27,375**	24,952

14 Employee benefit obligations (continued)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

14.2 Amounts recognised in the statement of income and other comprehensive income

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

	2023	2022
Current service cost	**2,975**	(1,214)
Past service cost	**(16)**	9
Interest expense	**1,323**	987
Total amount recognised in profit or loss	**4,282**	(218)

14.3 Key actuarial assumptions

	31 December 2023	31 December 2022
Discount rate	**5.60%**	4.90%
Average salary growth rate	**3.00%**	2.00%

14.4 Sensitivity analysis for actuarial assumptions

	2023			
	Change in assumption		**Impact on employee benefit obligations**	
	Increase in assumption	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**1%**	**1%**	**(2,055)**	**2,408**
Average salary growth rate	**1%**	**1%**	**2,449**	**(2,122)**

	2022			
	Change in assumption		Impact on employee benefit obligations	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	1%	(1,867)	2,887
Average salary growth rate	1%	1%	2,237	(2,543)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to prior year.

14.5 Expected maturity analysis

The weighted average duration of the defined benefit obligations is 14.05 years (2022: 12.3 years).

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

14 Employee benefit obligations (continued)

14.6 Expected payments

The following are the expected payments or contributions to the defined benefit plan in future years:

	2023	2022
12 months	**7,569**	7,271
24 months	**2,433**	1,994
36 months	**3,665**	2,334
48 months	**2,232**	3,461
60 months	**3,007**	2,119
Next 60 months	**14,794**	14,175
Total expected payments	**33,700**	31,354

15 Commitments and contingencies

(i) The Company has issued various bank guarantees amounting to SR 28.14 million (31 December 2022 (Restated): SR 38.9 million; 2021: SR 31.4 million) in the ordinary course of business.

(ii) The Company operates in the insurance industry and is subject to legal proceedings in the ordinary course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position. Further, there was no material change in the status of legal proceedings during the current period from the status disclosed as at 31 December 2022.

(iii) Refer to Note 19 for zakat and tax related matters.

16 Determination of fair value and fair value hierarchy

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

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

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

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

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

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

Level 3: valuation techniques for which any significant input is not based on observable market data.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

16 Determination of fair value and fair value hierarchy (continued)

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value.

	Fair value			
	Level 1	**Level 2****	**Level 3**	**Total**
31 December 2023				
Financial assets measured at fair value				
Investments at FVOCI				
Quoted securities				
- Government bonds	**1,381,989**	**-**	**-**	**1,381,989**
- Other bonds	**90,669**	**31,000**	**-**	**121,669**
Unquoted securities				
- Equities*****	**-**	**-**	**39,703**	**39,703**
	1,472,658	**31,000**	**39,703**	**1,543,361**
Investments at FVTPL				
Quoted securities				
- Equities	**65,159**	**-**	**-**	**65,159**
-*Mutual funds*	**8,230**	**-**	**-**	**8,230**
	73,389	**-**	**-**	**73,389**

	Fair value			
	Level 1	Level 2**	Level 3	Total
31 December 2022 (Restated)				
Financial assets measured at fair value				
Investments at FVOCI				
Quoted securities				
- Government bonds	953,019	-	-	953,019
- Other bonds	89,639	31,000	-	120,639
Unquoted securities				
- Equities *	-	-	39,703	39,703
	1,042,658	31,000	39,703	1,113,361
Investments at FVTPL				
Quoted securities				
- Listed equities	41,240	-	-	41,240
- Mutual funds	21,015	-	-	21,015
	62,255	-	-	62,255

*****Financial assets at FVOCI at 31 December 2023 include 1,923,078 shares (31 December 2022 and 2021: 1,923,078 shares) in Najm for Insurance Services ("Najm"). The investment is carried at fair value of SR 39.7 million as at 31 December 2023 and 2022 (31 December 2021 at SR 37.3 million) computed using "Discounted Cash Flow Method". Major assumptions related to revenue growth, cost of sales, interest income, general and admin expenses and depreciation were assessed for reasonableness based on recent projections.

The assumptions used involve a considerable degree of estimation on the part of expert. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The most significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

- Weighted average cost of capital of 16.0% (2022: 16.0%) and
- Long-term growth rate of 2% (2022: 2%).

Although management believes that the assumptions used to evaluate potential impairment are reasonable, with a significant portion based on the actual performance achieved in the past, such assumptions are inherently subjective.

16 Determination of fair value and fair value hierarchy (continued)

A sensitivity analysis has been performed and an increase of 0.5% of the weighted average cost of capital and a decrease of 0.5% of the long-term growth have no material impact on the valuation.

****** The carrying amount of these investments are not materially different from their fair values.

17 Segmental information

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

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

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

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

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

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

17 Segmental information (continued)

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

a) Segmental statement of income:

For the year ended 31 December 2023	**Motor**	**Property and casualty**	**Health**	**Protection**	**Total**
Insurance revenue	**714,431**	**357,698**	**422,934**	**69,686**	**1,564,749**
Insurance service expenses	**(629,190)**	**(489,827)**	**(388,436)**	**(52,789)**	**(1,560,242)**
Net (expense) /income from reinsurance contracts held	**5,265**	**109,053**	**4,258**	**(12,736)**	**105,840**
Finance expenses	**(20,620)**	**(8,489)**	**(9,016)**	**(1,160)**	**(39,285)**
Segment results	**69,886**	**(31,565)**	**29,740**	**3,001**	**71,062**
Investment income					**95,640**
Non-attributable expenses					**(35,606)**
Other income					**24,271**
Profit before tax					**155,367**
For the year ended 31 December 2022					
Insurance revenue	720,482	288,861	404,748	66,546	1,480,637
Insurance service expenses	(875,627)	(18,338)	(408,872)	(55,492)	(1,358,329)
Net income / (expense) from reinsurance contracts held	(1)	(127,356)	3,770	(15,924)	(139,511)
Finance income / (expenses)	3,829	(1,470)	449	(455)	2,353
Segment results	(151,317)	141,697	95	(5,325)	(14,850)
Investment income					63,417
Non-attributable expenses					(21,542)
Other income					6,397
Profit before tax					33,422

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

17 Segmental information (continued)

b) Segmental statement of financial position:

31 December 2023	**Motor**	**Property and casualty**	**Health**	**Protection**	**Total**
Assets and Liabilities					
Reinsurance contract asset	**2,412**	**337,033**	**8,768**	**1,509**	**349,722**
Non allocated assets	**-**	**-**	**-**	**-**	**2,610,736**
Total Assets	**2,412**	**337,033**	**8,768**	**1,509**	**2,960,458**
Insurance contract liabilities	**(657,266)**	**(644,137)**	**(312,056)**	**(22,848)**	**(1,636,307)**
Reinsurance contract liabilities	**-**	**-**	**-**	**(324)**	**(324)**
Non allocated liabilities	**-**	**-**	**-**	**-**	**(258,987)**
Total Liabilities	**(657,266)**	**(644,137)**	**(312,056)**	**(23,172)**	**(1,895,618)**
1 January 2022 (Restated)					
Assets and Liabilities					
Reinsurance contract asset	3,425	162,219	2,275	380	168,299
Non allocated assets	-	-	-	-	2,419,033
Total Assets	3,425	162,219	2,275	380	2,587,332
Insurance contract liabilities	(731,280)	(358,268)	(311,133)	(38,442)	(1,439,123)
Reinsurance contract liabilities	-	-	-	(1,839)	(1,839)
Non allocated liabilities	-	-	-	-	(207,336)
Total Liabilities	(731,280)	(358,268)	(311,133)	(40,281)	(1,648,298)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

17 Segmental information (continued)

1 January 2022 (Restated)	**Motor**	**Property and casualty**	**Health**	**Protection**	**Total**
Assets and Liabilities					
Reinsurance contract asset	7,698	235,607	6,184	32.804	282,293
Non allocated assets	-	-	-	-	2,478,290
Total Assets	7,698	235,607	6,184	32.804	2,760,583
Insurance contract liabilities	(692,916)	(500,531)	(277,856)	(17,955)	(1,489,258)
Non allocated liabilities	-	-	-	-	(224,343)
Total Liabilities	(692,916)	(500,531)	(277,856)	(17,955)	(1,713,601)

c) Segmental Gross written premium:

For the year ended 31 December 2023	**Motor**	**Property and casualty**	**Health**	**Protection**	**Total**
Large corporates	**114,301**	**113,019**	**399,681**	**-**	**627,001**
Medium corporates	**98,869**	**101,285**	**9,404**	**70,532**	**280,090**
Small corporates	**68,645**	**77,761**	**1,479**	**-**	**147,885**
Micro corporates	**5,674**	**3,825**	**3**	**-**	**9,502**
Retail	**363,216**	**63,522**	**50,374**	**-**	**477,112**
	650,705	**359,412**	**460,941**	**70,532**	**1,541,590**
For the year ended 31 December 2022					
Large corporates	315,793	96,511	341,517	-	753,821
Medium corporates	165,398	101,084	16,528	67,335	350,345
Small corporates	124,742	45,751	1,934	-	172,427
Micro corporates	6,027	3,248	18	-	9,293
Retail	187,179	59,637	34,549	-	281,365
	799,139	306,231	394,546	67,335	1,567,251

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

18 Related party transactions and balances

The controlling shareholder of the Company is Gulf Insurance Group (Gulf) B.S.C (formerly, AXA Insurance (Gulf) B.S.C and "GIG Gulf"). GIG Gulf is ultimately owned by Gulf Insurance Group K.S.C.P ("GIG").

Related parties represent major shareholders, directors and key management personnel of the Company, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Pricing policies and terms of these transactions are approved by the Company's management and Board of Directors. The following are the details of the major related party transactions during the year ended 31 December 2023 and 2022, and the related balances:

	2023	2022 (Restated)
Major shareholders		
Reinsurance premiums ceded to major shareholders	**4,912**	3,084
Reinsurance commissions from major shareholders	**535**	61
Reinsurers' share of gross claims paid to major shareholders	**2,863**	-
Expenses charged by major shareholders	**2,011**	3,781
Entities controlled, jointly controlled or significantly influenced by related parties		
Gross premiums from other related parties	**26,006**	24,210
Net claims paid to other related parties	**22,748**	16,787

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

	2023	2022
Salaries and benefits	**11,805**	11,143
Employee benefit obligations	**444**	1,156

Board of Directors fees for the year ended 31 December 2023 were SR 1.80 million (31 December 2022: SR 1.27 million).

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

Due to a related party represents amounts payable to the GIG group which is provided as below:

	31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
Gulf Insurance Group (Gulf) B.S.C)	**2,003**	435	2,353
Gulf Insurance Group K.S.C.P	**1,973**	-	-
GIG Kuwait Takaful	**902**	-	-
GIG Egypt	**25**	-	-
	4,903	435	2,353

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

19 Zakat and income tax

19.1 Components of zakat base

	31 December 2023	31 December 2022 (restated)
Equity at beginning of year	**967,730**	1,026,278
Provisions at beginning of year	**101,916**	108,861
Lease liability	**30,092**	16,940
Adjusted net income	**165,289**	40,720
Right-of-use asset	**(31,338)**	(17,838)
Furniture and equipment	**(8,945)**	(15,219)
Intangible assets	**(26,680)**	(32,014)
Goodwill	**(50,000)**	(50,000)
Statutory deposit	**(52,495)**	(50,000)
Approximate zakat base	**1,095,569**	1,027,728

	31 December 2023	31 December 2022 (restated)
Zakat expense	**(23,555)**	(16,820)
Income tax expense	**(6,884)**	(4,455)
Deferred tax credit	**3,598**	3,766
	26,841	17,509

19.2 Movement in provision for zakat and income tax for the years ended 31 December 2023 and 2022 is as follows:

2023	**Zakat**	**Income tax**	**Total**
1 January	**67,660**	**(1,785)**	**65,875**
Provision for the year – net	**23,555**	**6,884**	**30,439**
Payments	**(6,103)**	**(5,658)**	**(11,761)**
31 December	**85,112**	**(559)**	**84,553**

2022	Zakat	Income tax	Total
1 January	55,245	3,561	58,806
Additional tax on IFRS 17 and 9 transition	2,742	-	2,742
Restated opening balance	57,987	3,561	61,548
Provision for the year	16,820	4,455	21,275
Payments	(7,147)	(9,801)	(16,948)
31 December	67,660	(1,785)	65,875

19.3 Numerical reconciliation of income tax expense to prima facie tax payable

	2023	2022
Profit before zakat and income taxes	**155,367**	33,422
Income tax rate applicable to the Company	**20%**	20%
Effective shareholding subject to income tax	**22%**	22%
Income tax on effective shareholding	**6,884**	1,471
Add (less):		
Transition impact	**-**	2,984
Income tax expense	**6,884**	4,455

19 Zakat and income tax (continued)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

19.4 Status of zakat and income tax assessments

The Company has filed its Zakat and Income Tax returns with the ZATCA up to 2022. The Company has finalised its zakat and tax status with the ZATCA for all years up to 31 December 2015.

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

The ZATCA has issued assessments for zakat and income tax for the years 2019 and 2020 with additional liability amounting to Saudi Riyals 5.6 million. The Company objected and received a revised assessment with additional Zakat liability of SR 5.2 million. The Company's management is deciding whether to file an appeal or settle the additional liabilities.

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

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

19.5 Deferred tax reconciliation

	2023	2022 *(Restated)*
Opening deferred tax asset	**3,766**	-
Deferred tax charge/ income	**3,598**	3,766
Closing deferred tax asset	**7,364**	3,766

The Company has recognised a deferred tax asset as it is probable that future taxable profits will be available and the credits can be utilised. The deferred tax arises mainly on provision for doubtful premium receivables, furniture and equipment, right of use assets, lease liability and end of service benefits liability.

20. Insurance service expenses

	2023	2022 (Restated)
Incurred claims	**1,339,313**	1,505,932
Incurred directly attributable expenses	**36,888**	24,760
Changes in risk adjustment reserve	**148,875**	145,770
Surplus distribution expense	**12,554**	1,055
Incurred claims and other directly attributable expenses	**1,537,630**	1,677,517
Past service changes in Liability for incurred claims	**(222,797)**	(510,795)
Changes that relate to future service (i.e. losses on onerous groups of contracts and reversals of such losses)	**42,601**	59,530
Systematic allocation of loss component	**(59,541)**	(108,510)
Losses on onerous contracts and reversal of those losses	**(16,940)**	(48,980)
Insurance acquisition cash flows amortisation	**262,349**	240,587
Total insurance service expenses	**1,560,242**	1,358,329

21 Net income (expenses) from reinsurance contracts held

	2023	2022 (Restated)
Reinsurance expenses	**(178,809)**	(118,242)
Claim recovered and other directly attributable expenses	**272,732**	229,865
Changes that relate to past service	**11,917**	(251,134)
Net income (expenses) from reinsurance contracts held	**105,840**	(139,511)

22 Investment income

	2023	2022 (Restated)
Income from deposits	**42,036**	26,998
Income on financial assets at amortised cost	**3,107**	4,561
Income on financial assets at FVOCI	**41,818**	32,665
Income on financial assets at FVTPL	**1,721**	3,118
Unrealised gain on financial assets at FVTPL	**7,067**	(3,879)
Reversal (allowance) of impairment on investments at amortized cost	**54**	(28)
Realised gain on financial assets at FVOCI	**(1,139)**	(110)
Reversal (allowance) of impairment on bonds	**(189)**	(17)
Amortisation on financial assets at FVOCI	**1,170**	81
Amortisation on financial assets at amortised cost	**(5)**	28
Total investment income – net	**95,640**	63,417

23 Non-attributable expenses

	2023	2022 (Restated)
Insurance operations:		
Salaries and benefits	**12,661**	8,013
Information technology	**5,305**	3,422
Legal and professional fees *	**2,834**	3,336
Depreciation	**1,299**	964
Amortization of intangible assets	**3,072**	1,270
Business travel	**259**	124
Printing and stationary	**36**	120
Other	**8,343**	2,263
Insurance operations non-attributable expenses	**33,809**	19,512
Shareholders' operations:		
Directors' remunerations-non-attributable expenses	**1,797**	2,030
	35,606	21,542

* Auditors' remuneration for the statutory audit of the Company's financial statements for the year ended 31 December 2023 amounts to SR 1.220 million (2022: SR 0.6 million). Auditors' remuneration for the review of the Company's interim financial information during the year ended 31 December 2023 amounts to SR 0.735 million (2022: SR 0.315 million). Fee for other statutory and related services provided by the auditors to the Company amounts to SR 0.03 million (2022: SR 0.045 million).

24 Share capital

The authorized, issued and paid-up capital of the Company is SR 525 million at 31 December 2023 (31 December 2022 (Restated): SR 500 million) consisting of 52.5 million shares (31 December 2022 (Restated): 50 million shares) of SR 10 each.

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

	2023	
	No. of shares (thousands)	**Saudi Riyals (thousands)**
Gulf Insurance Group (Gulf) B.S.C (c).	**26,250**	**262,500**
General public	**26,250**	**262,500**
	52,500	**525,000**

24 Share capital (continued)

	2022	
	No. of shares (thousands)	Saudi Riyals (thousands)
Gulf Insurance Group (Gulf) B.S.C (c).	25,000	250,000
General public	25,000	250,000
	50,000	500,000

During the year, there has been 5% increase in the share capital of the Company by way of issuance of bonus shares. The increase in share capital was funded from the retained earnings account by transferring an amount of SR 25 million which resulted in an increase in authorized, issued and paid up share capital to SR 525 million from SR 500 million. The number of issued shares has increased from 50 million shares to 52.5 million shares. The Company received required approvals from the authorities and the shareholders approved this capital increase. However, the related changes in the By-laws of the Company and commercial registration are in progress.

25 Statutory reserve

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

26 Statutory deposit

In accordance with Article 58 of the Insurance Implementing Regulations of Insurance Authority (IA), the Company is required to maintain a statutory deposit of not less than 10% of its paid-up capital. The statutory deposit is maintained with a Saudi Arabian bank and can be withdrawn only with the consent of IA. Accrued income on this deposit is payable to IA amounting to SR 2.6 million (31 December 2022: SR 7.4 million and 1 January 2022: SR 6.3 million) and this deposit cannot be withdrawn without approval from IA. As requested by IA, the Company has released the accrued income on statutory deposit to IA up to 31 December 2022 amounting to SR 7.4 million.

27 Capital management

The Company’s objectives when managing capital are:

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

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

- Minimum capital requirement of SR 200 million;
- Premium solvency margin; or
- Claims solvency margin.

28 Goodwill on acquisition of insurance portfolio

This represents goodwill recognised on acquisition of insurance portfolio and net assets of AXA Saudi Arabia Holding W.L.L. (formerly: "AXA Insurance Saudi Arabia B.S.C (c)"). The Company received approval from SAMA on 15 Dhul-Qadah 1433H (corresponding to 1 October 2012) to transfer the insurance portfolio from AXA Saudi Arabia Holding W.L.L. (formerly AXA Insurance Saudi Arabia B.S.C.c) at a total consideration of SR 106.6 million. During 2015, the Company met payment conditions imposed by SAMA and received approval for payment of SR 50 million in respect of initial consideration to AXA Saudi Arabia Holding W.L.L. which was recognized as goodwill being the excess of consideration paid and the net assets acquired. The remaining amount of SR 56.6 million which was recorded as contingent liability was accordingly relinquished.

As at the reporting date, impairment testing, based on expected discounted cash flows was performed. The assumptions used involve a considerable degree of estimation on the part of management. Actual conditions may differ from assumptions and thus actual cash flows may be different to those expected with a potential material effect on the recoverability of amounts. The most significant assumptions used in the determination of expected discounted cash flows for the next 5 years are:

- Weighted average cost of capital of 8.5% (2021: 8.5%) and
- Long-term growth rate of 3% (2021: 3%).

Although management believes that the assumptions used to evaluate potential impairment are reasonable, with a significant portion based on the actual performance achieved in the past, such assumptions are inherently subjective.

Based on the assumptions made, the expected discounted future cash flows exceeded the carrying amount of goodwill and accordingly no impairment has been recognised.

A sensitivity analysis has been performed and an increase of 1% of the weighted average cost of capital and a decrease of 0.5% of the long-term growth have no impact on the result of impairment tests.

29 Risk Management

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

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

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

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

29. Risk management (Continued)

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

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

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

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

Risk management covers mainly the followings:
- Insurance Risks
- Financial Risks

29.1- Insurance Risk management

- The risk under an insurance contract is the possibility that the insured event may occur and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk the Company faces under insurance contracts is that the actual claim payments or the timing thereof, differs from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

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

(a) Accident, liability, motor and other general insurance

The accident category includes personal accident, money insurance, business all risk insurance and business travel insurance. Liability insurance includes general third-party liability, product liability and workmen's compensation/employer's liability protection arising out of acts of negligence during their business operations.

Motor insurance is designed to compensate policyholders for damage suffered to their vehicles or liability to third parties arising through accidents. Policyholders could also receive compensation for fire damage or theft of their vehicles.

For accident, liability and motor policies the main risks are claims for death and bodily injury and the replacement or repair of vehicles. The Company has well developed risk acceptance procedures based on critical underwriting factors such as driver's age, diving experience and nature of vehicle to control the quality of risks that it accepts. It also has risk management procedures in place to control the costs of claims.

29. Risk management (Continued)

29.1 Insurance Risk management (Continued)

(b) Property

Property insurance is designed to compensate policyholders for damage suffered to properties or for the value of property lost. Policyholders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

Significant risks underwritten by the Company under this class are physically inspected by qualified risk engineers to make sure adequate fire protection and security is in place. Also, the Company tracks for the potential of risk accumulation.

(c) Marine

Marine insurance solutions are mainly designed to compensate policyholders from accidents at sea, on land and in the air resulting in the total or partial loss to goods and/or merchandise cargo insurance.

The underwriting strategy for the marine class of business is to ensure that coverage is provided based on the quality of vessels used and shipping routes followed. Vessel details are validated through international agencies while making the underwriting decisions.

(d) Engineering

Engineering covers two principal types as summarized below:

i) “Contractors all risk ”insurance offering cover during erection or construction of buildings or civil engineering works such as houses, shops, blocks of flats, factory buildings, buildings, roads, bridges, sewage works and reservoirs; and

ii) “Erection all risk” insurance offering cover during the erection or installation of plant and machinery such as power stations, oil refineries, chemical works, cement works, metallic structures or any factory with plant and machinery.

The Engineering line of business also includes machinery breakdown insurance, electronic equipment insurance and plant all risk.

Significant risks underwritten by the Company under this class are physically inspected to make sure adequate fire protection, security and project management is in place.

(e) Health and protection

Health insurance is designed to cover the medical expenses incurred as a result of a disease or an illness or an injury. The policy seeks to provide the policyholder and their employees with access to good medical facilities and the latest treatments and technologies, subject to the terms of the relevant policy and the policyholders’ personal circumstances.

Protection insurance covers the risks of death or disability following accident or illnesses and compensates the member or dependents in event of loss.

The main risk the Company faces on health and protection insurance is an increase of medical costs which can be more than expected or increase in claims due to exceptional events like outbreak of pandemic diseases. The underwriting strategy includes management of exposures and concentrations within acceptable risk appetite and risk tolerance levels and optimization of reinsurance strategies through a combination of reinsurance cession with approved and well-rated reinsurers and retrocession arrangements. The Company’s centralized claims management platform controls and manages its medical insurance claims.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.2 Reinsurance Risks

Similar to other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers. The Company only deals with reinsurers approved by the Board of Directors of the Company. The criteria may be summarized as follows:

(a) Minimum acceptable credit rating by agencies that is not lower than prescribed in the Regulations;
(b) Reputation of particular reinsurance companies; and
(c) Existing or past business relationships.

The financial strengths, managerial, technical expertise and historical performance of reinsurer, wherever applicable, are thoroughly reviewed by the Company before placement of reinsurance.

29.3 Regulatory framework risk

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

29.4 Sensitivities on major assumptions considered while applying IFRS 17

The following sensitivity analysis shows the impact on gross and net liabilities, profit / loss before tax and equity for reasonably possible movements in key assumptions with all other assumptions in notes 2 and 3 held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

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

	2023	2022
Impact on equity and net income of change in claims ratio		
5 % increase	**(64,721)**	(35,248)
5 % decrease	**64,721**	35,248
Impact on equity and net income of change in direct expense ratio – loss component*		
2 % increase	**(25,889)**	(14,099)
2 % decrease	**25,889**	14,099
Impact on equity and net income of change in risk adjustment for non-financial risk		
5 percentile increase in the confidence level	**(58,612)**	(22,793)
5 percentile decrease in the confidence level	**46,747**	31,285

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

The method used for deriving sensitivity information and significant assumptions did not change from the previous year.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.5 Sources of uncertainty in estimation of future claim payments

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of IBNR at the statement of financial position date.

29.6 Claims development table

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

In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

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

2023 **Accident year-Gross**	2017 & **earlier**	2018	2019	2020	2021	2022	2023	**Total**
Undiscounted liabilities for incurred claims:								
At end of accident year	4,594,339	784,244	752,253	778,116	1,040,702	1,267,358	1,290,821	10,507,833
1year later	5,354,568	909,151	838,837	819,596	1,142,658	1,251,556		10,316,366
2years later	5,403,977	912,472	851,413	923,239	1,154,630	-	-	9,245,731
3years later	5,401,925	915,834	929,957	915,887	-	-	-	8,163,603
4years later	5,371,244	951,895	919,010	-	-	-	-	7,242,149
5years later	5,332,210	949,715						6,281,925
6 year later	5,332,839							5,332,839
Gross estimates of the undiscounted amount of the claims	5,332,839	949,715	919,010	915,887	1,154,630	1,251,556	1,290,821	1,290,821
Cumulative Gross claims and other directly attributable expenses paid	610,372	146,156	140,648	145,755	148,292	132,849	161,876	1,485,948
Gross undiscounted liabilities for incurred claims	37,826	29,785	22,266	62,505	103,752	205,501	584,426	1,046,061
Effect of discounting	(1,453)	(1,144)	(855)	(2,401)	(3.986)	(7,893)	(22,450)	(40,182)
Gross discounted liabilities for incurred claims excluding risk adjustment	36,373	28,641	21,411	60,104	99,766	197,608	561,976	1,005,879
Effect of the risk adjustment margin for non-financial risk	9,381	7,387	5,522	15,501	25,732	50,962	144,944	259,429
Gross liabilities for incurred claims before other reserves	45,754	36,028	26,933	75,605	125,498	248,570	706,920	1,265,308
Other reserves								**32,382**
Gross liabilities for incurred claims								1,297,690

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.6 Claims development table (Continued)

CLAIMS DEVELOPMENT TABLE(Continued)

2022 **Accident year-Gross**	**2017** & earlier	**2018**	**2019**	**2020**	**2021**	**2022**	Total
Undiscounted liabilities for incurred claims**:**							
At end of accident year	**4,594,339**	**784,244**	**752,253**	**778,116**	**1,040,702**	**1,267,358**	**9,217,012**
1year later	**5,354,568**	**909,151**	**838,837**	**819,596**	**1,142,658**	**-**	**9,064,810**
2years later	**5,403,977**	**912,472**	**851,413**	**923,239**	**-**	**-**	**8,091,101**
3years later	**5,401,925**	**915,834**	**929,957**	**-**	**-**	**-**	**7,247,716**
4years later	**5,371,244**	**951,895**	**-**	**-**	**-**	**-**	**6,323,139**
5years later	**5,332,210**	**-**	**-**	**-**	**-**	**-**	**5,332,210**
Gross estimates of the undiscounted amount of the claims	**5,332,210**	**951,895**	**929,957**	**923,239**	**1,142,658**	**1,267,358**	1,267.358
Cumulative Gross claims and other directly attributable expenses paid	**614,366**	**141,637**	**139,414**	**147,475**	**147,064**	**132,278**	**132,278**
Gross undiscounted liabilities for incurred claims	**36,225**	**32,241**	**66,351**	**80,725**	**123,467**	**538,877**	877,886
Effect of discounting	**(1,848)**	**(1,644)**	**(3,384)**	**(4,117)**	**(6,297)**	**(27,485)**	**(44,775)**
Gross discounted liabilities for incurred claims excluding risk adjustment	**34,377**	**30,597**	**62,967**	**76,608**	**117,170**	**511,392**	**833,111**
Effect of the risk adjustment margin for non-financial risk	**10,055**	**8,949**	**18,417**	**22,407**	**34,264**	**149,578**	**243,670**
Gross liabilities for incurred claims before other reserves	**44,432**	**39,546**	**81,384**	**99,015**	**151,434**	**660,970**	**1,076,781**
Other reserves							25,949
Gross liabilities for incurred claims							**1,102,730**

2023 **Accident year- Net of reinsurance**	2017 & **earlier**	2018	2019	2020	2021	2022	2023	**Total**
Undiscounted liabilities for incurred claims:								
At end of accident year	3,975,284	713,846	738,312	749,328	940,751	1,000,733	1,076,496	9,194,750
1year later	4,693,495	832,561	827,524	786,360	1,008,981	1,087,372	-	9,236,293
2years later	4,746,939	834,306	839,996	836,614	1,075,160	-	-	8,333,015
3years later	4,751,264	836,126	855,224	884,151	-	-	-	7,326,765
4years later	4,751,928	855,950	909,974	-	-	-	-	6,517,852
5years later	4,763,992	877,564	-	-	-	-	-	5,641,556
6 year later	4,747,718	-	-	-	-	-	-	4,747,718
Gross estimates of the undiscounted amount of the claims	4,747,718	877,564	909,974	884,151	1,075,160	1,087,372	1,076,496	**1,076,496**
Cumulative Gross claims and other directly attributable expenses paid	610,372	146,156	140,648	145,755	148,292	132,849	161,876	1,485,948
Gross undiscounted liabilities for incurred claims	29,927	28,553	21,119	61,857	89,198	98,913	422,692	**752,259**
Effect of discounting	(1,199)	(1,105)	(818)	(2,380)	(3,517)	(4,461)	(17,247)	(30,727)
Gross discounted liabilities for incurred claims excluding risk adjustment	28,728	27,448	20,301	59,477	85,681	94,452	405,445	721,532
Effect of the risk adjustment margin for non-financial risk	6,262	6,901	5,069	15,246	19,985	8,876	81,084	143,423
Gross liabilities for incurred claims before other reserves	34,990	34,349	25,370	74,723	105,666	103,328	486,529	864,955
Other reserves								**32,382**
Gross liabilities for incurred claims								897,337

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.6 Claims development table (Continued)

CLAIMS DEVELOPMENT TABLE(Continued)

2022 Accident year- Net of reinsurance	2017 & earlier	2018	2019	2020	2021	2022	Total
Undiscounted liabilities for incurred claims:							
At end of accident year	3,975,284	713,846	738,312	749,328	940,751	1,136,811	8,254,332
1year later	4,693,495	832,561	827,524	786,360	1,065,868	-	8,205,808
2years later	4,746,939	834,306	839,996	892,428	-	-	7,313,669
3years later	4,751,264	836,126	921,068	-	-	-	6,508,458
4years later	4,751,928	879,308	-	-	-	-	5,631,236
5years later	4,748,158	-	-	-	-	-	4,748,158
Gross estimates of the undiscounted amount of the claims	4,748,158	879,308	921,068	892,428	1,065,868	1,136,811	1,136,811
Cumulative Gross claims and other directly attributable expenses paid	614,366	141,637	139,414	147,475	147,064	132,278	1,322,234
Gross undiscounted liabilities for incurred claims	26,521	27,636	65,344	78,840	105,165	420,849	724,355
Effect of discounting	(1,358)	(1,412)	(3,333)	(4,022)	(5,375)	(21,535)	(37,035)
Gross discounted liabilities for incurred claims excluding risk adjustment	25,163	26,224	62,011	74,818	99,790	399,314	687,320
Effect of the risk adjustment margin for non-financial risk	5,711	6,888	17,966	21,563	26,077	96,740	174,945
Gross liabilities for incurred claims before other reserves	30,874	33,112	79,977	96,381	125,867	496,054	862,265
Other reserves							25,949
Gross liabilities for incurred claims							888,214

29.7 Operational risk

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

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

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

This responsibility encompasses the controls in the following areas:

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.8 Financial risk

Financial risk comprises of the followings:
- Liquidity Risk
- Market Risk
- Operational Risk
- Credit Risk

These risks have been briefly explained below:

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with insurance contracts. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors liquidity requirements on a regular basis and ensures that sufficient funds are available to meet any commitments as they arise. The Company has sufficient liquidity and, therefore, does not resort to borrowings in the normal course of business.

Substantially all the financial liabilities of the Company are due within one year of the statement of financial position date except lease liability which due after one year of the statement of financial position date. The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

Liquidity risk
Maturity profiles

The table below summarizes the maturity profile of the financial assets of the Company based on remaining contractual obligations. Financial liabilities are summarized in table above. For insurance contract liabilities maturity profiles are determined based on the estimated timing of net cash outflows from the recognized insurance liabilities. The amount disclosed are the contractual undiscounted cash flows which equal their carrying balances as the impact of discounting is not significant.

	31 December 2023					
	Less than 12 months		**More than 12 months**		**Total**	**Total**
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance Operations - Financial assets						
Cash and cash equivalents	228,791	334,586	-	-	228,791	334,586
Short term Deposits	121,063	113,006	-	-	121,063	113,006
Long term Deposits	143,653	40,000	20,000	30,000	163,653	70,000
Investments measured at FVTPL	15,402	15,354	-	-	15,402	15,354
Investment measured at FVOCI	128,134	72,277	636,690	581,266	764,824	653,543
Investment measured at amortized cost	-	78,727	-	-	-	78,727
Prepayments and other assets	44,104	24,980	-	-	44,104	24,980
	681,147	678,930	656,690	611,266	1,337,837	1,290,196
Shareholders 'Operations - Financial assets						
Cash and cash equivalents	-	-	-	-	-	-
Short term Deposits	196,356	326,263	-	-	196,356	326,263
Long term Deposits	-	-	50,000	49,996	50,000	49,996
Investments measured at FVTPL	57,987	46,901	-	-	57,987	46,901
Investment measured at FVOCI	66,644	41,600	711,893	418,218	778,537	459,818
Investment measured at amortized cost	-	59,974	-	-	-	59,974
Prepayments and other assets	10,597	9,691	-	-	10,597	9,691
	331,584	484,429	761,893	468,214	1,093,477	952,643

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.8 Financial risk (continued)

Liquidity risk

The table below summarizes the maturities of the Company's contractual obligations at 31 December 2023 and 2022. As the Company does not have any commission bearing liabilities, contractual cash flow of financial liabilities approximates their carrying value.

	31 December 2023					
	Less than 12 months		**More than 12 months**		**Total**	**Total**
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance operations' financial liabilities						
Accrued expenses and other liabilities	**108,295**	90,600	**-**	-	**108,295**	90,600
Insurance contract liabilities payable	**1,045,534**	660,971	**590,773**	778,152	**1,636,307**	1,439,123
Reinsurance contract liabilities payable	**324**	1,839	**-**	-	**324**	1,839
Related parties payable	**4,903**	435	**-**	-	**4,903**	435
	1,159,056	**753,845**	**590,773**	**778,152**	**1,749,829**	**1,531,997**
Shareholders' financial liabilities						
Accrued expenses and other liabilities	**1,174**	1,177	-	-	**1,174**	1,177
Accrued income payable to SAMA	**2,595**	7,357	-	-	**2,595**	7,357
	3,769	8,534	-	-	**3,769**	8,534

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- Currency risk (foreign exchange rates);
- Commission rate risk (market interest rates); and
- Price risk (market prices).

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

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

The Company stipulates diversification benchmarks by type of instrument and geographical area, as the Company is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

There is strict control over hedging activities (e.g., equity derivatives are only permitted to be held to facilitate portfolio management or to reduce investment risk).

29. Risk management (Continued)

29.8 Financial risk (continued)

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

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

i. Currency risk

The Company's exposure to foreign currency risk is limited to United States Dollars which is pegged against Saudi Riyals. Management believes that currency risk to the Company is not significant.

ii. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

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

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

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

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts, deposits and debt instruments are, as follows:

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

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.8 Financial risk (continued)

ii. Interest Rate Risk (continued)

	Changes in interest rate	2023 Impact on profit before tax	2023 Impact on equity	2022 Impact on profit before tax	2022 Impact on equity
Insurance contract liabilities, net	+1%	**5,038**	**5,038**	5,176	5,176
Debt instruments at FVOCI	+1%	**905**	**(56,310)**	906	(36,450)
Debt instruments at FVTPL	+1%	**-**	**-**	-	-
Debt instruments at amortized cost	+1%	**1,000**	**-**	500	-
Insurance contract liabilities, net	-1%	**(5,038)**	**(5,038)**	(5,176)	(5,176)
Debt instruments at FVOCI	-1%	**(905)**	**56,310**	(906)	36,450
Debt instruments at FVTPL	-1%	**-**	**-**	-	-
Debt instruments at amortized cost	-1%	**(1,000)**	**-**	(500)	-

iii. Price risk

Price risk is the risk that the value of financial instruments may fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company has an unquoted equity investment carried at fair value.

The Company’s FVOCI and FVTPL investments are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The impact of a hypothetical change of a 10% increase and 10% decrease in the market prices of investments on the Company’s profits and equity would be as follows:

	Fair value	Price change	Estimated fair value	Effect on equity
31 December 2023	**60,032**	**Increase 10**%	66,035	6,003
		Decrease 10%	54,029	(6,003)
31 December 2022	49,070	Increase 10**%**	53,977	4,907
		Decrease 10**%**	44,163	(4,907)

Credit risk

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

The Company only enters into insurance and reinsurance contracts with recognized and credit worthy 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 limits its credit risk with regard to time deposits by dealing with reputed banks only.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.9 Financial risk (continued)

Credit risk (continue)
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. There are no significant concentrations of credit risk within the Company.

The Company maintains its bank balances, short-term, long term and statutory deposits with banks which have investment grade credit ratings. Investments are made in instruments with grade credit rating.

Maximum exposure to credit risk

The Company's maximum exposure to credit risk on its financial assets at 31 December 2023 is Saudi Riyals 2.38 billion (31 December 2022: Saudi Riyals 2.21 billion).

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

Insurance operations' financial assets as at 31 December 2023:

		Non-investment grade		
	Investment grade	**Satisfaction**	**Past due but not impaired**	**Total**
Cash and cash equivalents, investments and deposits				
Fixed-rate securities	1,123,386	46,441	-	1,169,827
Floating-rate securities	98,552	10,000	-	108,552
Equities and mutual funds	13,185	2,169	-	15,354
	1,235,123	58,610	-	1,293,733

Shareholders' operations' financial assets as at 31 December 2023:

		Non-investment grade		
	Investment grade	**Satisfaction**	**Past due but not impaired**	**Total**
Cash and cash equivalents, investments and deposits				
Fixed-rate securities	1,000,161	3,817	-	1,003,979
Floating-rate securities	15,000	17,000	-	32,000
Equities and mutual funds	26,652	20,250	-	46,901
	1,041,813	41,067	-	1,082,880

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.10 Financial risk (continued)

Credit risk (continue)

Insurance operations' financial assets as at 31 December 2022:

	Investment grade	Non-investment grade Satisfaction	Past due but not impaired	Total
Cash and cash equivalents, investments and deposits				
Fixed-rate securities	1,073,033	67,393	-	1,140,426
Floating-rate securities	97,562	7,750	-	105,312
Equities and mutual funds	14,276	5,202	-	19,478
	1,184,871	80,345	-	1,265,216

Shareholders' operations' financial assets as at 31 December 2022:

	Investment grade	Non-investment grade Satisfaction	Past due but not impaired	Total
Cash and cash equivalents, investments and deposits				
Fixed-rate securities	810,682	25,000	-	835,682
Floating-rate securities	25,000	7,000	-	32,000
Equities and mutual funds	35,326	39,944	-	75,270
	871,008	71,944	-	942,952

Credit quality of investments as at 31 December 2023:

	Insurance operations	**Shareholders' operations**
Investment Grade (AAA+ to BBB-)	1,252,220	1,069,735
Below Investment Grade	33,088	6,145
Not rated but considered satisfactory	8,425	7,000
	1,293,733	1,082,880

Credit quality of investments as at 31 December 2022:

	Insurance operations	**Shareholders' operations**
A and above	1,208,774	922,135
B	41,580	3,817
Not rated but considered satisfactory	14,862	17,000
	1,265,216	942,952

29. Risk management (Continued)

29.11 Financial risk (continued)

***Credit risk* (continued)**

Concentration of credit risk

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

- The credit risk in respect of customer balances incurred on non-payment of premiums will only persist during the grace period specified in the policy document.
- Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

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

Impairment assessment

The Company's ECL assessment and measurement method is set out below.

(i) **Significant increase in credit risk, default, and cure**

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees.
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection.
- Counterparty's listed debt or equity suspended at the primary exchange because of rumors or facts about financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and, therefore, re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

(ii) **Expected credit loss**

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

29. Risk management (Continued)

29.8 Financial risk (continued)

***Credit risk* (continued)**

Impairment assessment (continued)
Impairment losses on financial investments subject to impairment assessment
Debt instruments measured at FVOCI
The table below shows the fair value of the Company's debt instruments measured at FVOCI by credit risk, based on its internal credit rating system.

	2023			2022		
Internal rating grade	**12m ECL**	**LTECL**	**Total**	12m ECL	LTECL	Total
Investment Grade) AAA +to BBB(-	1,449,704	-	1,449,704	996,947	-	996,947
Below Investment Grade	34,308	5,050	39,358	33,248	12,230	45,478
Not rated but considered satisfactory	15,426	-	15,426	31,874	-	31,874
Total gross amount	1,499,438	5,050	1,504,488	1,062,069	12,230	1,074,299
Allowance for impairment	749	81	830	641	-	641
Total net amount	1,498,689	4,969	1,503,658	1,061,428	12,230	1,073,658

An analysis of changes in the fair value and the corresponding ECLs is, as follows:

Debt instruments measured at amortized cost
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	2023			2022		
Internal rating grade	**12m ECL**	**LTECL**	**Total**	12m ECL	LTECL	Total
Investment Grade) AAA +to BBB-)	-	-	-	138,727	-	138,727
Total gross amount	-	-	-	138,727	-	138,727
Allowance for impairment	-	-	-	(26)	-	(26)
Total net amount	-	-	-	138,701	-	138,701

An analysis of changes in the gross amount and the corresponding ECLs is, as follows:

	2023			2022		
	12m ECL	**LTECL**	**Total**	12m ECL	LTECL	Total
Gross amount as of 1 January	138,701	-	138,701	138,701	-	138,701
Assets derecognized or matured)excluding write-offs(	(138,750)	-	(138,750)	-	-	28
Amortization of premium	(5)	-	(5)	28	-	(28)
Movement between12 m ECL and LTECL	54		54	(28)	-	138,701
At 31 December	-	-	-	138,701	-	138,701

	2023			2022		
	12m ECL	**LTECL**	**Total**	12m ECL	LTECL	Total
ECL as of 1 January	54	-	54	26	-	26
Reversal of ECL relating to matured security	(54)	-	(54)	-	-	-
Movement between12 m ECL and LTECL	-	-	-	28	-	28
At 31 December	-	-	-	54	-	54

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

30 Supplementary information

STATEMENT OF FINANCIAL POSITION

	31 December 2023			**31 December 2022**		
	Insurance operations	**Share-holders' operations**	**Total**	**Insurance operations**	**Share-holders' operations**	**Total**
ASSETS						
Cash and cash equivalents	**228,791**	**-**	**228,791**	334,586	-	334,586
Short-term deposits	**121,063**	**196,356**	**317,419**	113,006	326,263	439,269
Reinsurance contract assets	**349,722**	**-**	**349,722**	168,299	-	168,299
Investments	**780,226**	**836,524**	**1,616,750**	747,624	566,693	1,314,317
Prepaid expenses and other receivables	**44,104**	**10,597**	**54,701**	24,980	9,691	34,671
Deferred tax assets	**-**	**7,364**	**7,364**	-	3,766	3,766
Long-term deposits	**163,653**	**50,000**	**213,653**	70,000	49,996	119,996
Right-of-use assets	**31,338**	-	**31,338**	17,838	-	17,838
Furniture and equipment	**8,945**	-	**8,945**	15,219	-	15,219
Intangible assets	**26,680**	-	**26,680**	32,014	-	32,014
Due from shareholders'/ insurance operations	**34,670**	**(34,670)**	**-**	13,450	(13,450)	-
Goodwill	**-**	**50,000**	**50,000**	-	50,000	50,000
Statutory deposit	**-**	**52,500**	**52,500**	-	50,000	50,000
Accrued income on statutory deposit	**-**	**2,595**	**2,595**	-	7,357	7,357
TOTAL ASSETS	**1,789,192**	**1,171,266**	**2,960,458**	1,537,016	1,050,316	2,587,332

(Continued)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

30 Supplementary information (continued)

STATEMENT OF FINANCIAL POSITION (continued)

	31 December 2023			31 December 2022		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
LIABILITIES						
Accrued expenses and other liabilities	**108,295**	**1,174**	**109,469**	90,601	1,176	91,777
Insurance contract liabilities	**1,636,307**	-	**1,636,307**	1,439,123	-	1,439,123
Reinsurance contract liabilities	**324**	-	**324**	1,839	-	1,839
Lease liability	**30,092**	-	**30,092**	16,940	-	16,940
Due to related party	**4,903**	-	**4,903**	435	-	435
Employee benefit obligations	**27,375**	-	**27,375**	24,952	-	24,952
Zakat and income tax	**-**	**84,553**	**84,553**	-	65,875	65,875
Accrued income payable to SAMA	**-**	**2,595**	**2,595**	-	7,357	7,357
Due to insurance operations	**(34,670)**	**34,670**	**-**	(13,450)	13,450	-
TOTAL LIABILITIES	**1,772,626**	**122,992**	**1,895,618**	1,560,440	87,858	1,648,298
EQUITY						
Share capital	**-**	**525,000**	**525,000**	-	500,000	500,000
Statutory reserve	**-**	**145,567**	**145,567**	-	119,862	119,862
Retained earnings	**-**	**400,592**	**400,592**	-	347,868	347,868
Fair value reserve on investments	**(18,104)**	**11,785**	**(6,319)**	(36,872)	8,176	(28,696)
TOTAL EQUITY	**(18,104)**	**1,082,944**	**1,064,840**	(36,872)	975,906	939,034
TOTAL LIABILITIES AND EQUITY	**1,754,522**	**1,205,936**	**2,960,458**	1,523,567	1,063,765	2,587,332

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

30 Supplementary information (continued)

STATEMENT OF INCOME

	2023			**2022**		
	Insurance operations	**Share-holders' operations**	**Total**	**Insurance operations**	**Share-holders' operations**	**Total**
Insurance revenue	**1,564,749**	**-**	**1,564,749**	1,480,637	**-**	1,480,637
Insurance service expenses	**(1,560,242)**	**-**	**(1,560,242)**	(1,358,329)	**-**	(1,358,329)
Insurance service results before reinsurance contracts held	**4,507**	**-**	**4,507**	122,308	**-**	122,308
Net income (expense) from reinsurance contracts held	**105,840**	**-**	**105,840**	**(139,511)**	**-**	(139,511)
Insurance service result	**110,347**	**-**	**110,347**	(17,203)		(17,203)
Finance income (expense) from insurance contracts issued	**(49,533)**	**-**	**(49,533)**	5,233	**-**	5,233
Finance (expense) income from reinsurance contracts held	**10,248**	**-**	**10,248**	(2,880)	**-**	(2,880)
Net insurance financial result	**(39,285)**	**-**	**(39,285)**	2,353	**-**	2,353
Investment income	**48,336**	**47,304**	**95,640**	37,464	25,953	63,417
Non-attributable expenses	**(33,809)**	**(1,797)**	**(35,606)**	(19,512)	(2,030)	(21,542)
Other income	**24,271**	**-**	**24,271**	6,397	**-**	6,397
Total income (loss) for the period before zakat and income tax	**109,860**	**45,507**	**155,367**	9,499	23,923	33,422
Zakat expense	**-**	**(23,555)**	**(23,555)**	-	(16,820)	(16,820)
Income tax credit / (expense)	**-**	**(6,884)**	**(6,884)**	-	(4,455)	(4,455)
Deferred tax income	**-**	**3,598**	**3,598**	-	3,766	3,766
Total income (loss) for the period attributable to the shareholders	**109,860**	**18,666**	**128,526**	9,499	6,414	15,913
Earnings per share (expressed in Saudi Riyals per share)						
Basic and diluted earnings per share	**-**	**-**	**2.45**	-	**-**	0.30

(Continued)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

30 Supplementary information (continued)

STATEMENT OF COMPREHENSIVE INCOME

	2023			2022		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
Total income for the year after transfer of insurance operations surplus	**109,890**	**18,636**	**128,526**	9,499	6,414	15,913
Other comprehensive income (loss):						
Items that will not be reclassified to the statement of income in subsequent years						
Re-measurement gain on employee benefit obligations	**-**	**(97)**	**(97)**	-	4,470	4,470
Items that will be reclassified to the statement of income in subsequent years						
Net change in fair value of available-for-sale investments	**3,609**	**18,768**	**22,377**	(49,894)	(28,437)	(78,331)
Total comprehensive income for the year	**113,499**	**37,307**	**150,806**	(40,395)	(17,553)	(57,948)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

30 Supplementary information (continued)

STATEMENT OF CASH FLOWS

	2023			2022		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
Cash flows from operating activities						
Total income before surplus attribution, zakat and income tax	**109,890**	**45,477**	**155,367**	9,499	23,923	33,422
Adjustments for non-cash items:						
Depreciation of property and equipment	**8,273**	**-**	**8,273**	6,294	-	6,294
Depreciation of right of use	**3,268**	**-**	**3,268**	2,641	-	2,641
Amortization of intangible assets	**11,585**	**-**	**11,585**	3,463	-	3,463
Interest on lease liability	**977**	**-**	**977**	717	-	717
Accretion of discount on financial assets at FVOCI	**(1,649)**	**(506)**	**(2,155)**	(1,214)	(567)	(1,781)
Unrealised gain on FVTPL	**(48)**	**(7,019)**	**(7,067)**	1,009	2,870	3,879
Loss on disposal of FVOCI investments	**557**	**582**	**1,139**	105	5	110
Amortization of premium on financial assets at FVOCI	**985**	**-**	**985**	816	884	1,700
Amortization of premium on financial assets at amortised cost	**5**	**-**	**5**	17	-	28
Reversal of impairment loss on financial assets at amortised cost	**(28)**	**(26)**	**(54)**	(13)	-	(28)
Impairment loss on financial assets at FVOCI	**43**	**146**	**189**	11	6	17
Net finance expense/income	**39,285**	**-**	**39,285**	(2,353)	-	(2,353)
Employee benefit obligation	**4,282**	**-**	**4,282**	(218)	-	(218)
Changes in operating assets and liabilities:						
Reinsurance contract assets	**(171,175)**		**(171,175)**	112,953	-	112,953
Insurance contract liabilities	**146,136**		**146,136**	(44,902)	-	(44,902)
Prepaid expenses and other assets	**(19,124)**	**(906)**	**(20,030)**	(1,404)	(2,675)	(4,079)
Accrued and other liabilities	**17,695**	**(3)**	**17,692**	(11,272)	(72)	(11,344)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

30 Supplementary information (continued)

STATEMENT OF CASH FLOWS (continued)

	2023			2022		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Share-holders' operations	Total
Accrued income on statutory deposit	**-**	**4,762**	**4,762**	-	(1,076)	(1,076)
Due to a related party	**4,468**	**-**	**4,468**	(1,918)	-	(1,918)
Due from shareholders' operations	**(130,917)**	**130,917**	**-**	(139,830)	139,830	-
Employee benefit obligations	**(1,956)**	**-**	**(1,956)**	(1,993)	-	(1,993)
Zakat and income tax paid		**(11,761)**	**(11,761)**	-	(16,948)	(16,948)
Interest paid	**(977)**	**-**	**(977)**	(717)	-	(717)
Accrued income payable on statutory deposit	**-**	**(4,762)**	**(4,762)**	-	1,076	1,076
Net cash (used in) / generated from operating activities	**21,480**	**156,996**	**178,476**	(68,309)	147,252	78,943

(Continued)

(All amounts expressed in Saudi Riyals thousands unless otherwise stated)

30 Supplementary information (continued)

STATEMENT OF CASH FLOWS (continued)

	2023			2022		
	Insurance operations	**Share-holders' operations**	**Total**	Insurance operations	Shareholders' operations	Total
Cash flows from investing activities						
(Additions)/withdrawals in short-term deposits, net	**(8,057)**	**129,907**	**121,850**	295,789	(90,242)	205,547
Purchases of investments	**(231,132)**	**(368,253)**	**(599,385)**	(142,755)	(97,948)	(240,703)
Proceeds from disposals of investments	**217,433**	**108,854**	**326,287**	112,311	70,936	183,247
(Additions)/proceeds from disposals of long-term deposits	**(93,653)**	**(4)**	**(93,657)**	75,721	20,002	95,723
Payments for purchases of furniture and equipment	**(1,999)**	**-**	**(1,999)**	(1,995)	-	(1,995)
Additions to intangible assets	**(6,251)**	**-**	**(6,251)**	(23,230)	-	(23,230)
Net cash generated from (used in) investing activities	**(123,659)**	**(129,496)**	**(253,155)**	315,841	(97,252)	218,589
Cash flows from financing activities						
Principal elements of lease payments	**(3,616)**	**-**	**(3,616)**	(2,467)	-	(2,467)
Statutory deposits	**-**	**(25,000)**	**(25,000)**	-	(50,000)	(50,000)
Principal elements of lease payments		**(2,500)**	**(2,500)**	-	-	-
Net cash used in financing activities	**(3,616)**	**(27,500)**	**(31,116)**	(2,467)	(50,000)	(52,467)
Net change in cash and cash equivalents	**(105,795)**	**-**	**(105,795)**	245,065	-	245,065
Cash and cash equivalents, beginning of the year	**334,586**	**-**	**334,586**	89,521	-	89,521
Cash and cash equivalents, end of the year	**228,791**	**-**	**228,791**	334,586	-	334,586
Supplemental non-cash information:						
Changes in fair value of available-for-sale investments	**18,768**	**3,609**	**22,377**	(49,895)	(28,436)	(78,331)
Addition/modification right of use asset	**(16,768)**	**-**	**(16,768)**	-	-	-

31 Earnings per share

Basic and diluted earnings per share have been calculated by dividing the income for the year by 52.5 million shares. During the year ended 31 December 2023, bonus shares of 2.5 million shares were issued which resulted in increase in number of shares from 50 million as at 31 December 2022 to 52.5 million as at 31 December 2023. Basic and diluted earnings per share for the comparative year ended 31 December 2022 was restated based on the revised weighted average number of shares considered outstanding after bonus issue. The weighted average number of ordinary shares issued and outstanding at year end 31 December 2022 have been adjusted for the bonus shares issued during the year ended 31 December 2023.

32 Dividend

During the period ended 31 December 2023, cash dividend amounting to SR 25 million was paid (31 December 2022: SR 50 million) based on Board of Directors resolution dated 26 Shawal 1444H (corresponding to 16 May 2023) to distribute cash dividends to shareholders related to the year ended 31 December 2022 of SR 0.50 per share. This cash dividends was approved by the General Assembly in their meeting dated 29 Thul-Qi'dah 1444H (corresponding to 18 September 2023). In addition to cash dividend, one bonus shares for each existing 20 shared held was distributed resulting in issuance of 2.5 million bonus shares amounting to SR 25 million. Issuance of bonus shares resulted in increase in number of shares from 50 million outstanding at 31 December 2022 to 52.5 million as at end of 31 December 2023.

33 Approval of the financial statements

The financial statements were authorised for issue by the Board of Directors on 8 Sha'ban 1445H (corresponding to 18 February 2024)